



**DATE:** September 7, 2021  
**TO:** Larry Davis, Assistant City Manager  
**FROM:** Internal Audit Division  
**SUBJECT:** Field Operations Inventory for the Year-End June 30, 2021  
(No Response Required)

The Internal Audit Division has completed our testing for the year-ended June 30, 2021 of the Field Operations Inventory maintained by the Field Operations Department. Attached you will find our review report; the departmental response and our reply to their responses. We feel that sufficient corrective actions have been implemented to our recommendations as we move forward. If you have any questions or need additional information, please let us know. Thanks.

Len Lucas  
Internal Audit Director

Cc: Kimberly Sowell, Assistant City Manager  
Julio Delgado, Director of Field Operations  
Marlene Druga, Director of Financial & Administrative Services  
Anita Wilson, Accounting Manager  
Emanuel Hill, Business Process Analyst  
Chris Marriott, Deputy Director of Field Operations  
Tonya Williams, Budget & Operations Manager for Field Operations



**DATE:** August 19, 2021

**TO:** Julio Delgado, Director of Field Operations

**FROM:** Internal Audit Division

**SUBJECT:** City Inventories – Fiscal Year Ended June 30, 2021  
(Written Response Required by September 2, 2021)

The Internal Audit Division has conducted inventory test counts and reconciled inventories to the June 30, 2021 balance sheets. The total of all inventories is \$7,144,444. The results of the inventory reconciliations are as follows:

<u>Name of Inventory</u>	<u>Physical Inventory at 6/30/21</u>	<u>Physical Inventory at 6/30/20</u>	<u>Increase (Decrease) to G/L 2020-2021</u>	<u>Increase (Decrease) to G/L 2019-2020</u>	<u>% of Variance 2020-2021</u>	<u>% of Variance 2019-2020</u>
<u>Lawson System:</u>						
GDOT - Warehouse	\$ 786,748	\$ 746,421	\$ (1)	\$ 4	0.000%	0.001%
Field Operations - Warehouse	\$ 227,747	\$ 131,646	\$ (2,054)	\$ 232	-0.902%	0.176%
Water Meter Shop	\$ 31,245	\$ 166,952	\$ -	\$ -	0.000%	0.000%
Water Resources City Yard	\$ 1,376,853	\$ 1,686,592	\$ (1,923)	\$ (321)	-0.140%	-0.019%
Coliseum Housekeeping	\$ 28,235	\$ 43,637	\$ 39	\$ (5)	0.138%	-0.011%
Osborne Parts	\$ 2,768,440	\$ 2,669,234	\$ 225	\$ 89	0.008%	0.003%
<u>Faster System:</u>						
Parks and Recreation - Parts	\$ 33,920	\$ 22,481	\$ 399	\$ 75	1.176%	0.334%
Field Operations - Right of Way Parts	\$ 26,625	\$ 24,633	\$ (133)	\$ 2,838	-0.500%	11.521%
Fire Garage	\$ 322,304	\$ 303,661	\$ 1,640	\$ (652)	0.509%	-0.215%
Field Operations - Landfill Parts	\$ 16,884	\$ 16,984	\$ (1,950)	\$ (16)	-11.549%	-0.094%
Equipment Services - Parts	\$ 505,067	\$ 521,294	\$ (55)	\$ 5,389	-0.011%	1.034%
Equipment Services - Fuel	\$ 247,028	\$ 99,119	\$ -	\$ -	0.000%	0.000%
Equipment Services - Diesel Exhaust Fluid	\$ 1,311	\$ 621	\$ 1,217	\$ (868)	92.830%	-139.775%
Equipment Services - Tire	\$ 96,966	\$ 90,615	\$ 1,987	\$ 2,169	2.049%	2.394%
<u>Manual/Other:</u>						
Gillespie Golf Merchandise*	\$ 7,167	\$ 7,706	\$ (538)	\$ (258)	na	na
Water Resources Chemical*	\$ 570,560	\$ 532,790	\$ 37,770	\$ 47,640	na	na
Information Technology - Telecom	\$ 70,701	\$ 95,703	\$ 461	\$ (307)	0.652%	-0.321%
Graphic Services - Print Shop*	\$ 26,643	\$ 28,606	\$ (1,962)	\$ (474)	na	na
<b>TOTAL</b>	<b>\$ 7,144,444</b>	<b>\$ 7,188,695</b>				

\*Purchases are expensed throughout the year. An adjustment is made to the inventory account to reflect the physical balance at year-end.

