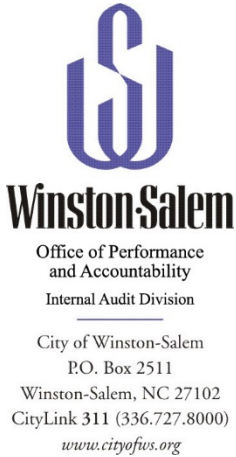


Memorandum



TO: Dewey Williard, Accounting Services Manager
FROM: Francesca Adams, Internal Auditor
DATE: July 10, 2020
SUBJECT: Physical Inventory Observation – R.A. Thomas Water Plant
CC: Lisa Saunders, Angie Fisher, Bill Brewer, Randy Sizemore, Christopher Kiger, Ben Rowe, Scott Tesh

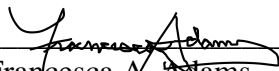
On June 30, 2020, a physical observation of the year-end inventory of supplies at R.A. Thomas Water Treatment Plant was performed.

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. All items were entered into the inventory system with a \$1.00 value; however, pricing information will be recorded and tracked as items are replaced or researched. No unit price testing was conducted during this second year of review. 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 produced no material variances. Total year-end supply inventory values were as follows:

	<u>2020</u>	<u>2019</u>
Storeroom	\$ 2,473.00	\$ 2,341.00

Conclusion: Inventories of supplies at R.A. Thomas Water Treatment Plant are properly recorded in the detailed inventory records at June 30, 2020.



Francesca A. Adams