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STATE AUDITOR'S REPORT

ON CERTAIN ACTIVITIES OF THE
CITY OF REVERE'S

DEPARTMENT OF PUBLIC WORKS

JANUARY 1, 2005 THROUGH DECEMBER 31, 2006

**OFFICIAL AUDIT
REPORT
NOVEMBER 18, 2008**

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The City of Revere's Department of Public Works (DPW), is a department within the city that is administered by a Superintendent of Public Works. The DPW's major functions are supervised by a Water and Sewer Facilities Director and a General Foreman who oversees various city functions such as custodial, sanitation, parks and recreation, and maintenance services. Additionally, during our audit period, the DPW had four administrative/clerical staff and 32 laborers or supervisory staff involved in various DPW operational activities.

During fiscal year 2008, the city, under the provisions of Chapter 46, Section 7 of the Acts of 2003, requested that the Office of the State Auditor (OSA) conduct an audit of certain activities of its DPW, for the period January 1, 2005 through December 31, 2006. In response to this request, the OSA agreed to conduct a limited scope review of certain activities of the city's DPW during calendar years 2005 and 2006. However, in some instances it was necessary for us to conduct audit testing beyond this period to meet our audit objectives.

Our audit objectives, which were agreed to by the city, consisted of the following:

- Document and evaluate the procurement process utilized by the city's DPW for purchasing supplies and equipment and to conduct testing to assess the DPW's adherence to applicable laws, regulations, and city ordinances in this area.
- Document and evaluate the system of internal controls that the DPW has established over its inventory of fixed assets and conduct testing to assess the adequacy of the DPW's inventory system.
- Conduct limited testing of certain DPW staff compliance with city employment policies, practices and procedures relative to time and attendance and leave of absences.
- Review and evaluate the DPW's vehicle management policies and procedures.
- Review and evaluate the DPW's permitting and fee process.

The results of our audit indicated that during our audit period, and based on our selected testing, the city's DPW was in compliance with applicable laws, regulations and city requirements concerning procurement policies and procedures as well as employment practices and procedures relative to time, attendance and leave of absences. However, the city's DPW does need to improve its internal controls over its collection of fees, gasoline distribution activities, inventory of furnishings and equipment items, and it may want to review the need for some of its staff to take home city vehicles. However, we noted that, subsequent to the end of our audit period, the city and its DPW had taken measures to address many of the issues we identified during our audit.

AUDIT RESULTS **5**

1. CONTROLS OVER THE DPW PERMITTING AND FEE COLLECTION PROCESS NEEDED IMPROVEMENT **5**

The city's DPW is responsible for issuing permits and collecting fees for various activities including among others: dumpster usage, curb cutting, street openings, appliance disposal, water shutoff, and water and sewer work. According to DPW records, the DPW issued as many as 88 Street Opening permits and conducted at least an additional 465 transactions for which it collected a total of \$38,074 and \$31,723 in fees respectively during calendar years 2005 and 2006. We found however, that the DPW did not have adequate controls over the issuance of these permits or the recording and depositing of permit fees. For example, there were no written policies and procedures relative to how these activities were to be conducted, and the DPW did not use prenumbered invoices or any cash receipt slips that adequately documented all of the permits issued and fees collected that could be reconciled to the amount of fees the DPW deposited with the city Treasurer's Office. As a result, there is inadequate assurance that all of the fees were collected by the DPW during these years and were properly recorded by DPW staff and deposited with the city Treasurer's Office. However, we noted that, subsequent to the period covered by our audit, the DPW had taken measures to improve its internal controls in this area.

2. CONTROLS OVER THE USE OF GASOLINE AND DPW VEHICLES SHOULD BE IMPROVED **11**

During our audit, we determined that the controls the DPW had implemented over the use of gasoline by city employees and some DPW operated vehicles could be improved. Specifically, although the DPW had implemented a security system (referred to as the Gasboy system) to regulate the use of gasoline by city departments, we found that this system could not adequately ensure that gasoline was being utilized for city related-activities only. For example, we found that this system's controls can be, and during our audit period frequently were overridden. In fact, during the two years covered by our audit, we noted 3,578 instances in which the system was overridden, during which a total of 46,243 gallons of gasoline was pumped into vehicles by all city departments with no documented explanation as to why the system was overridden. The DPW alone overrode the system a total of 1,381 times and pumped a total of 17,182 gallons of gasoline into vehicles during this period. Also, we found that DPW staff did not routinely monitor gasoline usage to identify any potential problems. For example, during our audit period, the DPW Superintendent authorized five DPW employees who occasionally use their personal vehicles for city-related business, to pump as much as 10 gallons of gasoline per week into their personal vehicles. However, we found that during our audit period, three of these five individuals exceeded the amounts allowed by this authorization (one by over 1,400 gallons) which went undetected by DPW staff. In another instance, we noted that although as many as nine other city departments utilize the DPW's gasoline pumps for their vehicles, there are no controls in place other than the Gasboy system, to ensure that these departments are using this gasoline for only city-related activities. As a result of these issues, there is inadequate assurance that all of the gasoline used by the city, which totaled 121,510 gallons for all city departments during our audit period, was used for city related purposes only.

We also found that the DPW currently allows seven members of its staff to bring home city vehicles so that they could have them available to respond to emergency situations such as sewer back ups and snow removal. However, we found that the DPW has not implemented adequate controls over the use of these city vehicles. Specifically, DPW has no written policies or procedures as to who is allowed to use a city vehicle, and does not monitor and assess the use of these vehicles to determine if it is necessary for all seven individual staff members to bring city vehicles home to their residences so that they can be available for emergency situations. The DPW Superintendent told us that he has taken some measures to monitor the gasoline usage by DPW staff and agrees that not all of the seven DPW staff in question, may need to take city vehicles home.

3. INADEQUATE CONTROLS OVER THE DPW'S INVENTORY OF FURNISHINGS AND EQUIPMENT ITEMS

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We found that the DPW has not established adequate controls over all of its inventory of furnishings and equipment items. Specifically, the DPW has not established any written policies or procedures for maintaining, controlling, and disposing of these assets, and does not maintain an up-to-date inventory listing of its furnishings and equipment items. As a result, there was inadequate assurance that these assets are adequately safeguarded against loss, theft, or misuse. During our audit, city officials informed us that they were in the process of implementing better controls of various city assets including the DPW's inventory of furnishings and equipment items.

