

Date: January 17, 2017



CLERK OF THE CIRCUIT COURT – AGENDA ITEM Marion County Commission

SUBJECT: Present Internal Audit Report No. 2016-10 Regarding Operating Parts and Supplies Inventories for FY 2016

INITIATOR: Sachiko H. Leon, Internal Auditor

DEPARTMENT: Clerk of Court

DESCRIPTION/BACKGROUND: Marion County conducted its annual formal year-end physical inventories of significant operating parts and supplies. The inventory valuation will be recorded as assets in the County's Comprehensive Annual Financial Report at September 30, 2016. Internal Audit concluded that identified departmental inventories are fairly stated in all material respects.

BUDGET IMPACT: None

RECOMMENDED ACTION: None, for information purpose only



OPERATING PARTS AND SUPPLIES INVENTORIES – FY 2016

REPORT NO. 2016-10

Presented To
The Honorable Board of Marion County Commissioners
Mounir Bouyounes, County Administrator

December 15, 2016

Issued by
David R. Ellspermann, Clerk of the Circuit Court and Comptroller
Sachiko H. León, CIA, CISA, Internal Auditor

EXECUTIVE SUMMARY

Marion County (County) conducted its annual formal year-end physical inventory of significant operating parts and supplies, the result of which is summarized in the table below. Internal Audit performed this engagement to present the final value of these inventories to be recorded as assets as of September 30, 2016, in the County’s Comprehensive Annual Financial Report (CAFR). We included the inventory value trend of the last five years in Exhibit A. **Our opinion** is that the departmental inventories are fairly stated in all material respects.

OPERATING INVENTORIES ON HAND AS OF SEPTEMBER 30, 2016

Department	Type of Inventory	Value
FLEET	Vehicle Repair Parts	\$ 18,767.85
	Vehicle Fuel	\$ 193,362.24
		\$ 212,130.09
FIRE RESCUE	EMS Supplies	\$ 694,429.03
UTILITIES	Water Parts/Chemicals	\$ 933,161.50
	Wastewater Chemicals	\$ 4,377.16
		\$ 937,538.66
COUNTY ENGINEER	Materials/Supplies-Roads	\$ 385,258.03
	Materials/Supplies-Traffic	\$ 586,624.10
		\$ 971,882.13
DUNNELLON AIRPORT	Aviation Fuel	\$ 27,902.80
TOTAL INVENTORY VALUE		\$ 2,843,882.71

OBJECTIVE

Verify effectiveness of the inventory process each department established to provide accurate and timely reporting of the inventory value.

We performed this assurance engagement to present the fair value of these inventories to be recorded as assets in the County's Comprehensive Annual Financial Report (CAFR) at September 30, 2016.

SCOPE AND OUR APPROACH

The inventories included the following departments:

- Fleet Management Department - vehicle repair and vehicle fuel
- Fire Rescue Services Department - EMS supplies
- Utilities Department - water and wastewater operating parts and chemicals
- Office of the County of Engineer - operating materials and supplies of Roads and Traffic Divisions
- Dunnellon/Marion County Airport - aviation fuel

Management is responsible for the daily control and usage of their departmental inventories. Each department took appropriate actions to plan and perform the physical counts, pricing, and valuation of the respective inventories.

Internal Audit worked with departmental management during the planning stage and confirmed the counting procedures and valuation methods of each inventory. During our observations of the physical counts, we performed test counts and other procedures to determine accuracy of the counts. In addition, other audit tests were subsequently performed to confirm effectiveness of the inventory process.

Our on-site observations did not include the following areas:

- The fuel readings of Fleet Department or Dunnellon Airport. We relied on the readings from the fuel systems and pertinent transaction reports.
- Physical count of the materials and supplies at the Roads Division of the Office of County Engineer. The Division performed the physical counts at earlier dates and adjusted for transactions to arrive at the final value.
- Physical count of the chemicals at Utilities Department. We relied on the physical counts taken by the department.

RESULT

It is our opinion that the inventory process established by each department was effective and that the departmental inventories are fairly stated in all material respects. We may report to the department management in separate information memoranda of certain matters we noted during our activities to assist in the planning and conduct of next fiscal year's physical inventory.

We would like to express our appreciation to the management and staff of the departments and Finance for their cooperation and assistance.

ENGAGEMENT TEAM

This review was performed by Sachiko H. Leon and Heather Lobsiger with assistance of Gregg McCarthy and John McLeod.

