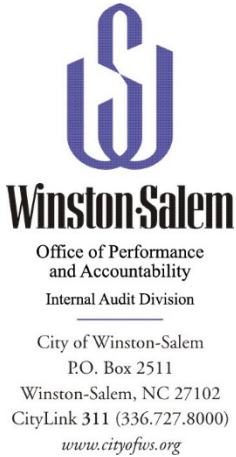


Memorandum



TO: Dewey Williard, Accounting Services Manager
FROM: Francesca Adams, Internal Auditor
DATE: July 15, 2020
SUBJECT: Physical Inventory Observation – Central Warehouse
CC: Lisa Saunders, Angie Fisher, Johnnie Taylor, Nicholas Geis, Donnie Johnson, Shanita Wright, Ben Rowe, Scott Tesh

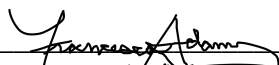
On June 30, 2020, a physical observation of the year-end inventory of supplies at the Central Warehouse was performed.

Scope: The purpose of the physical observation was to determine the accuracy of detailed records for supply inventories. The scope of work performed included a count of items on hand. Unit prices were agreed to invoices. Sampling techniques were used. The internal control environment was reviewed, but the effectiveness of individual internal accounting control procedures was not tested or evaluated. The existence of surplus units or the impairment of carrying values was not evaluated.

Findings: No material weaknesses in the internal control environment were noted. Physical counts of a sample of the quantities on hand and verification of unit dollar values produced no material variances. However, it was discovered that an invoice unit cost was incorrectly entered into FMS. Total resulting error is estimated to be approximately \$1,800. Total year-end supply inventory values were as follows:

	<u>2020</u>	<u>2019</u>
Warehouse 2	\$876,519.09	\$926,957.76
Warehouse 3	\$712,870.03	\$723,853.91

Conclusion: Inventories of supplies at the Central Warehouse are reasonably recorded in the detailed inventory records at June 30, 2020. Central Warehouse should work with the Accounting Services Division to remedy the incorrect unit cost.



Francesca A. Adams