INTRODUCTION

Background

The City of Revere, which was incorporated as a town within the Commonwealth in 1871 and as a city in 1914, has a population of approximately 47,000¹ and is governed by an elected Mayor and an 11-member City Council. The table below summarizes the revenue and expenses of the city and separately, its Department of Public Works (DPW), during the period covered by our audit.

City of Revere Statement of Activities For the Fiscal Years Ended 2004 through 2007

	Expenses	Revenue		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Fiscal Year Ended June 30, 2004				
Public Works	\$6,714,068	\$27,371	\$548,994	
Water/Sewer Services*	\$11,079,609	\$12,351,068	\$419,108	
Total for City of Revere 2004	\$126,036,719	\$19,198,449	\$34,165,437	\$591,392
Fiscal Year Ended June 30, 2005				
Public Works	\$7,505,049	\$57,594	\$735,657	\$50,000
Water/Sewer Services*	\$11,325,147	\$14,104,274		\$707,616
Total for City of Revere 2005	\$125,729,866	\$20,624,093	\$32,771,297	\$1,012,490
Fiscal Year Ended June 30, 2006				
Public Works	\$8,077,313	\$41,416	\$1,160,740	\$10,000
Water/Sewer Services*	\$12,123,602	\$15,086,652		\$203,240
Total for City of Revere 2006	\$136,262,343	\$22,430,012	\$44,089,436	\$213,240
Fiscal Year Ended June 30, 2007				
Public Works	\$7,173,862	\$36,914	(\$12,581)	
Water/Sewer Services*	\$13,611,579	\$14,853,503	\$1,002,074	
Total for City of Revere 2007	\$147,165,417	\$25,987,783	\$47,623,515	\$228,585

*Water/Sewer Services are reported by the city in its financial statements as a business-type activity (enterprise fund). Consequently, although these activities fall under the city's DPW, we disclosed them separately.

¹ 2002 U.S. Census Bureau Data states 47,283

The DPW is a department within the city that, in accordance with Revere City Ordinance 2.63.040, is organized as follows:

The department of public works shall be composed of the following divisions:

- 1. Administration;*
- 2. Water;*
- 3. Streets;*
- 4. Sewers and drains;*
- 5. Equipment and maintenance;*
- 6. Sanitation.*

Each division of the department of public works, with the exception of the administrative division, which shall be under the charge of an accountant, shall be under the immediate charge of a foreman, who shall be responsible for making work schedules, maintaining discipline, and providing for the care and maintenance of all equipment in the foreman's division, under the direction of the superintendent, who shall retain the authority to review decisions of such foreman.

During the period covered by our audit, the DPW was administered by a Superintendent of Public Works, (Superintendent), and its major functions were supervised by a Water and Sewer Facilities Director and a General Foreman who oversaw various city functions, such as custodial, sanitation, parks and recreation and maintenance services. Additionally, during this period, the DPW had four administrative/clerical staff and 32 laborers or supervisory staff involved in various DPW operational activities.

At the beginning of our audit, city officials stated that on December 12, 2007, two DPW staff members and its Water/Sewer Facilities Director were placed on paid administrative leave due to allegations that they had been involved in a bribery scheme. The two DPW staff members were subsequently fined \$8,000 each for paying bribes to the DPW's Water/Sewer Facilities Director who allegedly directed business to them for laying sewer drains at private residences. At the end of our field work, these officials noted that the two staff members in question had resigned their positions with the DPW and that the DPW Water/Sewer Facilities Director was on paid administrative leave pending the outcome of a decision from the State Ethic's Commission regarding any potential involvement he may have had in this matter.

Audit Scope, Objectives, and Methodology

During fiscal year 2008, the city, under the provisions Chapter 46, Section 7 of the Acts of 2003, requested that the Office of the State Auditor (OSA) conduct an audit of certain activities of the city's DPW for the period January 1, 2005 through December 31, 2006. In response to this request, the OSA agreed to conduct a limited scope review of certain activities of the city's DPW during calendar years 2005 and 2006. However, in some instances it was necessary for us to conduct audit testing outside this audit period to meet our audit objectives.

We conducted this performance audit in accordance with generally accepted government auditing standards issued by the Comptroller General of the United States. Our audit objectives, which were agreed to by the city, consisted of the following:

- Document and evaluate the procurement process utilized by the city's DPW for purchasing supplies and equipment and to conduct testing to assess the DPW's adherence to applicable laws, regulations, and city ordinances in this area.
- Document and evaluate the system of internal controls that the DPW has established over its inventory of furnishings and equipment items and conduct testing to assess the adequacy of the DPW's inventory system relative to these items.
- Conduct testing of DPW staff compliance with city employment policies, practices and procedures relative to time and attendance and leave of absences. Our review in this area was limited to a list provided to the audit staff by the city's Director of Finance, Collector/Treasurer of four DPW employees who were on a leave of absence between the period July 2006 through May 2008. Although this testing fell outside of our audit period, we agreed to include these individuals in our sample because city officials stated that no DPW staff took leave of absences during the period covered by our audit.
- Review and evaluate the DPW's vehicle management policies and procedures.
- Review and evaluate the DPW's permitting and fee process.

In order to achieve our objectives, we first assessed the internal controls established and implemented by the DPW over the activities subject to our review. The purpose of this assessment was to obtain an understanding of the control environment, and the flow of transactions through the city's accounting system. We used this assessment in planning and performing our audit tests. We held discussions with various city officials including the City Auditor, Director of Finance, Collector/Treasurer, City Purchasing Agent, City Payroll Administrator, and various DPW officials. We reviewed organization charts, internal policies and procedures, and laws, rules, regulations and

city ordinances applicable to the areas being reviewed. We also examined the city's financial statements, and various DPW documents including permitting records, contract documents and related invoices, procurement records, gasoline and city vehicle usage records, inventory records and various other personnel records being maintained by the DPW. The purpose of our review was to determine whether all activities under review were conducted in compliance with applicable laws, regulations, policies and procedures and city ordinances.

Our audit was limited in scope and was not conducted for the purposes of forming an opinion on the city's financial statements. Rather, our report is intended to report findings and conclusions on the procedures agreed to by the city and the OSA and the extent of the DPW's compliance with applicable laws, rules, regulations, and city ordinances during our audit period and to identify, processes, methods, and internal controls that could be improved. Except for the Audit Results detailed in this report, nothing came to our attention in the areas that we tested, that indicated that the DPW was not in compliance with laws, rules, regulations and city ordinances that were applicable to the areas reviewed.

