



**DATE:** October 2, 2017  
**TO:** Chris Wilson, Assistant City Manager  
**FROM:** Internal Audit Division  
**SUBJECT:** GTA Inventory for Fiscal Year-End June 30, 2017  
(No Response Required)

The Internal Audit Division has completed our testing for the year-ended June 30, 2017 of the GTA Inventory maintained by the Greensboro Transportation 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: David Parrish, Assistant City Manager  
Adam Fischer, Director of Transportation  
Bruce Adams, Public Transit Transportation Manager  
Anita Wilson, Accounting Manager  
Jim Holfield, Business Process Analyst



**DATE:** August 22, 2017

**TO:** Adam Fischer, Director of Transportation

**FROM:** Internal Audit Division

**SUBJECT:** City Inventories – Fiscal Year Ended June 30, 2017  
(Written Response Required by September 7, 2017)

The Internal Audit Division has conducted inventory test counts and reconciled inventories to the June 30, 2017 balance sheets. The total of all inventories is \$6,754,245. The results of the inventory reconciliations are as follows:

<u>Name of Inventory</u>	<u>Physical Inventory at 6/30/17</u>	<u>Physical Inventory at 6/30/16</u>	<u>Increase (Decrease) to G/L 2016-2017</u>	<u>Increase (Decrease) to G/L 2015-2016</u>	<u>% of Variance 2016-2017</u>	<u>% of Variance 2015-2016</u>
<b><u>Lawson System:</u></b>						
Field Operations - Warehouse	\$ 676,187	\$ 734,777	\$ 36	\$ 1	0.005%	0.000%
Water Meter Shop	\$ 53,666	\$ 218,938	\$ -	\$ -	0.000%	0.000%
Water Resources City Yard	\$ 1,627,789	\$ 1,543,527	\$ 1,135	\$ (6,667)	0.070%	-0.432%
Coliseum Housekeeping	\$ 62,903	\$ 42,415	\$ 559	\$ 529	0.889%	1.247%
Osborne Parts	\$ 2,385,055	\$ 2,354,864	\$ (1,829)	\$ 14	-0.077%	0.001%
<b><u>Faster System:</u></b>						
Parks and Recreation - Parts	\$ 17,591	\$ 15,715	\$ 312	\$ 135	1.773%	0.862%
Field Operations - Right of Way Parts	\$ 16,880	\$ 19,995	\$ (520)	\$ 298	-3.083%	1.491%
Fire Garage	\$ 257,774	\$ 227,086	\$ 1,561	\$ (2,949)	0.605%	-1.299%
Field Operations - Landfill Parts	\$ 3,911	\$ 5,907	\$ (670)	\$ 57	-17.128%	0.967%
Greensboro Transit Authority - Parts	\$ 369,813	\$ 377,256	\$ (481)	\$ (2,911)	-0.130%	-0.772%
Greensboro Transit Authority - Outside Commercial	\$ -	\$ -	\$ -	\$ -	0.000%	0.000%
Greensboro Transit Authority - Tire	\$ 44,202	\$ 45,848	\$ (694)	\$ (153)	-1.571%	-0.333%
Equipment Services - Parts	\$ 471,758	\$ 483,713	\$ 222	\$ (3,155)	0.047%	-0.652%
Equipment Services - Outside Commercial	\$ -	\$ -	\$ (15)	\$ -	0.000%	0.000%
Equipment Services - Fuel	\$ 127,723	\$ 125,735	\$ -	\$ 2,103	0.000%	1.672%
Equipment Services - Diesel Exhaust Fluid	\$ 662	\$ 735	\$ (50)	\$ 255	-7.520%	34.725%
Equipment Services - Tire	\$ 83,705	\$ 84,024	\$ 1,474	\$ 2,651	1.761%	3.155%
<b><u>Manual/Other:</u></b>						
Gillespie Golf Merchandise*	\$ 6,953	\$ 5,504	\$ 1,450	\$ (2,255)	na	na
Water Resources Chemical*	\$ 403,769	\$ 466,724	\$ (62,955)	\$ (22,847)	na	na
Network Services - Parts	\$ 115,094	\$ 103,550	\$ (28)	\$ 269	-0.024%	0.259%
Graphic Services - Print Shop*	\$ 28,810	\$ 31,553	\$ (2,744)	\$ 3,086	na	na
<b>TOTAL</b>	<b>\$ 6,754,245</b>	<b>\$ 6,887,867</b>				

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

GTA Parts (564-0000-00.1610):

This year's reconciliation identified a variance of less than negative 1% and resulted in a \$481.09 loss being recorded to adjust the ending unadjusted inventory balance to actual at fiscal year ended June 30, 2017; compared to less than negative 1% variance and a \$2,910.64 loss in the prior year.

**Finding:** There appear to be four Hutchens Petroleum invoices that were not entered into the Faster inventory system during the year.

**Recommendation:** Invoices should be entered in the inventory system as applicable.

GTA Outside Commercial – Central Garage (564-0000-00.1650):

The reconciliation of the GTA sublet account did not result in any loss or gain. Also, there was no additional entry required to bring the account balance to zero. There was no entry required in the prior year.

**Findings:** None.

**Recommendations:** None.

GTA Tires (564-0000-00.1665):

This year's reconciliation identified a variance of negative 1.57% and resulted in a \$152.77 loss being recorded to adjust the ending unadjusted inventory balance to actual at fiscal year ended June 30, 2017; compared to a negative 1% and a \$694.20 loss in the prior year.

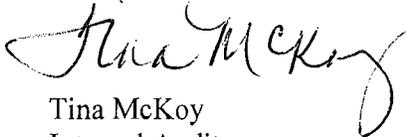
**Findings:** None.

