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# AGREED-UPON PROCEDURES RELATED TO THE CENTRAL STORES PHYSICAL INVENTORY

Office of the City  
Auditor

City of San Diego





## THE CITY OF SAN DIEGO

DATE: September 14, 2020  
TO: Christiana Gauger, Interim Director, Purchasing and Contracting  
FROM: Kyle Elser, Interim City Auditor, Office of the City Auditor  
SUBJECT: Agreed-Upon Procedures Related to the Central Stores Physical Inventory – FY 2020

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Enclosed is the Agreed-Upon Procedures Related to the Central Stores Physical Inventory for Fiscal Year Ending 2020 conducted by Macias Gini & O'Connell (MGO). This inventory count is required by San Diego Municipal Code §22.0501. The report contains the procedures and results of work completed by the MGO, and is provided for informational purposes only. MGO made two recommendations and you agreed with both recommendations. Your response to the audit recommendations are presented after page 7 of this report.

We would like to thank MGO for their work, and the Purchasing & Contracting Central Stores staff for their assistance and cooperation during this audit.

Respectfully submitted,

Kyle Elser  
Interim City Auditor

cc: Honorable Mayor Kevin Faulconer  
Honorable City Councilmembers  
Honorable Audit Committee Members  
Honorable City Attorney Mara Elliott  
Kris Mitchell, Chief Operating Officer  
Jeff Sturak, Assistant Chief Operating Officer  
Rolando Charvel, Chief Financial Offer  
Matthew Helm, Chief Compliance Officer  
Matthew Vespi, Department of Finance Director and City Comptroller  
Andrea Tevlin, Independent Budget Analyst  
Thomas Sawade, Stores Operations Supervisor



**CITY OF SAN DIEGO, CALIFORNIA**

Independent Accountant's Report on Applying  
Agreed-Upon Procedures Related to the  
Central Store Physical Inventory

June 30, 2020



Certified  
Public  
Accountants

**CITY OF SAN DIEGO, CALIFORNIA**  
Independent Accountant’s Report on Applying  
Agreed-Upon Procedures Related to the  
Central Store Physical Inventory

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## Independent Accountant's Report on Applying Agreed-Upon Procedures

To the Office of the City Auditor  
City of San Diego, California

We have performed the procedures enumerated below, which were agreed to by the Office of the City Auditor (City Auditor) (specified party) of the City of San Diego, California (the City), related to the City Auditor's compliance with the requirements of Article 2, Division 5, Section 22.0501 of the San Diego Municipal Code regarding the City's Central Store inventory records as of June 30, 2020. The Purchasing and Contracting Department (the Department) (responsible party) is responsible for the City's Central Store inventory records. The sufficiency of these procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures enumerated below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and related results are as follows:

- 1) Obtain an electronic version of the Central Store inventory stock records as of June 29, 2020 maintained by the Purchasing and Contracting Department and select a sample based on a 99% confidence level and 8% confidence interval.

**Result:** We obtained an electronic version of the inventory stock records maintained by the Purchasing and Contracting Department for the Central Store, which contained a total of 1,279 stock items. Per concurrence with the City Auditor at the entrance conference held on June 11, 2020, paper-form stock items were excluded from the sampling population, resulting in a total of 1,185 stock items – the Central Store had 94 paper-form stock items.

- 2) Conduct a physical inventory count at the Department's Central Store location for the randomly selected sample items and compare the results of the physical inventory count to the Department's inventory stock records. The physical count includes judgmentally opening 10 of the inventory boxes for the sample items selected to verify the contents.

**Result:** Refer to Attachment 1 (which reports the results for both Procedures 2 and 3) for a summary of the results of the physical inventory count and Attachment 2 for a detail listing of the inventory stock item discrepancies.

- 213 stock items were randomly counted at the Central Store with a recorded inventory value of \$205,824. Of the 213 stock items counted, MGO noted discrepancies for 64 stock items. 40 of the stock items resulted in an overstatement of 884 inventory units, or \$17,873, which were included per the inventory record system but not on hand. 24 of the stock items resulted in an understatement of 491 inventory units, or \$9,799, which were on hand, but not included in the inventory record system. The net impact of items counted at the Central Store is an overstatement in the inventory record system of \$8,074.