At the conclusion of our audit, we met with city officials to discuss the results of our review. These officials stated that they had initiated and were continuing to take measures to address many of the issues identified in our report.

AUDIT RESULTS

1. CONTROLS OVER THE DPW PERMITTING AND FEE COLLECTION PROCESSES NEEDED IMPROVEMENT

The City of Revere's Department of Public Works (DPW) is responsible for issuing permits and collecting fees for various activities including among others: dumpster usage, curb cutting, street openings, appliance disposal, water shutoff, and water and sewer work. According to DPW records, the DPW issued as many as 88 Street Opening permits and conducted at least an additional 465 transactions for which it collected a total of \$38,074 and \$31,723 in fees, respectively, during calendar years 2005 and 2006. We found, however, that the DPW did not have adequate controls over the issuance of these permits or the recording and depositing of permit fees. For example, there were no written policies and procedures relative to how these activities were to be conducted, and the DPW did not use prenumbered invoices or any cash receipt slips that adequately documented all of the permits issued and fees collected that could be reconciled to the amount of fees the DPW deposited with the City Treasurer's Office. As a result, there is inadequate assurance that all of the permit fees were collected by the DPW during these years and were properly recorded by DPW staff and deposited with the City Treasurer's Office. We did note that, subsequent to the period covered by our audit, the DPW has taken measures to improve the internal controls in this area.

In accordance with City of Revere Ordinance 2.63.070, the DPW is responsible for overseeing various city public works projects and services and for collecting fees associated with these projects and services:

The public works department . . . with the assistance of the office of the city engineer, shall be responsible for establishing and maintaining a program for the issuance of permits and emergency permits for curb cuts, water service, street occupancy and sewer layers, etc., on all public ways and properties under the jurisdiction of the department.

B. The program shall include:

- 1 The establishment of rules and regulations;*
- 2. The setting of fees;*

The following table summarizes the types of fee-related activities overseen by the DPW during our audit period, as well as the fees associated with each project or service:

Activity Type	2005 – 2006 Fee Schedule
Street Opening Permit*	\$200
Curb Cuts Permit	\$25
Dumpster Permit	\$50 plus \$10 per day, each day it is on the street
Appliance Disposal	\$20 / \$12 for seniors or head of households
Water Shutoff	\$100 Commercial No charge Residential during business hours \$75.00 residential after business hours
Water Work	\$40 per foot for 1" copper \$30.00 per foot for ¾" copper
Sewer Work	\$35 per foot
Tire Disposal	\$4.00 per tire
Paint Disposal	\$2.00 per can
Televisions & Monitors	\$15.00
Bulky Items **	\$20 per item \$12.00 for seniors

* Street Opening permits are for conducting such activities as sidewalk repairs, street excavation work and drain or water service installation and repair.

**DPW officials stated that these items are typically furniture

According to DPW records, the DPW issued as many as 88 Street Opening permits and conducted at least an additional 465 transactions for which it collected a total of \$38,074 and \$31,723 in fees, respectively, during calendar years 2005 and 2006. The following table summarizes the DPW’s recorded transactions during our audit period.

Summary of DPW Permitting and Other Fees*

	Calendar Year 2005		Calendar Year 2006	
	Transactions*	Revenue	Transactions*	Revenue
Appliance **	49	\$17,197	53	\$11,673
Street Opening Permits***	41	8,200	41	8,200
Flow Test	7	700	9	1,100
Water Repair	1	75	0	0
Water Shutoff	8	645	7	675
New Water Service	2	400	0	0
Waste Service	2	2,522	0	0
Curb Cut Permit	17	425	17	525
Dumpster Permit	<u>132</u>	<u>7,910</u>	<u>161</u>	<u>9,550</u>
Totals	<u>259</u>	<u>\$38,074</u>	<u>288</u>	<u>\$31,723</u>

- * Except for Street Opening permits, the records maintained by the DPW identify the number of transactions rather than permits issued in each category conducted by the DPW. The fees collected by the DPW were recorded in its cash receipts log in the nine different categories detailed in the above revenue table.
- ** Appliance transactions not only include appliance disposal fees but also revenue received by the DPW from companies involved in recycling activities for the city.
- *** DPW's records indicated that the department may have issued as many as 88 SOPs during our audit period. However, only 82 SOPs were recorded in the department's cash receipts log

During our audit, we first assessed the internal controls that the DPW had established and implemented relative to the administration of its fee-related activities during our audit period. In this regard, DPW officials stated that they had not established any policies and procedures relative to the DPW's permitting or other fee-related activities. However, according to the DPW's Senior Accounting Clerk, the following is a description of the DPW permitting and fee collection process that was followed by DPW staff during our audit period.

Any staff person in the DPW office was authorized to process permits and collect fees. A copy of an issued permit was given as a receipt to the individual applying for a Street Opening permit. For all other permits/fee-type activities, except Appliance and Waste Service permits, an invoice should have been completed, a copy of which was to be given to the permit applicants as their receipt. For Appliance and Waste Service permits, there were no invoices or other forms of receipts used to document these transactions; however, in the case of appliances, the applicant would be provided with an appliance sticker. All fees collected are given as they are received to the DPW's Senior Accounting Clerk who would record these transactions on a standard form entitled "Schedule of Departmental Payments To Treasurer." This form lists general accounting information including, from who the fees were received, an account number where the revenues are to be deposited and an amount collected. However, the form does not indicate any permit or receipt number that may have been issued or other information that could be used to reconcile the information on these forms. The Senior Accounting Clerk would then periodically forward these funds along with any copies of permits or other receipts to City Treasurer's Office for deposit. These documents, including the Schedule of Departmental Payments to the Treasurer, were then date stamped by the City Treasurer's Office and returned to the Senior Accounting Clerk, who then recorded this information in the DPW's cash receipts log. The DPW cash receipts log also recorded any inter-departmental transfers made by the City

Treasurer's Office into the DPW account for such items as gasoline used by other city departments as well as any other reimbursed fees collected on behalf of the DPW.

During our audit, we reviewed the documentation the DPW was maintaining relative to all of the fees it collected during our audit period. We reviewed copies of the actual Street Opening permits that were issued as well as other documents and records relative to these fee-related activities including, invoices, the entries in the DPW's cash receipts log, and City Treasurer's Office records. During our review of this information, we attempted to reconcile Street Opening permit numbers to revenues received and recorded in the DPW's cash receipt log to deposits made to the City Treasurer's Office. However, even though actual permits existed for this activity, our ability to conduct testing in this area was limited because during our audit period the DPW used two Street Opening permit books that contained the same pre-numbered permits and therefore, there were many duplicate permit numbers. Also, as detailed below, not all transactions were supported by invoices and those invoices that did exist, were unnumbered. Consequently, it was not possible to reconcile invoices to deposits or identify which particular invoice was related to a particular permit.

