AN AUDIT OF:

Water Resources – Small Equipment and Tools Inventory Practices

COUNTY AUDIT DEPARTMENT

REPORT #445
3/17/2026

VICTOR D. CRIST

CLERK OF CIRCUIT COURT & COMPTROLLER
HILLSBOROUGH COUNTY, FL

EXCELLENCE IN SERVICE!
★ ★ ★ ★ ★

The Honorable Ken Hagan, Chair
The Honorable Chris Boles
The Honorable Donna Cameron Cepeda
The Honorable Harry Cohen
The Honorable Christine Miller
The Honorable Gwen Myers
The Honorable Joshua Wostal

March 17, 2026

Dear Commissioners:

The Audit Team conducted an audit of the Water Resources – Small Equipment and Tools Inventory Practices (**Audit Report #445, dated March 17, 2026**). Responses to the Audit Team's recommendations were received from the Director of the Water Resources Department and have been included in the Report after each audit comment and recommendation.

The purpose of this Report is to furnish management with an independent, objective analysis, and information concerning the activities reviewed. It is not an appraisal or rating of management.

Although the Audit Team exercised due professional care in the performance of this audit, this should not be construed to mean that unreported noncompliance or irregularities do not exist. The deterrence of fraud and/or employee abuse is the responsibility of management. Audit procedures alone, even when carried out with professional care, do not guarantee that fraud or abuse will be detected.

I appreciate this opportunity to be of service to the Board of County Commissioners. I am happy to address any questions that you may have or furnish additional information if desired.

Sincerely,

Heidi Pinner

Heidi Pinner, CIA CISA CFE CRMA
Chief Audit Executive, Clerk of Court & Comptroller

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EXECUTIVE SUMMARY

BACKGROUND INFORMATION

The Water Resources Department (WRD) provides drinking water and wastewater treatment service to unincorporated Hillsborough County. The department manages four water treatment plants, five wastewater treatment plants, a bio-solids facility, and administrative and field support facilities.

The Water Resources Department has five divisions:

- Enterprise Solutions Division - ESD
- Infrastructure Maintenance Division - IMD
- Plant Operations Division - POD
- Systems Reliability Division - SRD
- Technical Services Division – TSD

The Infrastructure Maintenance Division maintains three consolidated warehouses with critical spare parts for the WRD. In addition, WRD also manages the Brandon Support Operations Complex warehouse and Lithia Critical Spare Parts warehouse. These warehouses maintain inventories of items considered critical equipment that ensures spare parts are available to address the risk of equipment failure and continuous, reliable service for the residents of Hillsborough County.

In order to make necessary repairs timely, staff are provided with various types of equipment and tools which are tagged with an asset number. Staff are responsible for ensuring that all items used are being properly handled, safeguarded, tracked and returned once work has been completed. Tools and equipment are procured through various methods, including through contracts and the use of County Purchasing Cards (P-cards).

Equipment used by Water Resources' staff are tracked using a *Work and Asset Management (WAM)* system which tracks the location of each item and the appropriate custodian. A form is utilized to make various updates regarding the equipment's acquisition, the appropriate custodian & location, and is used when items are transferred and/or disposed of. Inventories of the equipment must be performed to confirm it is present and the location is accurate. If items have been stolen, a police report must be filed and maintained with the form used when updating its information. All changes to the status of equipment require proper approval and must have the forms uploaded to OnBase for record keeping.

OBJECTIVE

To determine whether or not appropriate monitoring controls and practices are in place for safeguarding the inventory of the Water Resources small equipment and tools.

SCOPE

The audit was conducted in accordance with the Global Internal Audit Standards. These standards require that County Audit plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for the audit comments and conclusions based on the audit objectives. County Audit believes that the evidence obtained provides a reasonable basis for the audit comments and conclusions based on the audit objectives.

Audit procedures included reviews of documentation from both OnBase Imaging Database and WAM from January 2022 to December 2024 along with reviewing the department's inventory processes to ensure that proper internal controls are in place.

OVERALL EVALUATION

PROCESS STRENGTHS AND SUCCESSES

- **Inventory of small equipment assigned to work trucks is performed on a regular basis.**
- **Controls are in place to ensure that all inventory is properly recorded at the time of purchase.**
- **Inventory items are appropriately tagged with asset numbers.**
- **Quarterly monitoring controls are implemented to mitigate the inventory risks with Capital (white tag) items.**
- **Appropriate controls are in place to monitor the issuance of inventory from the warehouses.**

CONTROL IMPROVEMENT OPPORTUNITIES/RISKS

- **Opportunities exist to improve the documentation and record keeping of transfers for small equipment.**
- **Opportunities exist to improve monitoring of lost and/or stolen small equipment.**

OPINION

Control Maturity Levels

Informal → Repeatable → Formal → Managed → Best Practice

The overall control environment for monitoring the small equipment and tools inventory is at a formal (defined) maturity level. This means that the controls are well defined, an overall control awareness exists, and procedures/processes with a formal structure are in place. There are opportunities to better enhance the internal controls around the transfer and disposal processes for equipment that would help ensure complete and accurate records are maintained.

