

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

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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

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<u>Findings</u>

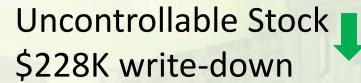
- 3 variances found
 - i.e. Internal audit counts did not match financial records
- Represent 8% of sample
- Resulted in a write-up of \$2,029
- Low number and value of variances found during count verification (0.05% of total inventory on hand)



Total Adjustments

\$143K Write-down

Controllable Stock \$85K write-up



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

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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 Kind

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