

CAO-2023-509

# 4TH QUARTER AUDIT STATUS REPORT

# Summary



## Completed:

- ✓ Physical Inventory – count verification
- ✓ Market – Alcohol Inventory – status update

## In progress:

- External billable work orders – process review
- Training documentation review



# STORES PHYSICAL INVENTORY

# Objectives



## **Physical Inventory** (done by staff):

- Count all inventory to ensure financial records match physical inventory on hand

## **Count Verification** (done by Internal Audit):

- To count a sample of inventory to verify that staff counts are accurate

# Methodology



- Sheet-to-floor counts
  - Top 10 total values
  - Top 10 unit values
- Floor-to-sheet counts
  - 20 random parts
- Verified 25% of the total inventory value

# Findings



- 3 variances found
  - i.e. Internal audit counts did not match financial records
- Represent 8% of sample
- Resulted in a write-up of \$2,029
- Low number and value of variances found during count verification (0.05% of total inventory on hand)

# Total Adjustments



\$143K Write-down ↓

Controllable Stock ↑  
\$85K write-up

Uncontrollable Stock ↓  
\$228K write-down

Year	2021	2022	2023
Total write-up (down)	(\$185K)	(\$140K)	(\$143K)

# Uncontrollable Inventory



- Located outside, no direct control by Stores
- Typically see large write-downs in aggregates
- One new large write-down in 2023:
  - Road Salt \$75K
    - Incorrectly invoiced for salt purchased for the Region
    - Working to recover funds from the Region



# Conclusion



- Total write-downs are 1.1% of purchases, under the 2.5% industry benchmark
- Adjustments are small in value and expected
- Ongoing cycle counts implemented to proactively identify and fix variances
- Inventory process is in control



# MARKET - ALCOHOL

# Market - Alcohol



## **Status Update Objective:**

To hold staff accountable for addressing audit findings and identify areas without significant progress.

## **Original Audit Objective:**

To review / confirm controls are in place to protect alcohol from theft by staff or customers.

# Status of Recommendations



Status	Number of Recommendations
Total recommendations	7
Complete	7
In progress	0
Not started	0
Not required	0

**100% completion rate!**

- Physical control of alcohol inventory
- Reconciliation of incoming alcohol purchases
- Event day tracking and reconciliation to sales
- Periodic inventory counts