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Excellence... Always

Paula S. O'Neil, Ph.D.
Clerk & Comptroller
Pasco County, Florida

March 7, 2013

The Honorable Ted Schrader, Chairman
Board of County Commissioners
Pasco County Courthouse
37918 Meridian Avenue
Dade City, Florida 33525

Dear Chairman Schrader:

On your behalf, the Internal Audit Department has completed an examination of the year-end inventories for Fleet Management as of September 28, 2012. The purpose of our review was to determine that the inventory reported exists and is recorded accurately, and that controls over inventory are adequate.

Except as noted in our report, we conclude that the inventory reported exists and is properly recorded, and controls over the inventory are adequate.

We appreciate the cooperation and assistance received from county staff during this review. Please let me know if you wish to further discuss our comments and recommendations.

I am requesting that the Board receive and file this report, and also direct the County Administrator to implement the recommendations made by the Clerk & Comptroller.

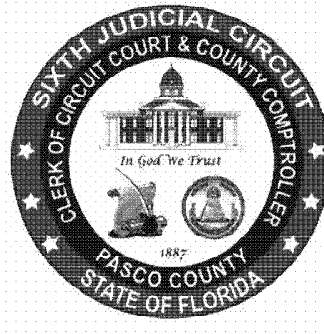
Sincerely,

Paula S. O'Neil, Ph.D.
Clerk & Comptroller

*Office of Paula S. O'Neil
Clerk & Comptroller
Pasco County, Florida*

**Pasco County Board of County Commissioners
Audit of Fleet Management Inventory**

March 7, 2013



Internal Audit Division

Michelle Bishop, CIA, CFE, Director of Internal Audit
Erika Hendricks, CIA, CFE, Senior Internal Auditor

Report No. 2013 - 02

**Internal Audit Department
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Audit of Fleet Management Inventory for the Pasco County Board of County Commissioners

Background

The maintenance program of Fleet Management was responsible for maintaining all vehicles and equipment in the County's motorized inventory. Fleet Management maintained parts inventories at the D & E and Fox Hollow Barns in New Port Richey and C Barn in Dade City. A computerized perpetual inventory system (FASTER) was used to track inventory records for each location. Parts purchased were recorded in expenditure accounts and parts issued were charged to the user departments through monthly rental and maintenance rates in the County's vehicle replacement program. Some repairs and maintenance were charged directly to the department. The control account in the General Ledger was adjusted as a result of the physical inventory.

Scope and Methodology

The objectives of our audit were to determine that controls over inventory were adequate, inventory existed and was the property of the county, and the quantities and amounts reported were correct. Internal Audit observed, counted and tested the inventory records at each location as of September 28, 2012. We randomly selected a five percent sample of stock items; additional items were judgmentally selected for testing. Statistics related to Fleet's inventory and items tested were as follows:

	D&E Barn	C Barn	Fox Hollow Barn	Total
Items in inventory	1,228	729	284	2,241
Items tested	69	42	17	128
Percent of inventory tested	5.61%	5.76%	5.99%	5.71%
Inventory Value	\$100,792.92	\$35,561.73	\$17,140.02	\$153,494.87
Vale of items tested	\$15,059.86	\$2,130.70	\$1,088.58	\$18,279.14
Percent of value tested	14.94%	5.99%	6.35%	11.90%

The results of our review are presented below:

Finding and Recommendation

1. Motor oil on hand at D&E Barn was 2,027 quarts at time of our count; the amount per inventory system was 2,075. It appears 12 quarts were used on 9/27/12, but were not issued in the inventory system to a work order or noted on log. In addition, there was a discrepancy between original amount measured (116 quarts) on rolling truck, amount per log (14 quarts) and the amount re-measured by driver (12.75 quarts). Internal Audit did not verify amount on rolling truck.

We recommend:

- Reminding staff of the procedures for measurement of bulk liquids and the proper use of the logs.
- These items be verified more frequently and included in the cycle counts.

Audit of Fleet Management Inventory for the Pasco County Board of County Commissioners

Fleet Management Response

"Fleet will be requesting a budget initiative in the next budget cycle for a bulk fluid control unit for all fluids (oil, hydraulic fluid, antifreeze, etc.) so that these fluids cannot be inadvertently dispensed or miss measured.

In addition, rolling truck fluid levels will be measured twice by two individuals, verified and initialed by the two "counters." The parts room and all fluids will remain locked the day of inventory with no admittance granted until after inventory has been completed and verified by auditors. A monthly oil inventory has been set up for FY2013."