

**20-01 Public Works Inventory Control - Corp Yard Audit - Second Follow-up**

**Status of Corrective Actions to Management Responses  
As of April 2021  
Original Report Issuance - December 2019  
Follow-up result: Recommendations have been implemented for all audit findings.**



**City Auditor's Office  
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**Public Works**

Finding	Recommendations	Management Response
<p><b>3 Inventory Process is Not In Place</b> An inventory process is not in place for sensitive equipment maintained at the Corp Yard or equipment stored in maintenance vehicles based at the Corp Yard. . Policy requires an inventory process for equipment sensitive to loss. Specifically, City of Reno Policy and Procedure 205 Capital Assets states, in part, "Sensitive-to-Loss Assets will ... be tracked for internal control purposes and inventoried in accordance with this policy by the department holding the assets." Without complete inventory records, assets are not adequately safeguarded, it is unknowable if equipment is removed without authorization, and providing supporting documentation in instances of theft of City-owned equipment is not possible.</p>	<p>We recommend departmental management create a baseline for sensitive equipment inventory and periodically conduct inventory of equipment maintained at the Corp Yard.</p>	<p>All items valued at greater than \$500 as well as anything else deemed "sensitive equipment" are being inventoried. Once the level of effort is determined, a frequency will be determined for conducting inventories (quarterly or semiannually.) Electronic inventory systems are being investigated; however, initial reports have included costs of \$10,000 to \$40,000, annually. Given that the most recent event could have resulted in an estimated \$15,000 loss (the extreme case), we must evaluate the return on investment for these systems. We will put inventory requirements in a tracking system, and the Assistant Director will monitor each section's manager to ensure the inventories have been completed. Initial inventories will be complete by October 31, 2019. Implementation of an electronic (scanning and software) solution is still being investigated and the implementation is TBD.</p>

**Follow-up Status:**

<p><b>August 2020</b></p>	<p>Quarterly inventories have been conducted by each section as outlined in the original response. The inventories are kept on the G: drive so that the auditor can see them if desired.</p>
<p><b>April 2021</b></p>	<p><u>Audit Comment to Follow-up:</u> Examined the inventory documents generated by management, they are titled with each quarter for the four main divisions at the Corp Yard. The documents do not prove that any work was done to physically conduct the inventory count as stated in management's response to this exception. Additional follow-up will be conducted for this finding.</p> <p>In addition to the quarterly inventories that were previously conducted on electronic devices, annual inventories are being conducted each January, that are printed and checked off by hand and dual signed by a responsible employee in the section responsible for the items, as well as a responsible employee from an independent section, as a second independent verification. Due to the shift to Google drives instituted by IT, these inventories have been moved to a Google shared drive with access provided to the internal auditor. While these actions meet the need of the inventory requirements, Maintenance and Operations staff are investigating commercial inventory systems that use barcodes and scanners, to further enable enhanced accountability in real time. This is above and beyond the recommendations of the audit.</p> <p><u>Audit Comment to Follow-up:</u> Examined the inventory documents on the shared drive. The documentation indicates inventories for each of the four divisions housed at the Corp Yard were completed in January 2021 and are attested to by two employees. No further follow-up required.</p>