MGO recommends that the Purchasing and Contracting Department consider procuring handheld devices that are compatible with the SAP inventory record module. These devices can be used to scan the barcodes that already exist on each stock item tag and will allow storekeepers to update inventory records in real-time for their inventory cycle counts and will provide more accurate and timely information regarding inventory record maintenance.

- 3) Judgmentally select 10 items on hand at the Central Store and compare the items to the inventory system stock records to verify if they are accurately recorded in the inventory system.

**Result:** Refer to Attachment 1 (which reports the results for both Procedures 2 and 3) for a summary of the results of the physical inventory count and Attachment 2 for a detail listing of inventory stock item discrepancies.

- Judgmentally selected and counted 10 stock items on hand at the Central Store with a recorded inventory value of \$21,662. Of the 10 stock items counted, MGO noted discrepancies for 4 stock items. 3 stock item discrepancies resulted in an overstatement of 424 inventory units, or \$825, which were included per the inventory record system but not on hand. 1 of the stock items resulted in an understatement of 187 inventory units, or \$373 which were on hand, but not included in the inventory record system. The net impact of the items counted at the Central Store is an overstatement in the inventory record system of \$452.

- 4) Inquire with the Store Manager regarding the Central Store procedures and activities to ensure obsolete inventory (inventory with no sales to the City departments during the prior fiscal year) is annually reviewed. Verify if the Department's justification for retaining obsolete items is maintained on file, or if obsolete inventory is being properly liquidated.

**Result:** Per inquiry with the Central Store Operations Supervisor, obsolete inventory is reviewed annually by the Purchasing and Contracting Department. Stock items in the inventory records without goods movement within the last 12 months are identified in SAP by Central Store staff. The Purchasing and Contracting Department attaches a listing of items identified from SAP to a memo that is sent to each respective department, requiring their review of the items identified and a response within 30 days. In their response, departments provide justification for retaining obsolete items or disposing of them. Obsolete stock items identified by the departments are removed from the inventory records by Central Store staff and set aside for disposal. During the inventory count at the Central Store on June 29, 2020, we observed that obsolete items were appropriately segregated from moving stock items.

- 5) Obtain a listing of the Central Store inventory write offs occurring in FY 2019-2020 and select 5 items from the positive adjustment schedule and 5 items from the negative adjustment schedule written off during the fiscal year ended June 30, 2020, to determine if the items and explanations provided by the Purchasing and Contracting Department appear reasonable.

**Result:** We selected 10 adjustments (5 positive adjustments and 5 negative adjustments) from the positive adjustment schedule and the negative adjustment schedule, respectively, made during the fiscal year ended June 30, 2020. Explanations for the following 5 adjustments were the result of staff entry errors and not being able to provide further details by the Purchasing and Contracting Department:

- 1 positive adjustment for 11 items, totaling \$56.
- 4 negative adjustments for 416 items, totaling \$3,760.

MGO recommends that the Purchasing and Contracting Department develop policies and procedures for obtaining and documenting explanations and related support for any adjustments made to the inventory stock records.

- 6) Determine if recommendation(s), if any, from the previous year's Inventory Agreed-Upon Procedures have been adequately implemented to resolve the identified issues. If no recommendations were made in the preceding year's Inventory Agreed-Upon Procedures, then this procedure would not apply.

**Result:** Per the FY 2019 Inventory Agreed-Upon Procedures, which was consistent with FY 2018 Inventory Agreed-Upon Procedures, MGO recommends the procurement of hand-held devices to aid in the efficiency of inventory counts, which has not yet been implemented as of June 30, 2020. Refer to our recommendation at procedure 2 above.

- 7) Provide the results of the inventory counts, the results of the obsolete inventory review, and the results of the recommendation follow-up in a draft written report with recommendations, as appropriate, to address any identified issues.

**Result:** The results of the physical inventory count for the Central Store were provided to the Department on August 13, 2020. An exit conference was held with the Central Store, Purchasing and Contracting Department and City Auditor staff on August 24, 2020 to discuss the results of MGO's observations and recommendation.

- 8) Hold an exit conference with Purchasing and Contracting Department staff and City Auditor staff to review and finalize the draft report.

**Result:** An exit conference was held with Purchasing and Contracting Department staff and City Auditor staff on August 24, 2020 to review and finalize the draft report.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the Central Store inventory records maintained by the Department (specified requirements). Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the City Council and Audit Committee of the City of San Diego, the City Auditor, and the Purchasing and Contracting Department of the City of San Diego, and is not intended to be, and should not be, used by anyone other than the specified parties.

