



**December 15, 2025**  
**AUDIT**  
**REPORT NO. 25-07**

*Performance Audit of Public Works Fleet Services -  
Inventory*

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<b>REPORT HIGHLIGHTS:</b>	<b>PAGE:</b>
• Policies and procedures need to be established	5
• Ordering, receiving, and recording need segregation of duties	6
• Receiving and verifying process needs proper documentation	7
• Employees should keep records for maintaining and completing inventory	8



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**The Council  
City of Shreveport**

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December 15, 2025

Councilwoman Tabatha Taylor  
Chairman, Shreveport City Council

Dear Councilwoman Taylor:

Subject: Audit No. 25-07 – Performance Audit of Public Works Fleet Services – Inventory

Attached please find the report mentioned above. Management comments are included in the report.

Sincerely,

*Leanis L. Steward*

Leanis L. Steward, CPA, CIA  
City Internal Auditor

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## EXECUTIVE SUMMARY

### Performance Audit of Public Works Fleet Services – Inventory

#### Why We Did This Audit

We have completed a Performance Audit of Public Works Fleet Services – Inventory.

This audit was conducted as one of our regular scheduled audits included in the Annual Audit Plan.

Our objective was to determine are adequate internal controls implemented to account for and safeguard Fleet Services Inventory.

#### What We Recommended:

- Establish and document detailed standard operating procedures for daily operation.
- No single person should be responsible for the whole inventory ordering process.
- Employees should document receipt and verification of inventory.
- Warehouse personnel should use standardized service requests and work orders.

#### What We Found

The Fleet Services Division is responsible for the maintenance and repair of many of the City's vehicles. Fleet Services handles maintenance, repair, preventive maintenance, tire repair, wrecker service, road service, bodywork, car painting, fueling, accident repair estimation, and all parts and supply functions.

The Performance Audit of Fleet Services Warehouse aims to assess the operational processes, internal controls, and performance of the Public Works Department – Fleet Services Warehouse.

The audit focused on warehouse management's adherence to the efficiency and effectiveness of daily operations and controls.

During the audit, we reviewed the warehouse personnel's training and deployment practices to ensure that they are optimized to meet the controls and standards during fiscal years (FYs) 2023 and 2024.

The audit also evaluated the quality and reliability of inventory items from the warehouse.

We have identified the following areas that need improvement:

- Policies and procedures
- Inventory ordering process
- Receiving and verifying inventory
- Service requests and work orders

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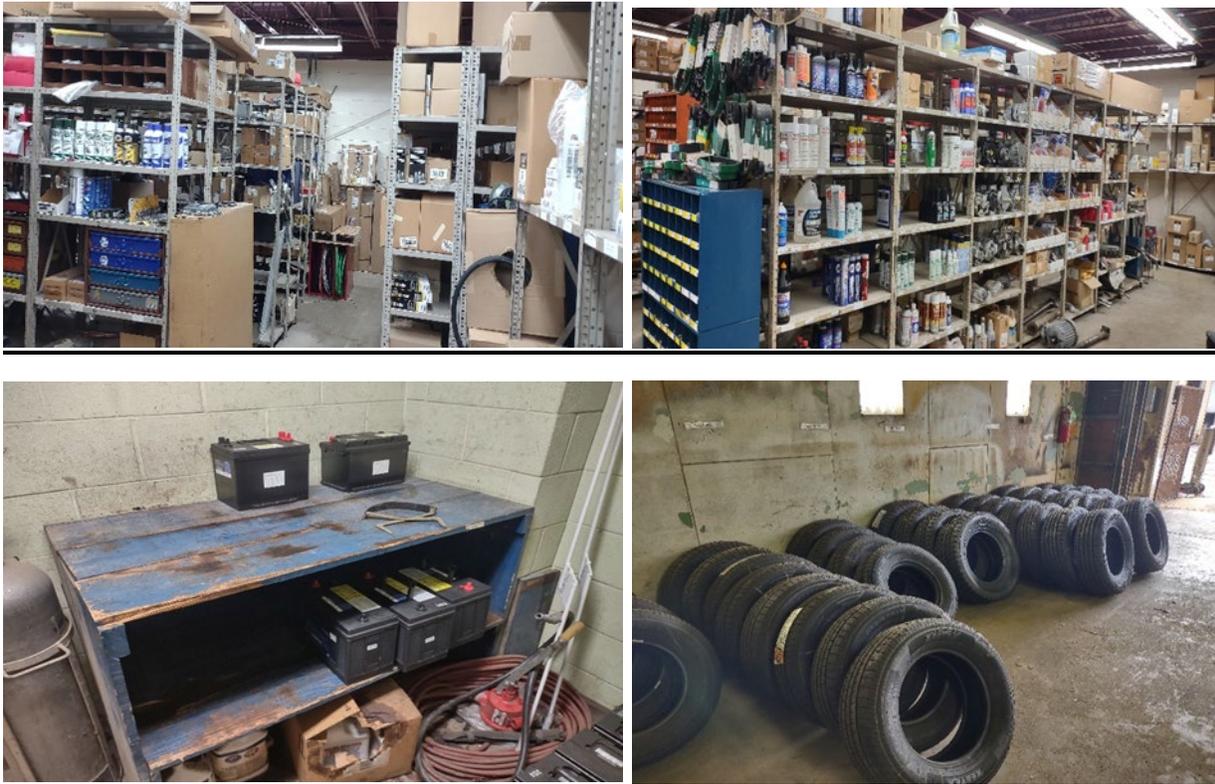
## Introduction