Based on our assessment of the records that the DPW was maintaining of its administrative activities relative to its permitting function, we identified the following internal control issues that existed during our audit period:

- Contrary to the aforementioned city ordinances, the DPW had not established any rules, regulations or formal written policies or procedures relative to its permit, fee collection, and cash deposit activities. As a result, there is inadequate assurance that all DPW permitting activity during this period was conducted in a consistent and equitable manner. In fact, as noted above, according to the DPW's Senior Accounting Clerk, anyone in the DPW office was allowed to issue permits and collect fees without having any training or formal procedures in place to follow for this purpose.
- As noted above, during our audit period, only Street Opening permits were sequentially numbered. All other permits were issued without any specific identifying marker such as sequential numbering. In the case of appliance fees, DPW officials stated that they did not even issue receipts when they issued appliance stickers so there are no records, other than the cash receipts log, documenting how many of these permits were issued that can be reconciled to any appliance permit revenue collected during this period. Since it was not possible to reconcile the amount of fees that should have been collected to the funds deposited by the DPW with the City Treasurer's Office, there is inadequate assurance that all of the appliance fees collected were actually recorded as being received.

- The permitting and collection of permit and other fees is decentralized and according to the Director of Finance, Collector/Treasurer and the City Auditor, no one in the city's administrative offices routinely performs any type of review of the DPW's permitting activities. Further, the City Auditor indicated that although the DPW is responsible for maintaining any detailed backup to support permits and fees, these documents are not reviewed by city officials.
- There was an inadequate segregation of duties over these activities. Specifically, the Senior Accounting Clerk had the ability to issue a permit, collect fees, record the transaction in the DPW's cash receipt log (which is not reviewed by either the Director of Finance, Collector/Treasurer or City Auditor) and is also responsible for sending all collected fees to the City Treasurer's Office.
- The DPW cash receipts log did not identify the specific fees that were attributable to the revenue collected. Consequently, it cannot be determined whether the correct fee was collected for each activity.

Moreover, during our testing of the permits and fees documentation being maintained by the DPW, we noted the following issues:

- Two months (February and October 2005) of the DPW's monthly cash receipts logs were missing.
- There was no revenue recorded for six Street Opening permits that appeared to have been issued. Two were issued in calendar year 2005 and four were issued in 2006, and each applicant should have been charged \$200 per permit for a total of \$1200.
- Two Street Opening permit numbers were recorded in the DPW's cash receipt logs twice.
- One Street Opening permit was noted in the DPW permit booklet as "missing." However, we found it during our review of the DPW records, and it appeared to be an exact duplicate of the preceding Street Opening permit that was issued.
- The city does not charge utility companies fees for permits. This resulted in the DPW's losing the opportunity to collect an additional \$20,000 (100 Street Opening permits x \$200) during the two calendar years covered by our audit. We brought this matter to the attention of the Senior Accounting Clerk who stated that the DPW has never collected fees for permits issued to utility companies because she believed it was against the law to do so. However, this individual could not cite the specific law to which she was referring. Further, officials at both the City of Boston and the City of Worcester Department of Public Works stated that they had never heard of such a law and that both cities always charge utility companies fees for permits.
- The DPW had copies of invoices for only \$9,661 in revenues relating to Dumpster Permits, water repairs, new water service and Curb Cut Permits leaving at least \$9,224 with no supporting documentation. Further, we determined that the DPW did not have adequate

supporting documentation for all of the appliance disposal, waste service or flow test fees it collected during our audit period.

We brought these matters to the attention of DPW officials who stated that they believed they were following the procedures required by the city to properly administer and document these activities. Further, the Senior Accounting Clerk stated that she believed additional documentation (e.g., receipts) relative to many of the fees collected during the audit period may have been misplaced or damaged by water and discarded.

The DPW's Senior Accounting Clerk stated that effective May of 2007, the DPW began using prenumbered invoices and cash receipt slips for various permitting transactions including the issuance of appliance disposal permits and continues to use the prenumbered permit books for street opening permits. This individual stated that currently, prenumbered invoices are issued for all transactions as well as cash receipt slips (for both cash and checks) in order to provide more assurance that all transactions are accounted for and properly recorded. In order to verify the assertions made by the Senior Accounting Clerk, during our audit, we reconciled the information in the DPW's cash receipts log for March 2008 with the related cash receipt slips and deposit information at the City Treasurer's Office. Our review revealed only one instance in which a \$75 water turn on fee was indicated to have been received but did not have a receipt. All other transactions during this month appeared to have been properly documented and recorded.

Recommendation

The DPW indicated that, subsequent to our audit period, it has taken some measures to effect better controls in this area. Nevertheless, in order to address all of our concerns relative to these matters, we recommend the following:

- The DPW should develop and implement formal written policies and procedures relative to its permitting activities. These policies and procedures should address all aspects of this function including the authorization and approval of permits and the collection of fees, the appropriate segregation of duties, and staff training. DPW supervisory staff should routinely provide training as necessary and review and evaluate this activity to ensure compliance with established procedures.
- Continue to ensure that all permitting activities are properly documented such that all revenue received on each individual transaction can be reconciled to a particular invoice or permit record and deposit information at the City Treasurer's Office.

- The Director of Finance, Collector/Treasurer and City Auditor should consider conducting periodic independent reviews and reconciliations of the DPW's records in this area to ensure that all permitting fees collected, are properly recorded and deposited with the City Treasurer's Office.
- If there are no legal barriers, consider collecting fees from utility companies. Based on historical data, this could increase the city's revenues by tens of thousand of dollars annually.

Auditee's Response

In response to this issue, city officials provided the following comments:

In April of 2007, the City promulgated a written policy for the processing of all permits and the collection of fees.... The DPW has been following that policy since the Spring of 2007, including the use of pre-numbered invoices and cash receipt slips for all transactions. Based upon the State Auditor's review of the March 2008 transactions, it appears this system has substantially improved the accounting of fees. The City Auditor will conduct periodic reviews of DPW records to ensure continued compliance with these cash receipt policies. Finally, the City has notified utility companies that, effective October 29, 2008, utilities shall pay the same permit fees charged to other private contractors.