*Macias Gini & O'Connell LLP*

San Diego, California  
September 4, 2020

**Attachment 1**

<b>Location</b>	<b>Total Number of Stock Items in Inventory Records<sup>1</sup></b>	<b>Total Inventory Value<sup>2</sup></b>	<b>Total Number of Sampled Stock Items<sup>3</sup></b>	<b>Total Value of Sampled Stock Items</b>	<b>Number of Inventory Units Over / (Under) in the Inventory Records</b>	<b>Total Value of Inventory Units Over / (Under) in the Inventory Records</b>	<b>Percentage Difference Between the Value of Sampled Items Counted and Total Value of Sampled Inventory as Recorded in the Inventory Records</b>	<b>Estimated Difference in the Total Inventory Value per the Department's Stock Records Based on the Sampling Error</b>
<b>Chollas</b>	1,279	\$ 1,301,193.00	223	\$ 227,485.41	1,308 (678)	\$ 18,698.03 (10,171.81)	8.22% -4.47%	\$ 106,950.78 (58,181.70)
<b>Total</b>	<b>1,279</b>	<b>\$ 1,301,193.00</b>	<b>223</b>	<b>\$ 227,485.41</b>	<b>630</b>	<b>\$ 8,526.22</b>	<b>3.75%</b>	<b>\$ 48,769.08</b>

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<sup>1</sup>The "Total Number of Stock Items" is as of June 29, 2020, based upon the Purchasing and Contracting Department's inventory stock records including the various forms maintained in inventory, which were excluded from our sampling population.

<sup>2</sup>The "Total Inventory Value" is as of June 29, 2020, based upon the Purchasing and Contracting Department's inventory stock records.

<sup>3</sup>The "Total Number of Sampled Stock Items" refers to the number of separate stock items physically counted pursuant to Procedures #2 and #3.



## Attachment 2 Chollas Store

**PROCEDURE 2 (INDIVIDUAL STOCK ITEM EXCEPTIONS):**

	Material Number (Stock Item)	Material Description	Inventory Value	Unit Value	Number of Units Recorded in SAP	Inventory Unit of Measure	Number of Units Per Physical Observation Count	Number of Units Overstated/ (Understated) in SAP	Inventory Value Overstated/ (Understated) in SAP
1	22040220	BROOM CORN 1-1/8"DIA.HANDLE 2051141	\$ 197.90	\$ 7.07	28	EA	15	13	\$ 91.88
2	22022437	PIPE PVC C-900 12" X 20' DR-18 235	9,287.17	17.86	520	FT	360	160	2,857.59
3	22040524	TOILET PAPER 2-PLY WAXIE 851218	4,055.35	36.53	111	EA	54	57	2,082.48
4	22025704	CPLNG CI&AC ME 8" W/WALY BLT OD 9.05-9.50	1,532.29	95.77	16	EA	20	(4)	(383.07)
5	22040470	TOWEL HAND CLNR SCRUB-IN-A-BUCKET 380307	908.10	10.20	89	EA	75	14	142.85
6	22041075	SAFETY SWAB BETADINE 10 PER BOX	26.50	2.65	10	EA	0	10	26.50
7	22011991	WASHER CUT 3/4" PLATED 5#/PACK	26.44	3.78	7	EA	6	1	3.78
8	22040338	COVER TOILET-SEAT 1/2FLD WAXIE 851530 CS	776.07	35.28	22	EA	19	3	105.83
9	22077811	SOAP CLEAN TOUCH CITRUS WAXIE 386311	472.50	13.13	36	EA	34	2	26.25
10	22022430	PIPE PVC C-900 8" X 20' DR-18 235	3,212.02	8.45	380	FT	400	(20)	(169.05)
11	22013132	PADLOCK MASTER #175 COMBO 6 PER BOX	4,039.87	13.84	292	EA	286	6	83.01
12	22014549	FLASHLIGHT STREAMLIGHT SL-20X LED #20203	1,726.48	123.32	14	EA	9	5	616.60
13	22040302	RX-17 ODOR COUNTERACTANT WERTH 72/CS	273.88	2.21	124	EA	110	14	30.92
14	22014501	BOOT HIP SIZE 10 STEEL TOE	139.39	46.46	3	PR	4	(1)	(46.46)
15	22022334	EXTENSION CI 4" X 12" FF C/L	237.60	118.80	2	EA	0	2	237.60
16	22044028	WHISTLE PLASTIC BLACK BSN 3059XXXXDZ	14.99	0.07	209	EA	196	13	0.93
17	22014530	CAN SAFETY 1GAL TYPE I JUSTRITE #10301 W	371.33	33.76	11	EA	12	(1)	(33.76)
18	22003362	GUN GREASE LINCOLN #1142 NO SUB	259.14	21.60	12	EA	13	(1)	(21.60)
19	22030243	BLADE REPLACEMENT POCKET STANLEY#11-041	133.09	2.08	64	EA	53	11	22.87
20	22025992	ACCESSORY KIT 6" MJ	47.95	15.98	3	EA	0	3	47.95
21	22014723	GLOVE PIGSKIN TOP GRAIN SML 12/PK-120/CS	907.71	2.91	312	PR	444	(132)	(384.03)
22	22044270	KNIVES TABLE STAINLESS	36.58	0.38	97	EA	84	13	4.90
23	22077782	POT STOCK 20QT WITH LID STANTON ASTP20	487.12	30.45	16	EA	17	(1)	(30.45)
24	22022666	TEE 8 MJ X 6 FLG	252.13	126.07	2	EA	0	2	252.13
25	22014712	GLOVE FLEX TUFF 2 OR = XL 12PK-144 CS	189.64	0.69	275	PR	288	(13)	(8.96)
26	22016251	CORP STOP 2" MIP FB-500-7 NO LEAD	2,493.42	155.84	16	EA	10	6	935.03
27	22040449	SPRAY ZENKILL III LONGSHOT WASP 470001	30.06	4.29	7	EA	18	(11)	(47.24)
28	22018746	PIPE PVC SCH40 1/2" X 20'	33.04	0.24	139	FT	140	(1)	(0.24)