The exit conference was held with County leadership on January 27, 2026.

Other minor concerns not included in this Report were communicated to management and/or corrected during fieldwork.

AUDITED BY

Heidi Pinner, CIA, CISA, CFE, CRMA, Chief Audit Executive
Matthew Demler, CIA, Audit Manager
Terrell Alston, CIA, Senior Internal Auditor

AUDIT COMMENT 1: NON-CAPITAL INVENTORY CONTROLS

**GREEN TAG ITEMS
$500 to $4,999.99**

48% OF THE ITEMS TESTED HAD AN INACCURATE CUSTODIAN LISTED IN THE SYSTEM.

Monitoring controls should be improved to ensure non-capital assets (green tag items) are properly accounted for.

The objective was to determine whether or not the recording and monitoring process of small equipment purchases are appropriate.

Background

The Water Resources Department (WRD) is responsible for the management of Unrecorded Property—commonly referred to as *Green Tag Items*—valued between $500 and $4,999.99. The Department has established procedures to ensure these assets are properly tracked and safeguarded. This includes the use of a chain-of-custody form referred to as the *Property Action Request Form* for the intake, transfer and disposal of equipment.

Completed and approved forms are used to make updates to records in a *Work and Asset Management (WAM)* System. The system needs to be updated by the Material Control Manager when any changes take place such as adding new equipment, updating locations and any changes in the custodian information.

Test Procedure

The Audit Team performed the following procedures:

1. Reviewed standards, policies and procedures for the procurement and monitoring of inventory items.

2. Obtained access to the Property Database maintained in WAM and selected a random sample of 25 tools.

3. Obtained the chain-of-custody form(s) to determine whether or not accurate and timely documentation was maintained for each inventory item sampled.

4. Follow-up on any discrepancies.

TESTING RESULTS

The following observations were identified during testing:

All items in the sample were properly maintained in the WAM system, and included the *Property Action Request Form* for the initial acquisition of the equipment, along with a supporting invoice.

Twelve (12) of the 25 items tested had an inaccurate custodian assigned to the property in the system. This commonly resulted from transfers where the physical location of items did not change but a new custodian was updated in WAM and the *Property Action Form* was not used for the transfer.

Seven (7) of the items tested did not have accurate locations in WAM based on what was stated on the *Property Action Request Form.*

Inventory transfers prior to 2021 were not consistently supported using the *Property Action Request Form.* While invoice descriptions generally matched system records, the lack of historical documentation makes it unclear which past transfers require updates or corrections. This creates challenges in reconciling records and demonstrates a need for stronger monitoring controls.

RECOMMENDATION

Management should:

1. Ensure that all green tag items are updated with the appropriate location and custodian in the system.

2. Utilize the annual inventory process to holistically determine whether or not there is missing equipment or inaccurate inventory records. Remove any equipment from WAM that can't be located, if applicable.

3. Ensure that proper approvals are obtained for each step of the process when equipment is purchased or transferred and that applicable forms are completed and accurate.

4. Review the *Property Action Request Form* to ensure that all pertinent information is included and make any necessary updates to streamline and clearly define appropriate steps for each stage of the process.

5. Explore the use of electronic tracking and monitoring tools to gain efficiency and accountability, instead of using the *Property Action Request Form*.

CLIENT RESPONSE:

Concur

CORRECTIVE ACTION TAKEN:

Client responses to the above recommendations:

1. Management will conduct a targeted review of all green tag items to verify that custodian and location information in Hexagon EAM (WAM replacement software coming in 2026) is accurate and consistent with supporting documentation. Discrepancies identified will be corrected, and responsibility for maintaining accurate records will be reinforced with custodians and Material Control staff. This will take place once Hexagon EAM goes live and training has been conducted (anticipated late 2026 to early 2027).

2. Management will leverage the annual inventory process to validate the existence, location, and custodian of all green tag items. Any equipment that cannot be physically located after reasonable efforts will be reviewed and, if appropriate, removed from the system in accordance with established procedures. This process will continue during and after the transition from WAM to Hexagon EAM to ensure data integrity. This will take place once Hexagon EAM goes live and training has been conducted (anticipated late 2026 to early 2027).

