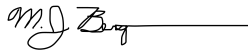


Internal Audit Unit
MONTGOMERY COUNTY BOARD OF EDUCATION
Rockville, Maryland

August 12, 2021

MEMORANDUM

To: Mr. Todd M. Watkins, Director, Department of Transportation

From: Mary J. Bergstresser, Supervisor, Internal Audit Unit 

Subject: Report on Department of Transportation Parts, Fuel, and Tire Inventory—
2021 Inventory

This report presents the results of our examination of inventory procedures, internal controls, and accuracy of the count of inventory maintained by the Department of Transportation (DOT). The Internal Audit Unit auditors observed the count of inventory by DOT staff conducted at its five transportation depots on June 30, 2021. In addition, the auditors randomly selected 40 auto parts at the five depots without regard of the dollar cost, as well as all quarts of motor oil, quarts of transmission fluid, and tires located at each depot to count and compare to the numbers shown on the automated inventory system. Auditors also selected 100 percent of items with a cost equal to or greater than \$2,000 at all locations to ensure that these items were properly controlled. Finally, the team conducted manual measurements of the quantity of gasoline and diesel fuel contained in the underground tanks and compared the stick readings with the automated Veeder-Root machine readings at all five depots. The purpose was to determine whether procedures result in an accurate valuation of inventory.

Findings and Recommendations

During the count of the 200 selected parts, variances were found in the numbers reported for 6 (.03 percent) of these items, including instances where there were either more or fewer parts than reported. The total cost of items where variances occurred represented 7 percent of the total cost of these items, but note that the auditors did not offset the value of the undercounted (\$171.02) with the over-counted (\$55.31) items and did not attempt to estimate the net effect of the variances on the total value of inventory. Of the 6 variances, the Shady Grove Transportation Depot accounted for 3, the West Farm Transportation Depot accounted for 1, the Randolph Transportation Depot accounted for 1, and the Clarksburg Transportation Depot accounted for 1.

The 100 percent count of items with a cost equal to or greater than \$2,000 or more revealed no variances at any of the 5 transportation depots.

The physical measurement of fuel did not result in any significant differences compared to the quantity measured by the automated dispensing equipment. The auditors were able to account for approximately 99 percent of the quarts of motor oil and transmission fluid compared to the automated inventory system for all depots combined. In addition to the primary stock rooms, the auditors noted quarts of oil and transmission fluid also were stored in various other locations within

the depots as well as inside maintenance vehicles. The auditors were able to account for 100 percent of tires recorded in the automated inventory system for all depots.

The total value of the inventory was reported to be \$2,164,320 at the time of the internal audit count. DOT reports that changing over from FASTER Win to FASTER Web, a fleet management system, contributed greatly to the accuracy of the inventory count.

On behalf of the Internal Audit Unit staff, we appreciated the opportunity to assist DOT staff with the 2021 inventory and especially would like to thank Ms. Jeri-Ann Whittaker, fiscal specialist, DOT; and Mr. David M. Dalton, auto parts supervisor, Shady Grove Fleet Maintenance. A response to this report is not required. We look forward to working with your staff next year. If you have any questions, please contact me at 240-740-5686.

MJB:lsh

Copy to:

Members of the Board of Education

Dr. McKnight

Mr. D'Andrea

Ms. Dawson

Ms. Reuben

Mrs. Williams

Mr. Reilly

Mrs. Chen

Mr. Dalton

Mr. Tallur

Ms. Whittaker

Ms. Webb