Field Operations – Warehouse (101-0000-00.1605):

The Field Operations Warehouse uses the Lawson Inventory Control System for receiving, tracking, and issuing inventory throughout the year. The Department has established a maximum acceptable inventory variance of +/-1% for this inventory. This year's reconciliation identified a less than negative 1% variance and resulted in a loss of \$2,054.31 being recorded to adjust the ending unadjusted inventory balance to actual at fiscal year ended June 30, 2021; compared to a less than 1% variance and a gain of \$232.30 at June 30, 2020, and a less than 1% variance and a gain of \$36.48 at June 30, 2019.

**Findings:** None.

**Recommendations:** None.

Field Operations – Right of Way Parts (101-0000-00.1627):

The Department established a maximum acceptable inventory variance of +/-2% for this inventory. This year's reconciliation identified a less than negative 1% variance and resulted in a loss of \$133.01 being recorded to adjust the ending unadjusted inventory balance to actual at fiscal year ended June 30, 2021; compared to an 11.521% variance and a gain of \$2,837.85 at June 30, 2020, and a negative 13.657% variance and a loss of \$2,911.53 at June 30, 2019.

**Finding:** There were three P-Card credits to Faster for returns to the Vendor. The credit to Faster (account #: 101-0000-00.1627) included both the purchase item amount plus the sales tax amount.

**Recommendation:** When applying credits for return items, apply the amount for the item to Faster inventory (account # 101-0000-00.1627) and the tax amount to Sales Tax.

Field Operations – Landfill Parts (551-0000-00.1610):

The Department established a maximum acceptable inventory variance of +/-2% for this inventory. This year's reconciliation identified a less than negative 11.549% variance and resulted in a loss of \$1,949.53 being recorded to adjust the ending unadjusted inventory balance to actual at fiscal year ended June 30, 2021; compared to less than negative 1% variance and a loss of \$16.02 at June 30, 2020, and a negative 11.167% variance and a loss of \$1,644.64 at June 30, 2019.

**Findings:**

1. The Department's actual inventory variance for Landfill Parts exceed the maximum established inventory variance of +/-2% at June 30, 2021.
2. PO# 71305 to Adkins Truck Equipment in the amount of \$3,161.62 dated 3/19/2021 was on the GL (A/C# 551-0000-00.1610) but was not posted to the Landfill's Faster System (Storeroom # 025).

3. There were several charges on the Sublet Report (3303.rpt) and the Parts Received Report (3204.rpt) for Landfill (Storeroom # 025) that were marked as "VISA Mark Hennis". Mark Hennis is a Supervisor at the Transfer Station.

**Recommendations:**

1. The Department should review its inventory procedures to bring their variances within the established maximum acceptable limit.
2. All Purchases by either P-Cards or Purchase Orders should be entered into the Landfill's Faster System.
3. All purchases by either P-Cards or by Purchase Orders that pertain to the Transfer Station should be charged to the Transfer Station and not Landfill (A/C# 551-0000-00.1610). Also, purchases for the Transfer Station should not be entered into Landfill's Faster System (Storeroom # 025).

We would like to thank the staff at Field Operations for their cooperation and courtesy. We ask that you please make your responses of corrective action to our finding and recommendation no later than September 2, 2021. If you have any questions or concerns, please contact us at 373-2823.



Len Lucas  
Internal Audit Director



Tina McKoy  
Internal Auditor



Garland Wells  
Internal Auditor



Chris Venable  
Internal Auditor



Mickey Kerans  
Internal Auditor

Cc: Larry Davis, Assistant City Manager  
Kimberly Sowell, Assistant City Manager  
Tonya Williams, Budget Operations Manager, Field Operations

## McKoy, Tina W

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**From:** Williams, Tonya  
**Sent:** Thursday, August 19, 2021 9:01 AM  
**To:** McKoy, Tina W; Delgado, Julio  
**Subject:** RE: Correction to Inventory Letter - FYE 6/30/21

Tina,

Yes, please release the final letter.

