



# City of San Antonio

## Agenda Memorandum

**File Number:**21-1098

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**Agenda Item Number:** 7.

**Agenda Date:** 2/16/2021

**In Control:** Audit and Accountability Committee

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### **AUDIT COMMITTEE SUMMARY**

**February 16, 2021**

Audit of Public Works Department Equipment Inventory Management

Report Issued January 7, 2021

### **Audit Objective**

Determine if Public Works is adequately managing equipment inventory to include purchasing, warehousing, and usage.

### **Background**

The Public Works Department provides infrastructure maintenance services such as pothole repairs, traffic signal and traffic sign maintenance, ensures proper storm water drainage, and street markings. They also plan maintenance through the establishment of a 5-year rolling Infrastructure Management Program (IMP) adopted each year. To facilitate this work, Public Works manages a stock of equipment, supplies, and materials for use by Public Works employees. Equipment is held primarily at the Northwest Service Center (NWSC) and the Southwest Service Center (SWSC).

Equipment is supplied for Storm Water Operations, Signs and Traffic Operations, Pothole Patrol, Vegetation, Tunnels, and other Public Works divisions. Types of equipment, supplies, and materials includes quick-set concrete, batteries, adapters, cables, poles, paint, sign materials, wood, clothing such as vests and boots, chainsaws, and shovels. Inventory is managed and controlled via excel spreadsheets and is a shared responsibility between Public Works Divisions.

Purchases occur to replenish inventory and to purchase items needed in the field. Purchases primarily occur via annual contracts. Management of contracts is a shared responsibility between Public Works and COSA's Procurement Division. Public Works has approximately \$1.2 million of inventory in stock.

### **Scope and Methodology**

The audit scope was FY2018 through FY2020 and included equipment, supplies, and materials below the capital asset threshold. We verified that catalog prices in COSA's procurement management system matched contract prices. We reviewed for the appropriate management of P-Card purchases. Additionally, we reviewed for appropriate segregation of duties and the adequacy of the receiving process. We also reviewed the inventory process for accuracy, security and for the proper tracking when utilized.

### **Conclusions**

Public Works has adequate procedures for the purchase of equipment inventory. Specifically, prices match

contract terms, p-cards are appropriately managed, and goods are shipped to a valid City of San Antonio location. In addition, contracts are effectively acquired per administrative directives. However, we identified areas in need of improvement. Public Works' standard policies and procedures governing the inventory management process need improvement. In addition, controls related to maintaining documentation for the receiving process need improvement. Also, the records for inventory stored in Public Works warehouses were inaccurate. Additionally, non-consumable materials and supplies cannot always be tracked from purchase to usage. Finally, monitoring for appropriate warehouse and system access could be improved.

We made recommendations to address the opportunities. Management agreed with the recommendations and developed positive corrective action plans.