Fwd: OPA Report No. 18-07 DPW Inventory Management of Consumable Parts, Supplies, and Materials Inventories

Speaker's Office <speaker@guamlegislature.org>
To: Carl Sanchez <clerks@guamlegislature.org>, Rennae Meno <rennae@guamlegislature.org>

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OFFICE OF ACTING SPEAKER THERESE M. TERLAJE
I Mina'trentai Kuåtro na Liheslaturan Guåhan
Guam Congress Building | 163 Chalan Santo Papa | Hagatna, GU 96910
T: (671) 472-3586 | F: 472- 3589
speaker@guamlegislature.org

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Vice Speaker Therese M. Terlaje
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OFFICE OF PUBLIC ACCOUNTABILITY

Suite 401 DNA Building, 238 Archbishop Flores Street, Hagatna, Guam 96910
Tel (671) 475-0390 · Fax (671) 472-7951 · Hotline: 47AUDIT (472-8348)
www.opaguam.org

December 21, 2018

Honorable Edward Calvo, Governor of Guam
Honorable Ray Tenorio, Lieutenant Governor of Guam
Honorable Therese Terlaje, Acting Speaker of the 34th Guam Legislature
Honorable Senators of the 34th Guam Legislature
Mr. Edward Birn, Director of Department of Administration
Mr. Lester Carlson, Jr., Acting Director Bureau of Budget & Management Research

Hafa Adai!

Transmitted herewith is OPA Report No. 18-07, Department of Public Works Inventory Management of Consumable Parts, Supplies, and Materials Inventories.

Our audit found that:

- DPW Supply Warehouse's three inventory management systems [(stock cards, Excel spreadsheets, and Ron Turley Associates Fleet Management Software (RTA)] did not produce accurate inventory records to properly account for and safeguard DPW's consumable inventories.
- DPW management has not provided a target date to phase out the stock cards and Excel spreadsheets despite the Supply Warehouse's implementation of RTA in March 2017.
- Numerous discrepancies among the inventory records existed because the Supply Warehouse did not perform periodic reconciliation of the three inventory management systems. These errors resulted in $45 thousand net understatement of the inventory balance.
- In FY 2016, the Supply Warehouse performed physical inventory count wherein no variance was reported against the records. However, our review of FY 2017 records showed variances that have already existed in prior years.

We made the following recommendations to DPW: (1) create written policies, procedures, and guidelines for the RTA; (2) revisit, revise, and enforce written inventory management policies and procedures; and (3) provide staff with necessary training on inventory management.

For your convenience, you may also view and download the report in its entirety at www.opaguam.org. Should you have any questions, please contact Edlyn Dalisay at 475-0390 at ext. 219.

Si Yu'os Ma'åse,

Benjamin J.F. Cruz
Public Auditor