



**PERFORMANCE AUDIT OF THE
DETENTION CENTER'S WAREHOUSE &
INVENTORY OPERATIONS**

**FOR THE PERIOD OF
JANUARY 1, 2023 - DECEMBER 31, 2023**

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**Performance Audit of the Detention Center's
Warehouse & Inventory Operations
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Detention Center Director
Internal Audit Advisory Committee

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EXECUTIVE SUMMARY

The Doña Ana County Detention Center consists of the Detention Center director and a staff of 197, including administrative, security, support, medical staff, and contract staff. There are two facilities—an adult and a juvenile facility. The adult facility can house up to 846 detainees. The juvenile facility has a capacity of 50. The adult detention facility has no bars separating officers and inmates, but glass partitions, which allow officers to maintain continuous observation of all inmates and to ensure that inmates are constantly aware that they are under observation. Most inmates share a cell with at least one other inmate.

The juvenile detention center has detention officers stationed inside the housing unit dayrooms, directly supervising and observing the juveniles and their daily activities. The Las Cruces Public School District provides two full-time teachers for educational classes, allowing the juveniles to maintain their education while incarcerated and earn needed credits toward graduation. In addition, religious programming and life-skills classes are provided. Various counseling agencies are available for court-ordered counseling; some provide individual counseling for detainees when such needs are identified. Recreational activities, a commissary, and library are also provided. More details about the department can be found by accessing the following link: [Detention Center | Doña Ana County, NM \(donaanacounty.org\)](https://donaanacounty.org)

The Audit reviewed areas deemed by Detention Center leadership to be at greater risk of internal control deficiencies. The Audit reviewed the Detention Center's warehouse & inventory control operations with a focus on warehouse receiving, storage, distribution, and inventory accountability activities. While no High-level risks were noted, the more serious deficiencies found were as follows:

- 1) An incomplete accountability for inventory, particularly disposable items,
- 2) Excessive disposable inventory, and
- 3) Safety issues within storage areas.

The Audit found that the Detention Center's warehouse & inventory control operations include a monthly inventory, and staff that are very knowledgeable of operations, working together as a team. Many of the audit findings below were known by the staff, who will require Detention Center leadership's support in correcting deficiencies. The internal auditor hereby takes the opportunity to acknowledge the assistance and cooperation received from Detention Center & Warehouse leadership and staff during the Audit.

AUDIT SCOPE & OBJECTIVES

As this was an area within the Detention Center that had not undergone an internal audit, the Audit focused on the warehouse's primary and support functions. This allowed for a thorough review of work processes pertaining to inventory accountability. Warehousing activities for the period of January 1, 2023 – December 31, 2023, were reviewed with a focus on the following:

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1. Inventory acquisition and receiving process.
2. Inventory storage and accountability.
3. Inventory distribution.
4. Inventory disposal.
5. Fulfilling contractual obligations.
6. General safety.

OPERATING & INTERNAL CONTROL RISKS

This report contains no (0) High-level risks, three (3) Moderate-level risks, and three (3) Low-level risks. This report includes the auditor's Recommendations, Management Responses, and Auditor Comments (as applicable).

DETAIL OF AUDIT FINDINGS

Risk ratings are based on professional judgment to assess the extent to which deficiencies could adversely affect the performance of systems and controls within a process. More details about the risk rating in this report can be found by accessing this link:

[Audit Risk Ratings | Doña Ana County, NM \(donaanacounty.org\)](https://donaanacounty.org/AuditRiskRatings)

FINDINGS, RECOMMENDATIONS, MANAGEMENT RESPONSES, & AUDITOR COMMENTS

Based on audit objectives, the evidence obtained provides a reasonable basis for the findings and conclusions below. The following results were recorded because of interviews, observations, reviews of warehouse operations, regulatory ordinances, and tests performed. While management responses are included within this report, the Audit takes no responsibility for the sufficiency of said responses, nor for the effective execution of corrective actions taken or to be taken by management. **NOTE:** Manager Responses below are written in *italics*.

1. **Inventory Accountability Discrepancies. *Moderate.***

Condition: The Audit noted several concerns that should be addressed by Detention Center leadership/management.

