



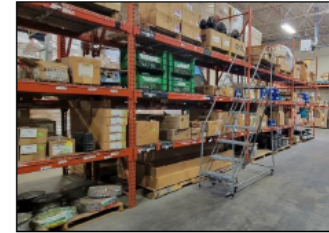
Audit of Warehouse Inventory Management Follow Up Review

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Purpose of the Follow-Up Review

- Provides a progress update on audit recommendations.
- Audit project evaluated the controls implemented to ensure warehouse inventory is adequately managed & safeguarded.
- Review found many SOP updates were generally effective and new software should be purchased; additional training still needed.



**Audit of Warehouse
Inventory Management**

The City of Denton's Warehouse has established generally effective inventory controls to manage and adequately safeguard inventory. That being said, it has not established controls to monitor accuracy of transactions and inventory records.

Additionally, opportunities may exist to streamline Warehouse operations and improve efficiency.

Audit Team

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New Inventory Mgmt. Software Likely; Documentation Retention Generally Improved

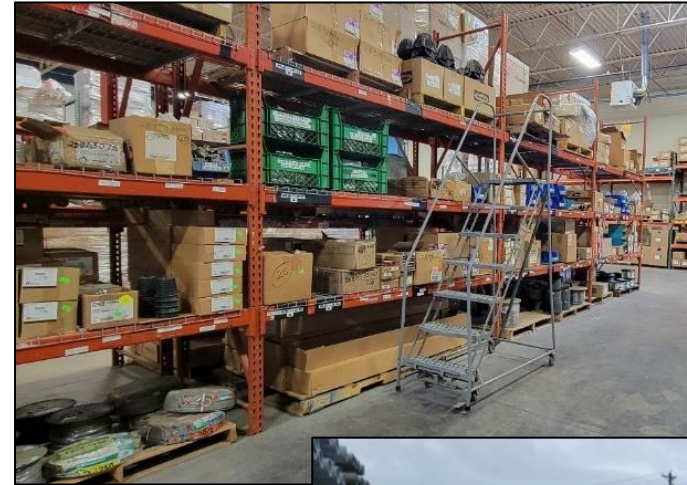
- New and updated SOPs generally improved documentation of inventory and customer orders; returns could still improve.
- ERP needs assessment evaluated warehouse software; ERP should include inventory software improvements.

Summary of Documentation Issue Improvements

	Original Audit	Follow-Up Review
Inventory Order	13%	2%
Customer Orders	30%	0%
Returns	19%	12%

Warehouse Physical Safeguards Appear Effective; Cycle Count Procedures Improved

- Warehouse physical security measures appeared effective.
- Access restricted;
 - Key monitoring has improved; keys will be replaced.
- Cycle count process used to verify inventory levels.



Item Disposal Processes Recently Centralized; City-Wide Awareness Could be Improved

- Some City employees may be unaware of approved disposal processes.
 - Only one reminder three years ago was pushed out by Warehouse.
- Item destruction criteria adjusted to reflect capital asset thresholds.
- New auction SOP seems to have improved documentation; auction proceeds not being reconciled.

General Disposal Process



Follow-Up Report Summary:

All Recommendations Implemented

Audit Area	Recommendations	Implemented	In Progress	Not Implemented
Ordering	2	100%	0%	0%
Distribution	3	67%	33%	0%
Security & Monitoring	2	100%	0%	0%
Disposal	3	33%	67%	0%
All:	10	70%	30%	0%



*Detailed recommendations and implementation actions can be seen in the full follow-up report.

Questions?

Madison Rorschach

City Auditor

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