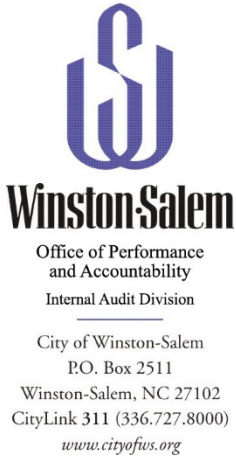


Memorandum



TO: Dewey Williard, Accounting Services Manager
FROM: Francesca Adams, Internal Auditor
DATE: July 12, 2021
SUBJECT: Physical Inventory Observation – Fleet Services
CC: Lee Garrity, Lisa Saunders, Kelly Latham, Johnnie Taylor, Pat Edmond, Will Smith, Ben Rowe, Scott Tesh

On June 30, 2021, a physical observation of the year-end inventory of supplies at Fleet Services 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: During Internal Audit’s physical observation 19 test count exceptions, or 23.75% of the sample selected, were noted. However, the test count exceptions represented only \$9,594.83 (1.2% of total account sample value). Inventory records were adjusted to reflect accurate quantities on hand. Physical counts of a sample of the quantities on hand and verification of unit dollar values produced no material variances. Total year-end supply inventory values were as follows:

	<u>2021</u>	<u>2020</u>
Store 1	\$619,302.68	\$578,141.30
Store 2	\$ 71,149.49	\$ 75,848.35
Store 4	\$ 93,584.57	\$ 79,014.96
Store 5	\$ 4,192.26	\$ 0
Store 1A	\$ 9,310.29	\$ 11,506.45
City Yard Gasoline	\$ 27,740.99	\$ 17,801.80
City Yard Diesel	\$ 30,230.62	\$ 16,021.46
MLK Gasoline	\$ 8,250.70	\$ 970.99
MLK Diesel	\$ 5,721.76	\$ 9,449.65

Conclusion: Inventories of supplies at Fleet Services are reasonably recorded in the detailed inventory records at June 30, 2021.



Francesca A. Adams