**Attachment 2  
Chollas Store**

	Material Number (Stock Item)	Material Description	Inventory Value	Unit Value	Number of Units Recorded in SAP	Inventory Unit of Measure	Number of Units Per Physical Observation Count	Number of Units Overstated/ (Understated) in SAP	Inventory Value Overstated/ (Understated) in SAP
29	22026001	RESTRAINER KIT 8" MJ FOR C900	\$ 105.59	\$ 52.80	2	EA	-	2	\$ 105.59
30	22077373	VEST SAFETY LRG CLASS 3 ANSI/ISEA 107	1,251.80	9.14	137	EA	138	(1)	(9.14)
31	22100172	GLOVE PUNCTURE RES HEX ARMOR 9014 XLG	5,552.41	47.05	118	PR	106	12	564.65
32	22039838	LUMBER DOUGLAS FIR2X12X16 #2&BTR DF S4S	163.61	32.72	5	EA	1	4	130.89
33	22014525	BUCKET PAINTERS PLASTIC 1GAL FRAZEE	10.45	2.09	5	EA	8	(3)	(6.27)
34	22035235	MASKING TAPE BLUE - 2 INCH	152.13	5.85	26	EA	29	(3)	(17.55)
35	22030242	KNIFE POCKET UTILITY STANLEY #10-049	628.12	7.06	89	EA	85	4	28.23
36	22025708	CPLNG ENDCAP CI&AC ME 6" 2" FIP 6.90-7.35	99.76	99.76	1	EA	-	1	99.76
37	22040349	WAXIE-GREEN DISH KLEENZ WAXIE 530514	570.55	9.20	62	EA	52	10	92.02
38	22040222	BROOM STREET 24" W/O HANDLE	944.61	16.57	57	EA	61	(4)	(66.29)
39	22041482	BATTERY D ALKALINE DURCELL/ENERGIZE	1,894.93	0.82	2,314	EA	2,144	170	139.21
40	22077375	VEST SAFETY 2X CLASS 3 ANSI/ISEA 107	1,277.70	9.13	140	EA	139	1	9.13
41	22040433	RAGS JANITORIAL 25LBS BOX WAXIE 770020	539.66	15.87	34	EA	54	(20)	(317.45)
42	22037108	CALENDAR TIDE 2020	2,561.76	8.08	317	EA	261	56	452.55
43	22041103	SAFETY LIP BALM SPF30 15OZ TROPIX	1,761.49	1.68	1,048	EA	1,181	(133)	(223.55)
44	22014522	BUCKET CANVAS TAPERED-WALL KLEIN #5172PS	1,860.44	88.59	21	EA	22	(1)	(88.59)
45	22015103	TAPE CAUTION (3"X1000') NAT.MKR.	1,139.48	5.06	225	EA	201	24	121.54
46	22019963	PIPE GALVANIZED 3/4" X 21' FT.	2,134.29	24.82	86	EA	154	(68)	(1,687.58)
47	22014786	TISSUE LENS CLEANING PRE-MOISTENED	75.54	3.98	19	EA	29	(10)	(39.76)
48	22030141	Curb Cock Key 3/4" x 1"	532.56	35.50	15	EA	12	3	106.51
49	22022224	COUPLING, PVC C900 DEFLECTIONS 8"	70.57	70.57	1	EA	-	1	70.57
50	22078220	TICKET THERMAL ZEBRA ZQ510 50 ROLLS BX	8,050.87	619.30	13	BX	-	13	8,050.87
51	22015962	BUSHING BRASS IPS 125-PSI 3/4" X 3/8"	163.78	3.28	50	EA	55	(5)	(16.38)
52	22077740	GLOVE MAXIFLEX 34-874 MED 12 PER PACK	1,016.88	2.03	502	PR	480	22	44.56
53	22035232	PAINT ROLLER COVER 9X3/8 NAP FRZ#20129C	2.48	1.24	2	EA	-	2	2.48
54	22014643	CONE SLEEVE 6" REFLEXITE R6-28PM NO SUB	2,638.63	3.61	731	EA	689	42	151.60
55	22015954	BUSHING BRASS IPS 125-PSI 1/2" X 3/8"	106.97	2.38	45	EA	41	4	9.51
56	22043883	NEEDLE, BALL INFLATING BSN MSNEDPAC	140.28	0.12	1,169	EA	1,056	113	13.56
57	22030391	SCREWDRIVER - KLEIN #605-8 FLAT CAB TIP	99.14	12.39	8	EA	7	1	12.39
58	22018744	PIPE COPPER TYPE-K SOFT 2" X 20'	1,062.55	265.64	4	EA	25	(21)	(5,578.39)
59	22100072	FLASHLIGHT STREAMLIGHT BANDIT 61703	24.61	24.61	1	EA	-	1	24.61

