

Internal Audit Risk Assessment Program Public Works - Equipment Services Risk Identification

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Whatcom County Auditor's Office

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About the Risk Assessment

Objective

The objective of the risk assessment is to identify significant areas of risk to County operations within the Public Works - Equipment Services Division for later comparison to other County-wide risks for the purpose of considering where to best use audit resources.

Scope

The assessment will cover all major operations of the Public Works - Equipment Services Division and significant inherent risks to those operations.

This should not be construed to be a comprehensive assessment since Internal Audit Division resources are limited. This assessment does not evaluate established management controls used to mitigate these inherent risks.

Methodology

This assessment was performed as follows:

- By meeting with management in a series of short interviews to discuss the operations and perceived inherent risks.
- Reviewing the Public Works - Equipment Services Division's website.
- Reviewing applicable sections of the Whatcom County 2009-2010 Final Budget report.

Results of the Assessment

Public Works Facilities

Equipment Services manages the primary Public Works Facility on Smith Road, as well as five other storage facilities, approximately twenty-five pits and quarries, and an office building. The primary facility is entirely fenced and gated. It uses a proximity lock system to permit authorized access during non-business hours. Cameras are located in several areas of the compound and fed to viewable monitors and digital video recorders.

Areas of risks to this program may include, but are not limited to the following:

- Unauthorized access to properties
- Maintenance and repair of properties
- Compliance with applicable regulations regarding the facilities (ie. fuel depot, construction permits, fire code)

Vehicles and Equipment

Equipment Services manages the acquisitions, maintenance, and surplus of County vehicles and equipment. County departments rent the vehicles and equipment from the fleet pool.

Equipment Services operates a mechanic's shop to maintain vehicles and equipment.

Equipment Services provides maintenance for the County's ferry boat and equipment. Other assistance provided includes managing the annual dry dock maintenance, monthly inspections and maintenance, and other as-needed repairs.

Areas of risks to this program may include, but are not limited to the following:

- Purchasing compliance and efficiency over vehicles and equipment
- Inventory controls over vehicles and equipment
- Compliance with surplus and auction policies, procedures or other regulations
- Rental management
- Mechanic's shop – OSHA compliance
- Mechanic's shop – quality and competitiveness of service
- Mechanic's shop – hazardous materials
- Ferry boat – compliance with U.S. Coast Guard requirements
- Ferry boat and docks – timing, speed and quality of maintenance service

Inventory Management - Central Stores

The Central Stores makes purchases and stores materials and supplies for the mechanic's shop, maintenance and construction projects, and various County work crews.

Areas of risks to this program may include, but are not limited to the following:

- Purchasing compliance and efficiency

- Inventory controls

Pits and Quarries

Approximately twenty-five parcels are maintained as pits and quarries. Only three are currently active. Each property is gated and locked.

Private contractors are used to supply crushed rock, which is stock piled at select pits.

Areas of risks to this program may include, but are not limited to the following:

- Inventory control
- Compliance with mining permits
- Compliance with requirements for various environmental concerns (Washington Department of Ecology and Department of Natural Resources)
- Trespassing and theft of resources

Fuel and Fuel Card Program

Equipment Services provides a fuel depot located at the Smith Road facility, and provides a fuel card program via a third-party fuel supplier, currently Pacific Pride. Each of these is on computerized systems and provides management with fuel usage data.

Areas of risks to this program may include, but are not limited to the following:

- Fuel depot compliance
- Theft of resources
- Business application risks

Views of Responsible Officials

The following response was provided by Eric Schlehuber, Equipment Services Manager:

“Public Works Management is in agreement with this new risk based assessment report and the risk identified as a means to focus and prioritize audit and review procedures within the Public Works-Equipment Services Division.”

ABOUT WHATCOM COUNTY'S INTERNAL AUDIT SYSTEM



The internal audit system was established on July 1, 1994 by a 1993 Whatcom County charter amendment. The county auditor has the authority and responsibility for the management of the internal audit system. As an independently elected official, the county auditor has the organizational status and objectivity necessary to maintain the independence required to schedule, perform, and report audit activities.

The key purpose of the internal audit function is to promote accountability. As an independent appraisal function, internal auditing provides public officials, legislators and citizens with information regarding the operation and management of county government.

The internal audit system is chartered to perform operational and financial audits of all programs, services and accounts that come under the budget authority of the county. Our audits are designed to comply with applicable professional standards. Results of the audits are published in individual audit reports, and are made available to the public.

Comments or questions about the internal audit system can be directed to:

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Copies of audit reports may be obtained in the following manner:

Request a copy in writing to:
Whatcom County Auditor's Office
311 Grand Avenue, Suite 103, Bellingham, WA 98225

Request a copy by telephone (360) 676-6740, or fax (360) 738-4556.