



Audit of Warehouse Inventory Management

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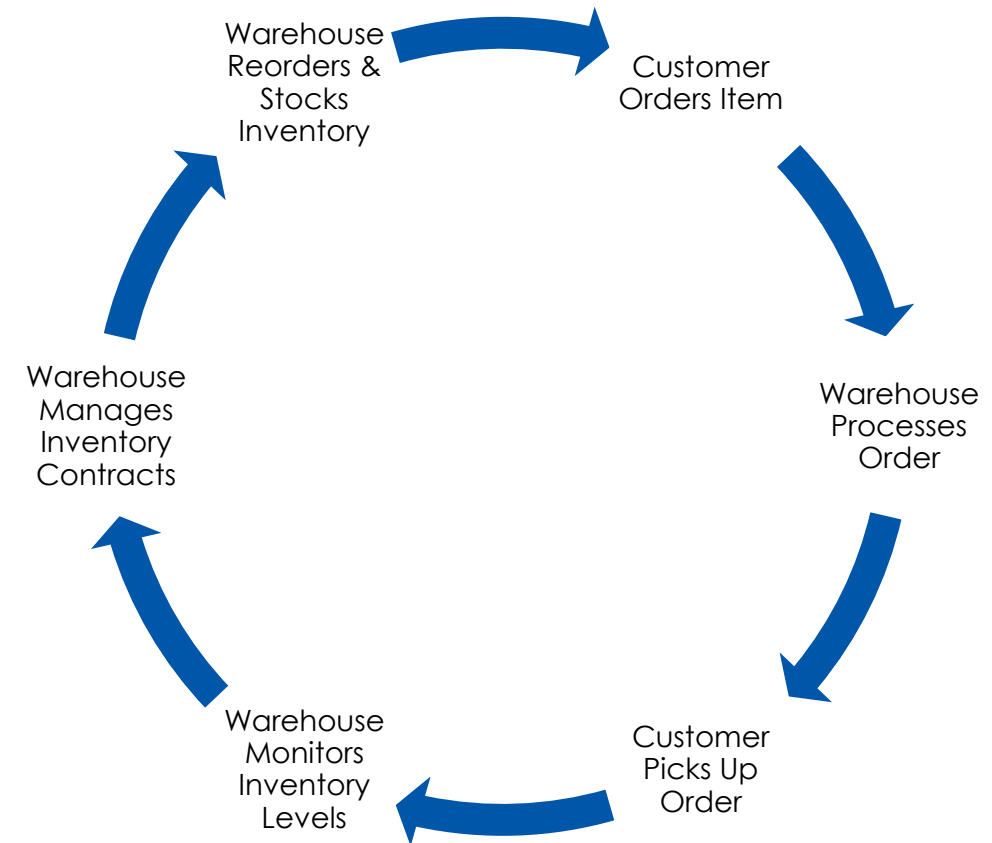
August 2, 2022



Purpose of the Audit

- Audit evaluated the controls implemented to ensure warehouse inventory is adequately managed & safeguarded.
- Warehouse staff are responsible for managing about 4,600 inventory items procured through contracts valued around \$75 million.

