

# **Audit of Purchasing and Contracts Division – Central Stores**

**CAO 0608-0910-08**

# Background

**Central Stores is responsible for the receipt, storage, and delivery of selected supplies used by City departments.**

**Staffing consists of a supervisor and three inventory control clerks.**

**Central Stores is part of the Tier 2 budget cuts.**

# Audit Findings

- **Department representatives do not sign documentation confirming that they verified the receipt of their supply orders. (Finding #1)**
- **Central Stores monitoring procedures failed to detect department orders that were not processed. (Finding #2)**
- **We identified inconsistencies with the information recorded on the documents used in the surplus property disposition process. (Finding #3)**

# Audit Findings (continued)

- **Daily counts of inventory (cycle counts) are used by Central Stores to verify the accuracy of inventory totals. We identified that cycle count historical information was deleted from Oracle. (Finding #4)**
- **We determined that reports used to track the accuracy of inventory totals did not include all variances because of how tolerance indicators were established in Oracle. (Finding #5)**

# **Audit Findings (continued)**

- **We recommended improvements to the annual physical inventory process.(Finding #6)**
- **We identified erroneous information in the Inactive Items Report that impacts the effectiveness in monitoring obsolete and slow moving inventory. (Finding #7)**

# Questions

**Auditor: Nancy Beaty**

**Purchasing and Contracts Division:**

- **Kathleen Rainy, Contracts Manager**
- **Edward O'Neal, Purchasing Initiatives Officer**
- **Chuck Bridges, Central Stores Supervisor**