



August 29, 2014

City of Saskatoon – City Clerk’s Office  
Attention: Secretary – Standing Policy Committee on Finance  
222-3<sup>rd</sup> Avenue North  
Saskatoon, Saskatchewan S7K 0J5

### **Audit Report – Inventory Management Systems**

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City of Saskatoon purchasing is governed by Administrative Policy A02-027, Corporate Purchasing Procedure. Supplies inventory is governed by Policy A02-020 (Stores – Operations and Utilization). Stores are located in several decentralized locations throughout the city, managed through different divisions. The Manager, Materials Management of the Finance & Supply Division is responsible for overseeing all purchasing activities and stores to ensure that proper practices and controls are in place to purchase and manage inventory throughout the organization. However, this manager is not responsible or accountable for directly managing these inventories.

Different systems are utilized for purchasing and inventory management at various locations. Three of the in-scope Stores locations (Saskatoon Light & Power, Electronics Shop, and Public Works) utilize Epicor, implemented in 2000, to track purchase requirements and inventory items. This system uploads to the general ledger and work order systems. The other location (Transit) utilizes Fleet Management System (FMS) (implemented in 2012). Uploads to the general ledger for this location is manual (via journal entries or IDs).

The locations included in the scope of the audit made up 96.4% of year-end inventory value and 90.6% of issuances for 2013.

The overall objective of the audit was to determine whether adequate systems, practices and controls are in place to ensure:

- complete, accurate and timely recording of purchases and issuances,
- valid and accurate processing of adjustments,
- appropriate and consistent valuation of inventory across locations, and
- opportunities for theft, fraud and misappropriation are minimized.

Management is currently working on implementation of the recommendations.

Respectfully submitted,

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