



AUDIT REPORT



DATE December 27, 2019

NO. 2019-016

PUBLIC WORKS

TRAFFIC, SIGNS, AND MARKING INVENTORY

FISCAL YEAR END

SEPTEMBER 30, 2019

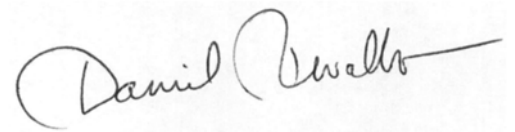
INTERNAL AUDIT DIVISION
ROGER D. EATON
CLERK OF THE CIRCUIT COURT AND COUNTY COMPTROLLER
CHARLOTTE COUNTY FLORIDA

Honorable Roger D. Eaton
Charlotte County Clerk of the Circuit Court and Comptroller
350 East Marion Avenue
Punta Gorda, Florida 33950

We have completed an audit of the Public Works – Traffic, Signs, and Marking inventory process for the fiscal year ending September 30, 2019. The purpose of this audit was to ensure adequate controls exist and are operating effectively over the inventory process.

In addition, this report follows up on the original management responses provided for the prior year. Follow-up was accomplished thru inquiries and observations of evidence performed during the course of audit work.

Respectfully submitted,

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

Daniel Revallo
Internal Audit Director

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EXECUTIVE SUMMARY

Internal Audit has completed a review of the Charlotte County Public Works Traffic, Signs, and Markings year-end inventory process. Our review determined that controls were adequate in performing AND recording the inventory and that inventory activity was properly posted to and accurately reported in the General Ledger.

BACKGROUND

The Public Works Department builds and maintains roadways, bridges, navigable waterways, storm water infrastructure, traffic lights and signs, rights-of-ways and landscaping in unincorporated areas of Charlotte County while protecting and preserving the environment. The Department further provides solid waste management including contracting curbside service and operation of the landfill, managing mosquito and aquatic weed control programs, and operates the Indian Spring and Lieutenant Carl Bailey Cemeteries, among other responsibilities.

The Traffic, Signs, and Marking section of Public Works is part of the Transportation Engineering Division in charge of signs, roadway markings, and marine aids to navigation.

Inventory parts are maintained at the facility's parts room, a warehouse, and fifteen field trucks. Fiscal Services under the County Budget & Administrative Services Department performs mid-year and year-end inventory counts. The results of the physical counts are compared to the inventory balances carried on the financial system EDEN. Any differences are investigated and significant discrepancies are explained. Fiscal Services then prepares a journal entry to adjust for the differences. The entry and supporting documentation is forwarded to the Clerk Comptroller's Office and the entry is posted in the form of an adjusting entry journal entry in EDEN.

AUDIT OBJECTIVES

Our review was based on the following objectives:

1. Observe the year-end inventory count process to evaluate the adequacy and effectiveness of internal controls and procedures over the Public Works inventory counts.
2. Determine that adequate segregation of duties exists in daily operations and in the year-end 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

We observed the inventory process for the fiscal year ending September 30, 2019. We focused on the year-end inventory count specifically for Traffic Signs and Marking. We observed Public Works/Fiscal Services conducting the inventory counts and tested a random sample of 31 inventory items to compare with their results. The sample enabled us to observe that proper procedures and controls were being followed in the final inventory count and reconciliation to the general ledger, and that the results from the counts agreed with the ending balance of the inventory account in the Clerk's Financial System EDEN.

FOLLOW UP ON PRIOR YEAR AUDIT COMMENTS

As part of our Fiscal Year End 2019 Traffic, Signs, and Marking Inventory, we also followed up on comments and recommendations reported in our Public Works – Traffic, Signs, and Marking Inventory audit report issued on February 14, 2019 for Fiscal Year End 2018. The results to those are as followed:

1. **We recommend** Public Works explore the possibility of reorganizing the inventory items within EAMS by creating separate locations in the system for each place where items are stored, including the nine field trucks and one paint truck.

Status: Corrective Action Implemented.

2. **We recommend** Traffic, Signs, and Markings evaluate its procedures relating to PIC and write an instruction manual covering these procedures for future guidance.

Status: Corrective Action Implemented.

3. **We recommend** the Traffic, Signs and Markings section of Public Works organize and clearly identify its inventory with tags/labels indicating the part number and a brief description of the item prior to the physical inventory count. Items with the same part number should be organized in a single area prior to the inventory count, to avoid any delays and confusion during the actual count.

Status: Corrective Action Implemented.

4. **We recommend** Fiscal follow written "Physical Inventory Procedures" by making sure that the "Parts Inventory by Store/Bin" report from the Infoview (with the quantity) is given only to the person supervising the process and the "Print Physical Inventory List" report from EAMS (without the quantity) to the person performing the actual counting.

Status: Corrective Action Implemented.

5. **We recommend** the use of colored tags as a standard practice in physical inventory counts to help reduce confusion in identifying counted from uncounted items, thereby making the process more efficient and less subject to errors.

Status: Corrective Action Implemented.

CONCLUSION

Our review determined that the year-end inventory process is adequate and effective and that the inventory is adequately safeguarded. The final inventory reconciliations, along with the necessary adjustments, were reviewed and agreed with ending balances in the Eden General Ledger to ensure proper reporting.

ACKNOWLEDGEMENT

We would like to thank Charlotte County Maintenance and Operations Traffic, Signs, and Marking, Fiscal Services, and the Clerk Controller's Office for their assistance in the completion of this audit.

Audit performed by:

Amy R. Grant

Internal Auditor

Charlotte County Clerk of Courts and Comptroller