- Upon request for last year's inventory report from the Finance Department, the internal auditor learned that the Detention Center had not turned in an inventory listing for Fiscal Year 2023, even though the Fixed Assets Accountant reportedly made multiple requests for it.
- There are multiple items that are outdated or do not require an annual inventory (expendable items in particular), however as a matter of sound recordkeeping and accountability personnel should know and monitor the description and quantity of these items (personal protective equipment, cases/pallets of water, extra or overage

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items, etc.) in each location [warehouse, Conex box, modular building, disposable items – outside area, etc.].

- The same type of item may be in multiple (different) locations within a Conex box. Some Conex boxes house items that belong to different sections of the Detention Center.
- The internal auditor was not able to confirm if the freezer in the modular building and the four Conex boxes outside of the warehouse were on the Detention Center's inventory list.

Effect:

- When inventory lists are not turned in by the appointed deadline, the County office responsible for asset oversight lacks the necessary data to maintain accurate records.
- If a storage container (warehouse, Conex box, modular building) is lost due to a natural or man-made disaster, the County is at risk of not knowing the total assets lost.
- Like items that are in different locations can make accountability/inventory efforts more time-consuming, thus less efficient.
- Fixed assets and sensitive items that are not included on the appropriate inventory list(s), lack accountability.

Criteria: Per the Capital Outlay (Fixed Assets) manual, the departmental inventory lists will contain all assets as of June 30 and will be due (turned in) on July 15, annually. Management should know the description, quantity, and location of inventory on-hand. Sound organization allows for like items to be stored together. Items belonging to other Detention Center sections should be accounted for on the owning sections' inventory list. Fixed assets and sensitive items should be included on the appropriate Detention Center inventory list(s) and properly accounted for at least annually.

Cause: *As the Contract Monitor, I should have received the request (at least this year), I can say I never did. I have been with the County for two years and this was never brought to my attention in Purchasing either. It was not until this audit. I have discussed other things with the Accountant III (Fixed Asset Accountant). But I was never asked for this inventory. That being said, I would not have been able to provide this information. I have only recently received access to the Asset Panda, and internal documentation where this information is supposed to be housed. There have been multiple folks recently that have cycled through the position that was to be responsible for this information. Previously these have been Officers. With reassignments and promotions there have been a lot of changes in my two years here. Including my own position. I will be part of the responsible team now.*

We are becoming more aware of the current shortcomings in our on-hand inventory management. Previously these commodities have been treated as "expenses" and not "assets". So, once they were procured the responsibility of maintenance and management was turned over to our Contractor.

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To the best of my understanding, I believe we are discussing two different things. At least in how they are tracked here. There is the “inventory” that is managed by Aramark. This is consumable inventory that is parsed out as necessary. Uniforms, mattresses, hygiene products. There is also a list that looks more like an asset depreciation list. This has the “assets” owned by the DC. Furniture, office equipment, communication and computer/IT equipment, HVAC equipment, and appliances.

Recommendation: The Audit provides the following recommendations:

Provide to Finance, a full inventory of fixed assets annually. This may be conducted as a one-time event or on a quarterly basis but should be turned in collectively by July 15th. Sensitive items should also be accounted for but are not required to be turned in to Finance.

Accountability standards should allow for a definitive record of quantities and descriptions of inventory located in the warehouse, Conex boxes, and the modular building.

Items belonging to other Detention Center sections should be accounted for on the owning sections' inventory list. These items should be housed in the same area or Conex box if possible.

Management should confirm that the freezer and Conex boxes are on the appropriate inventory list(s).

Management's Response: *With the addition of new civilian positions, we are working with our contractor to better track and manage on hand inventory. We will continue this venture with the addition of the new County Inventory System. Because the County is changing its approach to how the inventory is treated, this will give us better tools to help track and manage assets and inventory. Our hope is to begin this rework at the beginning of the new fiscal year and continue moving forward.*

Auditor Comments: The Contract Monitor's lack of awareness concerning the annual inventory submission may be indicative of a lack of a succession plan at the Detention Center (see Administrative Unit). As consumable inventory is considered to be 'expendables,' it is practical to account for it on an ongoing basis. As for accountability of durable but bulky expendables, management may want to consider the strategic (annual) use of interns in accounting for items they deem to be overly burdensome or too time-consuming for current staff.

