



AUDIT REPORT



To preserve the public trust as guardians of the people's records and assets

DATE December 19, 2023

NO. 2023-006

PUBLIC WORKS

LIGHTING INVENTORY

YEAR END SEPTEMBER 30, 2023

INTERNAL AUDIT DIVISION
ROGER D. EATON
CLERK OF THE CIRCUIT COURT AND COUNTY COMPTROLLER
CHARLOTTE COUNTY FLORIDA



ROGER D. EATON
Clerk of the Circuit Court and County Comptroller

350 E. Marion Ave. Punta Gorda, FL 33950 • 941.505.4716

To: The Honorable Roger D. Eaton, Charlotte County Clerk of the Circuit Court and County Comptroller

From: Dan Revallo, Internal Audit Director

Date: December 19, 2023

Subject: Public Works – Lighting Inventory

Honorable Clerk Eaton,

The Internal Audit Division has completed an audit of the Charlotte County Public Works – Lighting Inventory Year End September 30, 2023. Misti Payette Internal Auditor II conducted this review.

We would like to thank client management and staff for their cooperation and assistance in the completion of this audit.

The report will be posted to the Clerk of Courts website, charlotteclerk.com, under Internal Audit, Audit Reports. A link to this report has been sent to the appropriate parties.

Should you have any questions, please do not hesitate to contact me.

Sincerely,

A handwritten signature in black ink that reads "Daniel Revallo". The signature is written in a cursive style with a long horizontal stroke at the end.

Dan Revallo, CIA, CFE
Internal Audit Director
Charlotte County Clerk of the Circuit Court and County Comptroller

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EXECUTIVE SUMMARY

The Internal Audit Division completed an audit of the Charlotte County, Public Works Department's physical inventory procedures. Specifically; Internal Audit observed the procedures performed at the Department's Lighting District at the Punta Gorda (PG) Yard. The Lighting District of the Public Works Department maintains approximately 2,200 roadway lights along major roadways throughout Charlotte County. Examples of the major roadways include US41, State Road 776, and US17, etc.

The Public Works Department's physical inventory procedures are generally performed on or near the County's fiscal year-end, September 30th, each year. Procedures were performed on September 29, 2023.

The procedures performed and observations made by Internal Audit Division determined:

- the physical inventory procedures appear both adequate and effective;
- the parts and materials maintained appear adequately safeguarded;
- the staff observed appear both knowledgeable and professional in their duties; and
- the duties performed by staff were appropriately segregated and consistent with policy.
- The inventory activity was properly posted and accurately reported in the Eden general ledger.

Controls evaluated are adequate, appropriate, and effective to provide reasonable assurance that risks are being managed and objectives should be met.

BACKGROUND

The Charlotte County Public Works Department employs a skilled and engaged workforce to enhance the quality of life for residents by continually improving the infrastructure and providing services in a cost-effective manner to meet the needs of the community.

The Department, as a whole, builds and maintains roadways, bridges, navigable waterways, stormwater infrastructure, traffic lights and signs, rights-of-ways and landscaping in the unincorporated areas of Charlotte County, all while protecting and preserving the environment.

The Public Works Department also provides solid waste management, including curbside service and operation of the County landfill, manages mosquito and aquatic weed control programs, and operates the Indian Spring and Lieutenant Carl Bailey Cemeteries.

The Lighting District of the Public Works Department maintains approximately 2,200 roadway lights along major roadways throughout Charlotte County. Examples of the major roadways include US41, State Road 776, and US17, etc.

Prior to fiscal year 2023, Enterprise Asset Management System (EAMS) software was used for the Department's parts and materials inventory and control. EAMS is a computerized maintenance and asset management system. On October 1, 2022, the Department's parts and materials inventory were transferred from the EAMS software to Cityworks software.

The Department's Lighting District inventory is accounted for within the County's Greater Charlotte Street Light Fund within the Eden general ledger, and valued at cost using the average cost method. Eden is a government financial software program.

The Fiscal Services Division performs physical inventory count procedures and reconciles inventory, between the asset management system and the Eden general ledger at each fiscal year-end.

Below are the fiscal year-end inventory levels maintained for the Lighting District:

- September 30, 2021 \$240,738
- September 30, 2022 \$345,634
- September 30, 2023 \$948,483

According to the Public Works Department, the fiscal year-end inventory levels increased significantly in 2023, as more items are being maintained as a result of supply chain challenges and an increased cost of parts.

AUDIT OBJECTIVES

1. Observe the year-end physical inventory counts and evaluate the adequacy and effectiveness of internal controls over the inventory process.
2. Determine that adequate segregation of duties exists in the year-end physical inventory process.
3. Ensure that inventory assets are properly safeguarded.
4. Ascertain that the final inventory reconciliation is accurate and the general ledger is properly updated.

SCOPE AND METHODOLOGY

Internal Audit selected the Public Works Department's Lighting District at the Punta Gorda (PG) Yard for observation of the year-end, physical inventory count process. We observed the designated Fiscal Services Division and Public Works staff conduct their physical inventory count on September 29, 2023, for fiscal year-end September 30, 2023.



This observation enabled us to determine that the procedures performed and controls in place are both adequate and consistent with those documented, inventory is properly safeguarded, and proper segregation of duties exist in the year-end inventory process.



Internal Audit also performed independent test counts of twenty (20) inventory items, at minimum, and compared these counts to the final counts determined by the Fiscal Services Division and Public Works staff. Test counts were selected, at random, from the Cityworks Master Inventory report, as well as from inventory items observed onsite.

We also obtained the final inventory adjustment and reconciliation from the Fiscal Services Division to ensure the count discrepancies identified during the physical inventory count process were properly adjusted, to ensure the Eden Financial System reflects the proper inventory balance at fiscal year-end September 30, 2023.

CONCLUSION

Controls evaluated are adequate, appropriate, and effective to provide reasonable assurance that risks are being managed and objectives should be met.

ACKNOWLEDGEMENT

We would like to thank the County's Public Works Department; specifically, the Lighting District, the Fiscal Services Division, as well as the Comptroller's Finance Division for their assistance in the completion of this audit.

Audit performed by:

Misti Payette, CIA, CRMA, CGAP

Internal Auditor II

Charlotte County Clerk of Court and Comptroller



Serving with compassion, expertise and efficiency in support of our community