Auditor's Reply

Based on its response, the city has taken measures to address our concerns relative to this issue.

2. CONTROLS OVER THE USE OF GASOLINE AND DPW VEHICLES SHOULD BE IMPROVED

During our audit, we determined that the controls the DPW had implemented over the use of gasoline by city employees and some DPW-operated vehicles could be improved. Specifically, although the DPW had implemented a security system (referred to as the Gasboy system) to regulate the use of gasoline by city departments, we found that this system could not adequately ensure that gasoline was being utilized for city related activities only. For example, we found that this system's controls can be, and during our audit period frequently were, overridden. In fact, during the two years covered by our audit, we noted 3,578 instances in which the Gasboy system was overridden and total of 46,243 gallons of gasoline was pumped into vehicles by all city departments with no documented explanation for the sytem overrides. The DPW alone overrode the Gasboy system a total of 1,381 times and pumped a total of 17,182 gallons of gasoline into vehicles during this period.

We also found that DPW staff did not routinely monitor gasolines usage to identify any potential problems. For example, during our audit period, the DPW Superintendent authorized five DPW

employees who occasionally use their personal vehicles for city-related business, to pump as much as 10 gallons of gasoline per week into their personal vehicles. However, we found that during our audit period, three of these five individuals exceeded the amounts allowed by this authorization (one by over 1,400 gallons) which went undetected by DPW staff. In another instance, we noted that although as many as nine other city departments utilize the DPW's gasoline pumps for their vehicles, there are no controls in place other than the Gasboy system to ensure that these departments are using this gasoline for only city-related activities. As a result of these issues, there is inadequate assurance that all of the gasoline distributed by the city, which totaled 121,510 gallons for all city departments during our audit period, was used for city-related purposes only.

The DPW currently allows seven members of its staff to bring home city vehicles so that they can be available to them to respond to emergency situations such as sewer back ups and snow removal. However, we found that the DPW has not implemented adequate controls over the use of these city vehicles. Specifically, the DPW has no written policies or procedures describing who is allowed to use a city vehicle and does not monitor and assess the use of these vehicles to determine whether it is necessary for all seven staff members to bring city vehicles home to their residences so that they can be available for emergency situations. The DPW Superintendent informed us that he has taken some measures to monitor gasoline usage by DPW staff and agrees that not all of the seven DPW staff in question may need to take city vehicles home. The specific problems we identified in these areas are discussed in detail in the sections that follow.

a. Inadequate Controls over Gasoline

Prior to our audit period, the city had two gasoline pumps (one diesel and one regular), located in the DPW yard that it used to provide gasoline to city vehicles. According to DPW officials, during the 1990s, the city purchased a petroleum security system called "Gasboy" to regulate the usage of gasoline by city departments. During 2004, the city upgraded its gasoline service system from two to four pumps (two gasoline and two diesel) and also upgraded the Gasboy system software so that the DPW could generate fuel transaction reports that could show gasoline usage by employee and vehicle. The Gasboy system keeps a record of all gasoline transactions and, under normal operating conditions, can produce a report that shows the dates on which gasoline was pumped, the amount used, the employee

who authorized the transaction, the vehicle into which the gasoline was pumped, and whether the gasoline taken was regular or diesel.

All new DPW employees as well as certain other city employees are given what the DPW refers to as an employee key and are also assigned a personal identification number (PIN) associated with this key in order to operate the Gasboy system. Under the Gasboy system, each city vehicle also has a key associated with it. City employees wanting to get gasoline must insert their plastic employee key into the Gasboy device that is located above each gasoline pump, type in their PIN, and then insert a second “vehicle key” and enter the odometer reading from the vehicle in which the gasoline is to be pumped. If all this is done correctly, the pump will allow the employee to extract gasoline. Under certain circumstances, the Gasboy will not allow an employee to extract gasoline. For example, if the odometer reading entered for the vehicle is not significantly higher than the previous odometer reading recorded for that vehicle, the system will determine that not enough miles have been driven on the vehicle to warrant gasoline and will not allow the employee to pump gasoline. Also, there are instances in which employees may need gasoline for gas-powered tools and cannot enter in a vehicle key. In these instances, the system can be overridden by one of three DPW employees: the Superintendent, the General Foreman, and the Foreman Storekeeper, who each have a system “override key.”

During our audit, we spoke with DPW officials about the Gasboy system and the utilization of gasoline by city employees and observed a demonstration on how the system works. These interviews and observations were conducted to obtain an understanding of the control environment relative to the use of gasoline by the DPW and other city departments. We also analyzed the city’s gasoline usage during our audit period based on printouts from the Gasboy system provided to us by DPW’s Foreman Storekeeper. Our review revealed the following deficiencies

Numerous Inadequately Documented System Overrides

During our review, we first noted that the Gasboy system’s controls could easily be overridden. In fact, during the two years covered by our audit, we noted 3,578 instances in which the system was overridden by all city departments and a total of 46,243 gallons of gasoline was pumped into vehicles. The DPW alone overrode the system a total of 1,381

times and pumped a total of 17,182 gallons of gasoline into vehicles during this period. The DPW's Foreman Storekeeper stated that there are a number of instances in which it is necessary to override the system, such as when an employee's "employee key" has broken and not yet been repaired or replaced. The Foreman Storekeeper also stated that five DPW vehicles have broken odometers. In these instances, the system needs to be overridden because an accurate odometer reading from these vehicles cannot be entered into the Gasboy system. He further stated that in these instances the Gasboy data will show the employee who got the gasoline but not the vehicle into which the gasoline was pumped. Finally, the Foreman Storekeeper stated that other instances that would require the system to be overridden include using the pumps to fill up gasoline-powered equipment and trucks that have been left running such as in the winter and use up more gasoline than their odometer readings would indicate.

Although the Gasboy system's controls were frequently overridden, DPW officials did not keep any record of who overrode the system or the reasons for the system's being overridden. Consequently, although we acknowledge that there are instances such as the ones described by the Foreman Storekeeper when it is necessary to override the system, such overrides made it impossible to verify that all of the gasoline distributed during such system overrides, which totaled 19,897 gallons in 2006 and 26,346 in 2005 was used for official city-related purposes, only.