The Performance Audit of Fleet Services - Inventory aims to assess the operational processes, internal controls, and performance of the Public Works Department – Fleet Services warehouse. The audit did focus on the warehouse management's adherence to the efficiency and effectiveness of current operations and controls. The audit encompassed a thorough review of the warehouse personnel's training and deployment practices to ensure that they are optimized to meet the demand. The audit also evaluated the quality and reliability of inventory items from the warehouse.

There are six (6) findings and six (6) recommendations. [Appendix A](#) contains the risk descriptions for the recommendation risk levels throughout the report.

The objective of this audit was to determine:

- **Are adequate internal controls implemented to account for and safeguard Fleet Services' inventory?**



Fleet Services Warehouse storage area. Source: Internal Audit



### **Scope and Methodology**

The scope of this audit was limited to the warehouse of the Public Works Department – Fleet Services. The period reviewed was from January 2023 to December 2024. To answer our objectives, we reviewed relevant internal controls and developed audit procedures that included, but were not limited to, the following:

- Interviewed management and staff to enhance the understanding of the process
- Reviewed the FASTER inventory program
- Observed the warehouse’s operation
- Reviewed applicable documentation
- Performed test work on data

The sample size was calculated using a sampling calculator and was selected based on the criteria of 95% confidence level and 5% error rate. The results cannot be projected to the entire population. Random and judgmental sampling selection were used to improve the overall efficiency of the audit.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings, conclusions, and recommendations based on our audit objectives.

***The Internal Audit Office expresses appreciation to the management and personnel of the Public Works Department-Fleet Services Warehouse for their cooperation and assistance provided during the audit.***





**Objective: Are adequate internal controls implemented to account for and safeguard Fleet Services' inventory?**

**Finding 1: Policies and Procedures**

Policies and procedures for daily operation at the warehouse are needed for employees to understand the processes and expectations.

Fleet Services Warehouse should have policies and procedures for daily operation at the warehouse. Internal Audit asked to see documents such as the employee handbook, procedures to handle items such as how to process invoices from vendors and work orders from departments of the City, but they were not available.

A lack of clear, documented policies and procedures results in inconsistencies in operations, increased legal and financial risks, and reduced operational efficiency. This absence creates ambiguity for employees, making it difficult to perform tasks, comply with rules, and understand expectations.

**Recommendation:** Management should develop formal written policies and procedures for day-to-day operation, such as the roles and responsibilities of personnel, record keeping, ordering at the warehouse, processing invoices, and work orders for employees to understand and follow. **Risk: Medium**

**Management Response:** -- We are aware and will begin to make changes soon. We are in the process of updating FASTER. When the update is complete, early next year, Fleet Service will develop an instruction manual with examples of how to do day to day task in the warehouse.

**Due Date:** Less Than 6 Months



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## **Finding 2: Segregation of Duties**

The Fleet Services Division lacks documented standard operating procedures for identifying, requesting, placing, and approving inventory orders. The FASTER inventory system also lacks an audit trail capacity. This absence of formal guidance can lead to inconsistent ordering practices, delays, and the procurement of unnecessary items.

Segregation of duties reduces the risk of errors or fraud by ensuring that no single individual has control over all aspects of a critical process, in this case, the ordering of inventory process at the warehouse. No one person/party should perform all critical steps (ordering, receiving, recording) for acquiring inventory items at the warehouse.

Ordering – The warehouse supervisor and his two staff members order items for the warehouse.