Thanks,

**Tonya C. Williams**

Budget & Operations Division Manager  
Field Operations Department / City of Greensboro  
PO Box 3136, Greensboro, NC 27402-3136  
O: (336) 373-2517 M: (336) 382-3386  
**Website:** [www.greensboro-nc.gov](http://www.greensboro-nc.gov)

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**From:** McKoy, Tina W <Tina.McKoy@greensboro-nc.gov>  
**Sent:** Thursday, August 19, 2021 7:19 AM  
**To:** Delgado, Julio <Julio.Delgado@greensboro-nc.gov>  
**Cc:** Williams, Tonya <Tonya.Williams@greensboro-nc.gov>  
**Subject:** FW: Correction to Inventory Letter - FYE 6/30/21

Hi Julio,

May I release the final letter? Remember, you will have 14 days from the date of the final letter to respond to any findings. Thanks!

**Tina McKoy**  
373-4528

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**From:** McKoy, Tina W  
**Sent:** Friday, August 13, 2021 11:02 AM  
**To:** Delgado, Julio <Julio.Delgado@greensboro-nc.gov>  
**Subject:** Correction to Inventory Letter - FYE 6/30/21

Please see correction highlighted in yellow. I apologize for the confusion.

**Tina McKoy**, Internal Auditor  
Internal Audit Division  
City of Greensboro  
Phone: 336-373-4528; Fax: 336-373-4387  
PO Box 3136, Greensboro, NC 27402-3136  
[www.greensboro-nc.gov](http://www.greensboro-nc.gov)



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FIELD OPERATIONS

Field Operations Department  
City of Greensboro

**DATE:** September 1, 2021

**TO:** Internal Audit Division

**FROM:** Tonya Williams, Budget & Operations Manager, Field Operations

**CC:** Julio Delgado, Director, Field Operations  
Chris Marriott, Deputy Director, Field Operations

**SUBJECT:** Response to City Inventories Audit– FYE 6/30/21

The Field Operations Department has reviewed the year-end inventory report for FY 2020-2021 for inventory accounts 1605, 1610, and 1627. We acknowledge the findings and recommendations identified, and have reviewed this information with the appropriate staff to make the necessary improvements.

We are in the process of creating a new inventory account as recommended for the Transfer Station to help reduce some of the ongoing issues that have taken place in the Landfill Parts inventory account, 1610. Adding a new account for Transfer Station items, should help us better track and record transactions at that location more precisely.

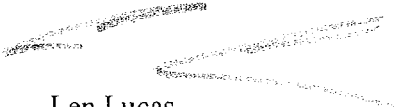
Thank you for taking the time to review our inventory operations and providing feedback in an effort to help improve our services. We will continue to implement improvements and update procedures to help reduce discrepancies and ensure compliance.



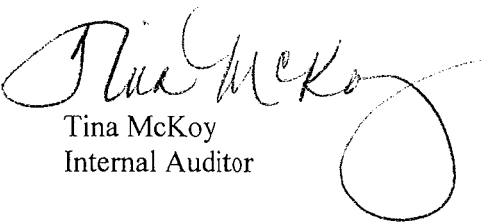
**DATE:** September 3, 2021  
**TO:** Tonya Williams, Budget & Operations Manager, Field Operations  
**FROM:** Internal Audit Division  
**SUBJECT:** Reply to Response for City Inventories – FYE June 30, 2021  
(No Response Required)

The Internal Audit Division has received your response dated September 1, 2021 to our final report for fiscal year ended June 30, 2021 City Inventories dated August 19, 2021. We find your response of corrective actions to our findings sufficient; and there are no additional responses required.


We would like to thank the staff of your Department for their assistance and cooperation during this review. If there are any questions concerning the details of this review, please call us at 373-2823.



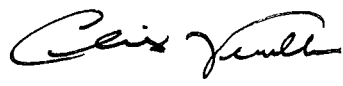
Len Lucas  
Internal Audit Director



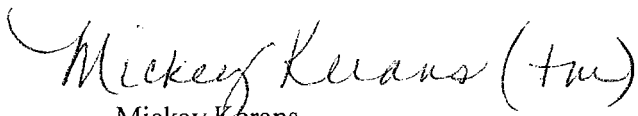
Tina McKoy  
Internal Auditor



Garland Wells  
Internal Auditor



Chris Venable  
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Mickey Kerans  
Internal Auditor

Cc: Larry Davis, Assistant City Manager  
Kimberly Sowell, Assistant City Manager  
Julio Delgado, Director, Field Operations  
Chris Marriott, Deputy Director, Field Operations

Attachment