During our audit, we brought these matters to the attention of the DPW's Superintendent who noted that DPW staff now have an override key hanging on a clipboard in the DPW office and that anyone who uses this key to override the system is required to write down their name and the reason for the override. The DPW's Foreman Storekeeper stated that although he fixes the broken employee keys as soon as possible to limit the amount of system overrides that need to be conducted, he could not address the issue of the vehicles with broken odometers because the trucks involved were old and parts were not available to fix the odometers even if funds were available to do so.

Excessive Gasoline Provided to Certain DPW Staff for Their Personal Vehicles

During our audit, the DPW's Superintendent provided us with a document entitled "Private Vehicles Authorized for Weekly Gas Allotment If Needed". This authorization was not signed or dated by the Superintendent nor was there any indication of when it went into effect or for what period. However, the Superintendent stated that it was in effect during our entire audit period. Under this authorization, five city employees (Meter Supervisor, Sanitation Supervisor, Payroll Supervisor, Foreman Storekeeper and Stadium Supervisor) are all allowed to receive from the DPW up to 10 gallons of gasoline per week in their own personal vehicles. The DPW's Superintendent stated that he authorized this provision of gasoline for these employees because they sometimes need to use their personal vehicles for city purposes. We found, however, that although the DPW has authorized the provision of this gasoline to these individuals, it has not established any policies or procedures to monitor their compliance with the authorized 10-gallon weekly limit. Based on this control deficiency, during our audit we reviewed the Gasboy data provided to us by DPW staff covering the two years of our audit period and noted that three of the five individuals who were authorized to receive as much as 10 gallons of gasoline per week actually exceeded their authorized limit by as much as 1,400 gallons during this two year period, as indicated in the table below:

	Foreman Storekeeper	Sanitation Supervisor	Payroll Supervisor
2005	553.891	1,110.759	622.27
2006	1,137.707	1,333.546	521.73
Allowed*	950	950	950
Excessive Gas	741.6	1,494.3	194

* The allowed figures we calculated by taking the total weeks during the two year period (104) less the number of full weeks each employee was on vacation or on leave of absence, times the maximum allowable limit of 10 gallons of gasoline per week.

In estimating the excessive gasoline usages by these individuals, we took the most conservative approach. Specifically, we assumed that these individual's personal vehicles ran on regular gasoline and therefore did not include in each employees gasoline usage total any diesel fuel they may have pumped from the DPW's pumps. We also eliminated from the Foreman Storekeeper's totals, any instances in which four gallons or less of gasoline was pumped, to account for the refilling of gas-powered tools.

We also noted several instances in which some of these five individuals received gasoline in excess of their 10 gallon authorized amounts while they were on vacation. Listed below are two examples of this issue.

Sanitation Supervisor

Date Gasoline Was Pumped	Gallons Pumped
10/12/06	7.30
10/13/06	17.567
10/13/06	12.043
10/13/06	11.32

Payroll Supervisor

Date Gasoline Was Pumped	Gallons Pumped
02/05/05	13.87
07/08/05	13.116
09/17/05	13.548
11/19/05	10.148

Regarding this matter, the DPW's Foreman Storekeeper stated that he is too busy and understaffed to monitor how much gasoline these five individuals put in their personal vehicles. The DPW Superintendent added that he has suggested to city officials that instead of allowing these individuals to pump gasoline into their vehicles the city should provide them with a monthly gasoline stipend. However, he indicated that city officials did not want such a stipend provided.

Inadequate Controls Over Use of Gasoline by other City Departments

In addition to the DPW staff, other city departments are also authorized to use the DPW's gasoline pumps for their vehicles. The following table shows the departments and the amounts of gasoline used by each department for the period of April 17, 2005 through April 17, 2008.

Gasoline Use By Department

Department	Gasoline Used
Revere Housing	22,687
Board of Health	125
Community Development	6,149
Elder Affairs	6,266
Revere Fire Department	16,823
Meter Maids	7,900
School Department	20,805
Building Department	316
Police*	869
DPW – Parks Department	14,983
DPW – Water Meter Reads	10,199
DPW – Sewer Department	3,673
DPW – Water Department	21,977
DPW – Sanitation Department	45,513

* Police also have their own pump

During our audit, we asked DPW officials if they monitored the gasoline used by other departments or had any control over the amounts of gasoline used by these departments. In response, the Foreman Storekeeper said that the DPW only monitors the DPW's use of gasoline. During our review of Gasboy records, we noted hundreds of transactions in which other city departments received gasoline and the Gasboy system identified the employee who pumped the gasoline but did not show an odometer reading or identify the vehicle into which the gasoline was pumped. In one instance, we noted that one employee of the Revere Housing Authority pumped 7,766 and 2,815 gallons of gasoline into an unidentified vehicle during calendar years 2005 and 2006, respectively. We brought this matter to the attention of the Foreman Storekeeper who stated that other departments have different methods of obtaining gasoline from the DPW gas pumps over which the DPW has little control. He stated that to his knowledge, some departments use a two-key system like the DPW's whereas other departments can use what he called an "open key" that is located within the DPW office. This key works the same as an override key and certain other departmental staff are not required to document what vehicle received the gasoline. The DPW Superintendent acknowledged that the controls over the use of gasoline by other departments could be improved.

b. Controls over the Use of City Vehicles Could Be Improved

During our audit, we noted that the DPW allowed seven members of its staff to bring home city vehicles and to use these vehicles to commute to and from work. The table below identifies the individuals and the types of vehicles in question.

Title of Employee	Type of Vehicle
Superintendent of Public Works	2006 Ford 250 Extra Cab Truck
General Foreman	2006 Ford 250 Extra Cab Truck
Foreman/Water	2006 Ford 250 Extra Cab Truck
Stadium Supervisor	2006 Ford-F150 4 Door Pickup
*Foreman/Parks	2006 Ford -F250 Truck
*Foreman/Carpentry	Ford Van
Sewer Supervisor	Ford-F350 Truck

* According to the DPW Superintendent, these two individuals are not on 24-hour emergency call.

According to the DPW's Superintendent, these vehicles are assigned to individuals based on their job description and five of the seven individuals (as indicated in the table above) are on call for emergency situations. He also stated that it is beneficial to the city to have these staff members take these vehicles home because they would not all fit in the DPW's garage.

During our audit, we noted the following issues with these vehicles:

- We found that the DPW has not established any formal written policies for the use of these vehicles indicating who is eligible to bring them home or limiting their use to only business-related activities
- No one periodically analyzes the need for these seven staff members to take vehicles home. The Superintendent stated that depending on the season, staff are frequently called in for emergency situations such as snow emergencies or water/sewer related issues.