Receiving – Warehouse personnel are responsible for checking items upon receipt, but the majority of invoices do not include a signature, the name of the receiver, the date of receipt, or any indication that the quantity, timeliness, or accuracy of the items was verified.

Posting/Recording – The warehouse supervisor enters the items into the FASTER program, but there is no logbook, audit trail, or documentation indicating anyone else reviewed or verified the postings.

**Recommendation:** Management should establish and document detailed standard operating procedures to guide Fleet Services Warehouse personnel in identifying and requesting low, depleted, or necessary inventory items, as well as in placing and approving orders.

We recommend that no single person be responsible for all three steps—ordering, receiving, and posting in the warehouse. At least one of these steps should be performed by a different individual to maintain proper checks and balances.

Upper management should conduct periodic spot checks of the three-step process to ensure that all items are ordered correctly and are necessary. **Risk: Medium**

**Management Response:** -- We are aware of issues and will make changes soon. Management will develop procedures as to who does each of these duties. Management will also be responsible for checking to see that these tasks are performed and someone signs off on each.

**Due Date:** Less Than 6 Months



### **Finding 3: Receiving and Verifying Inventory**

Warehouse management stated they check and verify inventory upon receipt.

However, only 8 of the 44 invoices reviewed had a receiver's signature, 1 included a receipt date, and none showed item verification.

Batteries and tires were selected more frequently to verify receipt because they pose the most issues in the warehouse, including inventory inaccuracies, theft allegations, and potential for personal use. They are also more valuable than other items like wipers, filters, nuts, bolts, and fluids.

The lack of proper documentation may prevent warehouse management from confirming whether the correct items, quantities, and delivery times were met.

**Recommendation:** Fleet Services Warehouse employees should receive and verify inventory by checking items against invoices and completing required information, including name, signature, and receipt date, as proof of verification.

Standardized policies and procedures for this process should be readily available for employees to follow. **Risk: Medium**

**Management Response:** -- We will make changes as needed. All warehouse personnel will thoroughly check property received against invoice and sign legibly or print and date all invoices.

**Due Date:**



#### **Finding 4: Inventory Record Keeping**

Fleet Services Warehouse personnel are responsible for keeping records of invoices (documents inflow of inventory) and work orders (documents outflow of inventory) to ensure the accuracy of inventory items within the facility.

Internal Audit randomly and judgmentally selected 170 inventory items to verify if the quantity on hand and the quantity in the FASTER inventory system matched. We found 22 items with discrepancies. Fleet Services Warehouse personnel could not provide the invoices and work orders for items from December 16, 2024 (annual City inventory when all items were adjusted to correct amount) to April 2025 (when 22 items were discovered with discrepancies). Therefore, Internal Audit was unable to reconcile the discrepancies.

Warehouse management was unable to provide invoices and work orders for items such as wipers, filters, and belts. Management was able to provide some invoices and work orders for batteries and tires, but the paperwork was not fully completed for all items with discrepancies (from December 2024 to April 2025).

The lack of proper documentation may prevent warehouse management from confirming whether the quantities of items in the warehouse were accounted for and accurate.

<**Auditor's Note:** We extended the scope to April 2025 for this testwork only to allow sufficient time and data for our sampling and testing>

**Recommendation:** Develop written policies and procedures for maintaining and completing inventory records (invoices, service requests, work orders) and recording inventory transactions (i.e., receiving, distributing, and discarding) and make them readily available for employees to follow.

Fleet Services Warehouse employees should keep all records for invoices (inflow) and work orders (outflow) as evidence of record-keeping.

Invoices and work orders should be entered into the FASTER inventory system timely and accurately to ensure accountability of inventory. **Risk: Medium**

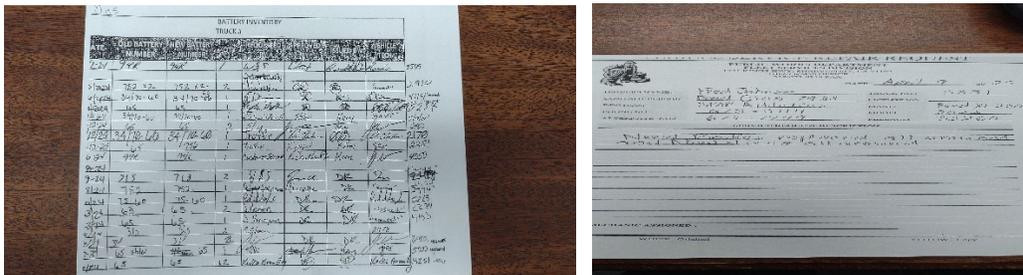
**Management Response:** -- We are aware and will begin to make changes as needed. Stock clerks will start keeping a record/log of all items in stock issued and the vehicles that they are issued to. Will attempt to input into FASTER NLT the next duty day.

