



**OFFICE OF INSPECTOR GENERAL  
CITY OF JACKSONVILLE**

**AUDIT REPORT NO. 2016-AR-0006  
SUPPLEMENTING AUDIT REPORT NO. 2016-AR-0003  
ISSUE DATE: JUNE 28, 2017**

*"Enhancing Public Trust in Government"*

James R. Hoffman  
Inspector General

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**SUPPLEMENTAL AUDIT OF FLEET VEHICLE INVENTORY**

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**EXECUTIVE SUMMARY**

**Authority**

This supplemental audit was conducted pursuant to Section 1.203(c), Charter of the City of Jacksonville (City), Section 602.303(a-c), *Ordinance Code*, and the 2016 Office of Inspector General's (OIG) Audit Plan.

**Scope**

As part of the 2016 Office of Inspector General's Audit Plan, the OIG conducted an audit of the Fleet Management Division (Fleet). The OIG released the final report for this audit on June 15, 2016 (Audit Report No. 2016-AR-0003). The purpose of the audit was to determine whether or not controls were adequate over fleet vehicles purchased, repaired, and ultimately surplus by Fleet. During the initial audit, a reconciliation of the vehicles recorded in the Capital Assets Subsystem (CA Subsystem) maintained by the Accounting Division (Accounting) and Fleet inventory records could not be completed due to staffing and timing constraints related to an ongoing external financial statement audit within Accounting. Following the completion of the initial audit report, OIG obtained a listing of City-owned vehicles from the CA Subsystem. OIG conducted this supplemental audit to complete the task of determining whether all City-owned vehicles managed by Fleet were accurately reflected in the City's CA Subsystem. OIG reconciled Fleet and Accounting inventory databases using the Microsoft Access query function.

**Findings**

The supplemental audit noted no material departures, disparities or irregularities between Fleet's inventory records and the CA Subsystem.

**Other Matters**

Initially, not all vehicles could be matched using the Microsoft Access query function. Approximately, 12% of the 3,421 vehicles on the CA Subsystem listing could not be matched to the Fleet vehicle inventory listing based on the vehicle identification number (VIN) in the CA Subsystem. Additionally, 18% of the 3,636 of the vehicles listed on the vehicle inventory provided by Fleet could not be traced to the listing from the CA Subsystem. Follow up conducted by Accounting and Fleet revealed that the differences between the CA Subsystem and the Fleet vehicle inventory were due to several issues, to include: (1) timing differences in posting dates; (2) Accounting clerical input errors; (3) differences in asset classification; and (4) the failure of Fleet to notify Accounting of vehicle status changes. OIG determined that the discrepancies were not material, after identifying the causes of the discrepancies and updating the CA Subsystem.

Please see the full report for a detailed explanation of the audit results.

**Recommendations**

OIG recommends that Fleet notify Accounting of changes and updates on a more frequent basis (perhaps within 30 days of change) rather than only during the annual inventory.

**Economic Impact Statement**

There were no direct economic impacts associated with this audit.

OIG appreciates the support and cooperation received from the Fleet Management Division and the Accounting Division during the course of this audit.

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## AUTHORITY

This supplemental audit was conducted pursuant to Section 1.203(c), Charter of the City of Jacksonville; Section 602.303(a-c), *Ordinance Code*, and the 2016 Office of Inspector General's Audit Plan.

## BACKGROUND

As a part of the budget process, Fleet submits a listing of City-owned vehicles to be purchased in the upcoming fiscal year. This listing also includes older vehicles that will be replaced in the coming fiscal year. An inventory of all vehicles is maintained in Fleet's Tivoli database. Fuel purchases and repair costs are tracked for each vehicle based on the vehicle number assigned within the database. All new vehicles are purchased by Fleet on behalf of other City departments. Once the vehicles have been equipped with City decals, radios, and other accessories or equipment, the City-owned vehicles will be assigned to a department for use. Fleet assesses the using department a monthly principal and interest charge, until the cost of each vehicle has been recouped. These funds are credited to a separate general ledger account utilized for the purchase of future vehicles.

