

# **AUDIT REPORT**

DEPARTMENT OF PUBLIC WORKS – HIGHWAY DIVISION

LIMITED SCOPE REVIEW

HANDLING OF SELECTED 2014 INVOICES

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# Comptroller's Summary

## Background and Organization

The Dutchess County Department of Public Works – Highway Division (DPW) is responsible for overseeing numerous programs to maintain the structure and safety of county's roads.

## Audit Scope, Objective and Methodology

An audit was performed to review the processes and procedures used by the Dutchess County Department of Public Works – Highway Division for the payment of invoices for bituminous concrete, gravel, fill, stone and ice control materials. A sample of 2014 invoices paid to several vendors for these products was examined. Information was derived from financial documentation, receipts, contract pricing and staff interviews.

## Summary of Findings

- ❖ The department's activities and procedures for payment of invoices was reviewed and found adequate.
- ❖ The department's documentation and records reviewed were generally in good order and readily available.
- ❖ The department's processes and procedures for payment of invoices demonstrated a good system of internal controls and an adequate segregation of duties.

## Detailed Findings

### Bituminous Concrete, Gravel, Fill and Stone Invoices

- The authorized budget amount for D.5110.4108 – Bituminous Concrete was \$150,000.00. The amount expended was \$139,161.85 as of September 2014.
- The authorized budget amount for D.5110.4133 – Gravel, Fill and Stone was \$65,000.00. The amount expended was \$28,582.20 as of September 2014.

### Procedures, General Accounting and Separation of Duties

- The Director of Highway Construction and Maintenance meets with each project's crew to determine the scope of materials necessary for the project and then places the order for the materials with the authorized vendor.
- Delivery Tickets for the materials are issued when the materials are either received or picked up from the vendors and are usually signed or initialed by the employee. These tickets are given to the Supervisor or Sector Chiefs for proper general ledger account coding.
- The Principle Accounting Clerk receives the coded tickets and reconciles them to the monthly billing statements from the vendors. Data is summarized on spreadsheets by DPW and invoices are entered in the County's financial management system for payment.
- The Director of Highway Construction and Maintenance reviews and approves the payment invoices on the financial management system.
- DPW's Director of Budget and Finance (or Deputy Commissioner of Public Works in the absence of the Director of Budget and Finance) reviews the payment invoices and original documentation and is the final department approver in the financial management system.

## Ice Control Materials Invoices

- The amended authorized budget amount for D.5142.4137 – Ice Control Materials was \$875,000.00. The amount expended was \$560,095.49 as of September 2014.

## Procedures, General Accounting and Separation of Duties

- The Director of Highway Construction and Maintenance reviews and monitors materials that the Dutchess County Department of Public Works – Highway Division has available at their various facility locations throughout the county.
- Any materials needed are ordered from authorized vendors determined by state bid and based on the proximity to the locations needing the material.
- Delivery tickets are issued when the materials are delivered with details of the type, amount of material and the location to which delivery was made. These tickets are usually signed or initialed by the county employee receiving the material however; there are some instances when the outposts are not manned. The delivery tickets are then placed in designated boxes by the vendor making the delivery.
- The delivery tickets are picked up by the Maintenance Superintendents from the various county facilities and given the proper general ledger account code.
- The coded tickets are given to the Secretary and reconciled to the monthly billing statement received from the vendors. Spreadsheets are maintained to track material deliveries and usage.
- The billing statement and tickets are given to the Principle Accounting Clerk who enters the invoices in the County's financial management system for payment.
- The Director of Highway Construction and Maintenance reviews and approves the payment invoices in the financial management system.
- DPW's Director of Budget and Finance (or Deputy Commissioner of Public Works in the absence of the Director of Budget and Finance) reviews the payment invoices and original documentation and is the final department approver on the financial management system.

## Observations

- ❖ The initialing or signing off by employees and/or use of truck numbers on the delivery tickets upon receipt of the materials was not always consistent. *Note: not all vendor tickets include Dutchess County truck numbers and the findings reported below are for the vendors that do include Dutchess County truck numbers.*
  - Tilcon New York, Inc.
    - One out of eight tickets reviewed was not signed/initialed.
  - Peckham Industries
    - When county employees pick-up materials from this vendor, the Dutchess County truck number is identified on the delivery ticket by the vendor and cannot be corrected once the ticket is printed.
    - One ticket reviewed listed a truck making two pick-ups three minutes apart on the same day.
  - JD VonDerLeith
    - Twenty-one out of the twenty-one tickets reviewed were signed or initialed by a county employee.
    - Sixteen out of twenty-one tickets reviewed did not have truck numbers on them.
  - International Salt Co., LLC.
    - One ticket out of the twenty-two reviewed was not signed or initialed by a county employee.

- Red Wing Properties, Inc.
    - None of the tickets reviewed were signed or initialed by a county employee.
  - West Hook Sand & Gravel, Inc.
    - Four out of sixteen tickets reviewed were not signed or initialed by a county employee.
- ❖ The general ledger account coding of tickets by the Maintenance Superintendents, Supervisors or Sector Chiefs was generally consistent. DPW indicated that there is only one general ledger account code for snow and ice materials.
- International Salt Co., LLC.
    - One out of twenty tickets reviewed was not coded.
  - West Hook Sand & Gravel, Inc.
    - Eight out of sixteen tickets reviewed were not coded.

### **Recommendations**

- ❖ The handling of delivery tickets for receipt of materials should be consistent and complete in that they are all signed and/or initialed.
- ❖ A notation should be made on the tickets for deliveries made after hours confirming the materials were received. The notation of confirmation should be added either the next day or when the tickets are picked up from designated boxes at outposts, whichever is applicable.
- ❖ Efforts should be made to ensure tickets are properly and completely coded with the general ledger account.