Audit of
BCC Year End Inventory Observations

Division of Inspector General
Gary J. Cooney, Clerk of the Circuit Court and Comptroller
Audit Report

Terri Freeman, CPA, CIA, CISA, CRMA
Inspector General

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Board of County Commissioners

We conducted year-end observations for the Clerk of the Circuit Court & Comptroller, Supervisor of Elections and The Office of Fleet Management.

We appreciate the cooperation and assistance provided by everyone during the course of the audit.

Respectfully submitted,

[Signature]

Terri Freeman
Inspector General

cc: Gary J. Cooney, Clerk of the Circuit Court & Comptroller
    Denise Bell, Chief Deputy Clerk
    Kristy Mullane, Chief Financial Officer, Clerk's County Finance Department
    Jeff Cole, County Manager
    Ron Russo, Deputy County Manager
    Joseph Blackwell, Director, Office of Fleet Management
    The Honorable Alan Hays, Supervisor of Elections
    Moore Stephens Lovelace, P.A.

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Scope and Methodology

As scheduled in the Inspector General Audit Plan, year-end inventory observations were conducted over specified inventories of Lake County.

The objective was to determine whether the value of ending inventories, for the period ending September 30, 2019 is fairly stated in the County’s accounting system.

The inventory observations occurred as follows:

BCC Fleet Parts – September 27, 2019
Clerk of Courts Postage – September 30, 2019
Supervisor of Elections Postage – September 30, 2019
BCC Fleet Fuel – October 1, 2019

Fleet Management does not include service parts (i.e., nuts, bolts, turn signals, service fluids) in their inventory count so those items are not within the scope of this observation. However, the service fluids are included in the overall inventory total reported to Finance.

During the observations a sample of items were selected and verified against the amounts recorded. Where feasible, 100% of the items recorded were verified. The inventory amounts were validated against the final inventory amounts recorded in the County’s accounting system.

Overall Conclusion

The inventories of BCC fleet fuel, Clerk postage, and Supervisor of Elections postage are fairly presented in the County’s accounting system.

The Office of Management and Budget identified $62,083.62 of fleet parts inventory items that were identified in previous inventory counts but were not included in the current inventory count. This issue is addressed in the Opportunity for Improvement section of this report below.

There are other observations to improve the BCC fleet parts inventory process that have been discussed with management and will be followed up on during the BCC PCard & Inventory Audit on the Office of Inspector General’s 2020 Audit Plan.
Background

Clerk of the Circuit Court & Comptroller – Postage Inventory
The Clerk of the Circuit Court & Comptroller 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 Management – Fleet Parts Inventory and Fuel Inventory
The Office of Fleet Management 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 office maintains an inventory of fleet parts for the repair of the vehicles and equipment. The office further maintains inventories of unleaded, diesel, and off-road diesel fuels.

Opportunities for Improvement

Incomplete Variance Report
The variance between the inventory records and inventory count on September 27, 2019, was not identified in the Fleet inventory variance report. The report does not include items that may have been omitted from count to count. The report only shows a variance for items that were actually counted in the current inventory compared to what the count should be based on the last time they were counted.

A report with all items that should be present on the date of an inventory count should be reconciled against the actual count. Any variances should be investigated by someone other than the person who performed the count promptly after the inventory count.

Management response:
We appreciate the assistance provided by the Inspector General’s Office in identifying weaknesses in the Fleet inventory accounting and reporting processes. In mid-2019, County leadership identified inventory concerns and immediately began a thorough analysis, which included coordination with the Inspector General’s Office. Following the transition of leadership within the Office of Fleet Management, new procedures have been implemented to more effectively track inventory and as a result, approximately $30,000 of the previously missing inventory has been accounted for leaving a balance of approximately $37,000 which is still under review. Staff is also evaluating new software programs that provide more robust reporting modules. Target completion: By March 31 2020