**Attachment 2  
Chollas Store**

Material Number (Stock Item)	Material Description	Inventory Value	Unit Value	Number of Units Recorded in SAP	Inventory Unit Measure	Number of Units Per Physical Observation Count	Number of Units Overstated/ (Understated) in SAP	Inventory Value Overstated/ (Understated) in SAP
60 22041458	BATTERY C ALKALINE DURCELL/ENERGIZE	\$ 853.16	\$ 0.66	1,298	EA	1,236	62	\$ 40.75
61 22040535	TOWEL PAPER SINGLEFOLD WAXIE 850024	2,765.26	16.08	172	EA	207	(35)	(562.70)
62 22014994	RAINSUIT - YELLOW XXX-LARGE	65.84	6.58	10	EA	11	(1)	(6.58)
63 22016230	COUPLING 2" FIP X CTS PKJT C14-77	1,186.44	53.93	22	EA	23	(1)	(53.93)
64 22025880	COVER METER BOX 1 PC #A6001922	8,929.54	32.59	274	EA	273	1	32.59

<b>Overstatement of Units</b>	<b>884</b>	<b>\$</b>	<b>17,872.70</b>
<b>Count item</b>	<b>40</b>		
<b>Understatement of Units</b>	<b>(491)</b>	<b>\$</b>	<b>(9,799.01)</b>
<b>Count item</b>	<b>24</b>		

**PROCEDURE 3 (INDIVIDUAL STOCK ITEM EXCEPTIONS):**

Material Number (Stock Item)	Material Description	Inventory Value	Unit Value	Number of Units Recorded in SAP	Inventory Unit Measure	Number of Units Per Physical Observation Count	Number of Units Overstated/ (Understated) in SAP	Inventory Value Overstated/ (Understated) in SAP
1 22041108	SAFETY LOTION SPF 30 DRY TOUCH 6 OZ TUBE	\$ 3,379.30	\$ 8.58	394	EA	392	2	\$ 17.15
2 22014517	BRIEF RELIEFS AMERINN BR608 10/PK-100/CS	17,140.49	1.89	9,090	EA	8,670	420	791.97
3 22016402	TEE BRASS IPS 125-PSI 3/4" NO LEAD	89.13	8.10	11	EA	9	2	16.21
4 22041040	SAFETY EYE-WASH IRRIGTNG SOLUT 4OZ 48/BX	227.27	1.99	114	EA	301	(187)	(372.80)

