



City of Denton

City Hall
215 E. McKinney Street
Denton, Texas
www.cityofdenton.com

AGENDA INFORMATION SHEET

DEPARTMENT: Internal Audit

CITY AUDITOR: Madison Rorschach

DATE: August 2, 2022

SUBJECT

Receive a report, hold a discussion, and give staff direction regarding Audit Project 028 – Warehouse Inventory Management.

BACKGROUND

City of Denton Charter Article VI, Section 6.04 states, the City Internal Auditor is responsible for providing an independent appraisal of City operations as directed by the City Council. These audits are conducted in accordance with *Generally Accepted Government Auditing Standards* promulgated by the US Government Accountability Office.

Per *Government Auditing Standards*, internal auditors should make audit reports available to the public and should communicate results to the parties who can ensure that the results are given due consideration. In order to meet these *Government Auditing Standards*, the City of Denton's Internal Audit Procedures Manual requires finalized audit reports to be presented to the City Council. Once presented, all published reports can be found on the City of Denton's [Internal Audit Webpage](#).

DISCUSSION

This audit project is intended to evaluate the effectiveness of the City's warehouse inventory management processes and to provide assurance that the City has implemented adequate controls to safeguard and manage inventory. The City's Warehouse Division is responsible for maintaining and stocking approximately 4,600 inventory items, processing orders, managing contracts worth approximately \$75 million, and coordinating disposals of surplus items for City Departments. Initial, detailed findings from this audit project phase are presented in the attached Audit of Warehouse Inventory Management report.

RECOMMENDATION

Staff recommends closing Audit Project 028 – Warehouse Inventory Management until a follow-up review is conducted to assess the implementation of the ten issued recommendations. This follow-up review will likely take place in the next eighteen to thirty-six months.

PRIOR ACTION/REVIEW (Council, Boards, Commissions)

This audit project was approved as part of the fiscal year 2021-22 Audit Plan adopted on October 12, 2021 and amended on March 2, 2022.

EXHIBITS

1. Agenda Information Sheet
2. Audit of Warehouse Inventory Management

3. Presentation

Respectfully submitted:
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City Auditor