NOTE: Detention Center management, as of June 21, 2024, plans to remove the portable/modular building from the premises within the next 120 days.

2. Disposable Inventory Discrepancies. Moderate.

Condition: The Audit noted multiple pieces of disposable inventory, in multiple locations. Some of the items have been on the premises for years, but still have not been disposed of. Officer uniforms, outdated radios, machinery, toilets, and expired personal protective equipment are only a few of the items that are currently allotted for disposal.

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Effect: The prolonged existence of such items on the premises reduces the aesthetics of the area beside and behind the warehouse, as well as takes up needed storage space within the warehouse and Conex boxes.

Criteria: Management should inquire if the outdated officer uniforms can be returned for a credit (if the patches are removed). Asset Disposal Forms should be filled out and remitted for items that require disposal. Until disposed of, these items should be organized and accounted for, and disposal forms should be filed and readily available for (audit) review.

Cause: *Due to the instruction of previous administrators, there was a period of “over saving” of obsolete items and equipment. Our contractor was instructed to save things just in case. This results in a large backlog of items that should have been removed. Once that reaches a certain point it becomes a question of ROI. With limited personnel resources disposal, especially proper disposal, was not a priority. It eventually ends up feeling insurmountable. With new leadership and new positions to help facilitate this has come back on the radar.*

Recommendation: The Audit recommends putting disposable items in the same area, in an organized manner to the extent feasible, and filling out an Asset Disposal Form per the Capital Outlay (Fixed Assets) manual. A copy of all disposal forms should be maintained, and management should conduct follow-ups with the appropriate party, as necessary, for the timely removal of said assets.

Management’s Response: *We have disposed of what we could to begin with. These were the sections and parts of things that were not complete assets (as mentioned above). We have organized the areas for easier cataloging. After the start of the new Fiscal Year, we will dedicate the necessary resources to document the disposal of these items.*

Auditor Comments: It is indeterminant if the excess items have brought about a lack of space that would have caused the Detention Center to miss bulk discount opportunities on certain orders.

3. **Safety Concerns. Moderate.**

Condition: The internal auditor noted several safety concerns, which are listed in the **Safety Addendum**.

Effect: Overall, the items listed in the addendum represent numerous risks that could be mitigated or eliminated within a reasonable amount of time.

Criteria: The Occupational Safety and Health Administration (OSHA) Standard 1910 gives guidance on addressing several of the safety issues identified. The International Fire Code also gives guidance. Per the current contract, staff shall maintain a safe, clean, work environment always (according to OSHA standards & county policy and ordinance).

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Cause: *Some of these containers have been a neglected catch all for a long time. Without oversight they were used as a dumping ground for many of the contractors and internal staff. It is the same with the modular building. A remodel was started in the modular building. The plan was abandoned. So, it was converted to "dry storage". Previous administration and purchasers had enacted spending restrictions that made it nearly impossible to provide infrastructure for proper storage.*

Recommendation: As the areas in question are managed by the Contractor, it is recommended that the Contractor employ the services of their safety officer/risk manager, inviting said personnel onto the premises for regulatory feedback to properly address safety issues noted in the addendum. The Audit further recommends that management address the items noted in the **Safety Addendum**, taking the necessary actions to correct deficiencies. Specific recommendations are offered within the **Safety Addendum**.

Management's Response: *We have cleaned much of the immediately disposable items from the back storage lot. We have organized the remaining items to make them easier to catalog for disposal. We have begun procuring shelving for the Conex containers. (Some shelving was on site at the time of the audit.) We will work out a timeline and prepare to order more shelving as it becomes necessary. Our hope is that after the Conex purge there will be enough room to move all stock/inventory out of the modular building. In the meantime, we will make suggested repairs to discourage animal occupation. We have already replaced the fire extinguishers. We will meet with Contractor management regarding the repairs, reinforcement, and additions of safety railings for the mezzanine storage areas. We will also work with them to replace covers and remove obstructions to the electrical boxes. The fire extinguishers have been addressed here as well. Finally, we will address mezzanine access above Warehouse leads office.*

4. Inefficient Inventory Procedures. Low.

Condition: The internal auditor halted inventory testing procedures prematurely, as the order of items on inventory sheets did not correspond with the order of items as stored. The current order of items listed on inventory sheets does not allow for efficient inventory accountability, as no distinguishable, orderly, or logical storage pattern exists that matches the inventory sheets. In addition, a few shelves were missing labels (for ease of locating items).

