



DATE: August 31, 2020
TO: Mike Borchers, Director of Water Resources
FROM: Internal Audit Division
SUBJECT: City Inventories – Fiscal Year Ended June 30, 2020
 (No Response Required)

The Internal Audit Division has conducted inventory test counts and reconciled inventories to the June 30, 2020 balance sheets. The total of all inventories is \$7,188,695. The results of the inventory reconciliations are as follows:

<u>Name of Inventory</u>	<u>Physical Inventory at 6/30/20</u>	<u>Physical Inventory at 6/30/19</u>	<u>Increase (Decrease) to G/L 2019-2020</u>	<u>Increase (Decrease) to G/L 2018-2019</u>	<u>% of Variance 2019-2020</u>	<u>% of Variance 2018-2019</u>
<u>Lawson System:</u>						
GDOT - Warehouse	\$ 746,421	\$ 634,590	\$ 4	\$ 718	0.001%	0.113%
Field Operations - Warehouse	\$ 131,646	\$ 227,123	\$ 232	\$ 36	0.176%	0.016%
Water Meter Shop	\$ 166,952	\$ 97,604	\$ -	\$ -	0.000%	0.000%
Water Resources City Yard	\$ 1,686,592	\$ 1,602,802	\$ (321)	\$ (721)	-0.019%	-0.045%
Coliseum Housekeeping	\$ 43,637	\$ 38,078	\$ (5)	\$ (73)	-0.011%	-0.192%
Osborne Parts	\$ 2,669,234	\$ 2,321,663	\$ 89	\$ 34	0.003%	0.001%
<u>Faster System:</u>						
Parks and Recreation - Parts	\$ 22,481	\$ 22,571	\$ 75	\$ 372	0.334%	1.650%
Field Operations - Right of Way Parts	\$ 24,633	\$ 21,318	\$ 2,838	\$ (2,912)	11.521%	-13.657%
Fire Garage	\$ 303,661	\$ 281,203	\$ (652)	\$ (1,333)	-0.215%	-0.474%
Field Operations - Landfill Parts	\$ 16,984	\$ 14,727	\$ (16)	\$ (1,645)	-0.094%	-11.167%
Greensboro Transit Authority - Parts	\$ -	\$ 88,395	\$ -	\$ (711)	na	-0.805%
Equipment Services - Parts	\$ 521,294	\$ 489,747	\$ 5,389	\$ 644	1.034%	0.132%
Equipment Services - Fuel	\$ 99,119	\$ 167,102	\$ -	\$ (7,755)	0.000%	-4.641%
Equipment Services - Diesel Exhaust Fluid	\$ 621	\$ 800	\$ (868)	\$ 495	-139.775%	61.900%
Equipment Services - Tire	\$ 90,615	\$ 84,976	\$ 2,169	\$ 2,024	2.394%	2.382%
<u>Manual/Other:</u>						
Gillespie Golf Merchandise*	\$ 7,706	\$ 7,964	\$ (258)	\$ (1,459)	na	na
Water Resources Chemical*	\$ 532,790	\$ 485,150	\$ 47,640	\$ 14,407	na	na
Information Technology - Telecom	\$ 95,703	\$ 85,813	\$ (307)	\$ 696	-0.321%	0.811%
Graphic Services - Print Shop*	\$ 28,606	\$ 29,080	\$ (474)	\$ 1,473	na	na
TOTAL	\$ 7,188,695	\$ 6,700,706				

*Purchases are expensed throughout the year. An adjustment is made to the inventory account to reflect the physical balance at year-end.

T. Z. Osborne Parts Inventory (501-000-00.1610):

This year's reconciliation resulted in an increase of \$89.13 being recorded to adjust the inventory account to actual at fiscal year ended June 30, 2020; compared to an increase of \$34.41 at June 30, 2019, and a decrease of \$1,080.73 at June 30, 2018.

Observation: On June 29, 2020, Internal Audit visited the T.Z. Osborne Waste Water Treatment site to conduct test counts. During the testing of the Parts Inventory, we identified six items where the quantity on hand was different to what was reported. The total of the net discrepancies noted during the test counts was \$477.81.

Findings: None.

Recommendations: None.

Water Meter Inventory (501-0000-00.1637):

The Department established a maximum acceptable inventory variance of +/-5% for this inventory. This year's reconciliation resulted in no adjustment being made at fiscal year ended June 30, 2020. No adjustments were required at both June 30, 2019 and June 30, 2018.

Findings: None.

Recommendations: None.

Chemicals (501-0000-00.1640):

This year's reconciliation resulted in an increase of \$47,639.58 to the inventory account at fiscal year ended June 30, 2020 to adjust the balance to actual; compared to an increase of \$14,406.87 at June 30, 2019, and an increase of \$66,974.61 at June 30, 2018.

Findings: None.

Recommendations: None.

City Yard (501-0000-00.1645):

The Department established a maximum acceptable inventory variance of +/-5% for this inventory. This year's reconciliation identified a variance of less than negative 1% and resulted in a loss of \$320.94 being recorded to adjust the ending unadjusted inventory balance to actual at fiscal year ended June 30, 2020; compared to a negative 1% variance and a loss of \$721.20 at June 30, 2019, and negative 1% variance and a loss of \$3,257.73 at June 30, 2018.

Findings: None.

Recommendations: None.

We would like to thank the staff at Water Resources for their cooperation and courtesy. If you have any questions or concerns, please contact us at 373-2823.



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