3. Management will reinforce existing procedures requiring the completion and approval of Property Action Request Forms for all acquisitions, transfers, and disposals of green tag items. Roles and responsibilities will be clarified, and compliance with approval requirements will be periodically monitored to ensure consistency and accountability.

4. Management will review the current Property Action Request Form to ensure all required fields, such as custodian, location, effective date, and authorization, are clearly defined and consistently completed. Updates will be made as necessary to improve clarity, reduce errors, and ensure the form fully supports each stage of the equipment lifecycle until the electronic process is implemented.

5. Management plans to transition to an electronic asset tracking and approval process with the implementation of Hexagon EAM. The new system will incorporate electronic workflows, approvals, and audit trails similar to the Oracle requisition process. Until implementation, existing manual controls will remain in place and be reinforced to mitigate risk. This will take place once Hexagon EAM goes live and training has been conducted (anticipated late 2026 to early 2027).

Upon implementation of Hexagon EAM (anticipated late 2026 to early 2027) and completion of training, Management will conduct a targeted review of all green tag assets to validate custodian and location information, reconcile discrepancies, and ensure accuracy during and after the transition from WAM. The annual inventory process will be leveraged to physically verify asset existence and accountability, and any unlocated equipment will be reviewed and dispositioned

in accordance with established procedures. Management will reinforce compliance with Property Action Request requirements for all acquisitions, transfers, and disposals, clarify roles and responsibilities, and monitor adherence to approval controls. The current Property Action Request Form will be reviewed and updated as necessary to ensure completeness and clarity until the transition to a fully electronic asset tracking and approval workflow within Hexagon EAM, which will incorporate automated approvals and audit trails. Existing manual controls will remain in place and be reinforced until the new system is operational to ensure continued data integrity and accountability.

TARGET COMPLETION DATE:

 The target completion date is pending the timeline for completion of Hexagon EAM, process development and testing of process flow within Hexagon EAM, update to SOP and training on updated processes. To include accountability standards within the SOP (Progressive Discipline). Anticipated late 2026 to early 2027.

AUDIT COMMENT 2: CAPITAL INVENTORY CONTROLS
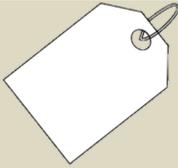
WHITE TAG ITEMS $5,000 +

MONITORED QUARTERLY BY THE WATER RESOURCES DEPARTMENT

NO EXCEPTIONS

There are appropriate controls in place to monitor the inventory of capital (white tag) inventory items.

The objective was to determine whether or not controls are in place for monitoring white tag items (items over $5,000).

Background

Water Resources tracks and secures assets based on various monetary thresholds. Assets with higher values have more strict security and monitoring requirements to prevent the theft or misappropriation of the equipment, and to ensure they remain in good working order.

In addition to the capital asset inventory performed annually by County Finance, the WRD has implemented procedures to have asset custodians perform quarterly inventory counts of their assigned items. These controls were put into place to more timely mitigate any inventory discrepancies.

Test Procedure

The Audit Team performed the following:

- Obtained and reviewed procedures and policies for white tag items.

- Performed a walkthrough of each warehouse location and their processes.

- Identified and tested items and discrepancies as needed.

TESTING RESULTS

- White tag items are secured in various locations including warehouses, locked cabinets, cages, secured offices and locking tool chests.

- Access to warehouses and office locations were secured using badge access, security gates and cameras with access to warehouses is restricted to specific employees.

- Staff must fill out request forms for inventory items, receive approval and return any unused items at the end of each shift.

- Annual capital asset inventory is performed by the Clerk's County Finance staff.

- Quarterly inventories are performed and documented by WRD staff.

- All white tag items are assigned to a custodian and location within the WAM system. During quarterly counts, custodians are provided with a list of the assets currently assigned to them. The custodian must log into WAM to confirm the item is present. Evidence of this inventory was observed in the inventory system.

- In addition to the custodian's inventory confirmations, management performs quarterly spot checks of their custodian's white tag counts to independently verify that the assets are present. Evidence of this review was confirmed by the Audit Team.

- White tag items that are retired, decommissioned, or lost are documented and approved by the Board.

Due to the robust inventory controls and routine testing in place for white tag assets, the Audit Team verified the evidence of these controls and opted not to perform physical inventory testing as part of the review. All controls observed for white tag assets appeared to be adequately designed and implemented appropriately.

RECOMMENDATION

The Audit Team did not identify any material concerns for white tag inventory items that require management's corrective actions.

