



VICTOR D. CRIST

CLERK OF CIRCUIT COURT & COMPTROLLER
HILLSBOROUGH COUNTY, FL

DATE: October 29, 2025

TO: Daniel Campbell, Interim Director of Financial Reporting & Controller, County Finance

FROM: Heidi Pinner, Chief Audit Executive, Clerk of Court & Comptroller

COPY: Ajay Gajjar, Senior Director, County Finance
Greg Horwedel, Deputy County Administrator
Juston Lafler, Director, Fleet Management

SUBJECT: Management Memo #MM176 – 2025 Fiscal Year End Inventory Summary – Fleet Management Central

Background

Per your request, and as outlined in the year-end physical inventory procedures issued by County Finance and the Office of Management and Budget, County Audit has performed an observation of the FY 2025 physical year-end inventory for the Fleet Central facility. This observation and verification occurred on September 30, 2025, onsite at 410 S 78th Street, Tampa, FL 33619.

The Audit Team's objective was to determine whether or not the process and results of Fleet Central's inventory count were reasonable and accurate. The Audit Team discussed the inventory process with the department personnel onsite and observed the recording and reporting procedures using their Veeder-Root fuel management system for accuracy. Fleet Central's ending inventory consists of diesel and unleaded fuel stored in above-ground tanks.

Results

Fleet Central staff initiated the inventory process using the Veeder-Root system, an automatic tank gauge (ATG) system used to monitor aboveground and underground storage tanks. Veeder-Root provides readings of diesel and unleaded fuel inventory (in gallons) at each Fleet Management Department location. Veeder-Root system features include:

- Annual inspections are conducted by JF Petroleum.
- Tanks are maintained in compliance with state regulations that prohibit filling beyond 90% capacity to avoid overfilling.
- Integrated alarm systems monitor pumps and gauges for accuracy.
- Automatic reporting is generated four times daily at midnight, 7:00 AM, 12:00 PM, and 7:00 PM.

The Audit Team explained our role during inventory recounts, noting that the process differed slightly from standard recount procedures. Traditionally, an inventory recount is performed on a percentage sample of the total inventory. However for Fleet Central, a 100% observation of the

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entire inventory process was conducted. The Audit Team began by capturing a screenshot of the Veeder-Root dashboard, which displayed the storage tank readings along with the date, time, site name, and current fuel volumes in gallons. The team then observed as staff transcribed this information from the dashboard into an Excel-based physical inventory form. This form was designed to automatically calculate the total volume of diesel and unleaded fuel for each tank. The audit team verified that the volumes being entered matched the readings from the dashboard for each fuel type. Staff clarified that only five of the listed storage tanks were located at the site in question; the remaining tanks were situated at other locations.

For each site, totals were calculated separately for diesel and unleaded fuel. These totals were then used to determine the total value of fuel on hand by multiplying the volume by the unit cost for each fuel type. The unit cost was based on the average daily fuel price, with an additional \$0.25 markup per-gallon. As an internally funded service department, Fleet Management charges other County departments for services and adds an additional \$0.25 markup to recover labor costs and operating expenses. These include site repairs and maintenance, replacement of outdated equipment, and investments in new assets such as a fuel delivery truck. The goal of Fleet is to achieve cost recovery and break even with both operational and capital expenses.

Once the data was entered and the totals calculated, a second staff member performed a full verification of all line items, both horizontally and vertically, including manually checking the Excel-generated calculations. These verification procedures were observed by the Audit Team to ensure accuracy. After verification, the form was signed by both staff members and scanned into the system. The original copy was provided to the Audit Team, as the report had already been scanned and emailed to County Finance.

Other Observations

Following submission of final inventory documents to County Finance, the Audit Team raised an inquiry regarding the inclusion of the \$0.25 markup in the fuel unit costs.

- To calculate the total inventory value for diesel and unleaded fuel, Fleet Central used the average daily cost of fuel, added a \$0.25 markup to determine the unit cost, then multiplied that unit cost by the volume (in gallons) of fuel on hand. This calculation was performed for each site location and the totals were then summed to determine the overall year-end inventory value for each fuel type.
- In accordance with standard accounting principles, inventory should be valued at cost, not at selling price or marked-up value. It is recommended that the markup should be excluded and that inventory should be valued based solely on the actual average daily cost.
- Subsequent to this inquiry, a correction was made to remove the \$0.25 markup and recalculate the final unit fuel costs for the Fleet Central FY2025 year-end inventory.
- The final total fuel cost with the \$0.25 markup was \$573,788.69 and the revised total fuel cost without the \$0.25 markup was \$523,730.94, a decrease of \$50,057.75.

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Conclusion

The inventory observation was completed without any operational issues. The entire process was thoroughly observed from initiation to completion. Additionally, the correction related to fuel pricing was coordinated with County Finance to ensure accurate year-end financial reporting. Future inventory valuations should only include actual cost prices without any interdepartmental markups. County Finance should determine whether or not other County departments could be adding similar markups to their year-end inventory values.

Please feel free to contact me at (813) 307-7000 with any questions, comments, or suggestions.

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