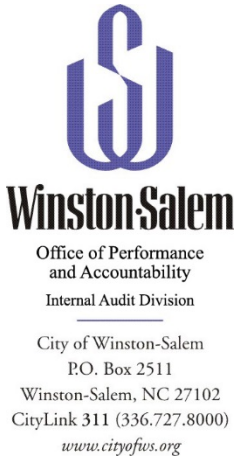


# Memorandum



**TO:** Dewey Williard, Accounting Services Manager  
**FROM:** Paul Sherman, Internal Auditor  
**DATE:** July 12, 2021  
**SUBJECT:** Physical Inventory Observation – R.A. Thomas Water Plant  
**CC:** Lee Garrity, Lisa Saunders, Kelly Latham, Bill Brewer, Christopher Kiger, 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 R.A. Thomas Water Treatment Plant.

**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 entered into the inventory system prior to FY 2021 had a \$1.00 value; however, pricing information will be recorded and tracked as items are replaced or researched. Minimal unit price testing was conducted as only two purchases were made in FY 2021. 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 \$2,487.92 compared to \$2,473.00 in 2020.

**Conclusion:** Inventories of supplies at the R.A. Thomas Water Treatment Plant are reasonably recorded in the detailed inventory records at June 30, 2021.

Paul Sherman