

# Report Highlights

Fire Department Inventory Management Audit  
December 2017



The Fire Department (LBFD) relies heavily on its inventory of supplies and equipment to respond to emergencies and fulfill everyday duties. In 2016, LBFD spent **\$3 MILLION** on inventory. With this much volume, LBFD needs a management approach that involves stronger controls to manage the purchase, usage and storage of its inventory.

## FINDINGS



### **LBFD LACKS ADEQUATE POLICIES AND PROCEDURES**

creating inefficiencies that could lead to higher costs and waste of resources.

**LBFD USES EXTENSIVE NUMBER OF VENDORS AND PROCESSED OVER 2,000 INVOICES IN 2016** resulting in extra administrative costs and missed potential discounts on medical supplies and other inventory.



### **LBFD HAS A COMPLETELY MANUAL SYSTEM WITH NO INVENTORY DATA**

making it difficult to identify purchasing trends and track items needed for operations.

**LBFD's ORDERING, RECEIVING & STORAGE FUNCTIONS ARE PERFORMED BY ONE EMPLOYEE** increasing significantly the risk for errors or fraud to go undetected.



## CITY AUDITOR'S RECOMMENDATIONS:

- ➔ Update inventory policies and procedures to provide structure, roles & responsibilities, and guidance.
- ➔ Develop an inventory management plan to include data analysis and automation of key functions.
- ➔ Have more than one employee responsible for the duties in the inventory management process.

## LBFD Management Response:

Management agreed to 20 of 21 recommendations. LBFD recognized the importance of having more than one employee responsible for parts of the inventory management process but stated that due to resource constraints this requirement would not always be feasible. However, segregation of duties is a critical inventory and financial control essential to protecting LBFD against inventory errors and fraud. Several audit recommendations can improve efficiencies to free up staff time and allow for greater separation of duties.

For the full report, please visit: [CityAuditorLauraDoud.com](http://CityAuditorLauraDoud.com)

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