



AUDIT REPORT



DATE December 26, 2019

NO. 2019-015

PUBLIC WORKS

SAN CASA YARD INVENTORY

FISCAL YEAR END

SEPTEMBER 30, 2019

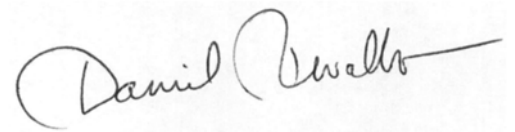
INTERNAL AUDIT DIVISION
ROGER D. EATON
CLERK OF THE CIRCUIT COURT AND COUNTY COMPTROLLER
CHARLOTTE COUNTY FLORIDA

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 Public Works – San Casa Yard inventory process for the fiscal year ending September 30, 2019. The purpose of this audit was to ensure adequate controls exist and are operating effectively over the inventory process.

In addition, this report follows up on the original management responses provided for the prior year. Follow-up was accomplished thru inquiries and observations of evidence performed during the course of audit work.

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 extending to the right.

Daniel Revallo
Internal Audit Director

TABLE OF CONTENTS

EXECUTIVE SUMMARY	1
BACKGROUND	1
AUDIT OBJECTIVES	1
SCOPE AND METHODOLOGY	2
FOLLOW UP ON PRIOR YEAR AUDIT COMMENTS	2
CONCLUSION.....	2
ACKNOWLEDGEMENT.....	2

EXECUTIVE SUMMARY

Internal Audit has completed a review of the Public Works Maintenance & Operations year-end inventory process. Our review determined that controls were adequate in performing and recording the inventory, duties are segregated, and the inventory is properly safeguarded. Inventory activity was properly posted to and accurately reported in the General Ledger.

BACKGROUND

The Public Works Department builds and maintains roadways, bridges, navigable waterways, storm water infrastructure, traffic lights and signs, rights-of-ways and landscaping in unincorporated areas of Charlotte County while protecting and preserving the environment. The Department further provides solid waste management including contracting curbside service and operation of the landfill, manages mosquito and aquatic weed control programs, and manages the Indian Spring and Lieutenant Carl Bailey Cemeteries.

Public Works Maintenance and Operations Division is specifically dedicated to sustaining Charlotte County's roadways and right-of-ways. This Division is responsible for maintaining asphalt roadways, non-paved roadways, right-of-way mowing, brush control within the right-of-way, drainage to include swales, storm water pipes and drainage systems, sidewalk maintenance, street sweeping, boat lock operations, the Tom Adams Drawbridge operations, landscape installation and maintenance within county right-of-way, and county owned cemetery operations.

Inventory parts and materials are maintained at three locations: the Punta Gorda, JB, and San Casa yards. Fiscal Services under the County Budget & Administrative Services Department performs year-end inventory counts. The results of the physical counts are compared to the inventory balances carried on the financial system EDEN. Any differences are investigated and significant discrepancies are explained. Fiscal Services then prepares a journal entry to adjust for the differences. The entry and supporting documentation is forwarded to the Clerk Comptroller's Office and the entry is posted in the form of an adjusting journal entry in EDEN.

AUDIT OBJECTIVES

Our review was based on the following objectives:

1. Observe Public Works' year-end inventory count and evaluate the adequacy and effectiveness of internal controls and procedures over the inventory process.
2. Determine that adequate segregation of duties exists in daily operations and in the year-end inventory process.
3. Ensure that the inventory is properly safeguarded
4. Ascertain that the final inventory reconciliation is accurate and the General Ledger is properly updated.

SCOPE AND METHODOLOGY

We observed the inventory process for the fiscal year ending September 30, 2019. We focused on the inventory process at the San Casa yard. We observed Public Works/Fiscal Services conducting the inventory counts and tested a random sample of 38 inventory items to compare with their results. The sample enabled us to observe that proper procedures and controls were being followed in the final inventory count and in the final reconciliation to the general ledger, and that the results from the counts agreed to the “Parts Inventory by Store/Bin” report from the “Enterprise Asset Management System” used by Public Works.

FOLLOW UP ON PRIOR YEAR AUDIT COMMENTS

As part of our Fiscal Year End 2019 San Casa Yard Inventory Audit, we also followed up on comments and recommendations reported in our Public Works – San Casa Yard Inventory audit report issued on February 19, 2019 for Fiscal Year End 2018. The results to those are as followed:

1. **We recommend** that the cutoff date established by Fiscal Services for all inventory-related activity be the same as the physical inventory count date. EAMS should be updated to reflect all materials taken by the crews from inventory before printing the reports used during counts.

Status: Corrective Action Implemented.

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 Public Works Maintenance and Operations, Fiscal Services, and the Clerk Comptroller’s Office for their assistance in the completion of this audit.

Audit performed by:

Amy R. Grant

Internal Auditor

Charlotte County Clerk of Courts and Comptroller