<b>Overstatement of Units</b>	<b>424</b>	<b>\$</b>	<b>825.33</b>
<b>Understatement of Units</b>	<b>(187)</b>	<b>\$</b>	<b>(372.80)</b>



THE CITY OF SAN DIEGO

M E M O R A N D U M

DATE: September 11, 2020

TO: Honorable Councilmember Scott Sherman and Audit Committee Members

FROM: Christiana Gauger, Interim Director, Purchasing & Contracting Department  
via Rolando Charvel, Chief Financial Officer

SUBJECT: Management Response to the *Independent Accountant's Report on Applying Agreed-Upon Procedures Related to the Central Store Physical Inventory*

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The purpose of this memorandum is to provide Management's response to the findings and recommendations in the June 30, 2020 report titled *Independent Accountant's Report on Applying Agreed-Upon Procedures Related to the Central Store Physical Inventory*.

There are two recommendation made in the report by the Independent Accountant:

1. MGO recommends that the Purchasing & Contracting Department consider procuring handheld devices that are compatible with the SAP inventory record module. These devices can be used to scan the barcodes that already exist on each stock item tag and will allow storekeepers to update inventory records in real-time for their inventory cycle counts and will provide more accurate and timely information regarding inventory record maintenance. (Procedure 2)
2. MGO recommends that the Purchasing & Contracting Department develop policies and procedures for obtaining and documenting explanations and related support for any adjustments made to the inventory stock records. (Procedure 5)

Our responses to the recommendations are as follows:

1. **Management Response:** Agree. Management will consider all options to increase the efficiency of Central Stores' inventory management, including whether to invest in handheld scanning devices and software that integrate with SAP. The purchase of the devices will be dependent on available budget for FY 2022.  
**Timeframe for Completion:** Management will make a decision regarding the acquisition of handheld devices by April 15, 2021.
2. **Management Response:** Agree. In 2019 Central Stores finalized Standard Operating Procedures (SOPs) for Receiving Inventory, Stocking Inventory, and Issuing Stock. Management continues to consider and implement improvements in inventory receiving and processing, and believes that formalizing procedures for adjusting

inventory stock records when errors are discovered is prudent and follows best practices.

**Timeframe for Completion:** Management will create SOPs for Adjusting Inventory Stock Records by the end of FY 2021.


In addition to the Management responses above, observations regarding other results of the agreed-upon procedures findings are discussed below.

The extrapolated error rate and extrapolated dollar value of errors increased from FY 2019 to FY 2020. Data from the FY 2017-FY 2020 audits are summarized below for comparative purposes.

Fiscal Year	Extrapolated Error Rate (% difference between value of sampled items counted and sampled items in inventory)	Extrapolated Value of Errors (estimated \$ difference in the total inventory value based on sampling error)
2017	0.91%	\$4,831
2018	1.01%	\$13,889
2019	0.80%	\$9,492.96
2020	3.75%	\$48,769.08

As with audits conducted in previous years, Purchasing & Contracting management and the Stores supervisors reviewed each of the discrepancies identified in the Independent Accountant's report.

Department management and Central Stores staff are working to mitigate the increase in the error rate and value of errors that occurred in FY 2020. The last fiscal year was unique for Central Stores as the City pivoted to respond to providing services within the context of a global pandemic. Demands for some stock (personal protective equipment, cleaning supplies) greatly increased, while the number of Stores staff able to come into work decreased as a result of COVID-19. In order to manage increased demand for Central Stores services with reduced active staff, changes were made to familiar warehouse practices including closing the warehouse to non-Central Stores staff and reducing the number of customer 'walk-ins'. Management will continue to monitor Warehouse activities throughout the upcoming fiscal year as part of Central Stores' ongoing effort to reduce inventory error.



Christiana Gauger  
Interim Director, Purchasing & Contracting Department

RC/cmng

cc: Kris Michell, Chief Operating Officer  
Andrea Tevlin, Independent Budget Analyst  
Jeff Sturak, Assistant Chief Operating Officer  
Matthew Helm, Chief Compliance Officer  
Matthew Vespi, Director, Department of Finance & City Comptroller