Regarding this matter, the DPW's Superintendent stated that he has verbally communicated to the staff in question that they are only allowed to use the city vehicles for city-related business. He further stated that the vehicles are marked "City of Revere," and that although he is not a resident he drives through the city almost every weekend and does not see any of the city vehicles being driven around town. As stated above, the Superintendent did concede

that there may not be a need for all seven of the staff members in question to have a city vehicle at their home for emergency situations.

During our audit, we attempted to determine the number of after-hour emergency situations that occurred during the past two years in order to assess the reasonableness of having these seven individuals take city vehicles home to respond to emergency situations. The Superintendent and the DPW's Senior Accounting Clerk stated that, although the DPW does not keep a record of emergency situations where these staff members may have been called in to work after hours, there are many emergency situations that occur throughout the year. The Superintendent indicated that when someone calls in an emergency after hours, the call goes to an answering service, which then calls a DPW employee referred to as a night watchman. The night watchman then calls the appropriate DPW staff people to respond to the emergency situation. The Superintendent stated that the night watchman also does not keep a formal record of the emergency calls he receives. Consequently, we contacted an official at the answering service, who stated that the company typically only keeps a record of calls for three days but that it does send a monthly summary of all after-hours emergency calls that it received to the DPW's Senior Accounting Clerk.

We reviewed the answering service records being maintained by the Senior Accounting Clerk and noted that, in most instances, the log information did not indicate who was called in to respond to the emergency. Therefore, these records could not be used to determine the number of times each of the seven individuals in question had to come in from home to respond to an emergency situation. The Senior Accounting Clerk stated, however, that when staff work overtime, they fill out an Overtime Form and submit it to their supervisor for approval. This form indicates the date the person worked, their department, the reason for the overtime, the date they worked the overtime and their arrival and departure time. Because it was not possible to fully analyze the number of times the seven staff members needed to respond to after-hour emergencies, we analyzed the total number of times six of these seven individuals worked overtime, including for emergency and non-emergency situations, during the period January 1, 2008 through August 31, 2008. Although the Superintendent may respond to emergency situations, his overtime could not be analyzed because he is a salaried employee who is not eligible for overtime compensation. The results of analysis appear in the following table.

**Incidents of Overtime Worked
January through August, 2008**

Job Title	January	February	March	April	May	June	July	August
General Foreman	6	10	5	19	20	17	18	28
Foreman/Water	11	8	4	4	7	3	6	6
Stadium Supervisor	4	12	4	9	8	9	14	17
Foreman/ Parks	5	11	1	13	16	12	16	17
Sewer Supervisor	26	32	14	11	14	10	23	26
Foreman/Carpentry	0	0	0	1	0	0	0	2

As can be seen from the table above, one of the individuals, the Foreman/Carpentry, only worked overtime three times during the first eight months of calendar year 2008. Further, our analysis of the descriptions of the services performed by these six individuals during their overtime indicated that four of them, the General Foreman, the Foreman/Water, the Stadium Supervisor, and Sewer Supervisor, appeared to be working overtime on emergency situations between 22 and 139 times during this eight-month period. In contrast, the other two individuals' overtime did not include many instances that appeared to be responses to emergency situations.

Recommendation

In order to effect better controls over the DPW's distribution of gasoline and the use of DPW vehicles, we recommend the following:

- DPW staff should maintain a full record of any system overrides including the reason for the system override and who performed the override. This override journal should be periodically reviewed by the Superintendent to determine whether any abuses to gasoline usage are occurring through the override process. All override keys should be safeguarded in the possession of the Superintendent. Also, the Superintendent may want to contact the company that sold the department the Gasboy system to see whether there are any available cost-effective enhancements to the system that could improve internal controls.
- DPW should consider not allowing any employee to pump gasoline into their personal vehicles. Rather, staff should be required to keep a record of the business related miles they travel and submit travel reimbursement requests.

- The city should consider establishing a uniform citywide system (e.g., a two-key system) to be used by all city departments when using city gasoline. The city should then designate one department, such as the DPW, responsibility for monitoring gasoline usage by all departments and establish procedures for doing so.
- A monthly or quarterly reconciliation of gasoline usage by department should be conducted. This reconciliation should also be reviewed by the city's Finance Department.

Auditee's Response

In response to this issue, city officials provided the following comments:

The City is in the process of replacing the existing Gasboy system with a more modern gas control system that allows for better control and documentation of gas usage. The acquisition will be done in the next month or so in connection with the purchase of a similar system at the new police station site. In the interim period, the DPW will document all overrides of the Gasboy system in order to identify the person performing the override and the reason for such override. Under the Gasboy system and any new system installed, the Auditor will now conduct periodic reconciliations of gas usage.

Also, effective Monday, October 27, 2008, the City has eliminated the practice of allowing DPW and Community Development personnel to utilize gasoline within personal vehicles that are used for City business. Instead, the City has agreed with the respective unions that employees in these departments who use personal vehicles for municipal business shall receive a monthly travel allowance in lieu of gasoline.

The City has also reviewed the take home vehicle practice at the DPW and eliminated the use of vehicles by the Parks Foreman and the Carpentry Foreman due to the absence of emergency responses. The City will closely monitor the need for and use of take home vehicles by the remaining supervisors. A new GPS tracking system, acquired by the City and implemented in September of 2008, allows for precise monitoring of such usage. And, the City has promulgated a written directive limiting the use of take home vehicles to City related activities only.

Finally, the City has investigated the gas usage identified as excessive for the Foreman Storekeeper, Sanitation Supervisor and Payroll Supervisor during 2005 and 2006. The City has determined that the excessive usage was due, not to unauthorized use of gasoline in private vehicles, but due to the fact that these three individuals often used their separate employee key, in conjunction with the override key, to fill miscellaneous equipment with gas during the same time periods that they were using these same two keys to fill their private vehicles with the authorized 10 gallons of gas per week. The DPW Superintendent's detailed explanation is set forth in a letter dated October 28, 2008, a copy of which is attached. In any event, this problem should be resolved fully due to the elimination of the gasoline disbursement to private vehicles.

