



AUDIT REPORT
FACILITIES & FACILITIES JANITORIAL
ANNUAL INVENTORY AUDIT – FY2024
STATUS: FINAL

For action:
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For information:
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County Auditor
First Assistant Auditor

Audit Report
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Report Summary

As part of the End-of-Year procedures, an inventory audit of Facilities & Facilities Janitorial 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 exists, 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.

The results of the testing disclosed one or more instances of non-compliance. Refer to the Observations and Recommendations section, as well as the Appendix for the results of the audit.

However, the audit was not intended to provide absolute assurance there are no procedures, activities, or controls that could be strengthened. The objective was to provide reasonable assurance County asset records are accurate; the property record therein is adequately safeguarded and appropriately managed.

The time and assistance provided by the Director of Facilities and their staff during this engagement are greatly appreciated.

Observations and Recommendations

Observation	Recommendation	Management Response
<p><u>Condition:</u> During the last few annual inventory audits, reviews of office procedures revealed a lack of proper separation of duties. One employee, the Parts Specialist, is solely responsible for approving inventory orders and purchases, handling custody of the inventoried items, recording transactions, and completing inventory counts. Additionally, multiple employees in the Facilities department access inventory and retrieve items when the Parts Specialist is not on duty.</p> <p><u>Effect:</u> When one employee is responsible for physically managing and recording the inventory stock from start to finish, a lack of effective inventory control can occur.</p> <p><u>Cause:</u> The office procedures lack a separation of duties regarding inventory control. No other employee is trained or responsible for any phase of the inventory process.</p> <p><u>Criteria:</u> In accordance with the Collin County Internal Control policy, no employee should be responsible for business transactions from start to finish. There should be a clear separation of duties in the inventory process to minimize errors and prevent fraud.</p>	<p><u>A. Transaction Required:</u> The office should ensure that its procedures include separating duties in the inventory process. Tasks and responsibilities should be divided among multiple individuals so that no single person controls two or more consecutive phases of the inventory process.</p> <p><u>B. Internal Control Change:</u> To prevent a lack of separation of duties, an alternate employee should be trained to complete various phases of the inventory process. This training will help mitigate loss due to errors or fraud.</p>	<p><u>A. Response:</u> We have discussed these duties of the inventory process for janitorial and Facilities Inventoried items. The Parts specialist runs the inventoried items reports twice weekly. Then orders them accordingly based on threshold levels. A requisition is then sent to purchasing. When a PO is received this is recorded, during the process electronically by email and paper filed. When orders are received it is signed off by the receiver. Because the Parts Specialist is not always present- any facilities staff may sign off on a shipments arrival. The parts specialist inventory's the items and stocks them accordingly-this is a non-separation of duties that audit is observing. We will start having a supervisor inventory shipments to help with compliance. We cannot ensure that this will happen 100% with workloads and inventory getting stacked up. Then the Parts Specialist is responsible for ensuring proper handling and issuing of inventory as needed. This is also recorded in the inventory count at the time of issuing. When the parts specialist is not in, a supervisor or control room handles this. A staff member is escorted in the access controlled area and parts must be dully signed for while</p>

		<p>In the area. Badge access is recorded into the area as well</p> <p>B. Response:</p> <p>Dedicating another person to prevent total separation of duties would require another full time person to ensure compliancy 100% of the time. It is of my opinion that a technical coordinator position be added to oversee this compliance on a full time basis. This technical coordinator position could also manage the receiving, distribution of inventory and non-inventory items better. Also adding the duties of managing the Asset management software, parts running to the field and parts warehouses would be ideal for facilities management operational effectiveness and achieving 100% compliance. Again, adding this technical coordinator position would positively impact our efficiency and effectiveness of the department all while ensuring a 100% compliant Audit inventory process</p>
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