



Audit Report
Public Works-Stockpile/Culverts
Annual Inventory Audit-FY2014
Status: Final

For action:

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Director of Public Works

For information:

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Report Summary

As part of the End of Year procedures, an inventory audit of the Public Works-Stockpile/Culverts was conducted.

The overall objective of the audit was to provide assurance that county assets were intact and accounted for and that internal controls are in place to ensure:

- Inventory recorded in the financial records exist, is accurately reported, and adequately safeguarded
- The operations of the office conform to prescribed procedures
- Exposure to potential risk is minimized

The audit scope included a count of all inventory on hand at the end of the fiscal year and a review of inventory procedures and internal controls.

Refer to the Observations and Recommendations section for the results of the audit.

This review was not intended to provide absolute assurance on all procedures, activities, or controls. We will continue to examine aspects of the office in compliance with statutes and to provide reasonable assurance that County assets are safeguarded and appropriately managed.

An exit conference with the Director of Public Works was held on August 4, 2015 to discuss this report.

The time and assistance provided by Public Works department in completing this audit is greatly appreciated.

Observations and Recommendations

Observation	Recommendation	Management Response
FINDING NUMBER: 129		
<p><u>Condition:</u> The following internal control weaknesses were identified:</p> <p>-The Farmersville Public Works location was unlocked with keys, equipment, and fuel tanks available for anyone coming into the gate to use or remove from the premises. There was no one at the location (in the office, warehouse or stockpiles), when we arrived at the location at 10:30 am on September 29, 2014.</p> <p>-The key safes hanging on the wall on the back of the warehouse were left open at the Farmersville Public Works location.</p> <p><u>Effect:</u> There is an increased risk of loss due to possible theft of County property.</p> <p><u>Cause:</u> Adequate procedures are not in place to ensure that the facility is properly secured.</p> <p><u>Criteria:</u> Strong internal control procedures should be in place to reduce the risk of possible unauthorized entry, mishandling and possible theft of County property.</p>	<p><u>A. Transaction Required</u> The Farmersville Public Works location needs to be properly secured with locked keys, equipment, fuel tanks, and key safes.</p> <p><u>B. Internal Control Change</u> Internal control procedures should be strengthened to ensure that the County facility is properly secured to prevent the risk of loss of County property.</p>	<p><u>A. Response:</u> A computerized key management solution was approved in FY15 and will be installed at the Farmersville barn in early 2016. Access to the keys will require an active county badge and prior administrative approval managed through the software. Any keys not returned at the end of the shift will generate an email alert.</p> <p>The above ground fuel tanks at Farmersville are managed by the Fuelmaster computerized fuel management system. Fuel will not be dispensed unless the individual is in possession of an active “prokey” and can enter an active user account ID into the keypad. Caps on the top and sides of the tank are padlocked and if forcibly removed, fuel must be manually pumped from the tank since the electric pump would not engage.</p> <p><u>B. Response:</u> Ideally, the front gate would be replaced with a motorized, badge controlled gate to limit access into the Farmersville facility. Public Works requested such a system in the 2016 budget session but the item was not approved.</p> <p>Since numerous County and vendor vehicles visit the facility each day, it is unfeasible to manually lock the gate upon each entrance/exit. The logistics of supplying keys to each party requiring access is staggering alone. Therefore, Public Works held meetings with Sheriff’s Office,</p>

		<p>Homeland Security and Facilities to identify additional security measures.</p> <p>First, County staff identified that the facility is seldom unattended during business hours. The front loader operator is onsite the majority of the day tending to his duties loading dump trucks and stockpile maintenance. 15-20 employees are based there who sometimes eat lunch there and use the restrooms. Facilities and Equipment Services are periodically onsite to perform maintenance. Sheriff's Deputies and Constables refuel their vehicles while on the east side of the county.</p> <p>Also, 2 security cameras were installed in FY15 to provide real time surveillance of the office area and the fuel island with the front gate visible in the distance.</p>
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