EXHIBIT A

INVENTORY VALUES 5-YEAR TREND

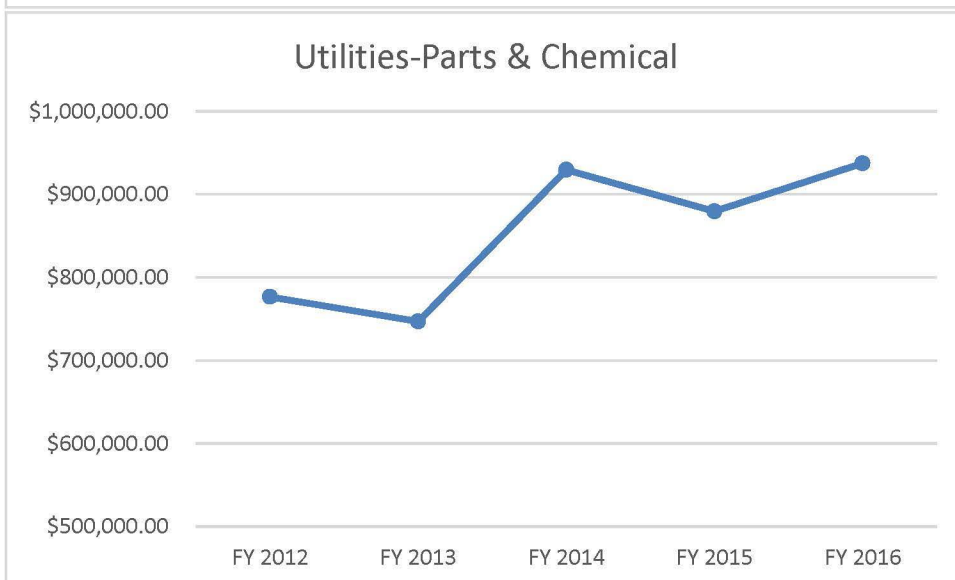
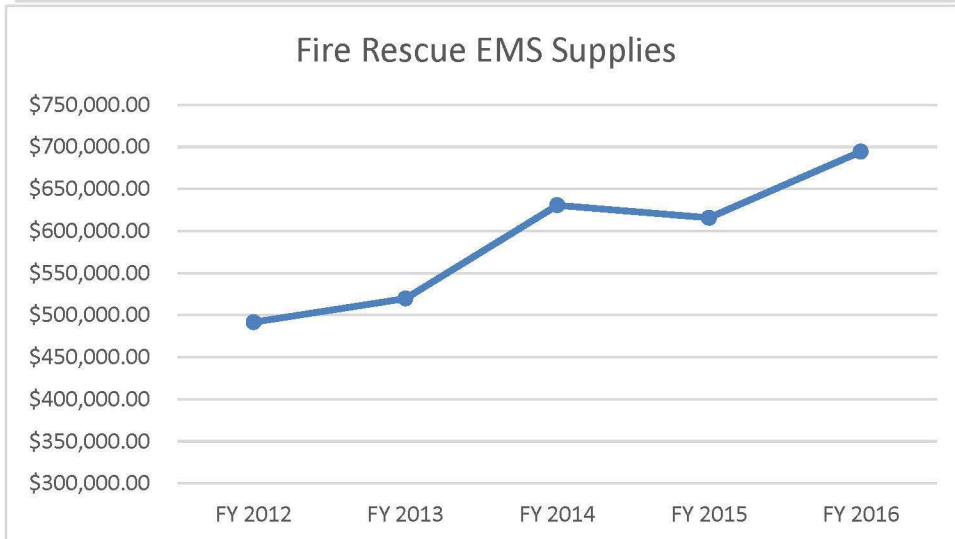
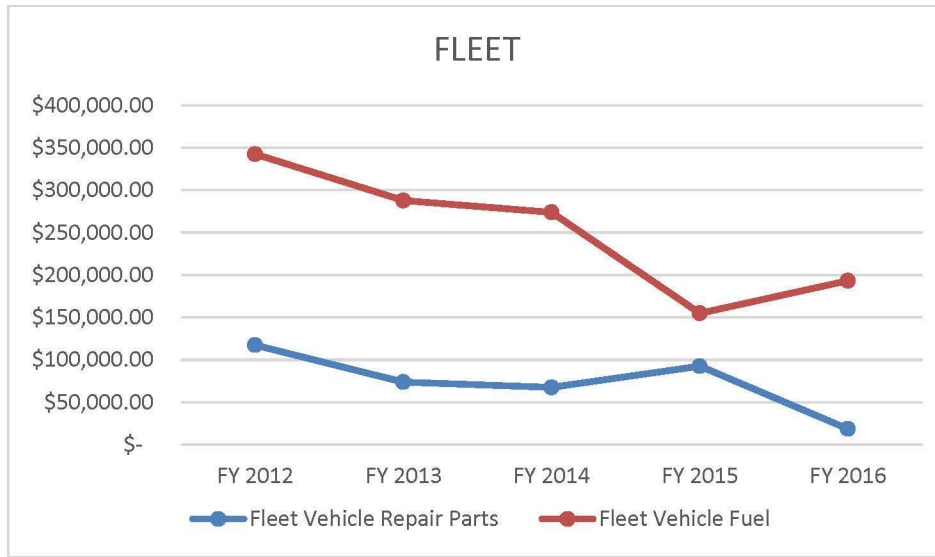


