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To: Raymond A. Ribeiro, Commissioner of Public Works
John Kelly, Director of Fleet Management, Office of Management and Budget

From: Aline Khatchadourian

Date: December 23, 2009

Subject: Countywide Physical Inventory of County Fleet Vehicles

The Nassau County Comptroller's Office (the "Office") conducted a physical inventory of the Nassau County fleet of vehicles and motorized equipment. The inventory included all County Departments with the exception of the Nassau County Police Department. We began the inventory count during the summer of 2009 and continued into the fall of 2009. A Summary of the result of the physical inventory is attached as Appendix I.

The objective of the inventory was to verify the physical existence of all County vehicles and motorized equipment listed in the inventories, to ensure the accuracy of the inventory records, and to reconcile the Department of Public Works ("DPW") inventory records with the County's fixed asset ledgers. We obtained inventory records maintained by DPW and the County's fixed asset ledger, Fixed Asset Accounting Control System ("FAACS"). DPW's Fleet Management unit maintains the County's inventory of vehicles via use of a software package known as Maximus Fleet Focus. DPW Fleet Management enters new vehicles into the inventory upon purchase by the County. Older vehicles are entered into the inventory records when maintenance or repairs are completed on the vehicles. Based upon our review of the data contained within each inventory listing, we determined that the DPW Fleet Management inventory listing of 1,486 non-police department vehicles would be used for confirming the physical existence of the fleet vehicles.¹

¹ While the DPW inventory in the Maximus Fleet Focus system may not be complete, since older vehicles acquired after the system went live and not yet put in for service are not listed, it is more accurate than the FAACS inventory.

The physical inventory of the County fleet entailed numerous visits to Departments located throughout the County during the summer and fall of 2009, and required the cooperation and assistance of various department personnel. In particular, the cooperation of the Department of Public Works was crucial. We would also like to acknowledge the cooperation of the Correctional Center in assisting us with the confirmation of their vehicles. Through the assistance of these Departments, we were able to successfully locate, identify, and verify the existence of a total of 1,307 vehicles and motorized equipment reported in 32 County Departments.

As of the date of this memorandum, our Office has not been able to locate or verify the existence of 192 vehicles and motorized equipment appearing on the DPW Fleet inventory. As is illustrated in the summary schedule presented in Appendix I attached, ninety of these vehicles (which include trailers and mower tractors) were assigned to the Parks and Recreation Department (“Parks”). Parks personnel claimed that these vehicles were returned to DPW Fleet Management. Eighty-three of the 192 vehicles are assigned to DPW, one is a Correctional Center vehicle, and 18 belong to other Departments within the County (four of which are assigned to the Courts). We visited the same DPW and Parks locations repeatedly in the hopes of observing the missing vehicles, but after numerous visits to these locations, we could not confirm the existence of these vehicles. The unidentified vehicles are listed in Appendix II.

We recommend that DPW work with the Departments to physically locate the 192 vehicles that we could not locate, or determine that the vehicles no longer owned by the County are eliminated from DPW’s list.

During the inventory, it came to our attention that two County vehicles were regularly parked in neighborhoods overnight and over weekends. These vehicles were not designated take-home vehicles in the list of take-home vehicles supplied to us by DPW Fleet Management, and further confirmed via an email from DPW. According to the inventory listing, one of the vehicles, P9519 with license number K71882, was assigned to Parks, and the other, FM1856 with license number L90798, was assigned to Facilities Management.

We recommend that DPW and Parks determine whether these vehicles are being taken home on a regular basis. If these are take-home vehicles, the Departments should also inform the Comptroller’s Office so that the proper report can be made to the IRS of the imputed value of the take home vehicle on the assigned employees’ W-2’s. If it is determined that the employees had no authority to take home these vehicles, then DPW and Parks should take appropriate action.

During our physical inventory counts, we identified an additional 13 vehicles in six Departments that did not appear on the DPW inventory report provided to us. The identifying details for these vehicles are presented in Appendix III to this memorandum. In addition as illustrated in Appendix IV, four vehicles listed in the DPW inventory as assigned to certain Departments (two for DPW and two for the Correctional Center) were located during the counts of other Departments (two in County Executive, one in County Legislature and one in Emergency Management).

We recommend that DPW Fleet correct its records to include the 13 additional vehicles we identified and ensure that the four vehicles are recorded as assigned to the departments where they are in use.

There were significant discrepancies between the DPW inventory and the FAACS inventory. Excluding the Police Department, as of May 2009, the inventory maintained by DPW listed 1,486 records, while the FAACS inventory listed 1,678 records. We were not able to reconcile

differences between the two inventories. The FAACS inventory did not list any vehicle plate numbers, and vehicle identification numbers (“VIN”) were often truncated and in some cases non-existent. For example, we compared the data contained in the two inventory reports and noted that 1,573 items in the FAACS inventory did not have a match in Maximus Fleet Focus, and 1,210 items in Maximus Fleet Focus did not have a match in FAACS². Based upon our review, it appears that the records in FAACS do not currently reflect the actual assets owned by the County.

The County’s fixed asset ledger, FAACS, should be an accurate record of County owned vehicles by County Department. Under the current system, each Department assigns a fixed asset custodian who is responsible for reporting changes in assets to the Comptroller’s Office. As recommended in our audit report of the DPW Fleet, “*Limited Review of the Nassau County Vehicles Fleet Management*”, and in order to ensure the accuracy of the assets reported by the County, we recommend that DPW Fleet Management should assume responsibility for all entries and revisions made to FAACS, and obtain confirmation from each County Department. As vehicles are purchased or transferred among County Departments, DPW Fleet Management should ensure that FAACS is updated concurrently with Maximus Fleet Focus. DPW Fleet should implement a process whereby the affected County Departments must confirm any revisions to FAACS made by DPW Fleet Management with respect to that Department’s vehicles. This will help ensure that the County’s fixed asset ledger remains current and accurate.

In updating FAACS, DPW Fleet Management should determine what happened to the vehicles listed in FAACS that are not listed by DPW. For example, 256 golf carts purchased in the 1990’s still appear in the FAACS inventory for Parks but according to Parks personnel, we were informed that they are no longer in the possession of the County. If these vehicles cannot be located, their disposal should be investigated to ensure it was proper, and the FAACS inventory should be corrected.

DPW Fleet Management should perform periodic physical inventories of all County Fleet vehicles. The Government Finance Officers Association recommends³ a physical inventory be performed at least once every five years, at least on a test basis. As the Police Department vehicles were not included in this inventory count, DPW Fleet Management should consider working with the Police Department immediately to perform a complete inventory of its vehicles.

We would like to thank you and your staff who cooperated with our Office during the physical inventory. If you would like to meet to discuss the results reported, please contact Deputy Director of Field Audit, Lisa Tsikouras, at 516-571-0210.

² These numbers include Police Department vehicles.

³ “Recommended Practice: The Need for Periodic Inventories of Tangible Capital Assets”, approved by the Government Finance Officers Association’s Executive Board, 2/24/2006.