



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

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

DATE: November 4, 2002

RE: OPERATING PARTS AND SUPPLIES INVENTORIES-FY 2002

Marion County conducted its first 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, and the water and wastewater operating parts and supplies of the Utilities Department. The value of these inventories will be recorded as assets in the County's official financial records at September 30, 2002.

Department management is responsible for the daily control and usage of its inventories. The three 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 internal audit activities and has concluded that the departmental inventories (see attached) are correctly stated in all material respects. Internal Audit performed certain tests as the basis for this conclusion. With regard to Fleet Management and Fire Rescue, Internal Audit worked with department management during the planning stages and was on site to observe during the entirety of 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 was unable to observe the physical counts of the Utilities Department. To reach its conclusion, Internal Audit met with department personnel to review the counting procedures and valuation methods and performed certain audit tests to confirm the accuracy of the inventory valuations

These three departments should conduct physical inventories at least every fiscal year end. Internal Audit will work through County Administration to identify any other department with sufficient operating inventories to be included in FY 2003.

Attachment

c: Janet Y. Tutt, Assistant County Administrator
Edwin L. Smith, Assistant County Administrator
M. Stuart McElhaney, Fire Chief
W. Clyde Colley, Fleet Management Director
Vincent M. Riccobono, Utilities Director
John W. Garri, Finance Director

MARION COUNTY
VALUATION OF INVENTORIES
SEPTEMBER 30, 2002

Fleet Management Department:

Vehicle Repair Parts	\$138,697.97
Fuel-Gas and Diesel	<u>51,424.11</u>
Total Department	<u>\$190,122.08</u>

Fire/Rescue Department, Fleet Repair Facility:

Vehicle Repair Parts	<u>\$121,355.10</u>
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Marion County Utilities Department:

Operating Supplies-Water	\$ 44,654.07
Operating Supplies-Wastewater	<u>1,140.50</u>
Total Department	<u>\$ 45,794.57</u>

TOTAL ALL INVENTORIES \$357,271.75