Inventory Management Process

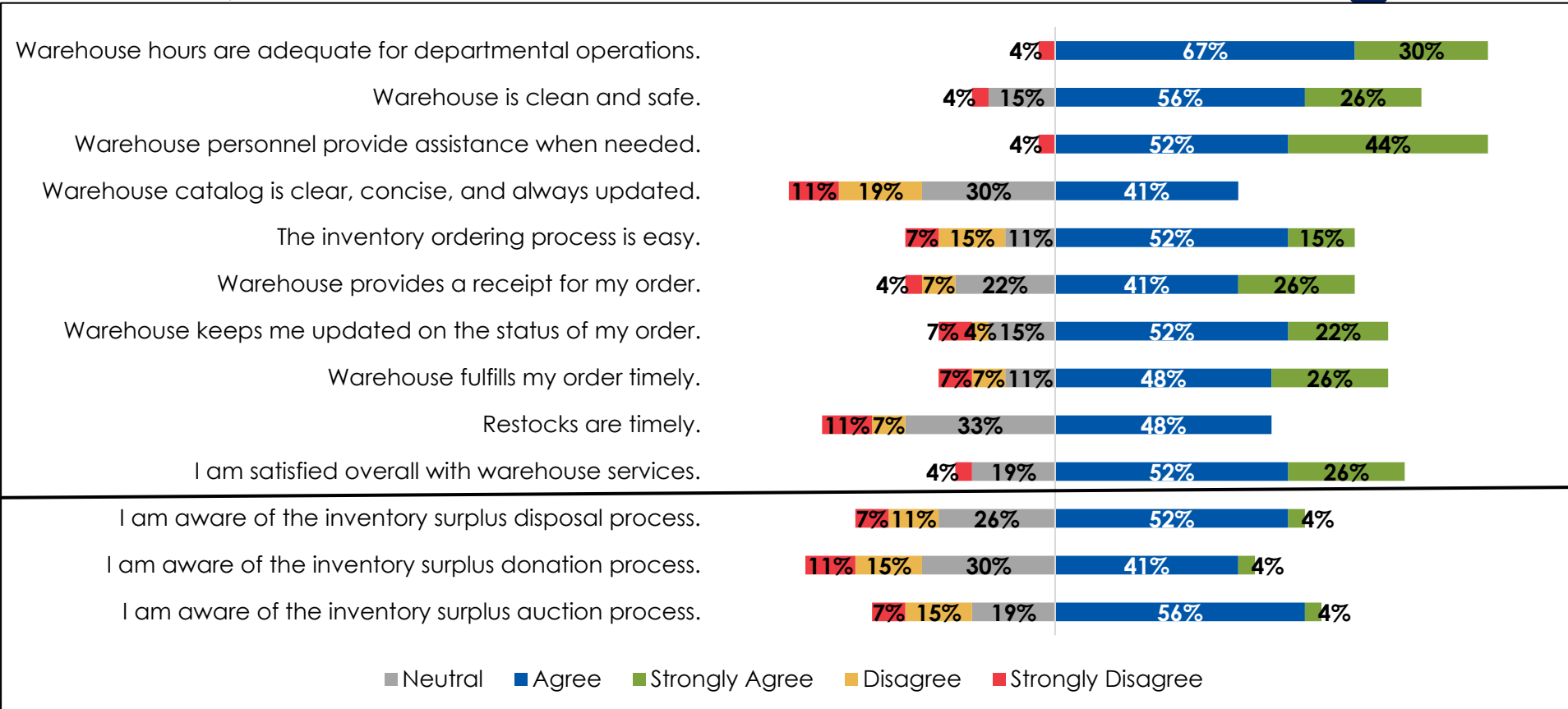


Manual Inventory Ordering Process May Impact Efficiency

- Warehouse staff have established an effective process for Departments to request items be stocked.
- Inventory item ordering duties generally appropriately segregated.
 - Inventory orders generally placed under contract.
 - Standard operating procedures for item receipt and stocking have not been developed.
- Inventory level monitoring process is extremely manual.
 - Ordering practices were recently adjusted due to supply-chain issues.

Warehouse Customer Service Generally Effective; Some Documentation Missing

Warehouse Customer Service Questions



City Disposal Process Questions

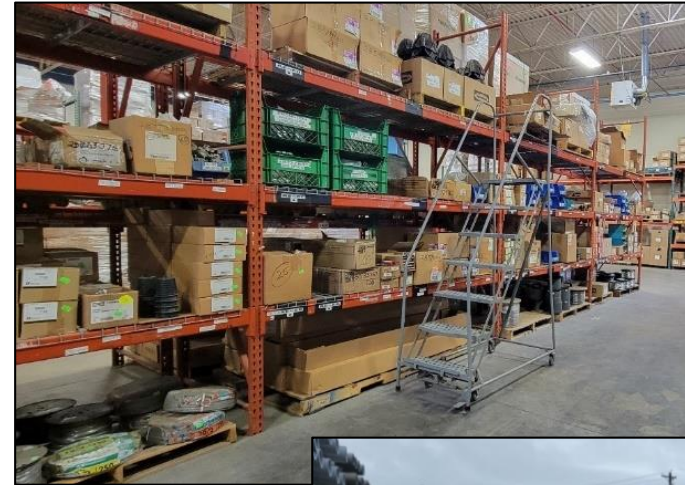


ID 21-2810

*Anonymous customer service survey sent to 98 individuals with a 28 percent response rate.

Warehouse Physical Safeguards Appear Effective; Not all Items Verified Annually

- Warehouse physical security measures appear effective.
- Access restricted;
 - Key controls could be improved.
- 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.
- Few items donated through the Warehouse.
- Controls over auction items generally effective.
- Destruction process may increase inefficiency.

General Disposal Process

Surplus offered to other departments

If not requested, City Department prepares surplus for disposal

Is surplus value over \$100?

Yes: Surplus donated or auctioned
No: Surplus destroyed

Asset Disposal Database Updated by City Department

Management Response Summary

Rec.	Recommendations*	Response	Implementation Actions*
1	Evaluate need for low-stock inventory monitoring software.	Concur	Interested in adopting a software that will provide comprehensive inventory management including tracking stock levels.
2	Develop SOP detailing receiving & stocking process.	Concur	SOP will be developed.
3	Consider acquisition of an inventory ordering software.	Concur	Interested in implementing a software that will include a streamlined ordering process.
4	Develop SOP detailing process for completing customer orders.	Concur	Current SOPs will be updated.
5	Provide periodic training to staff on customer order return procedures.	Concur	Return process will be standardized, and training will be provided.
6	Develop process to manage Warehouse keys.	Partially Concur	Will coordinate with Facilities to review security best practices.
7	Establish standard cycle count schedule.	Partially Concur	Will improve tracking of cycle counts to ensure 100% of inventory is covered.
8	Provide periodic reminders to City personnel on item disposal processes.	Concur	Will provide periodic reminders through various City platforms.
9	Evaluate asset destruction criteria.	Concur	Will review asset destruction criteria to ensure consistency.
10	Develop SOP outlining Warehouse auction management process.	Concur	Draft SOP will be revised and finalized.



*Detailed recommendations and implementation actions can be seen in the full audit report.

Questions?

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