Newly purchased vehicles are recorded by Accounting into the CA Subsystem once the invoices have been paid by Accounts Payable. Depreciation is calculated, accrued, and expensed over the useful lives of the vehicles in the CA Subsystem.

Fleet must notify Accounting when vehicles are surplus, decommissioned, or stolen, so that the CA Subsystem can be updated. Fleet is also responsible for notifying Accounting of any discrepancies between its inventory records, physical inventory, and the listing of vehicles generated from the CA Subsystem, during the annual City-wide physical inventory of assets.

## SCOPE, OBJECTIVES, AND METHODOLOGY

As part of the 2016 Office of Inspector General's Audit Plan, the OIG conducted an audit of the Fleet Management Division. OIG released the final audit report on June 15, 2016 (Audit Report No. 2016-AR-0003). The purpose of the audit was to determine whether or not controls were adequate over fleet vehicles purchased, repaired, and ultimately surplus by Fleet.

During the initial audit, a reconciliation of the vehicles recorded in the CA Subsystem maintained by Accounting and Fleet inventory records could not be completed due to staffing and timing constraints related to an ongoing external financial statement audit within Accounting. Following the completion of the initial audit report, OIG obtained a listing of City-owned vehicles from the CA Subsystem. OIG conducted this supplemental audit to complete the task of determining whether all City-owned vehicles managed by Fleet were accurately reflected in the City's CA Subsystem. OIG reconciled Fleet and Accounting inventory databases using the Microsoft Access query function.

OIG conducted this supplemental audit in accordance with generally accepted government auditing standards. In accordance with the standards, OIG planned and performed the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for findings and

conclusions based on audit objectives. The evidence obtained provides a reasonable basis for the findings and conclusions based on the audit objectives.

## FINDINGS

There were no material departures, disparities, or irregularities identified between Fleet's inventory records and the CA Subsystem, noted during this supplemental audit.

## OTHER MATTERS

Initially, OIG could not match all vehicles using the Microsoft Access query function. OIG inquired with both Accounting and Fleet to identify the cause of the discrepancies. OIG determined the discrepancies were not material, after adequate explanation and documentation were provided and the CA Subsystem was updated. Initial query results and observations are noted below.

1. Approximately, 12% of the 3,421 vehicles on the CA Subsystem listing could not be matched to the Fleet vehicle inventory listing based on the vehicle identification number (VIN) in the CA Subsystem. Although these discrepancies were ultimately resolved, OIG determined the discrepancies were caused by the failure of Fleet to notify Accounting of the following:
  - Vehicles disposed of by surplus, decommissioning due to operating status, or sale.
  - Lost or stolen vehicles for which police reports were filed.
  - Forfeited vehicles received from law enforcement agencies.

Accounting's standard operating procedures require departments to notify Accounting whenever the status of an asset has changed. This procedure allows capital asset records to be updated. Fleet's failure to timely notify Accounting of the items indicated above may temporarily result in the City's capital assets being overstated, until the vehicles are fully depreciated.

2. At the commencement of the audit review, approximately 18% of the 3,636 of the vehicles listed on the Fleet inventory listing could not be traced to a comparable listing on the CA Subsystem. Although the discrepancies were ultimately resolved, OIG determined the following issues led to the initial discrepancies:
  - Entering incorrect or incomplete vehicle identification numbers (VINs) into the CA Subsystem.
  - Failing to enter VINs into the CA Subsystem.
  - Acquisition of vehicles that had not been added to the CA Subsystem.
  - Equipment listed on the Fleet inventory listing that was not classified as vehicles in the CA Subsystem.

OIG recommends the following:

1. Vehicle inventory records should be updated in a timely manner to reflect when vehicles have been sold or rendered unusable due to accidents or disrepair. OIG recommends Fleet regularly notify Accounting of changes and updates rather than just during the annual inventory. For example, Fleet notifying Accounting within 30 days of a change.
2. Contemporaneously resolve vehicle database discrepancies by regular communications between Fleet and Accounting occurring within 30 days of an event or incident involving a vehicle asset occurring.
3. If it is not feasible to enter the complete VIN for each vehicle promptly in the CA Subsystem, then OIG recommends Accounting determine whether or not the new vehicle information can be interfaced or uploaded to the CA Subsystem from the Fleet inventory database.

