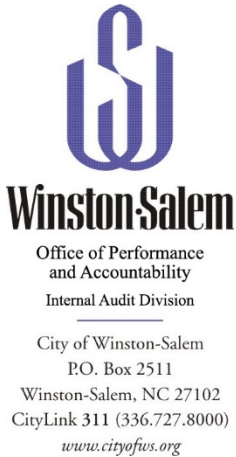


Memorandum



TO: Dewey Williard, Accounting Services Manager
FROM: Paul Sherman, Internal Auditor
DATE: July 8, 2021
SUBJECT: Physical Inventory Observation – Manson Meads
CC: Lee Garrity, Lisa Saunders, Kelly Latham, Frank Crump, Gray Knight, Ben Rowe, Scott Tesh

On June 30, 2021, the Internal Audit Division performed a physical observation of the year-end inventory of supplies at the Manson Meads Wastewater Treatment Complex.

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. The total year-end supply inventory value was \$3,802,601.79 compared to \$3,518,342.56 in 2020.

Conclusion: Inventories of supplies at the Manson Meads Wastewater Treatment Complex are reasonably recorded in the detailed inventory records at June 30, 2021.

Paul Sherman