EXHIBIT A-CONTINUED

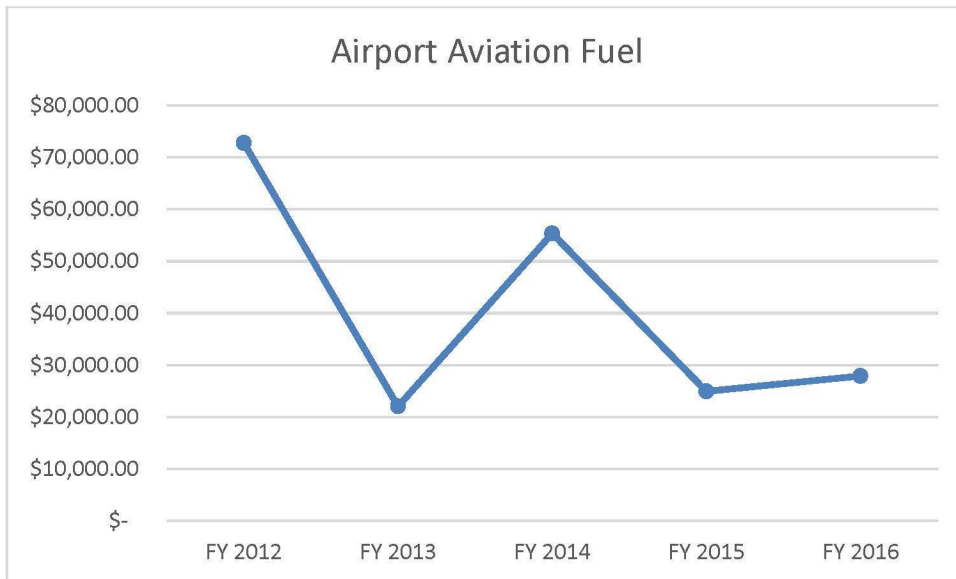
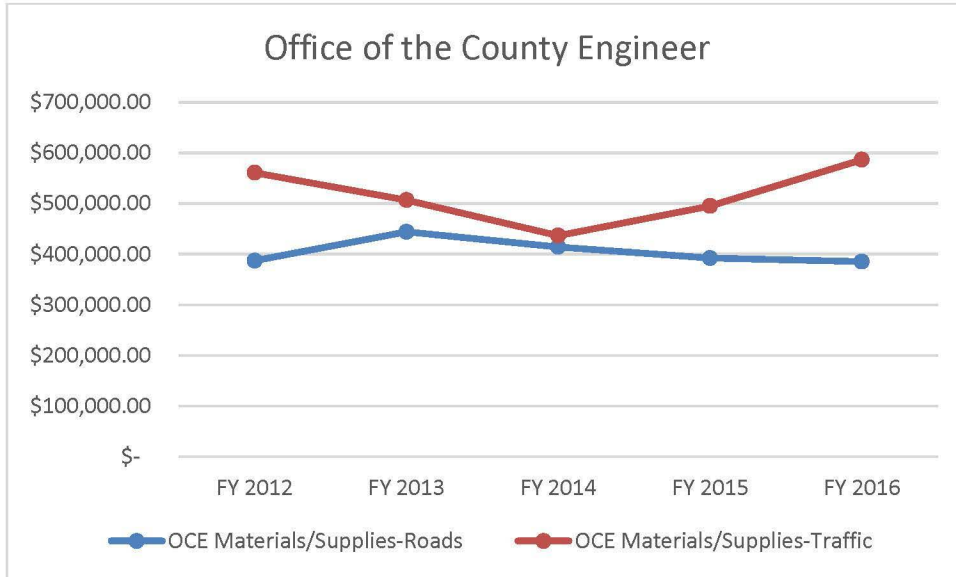


EXHIBIT B

Report Distribution List

Name	Title
Carl Zalak	Chairman of the Board of County Commissioners
Kathy Bryant	Vice Chair of the Board of County Commissioners
David Moore	District 1 Commissioner
Jeff Gold	District 3 Commissioner
Michelle Stone	District 5 Commissioner
Mounir Bouyounes	County Administrator
John Garri	Finance Director
Brian Moree	Assistant County Administrator-Public Works
Tracy Straub	County Engineer
Angel Roussel	Utilities Director
Paul Nevels	Fire Chief
Brian Hing	Fleet Director
John Helms	Airport Manager