



AUDIT REPORT



DATE November 22, 2021

NO. 2021-006

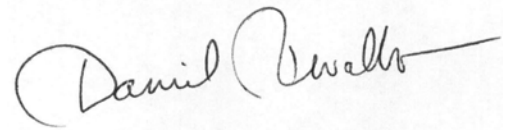
FLEET MANAGEMENT INVENTORY
YEAR END SEPTEMBER 30, 2021

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 Comptroller
350 East Marion Avenue
Punta Gorda, Florida 33950

We have completed an audit of the Fleet Management inventory for the fiscal year ending September 30, 2021. The purpose of this audit was to ensure adequate controls exist and are operating effectively over the inventory process.

Respectfully submitted,

A handwritten signature in black ink that reads "Daniel Revallo". The signature is written in a cursive style with a long horizontal stroke at the end.

Daniel Revallo
Internal Audit Director

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EXECUTIVE SUMMARY

The Internal Audit Division has completed an audit of the Charlotte County Fleet Management Division's year-end physical inventory procedures. Internal Audit observed the inventory procedures for the Division's parts and materials for fiscal year-end, September 30, 2021.

The procedures performed and observations made by the Internal Audit Division determined:

- the year-end physical inventory procedures are both adequate and effective;
- the parts and materials maintained are adequately safeguarded;
- the staff involved were both knowledgeable and professional;
- the duties performed by staff were appropriately segregated and consistent with policy; and
- the inventory activity was properly posted and accurately reported in the Eden general ledger.

The controls evaluated are considered adequate, appropriate, and effective to provide reasonable assurance that risks are being managed and objectives should be met.

BACKGROUND

The Charlotte County Fleet Management Division is a dynamic Internal Service Organization. The Division is responsible for the quality and cost-effective support, maintenance, and operations for all of the Charlotte County vehicles and equipment.

Internal service funds are used to account for the financing of services provided by one department or agency to other departments or agencies of the government on a cost reimbursement basis. Charlotte County uses a "vehicle maintenance fund" to account for the cost of maintaining the County's fleet of vehicles and equipment.

As of fiscal year-end, September 30, 2021, the Fleet Management Division provides services for approximately 1,200 vehicles and equipment. Services provided include both repairs and routine maintenance, as well as the purchasing and disposal of any replaced and/or obsolete vehicles and equipment.

Depending on needs and circumstances, urgency, mechanic or equipment availability, and/or the condition of a vehicle or equipment asset needing maintenance or repair, services may be performed at the Fleet Management facility, performed in the field with one of the Division's designated repair trucks, or sublet to an outside vendor.

The Division's parts and materials inventory are maintained at the Fleet Management facility where cyclical counts are performed throughout the year in order to maintain the appropriate inventory levels and to control parts.

A physical inventory count is performed on the last day of the County's fiscal year-end by the Fiscal Services and Fleet Management Divisions. The physical counts are compared to the inventory balances carried on the Division's FASTER system.

Below are inventory levels maintained over the past three (3) fiscal years:

September 30, 2019 - \$124,951.46

September 30, 2020 - \$120,489.74

September 30, 2021 - \$132,001.44

The Fleet Management Division also manages the County's fuel program, which provides both unleaded and diesel fuels at two (2) Charlotte County locations: 1) the JB yard (in Port Charlotte) and 2) the PG yard (in Punta Gorda).

AUDIT OBJECTIVES

1. Observe the year-end inventory counts and evaluate the adequacy and effectiveness 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 AND METHODOLOGY

Internal Audit selected the Fleet Management Division's parts and materials inventory for observation of the year-end, physical inventory procedures. We observed the designated Fiscal Services Division and Fleet Management staff conduct the physical inventory count on September 30, 2021.

Internal Audit also performed independent test counts of twenty (20) inventory items, at minimum, and compared these counts to the final counts determined by the Fiscal Services Division and Fleet Management staff. Test counts were selected, at random, from the FASTER Parts Inventory reports, as well as from inventory items observed at the facility.

We also obtained the final inventory adjustment and reconciliation from the Fiscal Services Division to ensure that count discrepancies identified during the physical inventory procedures were properly adjusted, to ensure that the Eden general ledger reflects the proper inventory balance at fiscal year-end, September 30, 2021.

CONCLUSION

Controls evaluated are considered adequate, appropriate, and effective to provide reasonable assurance that risks are being managed and objectives should be met.

ACKNOWLEDGEMENT

We would like to thank the County's Fleet Management and Fiscal Services Divisions, as well as the Comptroller's Finance Division for their assistance in the completion of this audit.

Audit performed by:

Misti Payette

Internal Auditor II

Charlotte County Clerk of Court and Comptroller

