

AUDIT OF PUBLIC WORKS

Traffic Engineering Field Operations

Inventory Management and Damage/Loss Reporting



CAO 1503-1011-07

June 23, 2011

Background

**Public Works Director
City Traffic Engineer
Assistant Traffic Manager**

TEFO Work Units

**Roadway and Area Lighting
Traffic Signal Repair and Operations
Traffic Signal Construction and Maintenance
Traffic Signing and Marking**



Objectives

The audit objectives were to:

- Evaluate the adequacy of the management controls over inventory and the inventory purchasing process.
- Evaluate the adequacy of the management controls over the safeguarding of inventory, equipment, and supplies.
- Evaluate the adequacy of TEFO's methodology for reporting damage and losses of city property to the city's Department of Human Resources.



Audit Findings

Inventory Management

TEFO needs to:

- Implement at a minimum a limited perpetual inventory tracking system.
- Improve coordination of inventory purchasing decisions among its locations.
- Improve its annual physical inventory count procedures.

Safeguarding of Inventory, Equipment, and Supplies

TEFO needs to:

- Complete an evaluation of its inventory organization and storage practices.
- Document recycled and earlier generation inventory and identify items that can be disposed of.
- Address the identified deficiencies in the physical security over its inventory and valuable tools and equipment.



Damage/Loss Reporting

TEFO needs to:

- Document damage/loss reporting procedures.
- Report damage/losses from acts of nature and graffiti.
- Address deficiencies identified in labor rates, material costs, and vehicle rates used in reporting damage/losses to HR.

Deficient Vehicle Rates

VEHICLE DESCRIPTION	RATE PER HOUR
Backhoe/Loader	\$14
Boom Truck	\$14
Flatbed Truck	\$14
Lift Truck	\$14
Dump Truck	\$8
Utility Vehicle	\$5
Cargo Van	\$5
Pickup Truck	\$4

Management Responses

Management's action plans to address the recommendations and their estimated dates of completion are included at the back of the report.

QUESTIONS

Auditors:

- Radford Snelding, City Auditor
- Bryan Smith, Sr. Internal Auditor

Representatives from Public Works:

- Jorge Cervantes, Director
- O.C. White, City Traffic Engineer
- Niel Rohleder, Assistant Traffic Manager