



AUDIT REPORT



DATE

December 20, 2017

NO.

2017-005

FLEET MANAGEMENT INVENTORY

FISCAL YEAR END

SEPTEMBER 30, 2017

INTERNAL AUDIT DIVISION
ROGER D. EATON
CLERK OF THE CIRCUIT COURT AND COUNTY COMPTROLLER
CHARLOTTE COUNTY FLORIDA

Honorable Roger D. Eaton
Charlotte County Clerk of the Circuit Court and County Comptroller
350 East Marion Avenue
Punta Gorda, Florida 33950

We have completed an audit of Fleet Management's year-end inventory process. This audit covered the inventories maintained at the Fleet facility.

The purpose of the audit was to determine that controls were adequate in conducting the inventory, and that year-end inventory was properly recorded and accurately reported in the General Ledger.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "D Mitchell".

Diane Mitchell
Internal Audit Director

TABLE OF CONTENTS

EXECUTIVE SUMMARY	2
BACKGROUND.....	2
AUDIT OBJECTIVES	2
SCOPE.....	3
CONCLUSION	3
ACKNOWLEDGEMENT.....	3

EXECUTIVE SUMMARY

Internal Audit has completed a review of the Fleet Management year-end inventory process. Our review determined that controls were adequate in performing and recording the inventory and that inventory activity was properly posted to and accurately reported in the General Ledger.

BACKGROUND

Fleet Management (Fleet) is a division of Charlotte County Budget/Administrative Services. Fleet provides centralized fleet management for approximately 1,300 pieces of equipment. This includes repair/maintenance and the purchasing and disposal of all replaced or obsolete equipment. Fleet also manages the County's fueling program and provides unleaded and diesel fuel at two locations in the County.

When County assets are in need of maintenance or repairs, Fleet will respond in various ways depending on the situation, customer urgency, mechanic or equipment availability, and the condition of the asset. When maintenance or repairs are needed, the vehicle or piece of equipment is generally taken to the Fleet facility. Depending on the issue, Fleet also has two repair trucks to perform field service or the asset may be taken to an outside vendor (sublet).

Inventories are maintained at the facility's parts room and the two field repair trucks. Fleet performs weekly cyclical inventory counts in order to maintain inventory levels and control parts. A fiscal year-end inventory count is performed on the last day of the County's fiscal year by Fiscal Services under the County Budget /Administrative Services Department. The results of the physical count are compared to the inventory balances reported in the EDEN General Ledger and any differences are investigated and significant discrepancies are explained. Fiscal Services then prepares a journal entry to adjust EDEN for the difference. The entry and supporting documentation is forwarded to the Clerk of the Circuit Court Comptroller's Division and the entry is posted as an adjusting journal entry in EDEN.

AUDIT OBJECTIVES

Our review was based on the following objectives:

1. Observe Fleet's year-end inventory count and evaluate the adequacy of internal controls over the inventory process.
2. Determine that adequate segregation of duties exists in the year-end inventory process.
3. Ensure that inventory assets are properly safeguarded.
4. Ascertain that the final inventory reconciliation is accurate and the General Ledger is properly updated.

SCOPE

We focused on the inventory process for the fiscal year ending September 30, 2017. We observed the inventory counts and tested a random sample of 38 inventory items to compare with Fleet's results. The sample enabled us to ensure that proper procedures and controls were being followed in the final inventory count and in the final inventory reconciliation to the General Ledger.

CONCLUSION

Our review determined that the year-end inventory count process is adequate and effective and that the inventory is adequately safeguarded. The final inventory reconciliations, along with the necessary adjustments, were reviewed and agreed with ending balances in the Eden General Ledger to ensure proper reporting.

ACKNOWLEDGEMENT

We would like to thank Charlotte County Fleet Management, the Fiscal Services Division, and the Clerk of the Circuit Court Comptroller's Division for their assistance in the completion of this audit.

Audit performed by:
Orlando Solarte
Senior Internal Auditor

