

**DEPARTMENT OF DEVELOPMENT
AND ECONOMIC OPPORTUNITY
TAMPA CONVENTION CENTER
INVENTORY CONTROL
AUDIT 23-07
JANUARY 23, 2023**



City of Tampa
Jane Castor, Mayor

Internal Audit Department

315 E. Kennedy Boulevard
Tampa, Florida 33602
Office (813) 274-7159

January 23, 2023

Honorable Jane Castor
Mayor, City of Tampa
1 City Hall Plaza
Tampa, Florida

RE: Tampa Convention Center-Inventory Control, Audit 23-07

Dear Mayor Castor:

Attached is the Internal Audit Department's report on Tampa Convention Center-Inventory Control.

Tampa Convention Center (TCC) has already taken positive actions in response to our recommendations. We thank the management and staff of TCC for their cooperation and assistance during this audit.

Sincerely,

/s/ Christine Glover

Christine Glover
Internal Audit Director

cc: John Bennett, Chief of Staff
Nicole Travis, Development & Economic Opportunity Administrator
Dennis Rogero, Chief Financial Officer
David Ingram, Convention & Tourism Director
Jim Olachea, Facilities Operations Manager
Carl Brody, Assistant City Attorney

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/s/ Abram Gablla

Senior Auditor

/s/ Christine Glover

Audit Director

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BACKGROUND

The Tampa Convention Center (TCC) is a large events venue located in downtown Tampa, Florida. The center is used for a variety of events, including conventions, meetings, consumer shows, and sporting events. TCC attracts over 400,000 visitors annually and has a significant economic impact on the City of Tampa (City) and Hillsborough County.

TCC Facilities Operations Division (Division) is responsible for managing and controlling the inventory at TCC, including frequently used low-cost items, housekeeping supplies, first aid supplies, and event items such as signs and fire extinguishers. To streamline this process, the Division has adopted a Just-in-Time inventory system, in which goods are ordered and delivered as needed or regularly replenished to minimize inventory levels. By using this system, TCC is able to reduce the need for additional storage space.

STATEMENT OF OBJECTIVE

This audit was conducted in accordance with the Internal Audit Department's FY 2023 Audit Agenda. The objective of this audit was to ensure that the system of internal controls related to inventory control is adequate.

STATEMENT OF SCOPE

The audit period covered inventory control activity that occurred from January 2022 to December 2022. Tests were performed to determine whether TCC Facilities Operations personnel were fulfilling their stated duties and responsibilities in an effective and efficient manner. Original records as well as copies were used as evidence and verified through observation and physical examination.

STATEMENT OF METHODOLOGY

The following steps were taken to evaluate inventory control activities as they related to the stated objective:

- Evaluated TCC-implemented inventory control, including inventory policies and procedures and inventory reports.
- Reviewed segregation of duties and adequacy of inventory management system.
- Performed physical observations of the warehouses.
- Discussed with Operations Management and reviewed Tampa.gov, Intranet, and budget books for performance metrics related to TCC-Inventory Control. There are no specific metrics related to TCC inventory.

STATEMENT OF AUDITING STANDARDS

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 finding and conclusion based on our audit objective.

AUDIT CONCLUSION

Based upon the test work performed and the audit finding noted below, we conclude that the system of internal controls related to inventory control is inadequate.

INVENTORY CONTROL

STATEMENT OF CONDITION: Tampa Convention Center stores its inventory in two warehouses and a Grainger¹ room, which mainly includes maintenance and repair stock items. There are also small and operational consumables items (for example, supplies used for housekeeping and first aid) kept in different areas in TCC that make it easy for staff to retrieve when they are needed. The Operations Division controls inventory, which can be delivered by Grainger or purchased by TCC supervisors using either the City of Tampa p-card or through the normal procurement process. Starting in 2018, TCC entered a contract with Facility Dude (FD) to use their inventory management system for tracking inventory items and creating work orders.

During the review of the inventory control process, the following weaknesses were identified:

- There is no accurate inventory record in place because there is currently no Inventory Specialist (IS) to update, track, receive or issue inventory items. In addition, all TCC engineers, maintenance, and operations staff are in possession of a master key, which allows access to the warehouse and any inventory item. The use of the master key also does not require authorization and does not require staff to document inventory that is removed.
- There is no verification that inventory items ordered are received by matching the description on the bill of lading/packing slip to the description on the purchase order. The supervisor ordering the inventory item signs and forwards the invoice to the Operations Manager for signature.
- The current minimum quantity for inventory items ordered from Grainger is not being maintained. As a result, periodically Grainger refills inventories in the warehouses and storeroom without supporting that items meet the minimum quantity level. Items delivered by Grainger are also not verified for accuracy between what is invoiced and what is delivered.

CRITERIA: The Division's policy requires it to implement sufficient internal controls over inventory management. In addition, ensure the accuracy and completeness of inventory records, accountability for inventory transactions, and safeguarding of inventory assets.

CAUSE: The Division maintains an inventory/stock management policy but does not always adhere to the policy. Operations previously had an inventory specialist position for managing the inventory. The IS has been on military leave for over six months, and no one has taken over these responsibilities.

EFFECT OF CONDITION: Inaccurate inventory or tool and equipment records may impact the ability to provide the required repair and maintenance services. There is also a potential for

¹ Grainger, Inc. is an American industrial supply company that specializes in supplying a wide range of maintenance, repair, and operating products, tools and equipment to businesses and institutions.

the misstatement of the City of Tampa's financial records in addition to unnecessary spending of City resources.

RECOMMENDATION: The Division should develop procedures that will result in effective controls that help to ensure the accuracy of its inventory. Specifically, the following enhancements should be implemented:

1. Designate a specific employee(s) to be accountable for ordering, receiving, and issuing inventory items. This will help to ensure the accuracy of inventory records.
2. Conduct a 100% physical count of the items currently in all locations where inventory is maintained. This will allow the establishment of an inventory starting point and the removal of any items that may be obsolete or no longer needed.
3. Once a baseline inventory is established, all other City purchases should be tracked and controlled by IS. Additionally, an inventory pull log should be used to track items issued and should be signed by the IS.
4. Implement an efficient inventory management system to track all purchased items, including small items. This could be done by proper use of FD or consulting with other departments to determine which inventory management system is appropriate for the Division's needs. Additionally, consideration should be given to reducing the number of locations that house tools and equipment, which may make it easier to control.
5. Periodically review and update the Grainger items below the established minimum. In addition, all inventory items received should be verified against what was ordered by matching invoices, packing slips, and purchase orders details.

MANAGEMENT RESPONSE: We began our physical count on December 27, 2022 and are considering options with vendors. Our Inventory Control Specialist has returned from military duty and we are prepared to implement and adhere to a proper internal control system over our inventory. As we begin our new/updated program the Facilities Operations Manager will be the point person for implementing and ensuring these changes are accomplished.

TARGET IMPLEMENTATION DATE: April 2024