

OFFICE OF THE CITY AUDITOR AND CLERK
INTERNAL AUDIT



CITY-WIDE INVENTORY OBSERVATION
AUDIT # 20-01

Audit Conducted by:
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Audit Reviewed and Approved by:

A handwritten signature in blue ink that reads "Shayla Griggs".

Shayla Griggs, City Auditor and Clerk

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#20-01: Fiscal Year-End 2019 Citywide Inventory Observation Report

PURPOSE AND SCOPE

This report is based upon the observations of inventory counts for the City’s major inventory accounts. This report is limited in detail to those departments observed. We did not perform test counts, verify inventory costs or other audit procedures. We are therefore not expressing an opinion on compliance with City and facility policies and procedures.

The scope of this report is limited to include only observations of the City’s three largest inventories.

The following table summarizes inventory information by Department or Division:

Department or Location	Automated Inventory System In Use?	Ending Inventory Balance as of 9/30/19	Percent of Observed 2019 Inventory Balance
Bobby Jones Golf Course	Yes	\$30,387	5%
Public Works-Fuel Operations	Yes	\$43,243	7%
Utilities - Utilities Stores	Yes	\$542,008	88%
Grand Total Inventory Valuation/ Percent Observed by Internal Audit		\$615,638 ¹	100%

OBSERVATIONS

Observations in this report are offered as independent guidance to management. We observed three of the City departments’ inventories and obtained inventory reports from those departments.

Departments observed:

1. Bobby Jones Golf Course
2. Public Works - Fuel
3. Utilities – Utilities Stores

Bobby Jones Golf Course

Inventory count was conducted September 30, 2019, using the same blind count inventory procedure used as prior years with preprinted item listings with three two-person teams counting and recording individual items. Item counts were reviewed by Course Manager and compared with expected inventory amounts. Variances, if any, were recounted to determine the actual quantity on hand. The inventory value on September 30, 2019 was \$30,387. Observed inventory counting procedures appeared to be in accordance with current policies and procedures.

¹ Unaudited numbers

Public Works – Fuel Operations

On September 30, 2019, both diesel and unleaded gasoline tanks were measured and compared with Veeder-Root fuel sensor system readings. Deliveries are received two to three times monthly for gasoline, and twice monthly for diesel. Delivery drivers stick measure tanks after each delivery to confirm delivery amount. Unleaded fuel on hand was measured at 9,273 gallons; diesel at 9,797 gallons with a combined total value of \$43,243. Observed inventory counting procedures appeared to be in accordance with current policies and procedures.

Utilities

Inventory count was conducted on various dates in October, using the same blind count inventory procedure used in previous years. The September 30, 2019 final inventory value was \$542,008. Inventory in prior years was maintained in one central Storeroom. In the current year, inventory was separated among six divisions within the Utilities Department based on each divisions' individual requirements. The current Utility policies and procedures for preparation of taking inventory are designed for the prior centralized inventory Storeroom. Inventory taking procedures for the newly separated inventory are in the process of being written specific for the six division in Utilities that maintain inventory. Inventory was taken using two-person teams counting and recording individual items in the various Utility divisions. Variances, if any, were recounted/researched to determine the actual quantity on hand. Any inventory adjustments were approved by the Department Director.