#### MANAGEMENT COMMENTS

On May 26, 2017, OIG provided the Office of Mayor Lenny Curry, City of Jacksonville, Florida, the opportunity to submit a written response, on or before June 30, 2017, to the DRAFT Supplemental Audit of Fleet Vehicle Inventory Report. On June 16, 2017, OIG received a written response from the Office of Mayor Lenny Curry. The response is attached in its entirety to this report. (Please see Appendix.)

In substance, the Administration cited limitations with the existing Accounting Division's Capital Assets Subsystem. The current system does not have the ability to allow for the entry of new information until the prior year is closed and the annual financial audit is complete. This results in a lag of 6 to 7 months. The Administration anticipates that a new integrated financial system (anticipated full implementation by 2020) will address OIG's recommendations. Based on OIG's recommendation, the Administration will now enter complete VIN for new vehicles purchased by the City.

#### ECONOMIC IMPACT STATEMENT

The value to the community and government of any given audit report cannot be measured in dollars and cents alone. System improvements, agency and community awareness, transparency, and prevention are some of the many benefits associated with the audit function.

Nonetheless, the City of Jacksonville's Office of Inspector General believes that the direct economic impact of its audits should be reported to City leaders and the public in easily understandable terms.

For this particular audit, there were no direct economic impacts.



# City of Jacksonville, Florida



*Lenny Curry, Mayor*

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ONE CITY. ONE JACKSONVILLE.

Date: June 16, 2017

To: Lisa Green  
Deputy Inspector General

From:  Sam E. Mousa  
Chief Administrative Officer 

Subject: OIG Audit Report Number 2016-AR-0006  
Draft Supplemental Audit of Fleet Inventory Records

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Reference is made to the Office of Inspector Audit Report dated May 26, 2017, under Audit Number 2016-AR-0006.

The Mayor's Office was requested to provide management comments to the following three (3) items.

1. Vehicle inventory records should be adjusted in a timely manner to reflect that vehicles have been sold or rendered unusable due to accidents or disrepair. OIG recommends Fleet regularly notify Accounting of changes and updates (perhaps within 30 days of change), rather than just during the annual inventory.

**Response:**

With the existing Accounting Division's Capital Assets Subsystem (CA), new information cannot be entered until the prior year is closed and the annual financial audit is complete, usually around March of the new year, thus resulting in a lag of 6 to 7 months. This situation will be remedied with the new integrated financial system, which is anticipated to be fully implemented in 2020. Accounting receives its notifications of

disposal throughout the year from Surplus/Procurement as assets are transferred to the surplus yard for sale/disposition.

2. Vehicle database discrepancies can be contemporaneously resolved by regular communications between Fleet and Accounting occurring within 30 days of the time a vehicle asset event or incident occurs.

**Response:**

Same response as 1 above, although Accounting and Fleet will meet after the Accounting Division is able to post new entries and quarterly thereafter, to resolve differences. Fleet is checking to see if Accounting can be granted "view only" authorization to their Master File Inventory system so that Accounting can review and reconcile.

3. If it is not feasible to enter the complete VIN for each vehicle promptly in the CA Subsystem, then OIG recommends that Accounting determine whether or not the new vehicle information can be interfaced or uploaded to the CA Subsystem from the Fleet inventory database.

**Response:**

It is feasible to enter the complete VIN into the CA Subsystem and Accounting has updated its records to reflect the information in the Fleet Master File Inventory Listing and will continue to enter the VIN for new vehicles purchased. Fleet will compare their records with Accounting's information during the annual inventory reconciliation and reconcile any VIN discrepancies.

Please let us know if you have any additional questions.

cc: Mike Weinstein, Director of Finance and Administration Department  
CJ Thompson, Chief of Fleet Management Division  
Kevin Stork, Comptroller  
Marlene Russell, Director Organizational Effectiveness  
Kirk Sherman, Finance and Administration Department  
OIG File 2016-AR-0006