**Recommendations:** None.

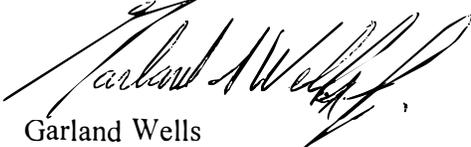
We would like to thank the staff at GTA for their cooperation and courtesy. We ask that you please make your responses of corrective action to our findings and recommendations no later than September 7, 2017. If you have any questions or concerns, please contact us at 373-2823.



Len Lucas  
Internal Audit Director



Tina McKoy  
Internal Auditor



Garland Wells  
Internal Auditor



Chris Venable  
Internal Auditor



Mickey Kerans (tm)  
Internal Auditor

Cc: Chris Wilson, Assistant City Manager  
David Parrish, Assistant City Manager

## McKoy, Tina W

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**From:** Wells, Garland  
**Sent:** Friday, September 29, 2017 11:56 AM  
**To:** Lucas, Len; McKoy, Tina W  
**Subject:** FW: Inventory Response

Bruce gave additional clarification on the inventory response below (highlighted).

Garland Wells, Internal Auditor  
Internal Audit Division  
City of Greensboro  
Phone: 336-373-2230; Fax 336-373-4387  
P.O. Box 3136  
Greensboro, NC 27402-3136  
[www.greensboro-nc.gov](http://www.greensboro-nc.gov)

-----Original Message-----

**From:** Adams, Bruce  
**Sent:** Friday, September 29, 2017 11:31 AM  
**To:** Wells, Garland <Garland.Wells@greensboro-nc.gov>  
**Subject:** RE: Inventory Response

Yes I spoke with Lisa and Tim before I sent the email. Thanks

-----Original Message-----

**From:** Wells, Garland  
**Sent:** Friday, September 29, 2017 11:00 AM  
**To:** Adams, Bruce <Bruce.Adams@greensboro-nc.gov>  
**Subject:** RE: Inventory Response

Bruce:

Thank you. Did you advise TransDev of the Hutchens issues, so they can correctly handle future invoices while the City is still responsible for inventory?

Garland Wells, Internal Auditor  
Internal Audit Division  
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[www.greensboro-nc.gov](http://www.greensboro-nc.gov)

-----Original Message-----

**From:** Adams, Bruce  
**Sent:** Friday, September 29, 2017 10:57 AM  
**To:** Wells, Garland <Garland.Wells@greensboro-nc.gov>

Cc: Fischer, Adam <Adam.Fischer@greensboro-nc.gov>; Lucas, Len <Len.Lucas@greensboro-nc.gov>; McKoy, Tina W <Tina.McKoy@greensboro-nc.gov>

Subject: RE: Inventory Response

Please refer to my response below. Thanks

GTA concur with the subject inventory review. As it relates to the four Hutchens Petroleum invoices, they were inadvertently not entered into Faster System by the Parts Clerk.

Effective Fiscal Year 2018, GTA next Transit Service Provider will have the responsibility of providing all maintenance parts and maintenance software eliminating the need for the City to conduct annual inventory of GTA parts. As part of this new process, the Transit Provider will purchase GTA existing parts inventory at full value on the effective date.

Thanks

-----Original Message-----

From: Wells, Garland

Sent: Friday, September 29, 2017 10:28 AM

To: Adams, Bruce <Bruce.Adams@greensboro-nc.gov>

Cc: Fischer, Adam <Adam.Fischer@greensboro-nc.gov>; Lucas, Len <Len.Lucas@greensboro-nc.gov>; McKoy, Tina W <Tina.McKoy@greensboro-nc.gov>

Subject: Inventory Response

Bruce:

Good morning. I'm just checking on the status of your reply to the inventory report. I've attached the report for your reference.

Thank you.

Garland Wells, Internal Auditor

Internal Audit Division

City of Greensboro

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Greensboro, NC 27402-3136

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-----Original Message-----

From: Lucas, Len

Sent: Friday, September 22, 2017 9:24 AM

To: Adams, Bruce <Bruce.Adams@greensboro-nc.gov>; Fischer, Adam <Adam.Fischer@greensboro-nc.gov>

Cc: Wells, Garland <Garland.Wells@greensboro-nc.gov>; McKoy, Tina W <Tina.McKoy@greensboro-nc.gov>

Subject: Hutchens Invoices

Bruce,

Please see the attached Hutchens Petroleum Invoices referenced in our Report...

Len Lucas, Internal Audit Director

Internal Audit Division

City of Greensboro

Phone: 336-373-2823; Fax: 336-373-4387

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Greensboro, NC 27402-3136

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**DATE:** September 29, 2017  
**TO:** Adam Fischer, Director of Transportation  
**FROM:** Internal Audit Division  
**SUBJECT:** Reply to Response for City Inventories – FYE June 30, 2017  
(No Response Required)

The Internal Audit Division has received your response dated September 29, 2017 to our initial report for fiscal year ended June 30, 2017 City Inventories dated August 22, 2017. We find your responses sufficient; and there are no additional responses required.

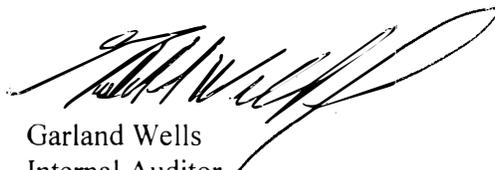
We would like to thank the staff of your Department for their assistance and cooperation during this review. If there are any questions concerning the details of this review, please call us at 373-2230.



Len Lucas  
Internal Audit Director



Tina McKoy  
Internal Auditor



Garland Wells  
Internal Auditor



Chris Venable  
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Internal Auditor

Cc: Chris Wilson, Assistant City Manager  
David Parrish, Assistant City Manager  
Bruce Adams, Public Transit Manager, Transportation