AUDIT COMMENT 3: PERFORMING THE INVENTORY

INVENTORY IS PERFORMED ON EACH TRUCK BY THE SUPERVISOR AND DRIVER TOGETHER

THERE IS A SET PROCESS FOR PERFORMING INVENTORIES AND STAFF ARE TRAINED ON THE PROCESS

Overall, the controls for monitoring small equipment and tools appear adequate, but some opportunity for improvement also exists.

The objective was to perform a complete walkthrough with WRD staff during the inventory of their vehicles. The Audit Team performed this to obtain an understanding of how they confirm their equipment is accurate and no discrepancies are present.

Background

Performing inventory involves systemically counting and recording physical stock to ensure accuracy between actual items on hand and recorded data maintained in WAM. This process helps detect discrepancies, prevent loss, support financial reporting and maintain efficient inventory control.

WRD has implemented a weekly inventory for their trucks which is not updated in WAM. This is to help reduce and identify any discrepancies prior to their official quarterly count that is performed. The custodian and drivers perform the inventory together using a list of tools with their asset number that is associated with each truck. When inventories are completed, they are maintained by the custodian.

Test Procedure

The Audit Team:

1. Obtained copies of inventory lists for trucks selected during the walkthrough.

2. Performed inventory of the tools listed with driver and custodian to verify each item is in the physical possession of the truck.

3. Reviewed and documented any discrepancies.

TESTING RESULTS

The following are the results from performing the inventory count on five (5) meter trucks and two (2) water trucks:

TRUCK #	% ITEMS PRESENT	ITEMS MISSING	MISSING VALUES	NOTES
181714	82%	Sawzall Balloon Light	$170 $2,300	Pump was being repaired
170945	100%	No items missing	$0	No issues
183169	88%	Sawzall	$170	No Sawzall in inventory
176370	100%	No items missing	$0	No issues
176369	120%	No items missing	$0	Extra items observed not on inventory list
177057	120%	No items missing	$0	Extra broken Item (Sawzall)
N/A	100 %	No items missing	$0	No issues

Three items were unaccounted for, totaling $2,640.00 in value.

Overall, controls for monitoring small equipment and tools appear adequate, with management performing weekly inventory checks to ensure compliance and accountability. However, opportunities exist to improve efficiency by mitigating the storage of excess or non-essential items on the trucks.

RECOMMENDATION

Management should:

1. Ensure that high-value equipment is properly and accurately accounted for on a periodic basis.

2. Remove any additional equipment that may be in a truck that it is not assigned to.

3. Ensure that for each weekly count performed, all vehicles have the appropriate tools. If discrepancies are identified, investigate and make timely updates as needed.

4. Track inventory variances to identify trends and control opportunities.

5. Encourage each driver to allocate time during the day to reorganize the tools and equipment in their truck to ensure items are not misplaced.

CLIENT RESPONSE:

Concur

CORRECTIVE ACTION TAKEN:

Client responses to the above recommendations:

1. Management will continue to emphasize periodic verification of high-value equipment through the existing weekly truck inventory process and the quarterly inventory count. Any high-value items identified as missing or temporarily unavailable (e.g., under repair) will be documented and followed up to ensure accountability and proper tracking.

2. Management will review truck inventory lists and ensure that only assigned and necessary equipment is stored on each vehicle. Excess, unassigned, or non-essential items will be removed to reduce clutter, improve efficiency, and minimize the risk of loss or misidentification during inventory counts.

3. Management will reinforce expectations that weekly inventories are completed consistently for all vehicles and that discrepancies are promptly investigated. When variances are identified, corrective actions, including documentation, replacement, repair tracking, or updates to inventory lists, will be completed in a timely manner.

4. Management will begin tracking inventory variances identified during quarterly inventories to identify recurring issues, trends, or control improvement opportunities. This information will be used to strengthen accountability, refine inventory lists, and improve overall equipment management practices. This will take place once Hexagon EAM goes live and training has been conducted (anticipated late 2026 to early 2027).

5. Management will encourage drivers to periodically reorganize tools and equipment on their vehicles as part of normal daily operations. This practice will support accurate inventories, reduce misplaced items, and promote safer and more efficient working conditions.

TARGET COMPLETION DATE:

Truck inventory verifications and counts will be ongoing. The Hexagon EAM is anticipated for late 2026 to early 2027.

AUDIT COMMENT 4: ACCOUNTING FOR MISSING INVENTORY

**50%
OF ITEMS
DETERMINED TO
HAVE BEEN
LOST/STOLEN
WERE SUPPORTED
BY A POLICE
REPORT.**

**EXCEPTIONS
NOTED**

Opportunities exist to improve processes associated with missing inventory items.