Auditor's Reply

In its response, the city states that it investigated the gas usage we identified as being excessive for the Foreman Storekeeper, Sanitation Supervisor and Payroll Supervisor during 2005 and 2006. Based on its review, the city states that it determined that the excessive usage

was not due to unauthorized use of gasoline in private vehicles, but due to the fact that these three individuals often used their separate employee key, in conjunction with the override key, to fill miscellaneous equipment with gas during the same time period. However, as noted in our report, the only records that exist relative to the use of gasoline during our audit period are the city's Gasboy records. As noted above, these records indicate the dates on which gasoline was pumped, the amount used, the employee who authorized the transaction, the vehicle into which the gasoline was pumped, whether the gasoline taken was regular or diesel and whether or not the system was overridden. We were not provided any records showing instances where individuals got gasoline to fill gas-powered equipment. However, based on its response, the city has taken comprehensive measures to address our concerns relative to this issue.

3. INADEQUATE CONTROLS OVER THE DPW'S INVENTORY OF FURNISHINGS AND EQUIPMENT ITEMS

We found that the DPW has not established adequate controls over its inventory of furnishings and equipment items. Specifically, the DPW does not have any written policies or procedures for maintaining, controlling, and disposing of these assets and does not maintain an up-to-date inventory listing of its furnishings and equipment items. As a result, there is inadequate assurance that the DPW's inventory of furnishings and equipment items are adequately safeguarded against loss, theft or misuse. During the conduct of our audit field work, city officials informed us that they were in the process of implementing better controls of various city assets including the DPW's inventory of furnishing and equipment items.

According to Generally Accepted Accounting Principles (GAAP), entities such as the DPW must establish and implement an adequate system of internal controls over all aspects of its operations including its inventory of fixed assets. During our audit, we reviewed and evaluated the system of internal controls the DPW had established over its inventory of fixed assets and noted the following issues:

- The DPW did not maintain an inventory of furnishing and equipment items, nor did it periodically conduct an inventory of these assets to ensure their existence. At the beginning of our audit, the DPW provided us with a listing of inventory items that it claimed was on hand as of April of 2008, when the listing was compiled. However, this listing was as of a specific date and therefore would not necessarily include all items in the DPW inventory during our audit period. Moreover, the accuracy of this listing could not be verified, since it

did not indicate such necessary information as acquisition date, cost, location, description, and disposition of the inventory items.

- The DPW had no written internal control policies and procedures on how to maintain and dispose of its assets.

Since the DPW did not and still does not maintain adequate control over its entire inventory of furnishings and equipment items, our ability to conduct meaningful testing in this area was significantly impaired. In fact, our testing in this area could only be designed to attempt to determine whether selected items purchased by the DPW during our audit period still existed, and could be located. In order to conduct our testing in this area, we obtained from city officials, a computer printout of what they stated was all expenses incurred during the audit period by the DPW, including the purchase of fixed assets. According to this printout, during the two calendar years covered by our audit, the DPW conducted a total of 1,392 non-payroll related transactions and incurred expenses totaling \$13,486,153 relative to these transactions. This list, however, did not provide the detail necessary to identify which assets should be part of the DPW's inventory. For example, the date, purchase price, and vendor (e.g., Home Depot) might be listed, but not a description of the specific items being purchased. Consequently, from this list of expenses, we judgmentally selected 44 purchases that appeared to be for assets that should be part of the DPW's inventory. These 44 items totaled \$2,191,452 or approximately 16% of the non-payroll expenses incurred by the DPW during our audit period. We then reviewed the invoices and other documents relative to the purchase of these items and selected 10 purchase orders (two from calendar year 2005 and eight from calendar year 2006) totaling \$469,108 that were for various assets such as air conditioners, nine new trucks, steel food court tables and benches, truck lights, and various truck equipment including tool boxes, emergency strobes and sirens. We then asked DPW officials to locate these items. These DPW officials were in fact able to show us items that appeared to fit the description of the purchase order items. In the case of the vehicles, we were able to match the vehicle identification numbers (VIN) on the vehicles to the VIN numbers on the purchase order documents. However, for the other items, it was not possible to verify that these were the same items that were on the purchase orders because the DPW does not utilize inventory tags or any other asset tracking system that would have allowed us to reconcile the particular item to a specific purchase order.

Regarding this matter, DPW officials stated that the DPW has taken measures to better secure its inventory of furnishings and equipment items by installing fencing around and limiting access to areas where these assets are stored. At the end of our audit fieldwork DPW officials also provided us with a copy of inventory policies and procedures that the DPW had drafted in July of 2008 but not yet implemented. Further, city officials stated that although there were no inventory policies and procedures in place during the period covered by our audit, they are now in the process of implementing an automated citywide inventory system. Moreover, on July 9, 2008, the City's Director of Finance, Collector/Treasurer provided us with city inventory policies and procedures dated July 9, 2008, which he said had been approved by the Mayor. The City Director of Finance, Collector/Treasurer also told us that the city is going to be implementing new computer software to manage the city's and the DPW's inventory of fixed assets by June 30, 2009 as stated in a June 26, 2008 letter to audit staff:

...This new software has numerous features that will enhance the procurement and inventory functions for the DPW... The software will track any and all inventory from the requisition stage to the final use of the particular inventory...Most importantly this software once implemented will allow the Purchasing Department to follow the course of the inventory...In February of 2008 a new server and the WASP inventory system was purchased for \$11,262 in order to track the inventory at the Department of Public Works. This system was chosen by the Director of MIS and myself. It was purchased by my department after a request from the Mayor. This software system was chosen because it has the capabilities that were needed to complete the functions, which were defined. Most importantly the software is all-inclusive...

...Automated Vehicle Locator – This module allows for the monitoring of all of the DPW Vehicles 24 hours a day seven days a week. This software is a recorded and instantaneous tracking system. It will be operational in three weeks.

Recommendation

The city and its DPW should continue their efforts to implement an effective citywide inventory system. This system should be documented and the documentation should include formal written policies and procedures relative to the operation of the inventory system. At a minimum, these policies and procedures should detail what assets need to be included in inventory, how to value these assets, under what conditions an asset can be removed from inventory, and how to properly record the removal of these assets. These policies and procedures should include appropriate control measures such as the tagging of inventory items, and should require the periodic inventory of these fixed assets. All staff involved in the acquisition or use of assets in

inventory should be given training on these policies and procedures as well as on any software that is purchased by the city that will be used for inventory control purposes.

Auditee's Response

In response to this issue, City officials provided the following comments:

The City has acquired a new inventory control system that will allow for precise tracking of certain inventory from Purchase Order to disposition. A written policy, dated July 9, 2008, has been adopted which outlines the acquisition, tracking and disposition of DPW assets... The implementation of this new system is ongoing.

Auditor's Reply

Based on its response, the city is taking measures to address our concerns relative to this issue.