

CITY 2017 Audit Programs

June 30, 2017

INVENTORY

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
Audit Objectives and related assertions:					
<p>A. Inventory recorded represents a complete listing of materials and supplies owned by the City and such assets are physically on hand. (1,2,3)</p> <p>B. Inventory listings are accurately priced, extended, footed and summarized and the totals are properly reflected in the accounts. (4)</p> <p>C. Inventory is properly classified by fund type in the financial statements and disclosure is made of related equity reserve, if appropriate. (10,11,12,13)</p>					
Audit Procedures:					
<p>A. Inventory Observation</p> <p>1. Test count a selection of items. Count items of larger dollar and quantity amounts.</p> <p>2. Trace amounts of inventory per listing to amounts on hand.</p> <p>3. Trace amounts of inventory on hand to amounts on listing.</p> <p>4. Obtain cut-off information.</p> <p>5. Document any reason(s) inventories were not observed.</p>					
<p>B. Obtain a final inventory listing at June 30 and trace auditor's counts into this listing.</p> <p>1. Foot listing and test extensions of selected items for mathematical accuracy.</p> <p>2. Review list for reasonableness.</p> <p>3. Evaluate cut-off procedures.</p>					
<p>C. Price Tests</p> <p>1. Determine inventory valuation method.</p> <p>2. Make a list of inventory items to be price tested and request City to locate invoices.</p> <p>3. Verify unit costs of inventory items selected.</p> <p>4. If applicable, trace to perpetual records.</p>					