Effect: When inventory procedures are incoherent the operation can become inefficient and unnecessarily prolonged.

Criteria: Items on inventory sheets should be listed in the same order as those same items are stored (on shelves or in other storage spaces). This allows staff the ability to match and account for inventory in an efficient manner. Additionally, when all shelves are labeled in a logical order, items should be easy to locate.

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Cause: *This has been the responsibility of the contractor in the past.*

Recommendation: It is recommended that management take the steps necessary to align items listed on inventory sheets in the same order as items located on the shelves or in other storage locations. For shelves that no longer have labels or have illegible labels, it is recommended that the labels are replaced.

Management's Response: *Moving forward our Contract Monitor will work closely with the contractor to introduce warehouse organization principles. We work with the contractor to create SOPs for these principals. Moving forward with the new County inventory system will help usher in these operational changes.*

5. **Pending Contract Deliverables. Low.**

Condition: The auditor found the following pending contract deliverables:

A few shelves in the warehouse are either missing labels or have illegible labels.

There is no shine (orientation) map displayed in the warehouse.

There are no written procedures (SOPs) prepared covering each phase of the warehouse operations, to include the physical inventory process.

Detention Center management (Administrative Unit) does not have documentation indicating random or irregular warehouse inspections.

The auditor failed to note standard operating procedures (SOP) for the purchasing function, in the standards remitted for review (this is a Detention Center function, not a contractor responsibility).

Effect: While the effects of some of the items above are both obvious and peripheral to main contract functions, SOPs are necessary for setting standards of work and allowing for continuity of operations as staff fluctuates. Without SOPs, an area risks operating outside of set standards as well as the loss of institutional knowledge when more experienced staff leave.

Criteria: The current contract specifies delivery of the following items/functions:

Organize, label, and catalog storage areas for easy access to materials in the warehouse. All shelves will identify what is in that row for easy access.

Create and establish a map of all organized, labeled, and cataloged materials in the warehouse and display (for detention staff view) such a map in warehouse. Provide a copy of this map to Doña Ana County administration.

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Provide and implement a written warehousing plan, with policy and procedures for operations of the warehouse; the provider will establish and provide for the facility a policy and procedure for operations of the warehouse.

Administrative Unit staff may make warehouse inspections when deemed necessary, with or without advance notice to the vendor.

SOPs should support standards within all sections and areas of DAC.

Cause: *This has been the responsibility of the contractor in the past.*

Recommendation: It is recommended that management review the conditions above and take the appropriate measures to address and correct the noted areas of discrepancy.

Management's Response: *Moving forward our Contract Monitor will work closely with the contractor to correct the issues identified above.*

6. Warehouse Supplies Reporting Inaccuracy. Low.

Condition: Upon inquiry and review of the January – December 2023 Monthly Reports, the auditor noted that the total quantity of supplies delivered does not match the individual number of supplies delivered, under the 'warehouse' tab of the spreadsheet.

Effect: If the amounts recorded within the report do not match, this calls into question the accuracy of data in the Excel spreadsheet's warehouse tab, of these monthly reports.

Criteria: Per the contract, the contractor will conduct and prepare supply inventories and usage reports monthly, to be submitted to administration. A copy of said records shall be supplied to the Detention Center/designee monthly on the first working day of the subsequent month. All such records shall be available for auditing by the county at any time during regular work hours.

Cause: *As discussed, the reports and system are not currently in real time. This can lead to certain discrepancies. We recognize there are other causes as well. We feel that replacement of the current system will go a long way to reconciling many of these issues. Or at least identifying the root cause.*

Recommendation: It is recommended that the Administrative Unit staff review and understand monthly reports for accuracy. The employment of If-Then formulas can be a useful tool for making logical comparisons and returning different values based on whether a condition is true or false, when using Excel spreadsheets. Numerical inaccuracies noted should be queried for a followed-up explanation.

Management's Response: *The Admin. staff will work together with the Contractor to reconcile the reports and create tools to ensure a higher level of accuracy moving forward.*

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