



DATE: September 30, 2020
TO: Larry Davis, Assistant City Manager
FROM: Internal Audit Division
SUBJECT: Information Technology Inventory for the Year-End June 30, 2020
(No Response Required)

The Internal Audit Division has completed our testing for the year-ended June 30, 2020 of the Telecom Inventory maintained by the Information Technology 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: Jane Nickles, Director of Information Technology
Chryste Hofer, Deputy CIO
Marlene Druga, Deputy Finance Director - Financial Services
Anita Wilson Accounting Manager
Emanuel Hill, Business Process Analyst



DATE: August 20, 2020
TO: Jane Nickles, Director of Information Technology
FROM: Internal Audit Division
SUBJECT: City Inventories – Fiscal Year Ended June 30, 2020
 (Written Response Required by September 3, 2020)

The Internal Audit Division has conducted inventory test counts and reconciled inventories to the June 30, 2020 balance sheets. The total of all inventories is \$7,188,695. The results of the inventory reconciliations are as follows:

<u>Name of Inventory</u>	<u>Physical Inventory at 6/30/20</u>	<u>Physical Inventory at 6/30/19</u>	<u>Increase (Decrease) to G/L 2019-2020</u>	<u>Increase (Decrease) to G/L 2018-2019</u>	<u>% of Variance 2019-2020</u>	<u>% of Variance 2018-2019</u>
<u>Lawson System:</u>						
GDOT - Warehouse	\$ 746,421	\$ 634,590	\$ 4	\$ 718	0.001%	0.113%
Field Operations - Warehouse	\$ 131,646	\$ 227,123	\$ 232	\$ 36	0.176%	0.016%
Water Meter Shop	\$ 166,952	\$ 97,604	\$ -	\$ -	0.000%	0.000%
Water Resources City Yard	\$ 1,686,592	\$ 1,602,802	\$ (321)	\$ (721)	-0.019%	-0.045%
Coliseum Housekeeping	\$ 43,637	\$ 38,078	\$ (5)	\$ (73)	-0.011%	-0.192%
Osborne Parts	\$ 2,669,234	\$ 2,321,663	\$ 89	\$ 34	0.003%	0.001%
<u>Faster System:</u>						
Parks and Recreation - Parts	\$ 22,481	\$ 22,571	\$ 75	\$ 372	0.334%	1.650%
Field Operations - Right of Way Parts	\$ 24,633	\$ 21,318	\$ 2,838	\$ (2,912)	11.521%	-13.657%
Fire Garage	\$ 303,661	\$ 281,203	\$ (652)	\$ (1,333)	-0.215%	-0.474%
Field Operations - Landfill Parts	\$ 16,984	\$ 14,727	\$ (16)	\$ (1,645)	-0.094%	-11.167%
Greensboro Transit Authority - Parts	\$ -	\$ 88,395	\$ -	\$ (711)	na	-0.805%
Equipment Services - Parts	\$ 521,294	\$ 489,747	\$ 5,389	\$ 644	1.034%	0.132%
Equipment Services - Fuel	\$ 99,119	\$ 167,102	\$ -	\$ (7,755)	0.000%	-4.641%
Equipment Services - Diesel Exhaust Fluid	\$ 621	\$ 800	\$ (868)	\$ 495	-139.775%	61.900%
Equipment Services - Tire	\$ 90,615	\$ 84,976	\$ 2,169	\$ 2,024	2.394%	2.382%
<u>Manual/Other:</u>						
Gillespie Golf Merchandise*	\$ 7,706	\$ 7,964	\$ (258)	\$ (1,459)	na	na
Water Resources Chemical*	\$ 532,790	\$ 485,150	\$ 47,640	\$ 14,407	na	na
Information Technology - Telecom	\$ 95,703	\$ 85,813	\$ (307)	\$ 696	-0.321%	0.811%
Graphic Services - Print Shop*	\$ 28,606	\$ 29,080	\$ (474)	\$ 1,473	na	na
TOTAL	\$ 7,188,695	\$ 6,700,706				

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

Information Technology - Telecom (682-0000-00.1610):

Network Services' inventory is maintained through EAM. The Department established a maximum acceptable inventory variance of +/-3% for this inventory. This year's reconciliation identified a variance of less than negative 1% and resulted in a loss of \$17.89 being recorded to adjust the ending unadjusted inventory balance to actual at fiscal year ended June 30, 2020; compared to a variance of less than 1% and a gain of \$696.18 at June 30, 2019, and a variance of less than negative 1% and a loss of \$636.63 at June 30, 2018.

Finding: The year-end inventory listing totals \$132,104.52 and includes \$36,666.61 of defective units, which are not listed in the Lawson financial balances. The inventory listing does not distinguish between good and defective units. This is a repeat finding from prior years.

Recommendation: The Department should implement a procedure to identify the non-defective inventory in the inventory system.

We would like to thank the staff at Network Services 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 3, 2020. 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

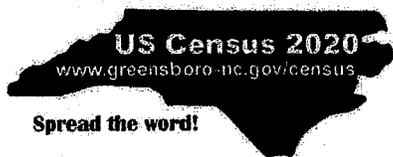
Cc: Larry Davis, Assistant City Manager

Wells. Garland

Subject: FW: Review of City Inventories - FYE 6/30/20
Attachments: SurplusUnits2020.xlsx

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

Every BODY Counts!!!



<http://www.greensboro-nc.gov/Census>

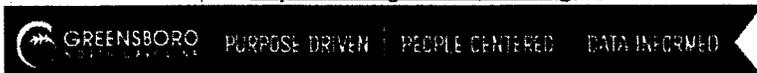
From: Hofer, Chryste <Chryste.Hofer@greensboro-nc.gov>
Sent: Friday, September 25, 2020 3:39 PM
To: Wells. Garland <Garland.Wells@greensboro-nc.gov>
Cc: Biffle, Gerrad <Gerrad.Biffle@greensboro-nc.gov>; Watkins, Keith <Keith.Watkins@greensboro-nc.gov>
Subject: RE: Review of City Inventories - FYE 6/30/20

Hi Garland, thanks for the inventory list. In order to expedite your finding response, would the following statement suffice:

The discrepancy in inventory count between Lawson and EAM is being addressed as follows: (1) we have changed the procedure to inactivate inventory we are pulling out of service (2) we have identified the inventory in the finding and will take measures to sync the status of the units so there is a clear delineation between units actively in inventory and units which are either defective, no longer in service, or moving to surplus.

Regarding your feedback, while in theory it is a good idea, all inventory received is entered into Lawson and automatically synched to the EAM work order system for use. It is more imperative that we tighten up our inventory status so that we have a clear procedure. Thank you for bringing this to our attention, I'm sorry it was not addressed previously. Chryste

— CHRYSTE HOFER, DEPUTY CIO —
CITY OF GREENSBORO, INFORMATION TECHNOLOGY
300 W. Washington ST. Greensboro, NC 27401
☎ 336.373.4650 | 🌐 <http://www.greensboro-nc.gov>





DATE: September 28, 2020
TO: Jane Nickles, Director of Information Technology
FROM: Internal Audit Division
SUBJECT: Reply to Response for City Inventories – FYE June 30, 2020
(No Response Required)

The Internal Audit Division has received your response dated September 25, 2020 to our final report for fiscal year ended June 30, 2020 City Inventories dated August 20, 2020. We find your response of corrective action to our finding 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 (336) 373-2823.

Len Lucas
Internal Audit Director

Tina McKoy
Internal Auditor

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Cc: Larry Davis, Assistant City Manager

Attachment