

# Year-End Inventory Observations

## Fiscal Year Ending September 30, 2016

### **Division of Inspector General**

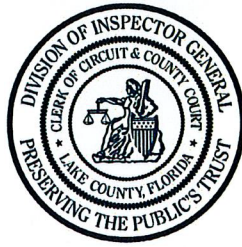
#### **Neil Kelly, Clerk of the Circuit and County Courts**

#### **Audit Report**

**Bob Melton, CPA, CIA, CFE, CIG**  
**Inspector General**

Audit Conducted by:  
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**Report No. BCC-153**  
**April 5, 2017**



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April 5, 2017

Board of County Commissioners

We have conducted our year-end observations of inventories for the Lake County Clerk of Courts, Supervisor of Elections, Lake EMS, and BCC Fleet Management as scheduled per the Clerk's Annual Inspector General Audit Plan.

We appreciate the cooperation and assistance provided by the entities contacted during the course of these observations.

Respectfully submitted,

Bob Melton  
Inspector General

cc: The Honorable Neil Kelly, Clerk of Circuit & County Courts  
Kristy Mullane, Chief Deputy Clerk, Clerk's County Finance Department  
David Heath, County Manager  
Kristian Swenson, Director, Department of Facilities & Fleet Management  
Jerry Smith, Executive Director, Lake EMS  
Tami Rounsaville, Finance Analyst/Accountant, Lake EMS  
Moore Stephens Lovelace, P.A.

**Know of Fraud, Waste, or Abuse?**  
Contact our hotline at (352) 742-4429 or  
email [fwa@lakecountyclerk.org](mailto:fwa@lakecountyclerk.org)

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# INTRODUCTION

## Scope and Methodology

As scheduled per the Clerk's Annual Inspector General Audit Plan, we have conducted observations of the year-end inventory process over the significant inventories of Lake County.

The objective of our observations was to determine whether the value of ending inventories is fairly stated in the County's accounting system.

The scope of our procedures specifically included the following inventories we observed during the period of September 28, 2016 through October 3, 2016 as follows:

BCC Fleet Parts – October 1, 2016

Lake Emergency Medical Services (Lake EMS) – Fleet Parts – September 28, 2016

Lake EMS – Medical Supplies – September 28, 2016

Lake EMS – Pharmacy Supplies – September 28, 2016

Clerk of Courts Postage – September 30, 2016

Supervisor of Elections Postage – September 30, 2016

BCC Fleet Fuel – October 3, 2016

We observed and documented the inventory-taking process, selected a random sample of items from the inventory records, and verified the amounts recorded. In some cases, we verified 100% of the items recorded. We also agreed the final inventory amounts recorded to the County's accounting system. Our specific methodology is described below.

### **BCC Fleet Parts**

The inventory observation for the BCC Fleet Parts took place on October 1, 2016. All parts are located at the Fleet maintenance facility in Groveland. We observed a team inventorying the parts at the facility. As we observed the counts, we selected a random sample, recorded the amount on hand, and agreed the amounts to the year-end inventory listing. We agreed the amount of the final inventory listing to the amount recorded in the general ledger.

### **Lake EMS**

The inventory observation for Lake EMS Medical Supplies, Fleet Parts, and Pharmacy Supplies took place on September 28, 2016. Inventory listings were provided the previous workday. Due to the organization of the Lake EMS staff, we were able to observe the count of 100% of the inventory items listed for each location. We verified the totals on the final inventory listings.

### **Clerk of Courts Postage**

The inventory observation for the Clerk of Courts Postage took place at the end of work on September 30, 2016. The postage inventory consists of pre-paid postage stored on two Pitney Bowes postage machines located at the Judicial Center and the Mail Receiving Center. We met with Clerk staff to print the current meter reading tapes from each machine. In addition to postage stored on each meter, the Clerk also maintains a reserve account with Pitney Bowes that can be used to replenish the postage available on the postage machines. We agreed the total postage amounts to the amount recorded in the general ledger.

### **Supervisor of Elections Postage**

The inventory observation for the Supervisor of Elections (SOE) Postage took place at the end of work on September 30, 2016. The postage inventory consists of pre-paid postage stored on one Pitney Bowes postage machine located at the SOE office and pre-paid postage in accounts with the United States Postal Service (USPS). We met with SOE staff to print the current meter reading tape from the postage machine and to acquire reports on the USPS account balances.

### **BCC Fleet Fuel**

The inventory observation for BCC Fleet Fuel took place on October 3, 2016 at the beginning of work. The fuel inventory consists of several gasoline and diesel fuel tanks located at four locations across the County: Astatula, Umatilla, Minneola, and Leesburg. We met with County staff and obtained the meter readings from the fuel pumps and measured the level of fuel in each tank. Using tables provided by the tank manufacturer, the measurements were converted into gallons and were used to calculate the ending fuel balance. The price per gallon used in calculating the ending balance was the average price per gallon paid for the month of September. We verified the calculations and agreed the final fuel balance to the amount recorded in the general ledger.

## **Overall Conclusion**

We conclude that the inventories of BCC Fleet parts, Clerk of Courts postage, Supervisor of Elections postage, and BCC Fleet fuel are fairly presented in the County's accounting system. Management has deemed the inventory of Lake EMS to be immaterial as Lake EMS is now a blended component unit of the County.

## **Background**

The inventories we observed aid the following departments and entities in the furtherance of their responsibilities.

**Lake Emergency Medical Services (Lake EMS) – Fleet Parts, Medical Supplies & Pharmacy Supplies**

Lake EMS is a not-for-profit, community-based EMS service formed by Lake County which provides emergency medical service and transportation of the sick and injured citizens and visitors of Lake County. The fleet parts inventory is used to keep the ambulances and other vehicles in good working order. The medical supplies are used to ensure the ambulances are adequately stocked to serve the sick and injured. In addition to the medical supplies, the pharmacy supplies inventory ensures that the ambulances are equipped with specific pharmaceuticals critical for the care of sick and injured patients.

**Clerk of Courts – Postage Inventory**

The Clerk of Courts provides centralized postal services for certain County entities. As part of this, the Clerk's Mail Receiving Center meters all outgoing mail for these entities. To accomplish this, two postage machines and a reserve postage account are maintained.

**Supervisor of Elections (SOE) – Postage Inventory**

The Supervisor of Elections uses postage to mail absentee ballots, voter registration cards, and other voter information. To accomplish this, a postage machine is located at the SOE office and pre-paid postage accounts are maintained with the United States Postal Service.

**BCC Fleet - Fleet Parts Inventory and Fuel Inventory**

The Fleet Management Division of the Board of County Commissioners is responsible for comprehensive fleet operations, including the provision of fuel and repairs for County vehicles and equipment. To accomplish this, the division maintains an inventory of fleet parts for the repair of the vehicles and equipment. The division further maintains inventories of unleaded, diesel, and off-road diesel fuels.

# OPPORTUNITIES FOR IMPROVEMENT

Our observations disclosed no policies, procedures, or practices that should be improved. Our observations were neither designed nor intended to be a detailed study of every relevant system, procedure, or transaction. Accordingly, Opportunities for Improvement may exist which were not identified during the course of our review.