
CITY OF SAN ANTONIO
OFFICE OF THE CITY AUDITOR



Audit of San Antonio Fire Department

Equipment Inventory Management

Project No. AU18-018

February 26, 2019

Kevin W. Barthold, CPA, CIA, CISA
City Auditor

Executive Summary

As part of our annual Audit Plan approved by City Council, we conducted an audit of San Antonio Fire Department (SAFD) Equipment Inventory Management. The audit objectives, conclusions, and recommendations follow:

Determine if the SAFD is effectively managing the non-personal equipment inventory.

The SAFD equipment inventory management process of non-personal items is effective. Accountability is established through policies and enforced with internal procedures to define roles and responsibilities for supply ordering, inspection of incoming goods, inventory tracking, equipment maintenance, and inventory record management. Key user permissions for creation and approval of SAFD purchases have been segregated. In addition, physical controls have been implemented to safeguard inventory, and physical access to the SAFD warehouse has been delegated to appropriate individuals. Finally, adequate inventory controls are in place to identify and manage physical inventory counts.

We make no recommendations regarding the SAFD non-personal equipment inventory management process; consequently, no management responses are required. Management's acknowledgement of these results is in Appendix B on page 5.

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Background

The San Antonio Fire Department provides professional service to the public by protecting lives, property, and the environment, as well as providing community education. Having the appropriate inventory stocked and available is critical to the Department’s ability to respond effectively to emergencies, fulfill everyday duties, and successfully implement proposed City initiatives. The Logistics/Services Division (hereafter referred to as “Division”) includes Fleet Management, Facilities Management, and Supply/Logistics (Fire and Emergency Medical Services (EMS)). The Division supports Fire Department operations through the acquisition and maintenance of Fire and EMS vehicles, equipment and facilities, as well as the procurement and distribution of supplies and materials necessary for day-to-day functions. The Division is responsible for delivering EMS and Fire Supply to fire personnel in the field. In addition, the Division manages purchasing, receiving and warehousing of equipment and supplies, and conducts on-site repairs of firefighting equipment tools.

The Division is under the command of a Division Chief, a Supply Chain Manager and two Stock Control Supervisors. They have a crew leader and five stock clerks. Their main responsibility is to procure and distribute supplies, materials and controlled substances for day to day operations. SAFD purchased approximately \$540,000 in equipment inventory in fiscal year 2018. Inventory is added to existing inventory stored at the Equipment Services Division warehouse located at 230 South Callaghan Road and throughout the City’s fire stations.

The Division manages equipment assigned to specific SAFD personnel, referred to as personal use equipment and general use equipment (referred to as non-personal equipment). This audit focused on the management of non-personal equipment. The Department’s non-personal inventory is comprised of five primary category types, shown in the table below:

Equipment Inventory Categories	
Category	Examples of equipment
Beds	Mattresses and frames
Boats/ATV	All-terrain vehicles, boats
Furniture	Chairs, desks, tables
Exercise equipment	Cross fit items, elliptical, free weights, stair climbers, treadmills
Small engines	Chain saws, lawn mowers, positive pressure ventilation fans, rescue saws, trimmers

(Source: Eric McGowin, Supply Chain Manager, SAFD)

Audit Scope and Methodology

The audit scope was October through December 2018.

We interviewed staff to obtain an understanding of the controls in place over the various equipment and inventory types and inventory management processes. Additionally, we interviewed the Supply Chain Manager and Fire Services Division personnel to gain an understanding of the supply, inventory and purchase controls. Testing criteria included the Government Accountability Office's (GAO) *Best Practices in Achieving Consistent Accurate Physical Counts of Inventory and Related Property* as well as internal City Administrative Directives.

We evaluated policies, guidelines, and procedures to determine if they align with best practices. We also analyzed the allocation, identification and management processes used by SAFD Services personnel to purchase receive, store and distribute equipment items. This included determining if processes exist to: identify equipment, perform periodic inventories, inspect incoming goods, manage equipment service plans, and maintain changes in inventory. In addition, we tested user permissions delegated to create or approve SAFD purchases in SAP or SAePS. We also reviewed physical access into the SAFD Equipment Services Division facility. Finally we performed direct physical observations of equipment located at the Division warehouse, area Fire station locations, and Fire apparatus vehicles for evidence of existence, completeness of equipment identification, and accuracy of inventory records in SAP.

We relied on computer-processed data in the SAP system to validate SAFD tracked property and capital asset equipment inventory, and the Velocity Security Management System to validate badged access to the SAFD Equipment Services Division warehouse facility. Our reliance was based on performing direct tests on the data rather than evaluating general and application controls. We do not believe that the absence of testing general and application controls had an effect on the results of our audit.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Audit Results

SAFD has an effective inventory management process for non-personal equipment. SAFD utilizes internal processes aligned with City Administrative Directives, to support required inventory levels and operational needs. Equipment inventory is adequately identified, tracked, secured, and maintained.

We determined that SAFD's policies, procedures, and guidelines align with best practices. Additionally, we reviewed personnel records, job descriptions, user permissions, and badged access privileges and determined that SAFD has appropriately segregated purchasing permissions and delegated physical access. Finally, inventory is fairly recorded and tracked.

There are no findings. Consequently, we make no recommendations to SAFD management.

Appendix A – Staff Acknowledgement

Mark Bigler, CPA-Utah, CISA, CFE, Audit Manager
Terri Hernandez, CISA, Auditor in Charge
Daniel Kuntzelman, CIA, Auditor

Appendix B – Management Acknowledgement



CITY OF SAN ANTONIO

SAN ANTONIO TEXAS 78283-3966

February 7, 2019

Kevin W. Barthold, CPA, CIA, CISA
City Auditor
San Antonio, Texas

RE: Management's Acknowledgement of its Review of Audit of San Antonio Fire Department Equipment Inventory Management


The San Antonio Fire Department has reviewed the audit report and provided its comments to the auditors. As there are no recommendations for management, no management responses are required.

San Antonio Fire Department:

Fully Agrees


Does Not Agree (provide detailed comments)

Sincerely,



Charles N. Hood
Fire Chief
San Antonio Fire Department

Date



Erik Walsh
Deputy City Manager
City Manager's Office

2/15/19

Date