



Clerk of the Circuit Court Board of County Commissioners

Marion County



Internal Audit Division

David R. Ellspermann

Clerk of the Circuit Court

Wallace K. Watford

Internal Auditor

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MEMORANDUM

TO: Patrick G. Howard, County Administrator
Janet Y. Tutt, Deputy County Administrator

FROM: David R. Ellspermann, Clerk of the Circuit Court

DATE: November 22, 2004

RE: OPERATING PARTS AND SUPPLIES INVENTORIES-FY 2004

Marion County conducted its annual formal year-end physical inventory of significant operating parts and supplies. Included were the fleet repair operating parts and supplies of the Fleet Management Department and the Fire Rescue Services Department, the water and wastewater operating parts and supplies of the Utilities Department, the aviation fuel at Dunnellon/Marion County Airport and the operating supplies of the Engineering Department/Roads Division. The value of these inventories will be recorded as assets in the County's official financial records at September 30, 2004.

Department management is responsible for the daily control and usage of its inventories. The five departments took appropriate actions to plan and perform the physical counting, pricing and valuation of the respective inventories. We commend each department for their actions and attention to this matter.

The Internal Audit Division has completed its related audit activities. We have concluded that the departmental inventories (see attached) are properly stated in all material respects. Internal Audit performed certain tests and activities to provide the basis for this conclusion.

Internal Audit worked with Fleet Management and Fire Rescue departmental management during the planning stages of each inventory and was on site to observe the physical counts. Such observation included the performance of test counts and other procedures to determine whether counts were accurately taken. In addition, other audit tests were subsequently performed to confirm the accuracy of the inventory valuations and adjustments to perpetual inventory records. Internal Audit observed a considerable portion of the physical counts of the parts and supplies of the Utilities Department. We did not observe the physical counts of the aviation fuel at the Dunnellon/Marion County Airport or the operating supplies of the Roads Division. To reach our conclusion, we discussed with department personnel the counting procedures and valuation methods of the inventory, which was followed by certain audit tests to confirm the reasonableness

OPERATING PARTS AND SUPPLIES INVENTORIES-FY 2004

of quantities and the accuracy of the respective inventory valuations.

These departments will continue to conduct physical inventories at every fiscal year end. Internal Audit will work through County Administration to identify any other department with sufficient operating inventories to be included in the FY 2005 physical inventory.

During our observation and following audit activities of each department, we noted certain issues pertaining to inventory counting procedures and inventory controls. These issues will be reported to department management in separate information memoranda, which may assist in the planning and conduct of next fiscal year's physical inventory .

This review was performed by Wallace Watford, Sachiko Leon and Kathy Fitzhugh. We would like to express our appreciation to the management and staff of the above departments for their cooperation and assistance in the conduct of our review activities.

c: Lawrence Thacker, Jr., Public Works Bureau Chief
 M. Stuart McElhaney, Life Safety Services Bureau Chief
 Vincent M. Riccobono, Utilities Director
 Mounir Bouyounes, County Engineer
 John W. Garri, Finance Director

OPERATING PARTS AND SUPPLIES INVENTORIES-FY 2004

MARION COUNTY
VALUATION OF OPERATING INVENTORIES
SEPTEMBER 30, 2004

Fleet Management Department:	
Vehicle Repair Parts	\$151,346.06
Fuel-Gas and Diesel	<u>80,771.01</u>
Total Department	<u>\$232,117.07</u>
Fire/Rescue Department, Fleet Repair Facility:	
Vehicle Repair Parts	<u>\$139,149.69</u>
Marion County Utilities Department:	
Operating Supplies-Water	\$205,782.46
Operating Supplies-Wastewater	<u>2,800.02</u>
Total Department	<u>\$208,582.48</u>
Engineering Department, Roads Division:	
Operating Supplies	<u>\$306,730.45</u>
Marion County/Dunnellon Airport	
Fuel-Aviation	<u>\$ 21,121.63</u>
TOTAL ALL INVENTORIES	<u>\$907,701.32</u>