

ENTITY 2019 Audit Programs

June 30, 2019

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 products, materials and supplies owned by the Entity and such assets are physically on hand at year-end. (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 adequate disclosures are made. (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 Entity to locate invoices.</p> <p>3. Verify unit costs of inventory items selected.</p> <p>4. If applicable, trace to perpetual records.</p>					
<p>Note: If the Entity is a Community College, complete steps D through G.</p>					

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PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
D. Determine all material inventories are recorded by the College (bookstore, cafeteria, trade and industry parts, livestock, grain, supplies, carpentry houses and other projects.)	A				
E. Determine if a physical count/observation was performed on or near year end:					
1. If the auditor was not present for the physical inventory, consider materiality, scope limitation and alternate procedures.					
2. If the auditor was present during the physical inventory, review and incorporate observation workpapers.					
a. Trace the test counts of the auditor into the College's final inventory listing	A,B				
b. Test extensions and foot the totals.	B				
c. Review list for reasonableness.					
F. Determine whether proper adjustments were made to inventory at year end.	C				
G. If material, consider capitalization of interest on student carpentry housing projects as projects may be considered "discreet projects" per GASB Codification, paragraph 8.	C				
Note: If the Entity is a Hospital , complete steps H through K.					
H. If the auditor was present during the physical inventory, review and incorporate observation workpapers.					
1. Trace the test counts of the auditor into the Hospital's final inventory listing.	A,B				
2. Test extensions and foot the totals.	B				
3. Review list for reasonableness.					
I. If an independent organization was employed to inventory and price drugs, medicines and medical supplies, perform the following procedures:					
1. Determine if the procedures used by the independent organization can be relied upon to support the financial statement amounts.					
2. Document the procedures performed and the results.	A,B				
J. Determine whether the basis of pricing (costing) conforms to generally accepted accounting principles and whether it has been consistently applied. Include costing information in the notes to the financial statements.					