The objective was to review the process for identifying lost and/or stolen equipment and how WRD documents and maintains records when such events occur.

Background

In the event that inventory items are discovered to be missing or potentially stolen, it is critical that such incidents are addressed promptly. Immediate reporting to management allows for timely investigation and recovery efforts. If items remain unaccounted for after 72 hours, policy dictates they must be classified as lost or stolen and reported to the Material Control Manager. When theft is confirmed, local law enforcement should be notified to ensure proper documentation and potential recovery.

Per Department policy, any missing equipment triggers a requirement that an investigation occur and a police report be filed if determined stolen. A record of the report is to be maintained along with having the disposition of the equipment notated on the *Property Action Request Form.* Once the documentation is completed and receives proper approval, the inventory item can be removed from the system, and all documentation is maintained.

Test Procedure

The Audit Team performed the following procedures:

1. Obtained a list of reports for lost/stolen equipment from 2012 to present.

2. Selected a sample of ten (10) items and reviewed supporting documentation and updates to the system.

3. Determined whether or not proper procedures were followed and all required supporting documentation was maintained.

4. Reviewed any discrepancies with management.

TESTING RESULTS

The audit team reviewed twenty (20) items in WAM and selected a sample of ten (10) to review supporting documentation, taking into consideration the location of the incidents. Notably, some incidents occurred as early as 2012. Sample testing identified the following:

All items reported missing were supported with a *Property Action Request form* that indicated what had occurred and the action taken.

All items included documentation indicating that an internal investigation had been performed that captured details related to the event.

Half of the items tested did not have a copy of a police report or a referenced police report number listed on the supporting documentation.

There was one (1) instance where missing property was under a custodian no longer with the County. As a result, it could not be determined if it had been scrapped, cannibalized or moved to surplus; therefore, it was removed by management.

Overall, the audit team concluded that while controls are adequately designed to investigate and report inventory losses, these processes are not being implemented consistently, and improvement opportunities exist.

RECOMMENDATION

Management should:

1. Under current policy, ensure that every time an item is reported as lost or stolen, a police report is filed and documentation is maintained with records and its disposition.

2. Consider establishing a threshold for when items should be internally investigated versus escalated to law enforcement. Management may wish to consider dollar value, frequency and/or other criteria for this determination.

3. Ensure that when a custodian terminates employment all equipment is transferred timely and completely to a new custodian in order to prevent items being lost.

CLIENT RESPONSE:

Concur

CORRECTIVE ACTION TAKEN:

Client responses to the above recommendations:

1. Management will reinforce existing policy requirements to ensure that when theft is confirmed, a police report is filed and retained with all supporting documentation, including the Property Action Request Form and final disposition of the equipment. Management will also ensure documentation clearly reflects whether an incident was determined to be theft or loss, and that records are complete prior to removal of the asset from the system.

2. Management will evaluate opportunities to further clarify escalation criteria for missing equipment, including consideration of factors such as dollar value, frequency of occurrence, and circumstances of the incident. This guidance will help ensure consistent decision-making regarding internal investigations versus escalation to law enforcement while remaining compliant with existing policy requirements. This will take place once Hexagon EAM goes live and training has been conducted (anticipated late 2026 to early 2027).

3. Management will reinforce procedures requiring timely and complete transfer of equipment when a custodian separates from employment. This will include verification of assigned equipment, documentation of transfers using the Property Action Request Form, and updates to the system to ensure accountability and continuity of custody. This will take place once Hexagon EAM goes live and training has been conducted (anticipated late 2026 to early 2027).

Upon implementation of Hexagon EAM (anticipated late 2026 to early 2027) and completion of training, Management will reinforce policy requirements to ensure confirmed thefts are reported to law enforcement, with police reports and all supporting documentation retained prior to asset removal from the system. Documentation will clearly distinguish theft from loss and ensure records are complete and properly approved. Management will also clarify escalation criteria for missing equipment; considering factors such as asset value, frequency, and circumstances; to promote consistent decision-making regarding internal review versus law enforcement referral. Additionally, procedures will be reinforced to ensure timely verification and documented transfer of assigned equipment when custodians separate from employment, maintaining accountability and continuity of custody.

TARGET COMPLETION DATE:

The target completion date is pending the timeline for completion of Hexagon EAM, process development and testing of process flow within Hexagon EAM, update to SOP and training on

updated processes. To include accountability standards within the SOP (Progressive Discipline). Anticipated late 2026 to early 2027.