**Due Date:** Less Than 6 Months



**Finding 5: Distributing Inventory**

Fleet Services Warehouse personnel use tally sheets to document the distribution of inventory parts. The tally sheets record the dates, the vehicle numbers, and the part descriptions.



Tally sheet and service request. Source: Internal Audit

As of the beginning of FY 2025, they have started using one-page request forms for tires and batteries in addition to the tally sheets.

Internal Audit randomly selected 30 service requests from various departments to determine if the distribution of the items was documented for FY2023 and FY2024. The review reflected that none of the requested parts were documented on work orders, 16 service requests (for parts other than tires or batteries) did not have the name of the requesting department or individual, nor the vehicle technician's signature who completed the requested service.

Fleet Services did not use standardized service requests or work order forms to document requests and the distribution of all inventory parts.

**Recommendation:** Fleet Services Warehouse personnel should use standardized service requests and work orders to document all parts removed from the inventory. All form fields should be completed clearly and thoroughly to ensure accurate tracking. This helps prevent unauthorized removals and ensures every withdrawal is properly documented. **Risk: High**

**Management Response:** -- We will make changes as needed. Fleet Service Management will develop and maintain a proper documentation form for all parts being issued.

**Due Date:** Less Than 6 Months



**Finding 6: Random spot checks of inventory**

Warehouse best practices suggest that inventory be periodically counted at least annually to identify missing items. Annual inventory counts of selected inventory items are performed by Accounting Division personnel, Fleet Services personnel, and external auditors each December. There were discrepancies between the inventory listing and the on-hand inventory during the annual counts for years 2023 and 2024.

Warehouse management stated that they have been doing spot checks/random checks of on-hand inventory items in comparison to the inventory listing since the beginning of the year 2025 to identify and correct any discrepancies, but there was no evidence that we could locate.

The lack of documentation of random spot-checks of inventory could prevent warehouse management from discovering shortages/discrepancies and investigating and correcting any discrepancies in a timely manner.

**Recommendation:** Employees from Fleet Services Warehouse should perform spot checks/random checks of inventory items monthly.

Documentation of random spot checks of inventory should be current and maintained to investigate and correct any discrepancies promptly. **Risk: Medium**

**Management Response:** -- We will make changes as needed. When FASTER is updated Fleet Service will request that the cycle inventory be reinstalled to do random inventories. Management will inspect, correct and keep these inventories on file.

**Due Date:**



**AUDIT NO. 25-07**  
**September 12, 2025**

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Prepared by:

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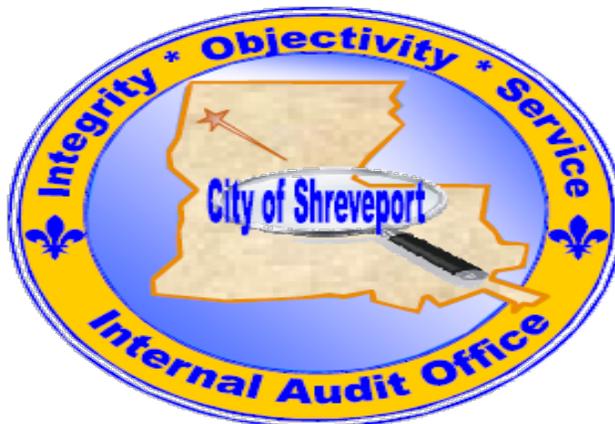
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- c: City Council
- Clerk of Council
- Mayor
- Chief Administrative Officer
- Carr Riggs and Ingram
- City Attorney
- Public Works Director
- Fleet Services Superintendent





## Appendix A: Findings Risk Ranking Criteria

The chart below summarizes our evaluation of risk for the recommendations outlined in the report. Each recommendation was assessed at a high, medium, or low risk level based on a qualitative assessment of exposure and/or corrective action priority.

Risk Levels	Risk Description
<b>High Risk</b>	Represents a <b>significant</b> level of risk exposure to city assets, public safety, or achievement of objectives or mission. Corrective action should have the highest priority.
<b>Medium Risk</b>	Represents a <b>moderate</b> level of risk exposure to the city from extensive operating inefficiencies or high-level non-compliance issues. Corrective action should occur expeditiously.
<b>Low Risk</b>	Represents a <b>minimal</b> level of risk exposure to the city from inefficiencies or low-level non-compliance issues. Corrective action should occur as appropriate.