
AGREED-UPON PROCEDURES RELATED TO THE CENTRAL STORES PHYSICAL INVENTORY

Office of the City
Auditor

City of San Diego



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THE CITY OF SAN DIEGO

DATE: September 19, 2019
TO: Kristina Peralta, Director, Purchasing and Contracting
FROM: Kyle Elser, Interim City Auditor
SUBJECT: Agree-Upon Procedures Related to the Central Stores Physical Inventory – FY19

Enclosed is the Agreed-Upon Procedures Related to the Central Stores Physical Inventory for Fiscal Year Ending 2019 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 followed up on the two recommendations from last year's report and they determined one recommendation has been implemented and one recommendation is in process. They did not make any new recommendations, but they reiterated the same outstanding recommendation to help maintain accurate and timely records. Your response to the audit is 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 Michell, Chief Operating Officer
Ron Villa, Assistant Chief Operating Officer
Rolando Charvel, Chief Financial Officer
Tracy McCraner, Department of Finance Director and City Comptroller
Andrea Tevlin, Independent Budget Analyst
Thomas Sawade, Stores Operations Supervisor

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CITY OF SAN DIEGO, CALIFORNIA

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

June 30, 2019



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), solely to assist 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, 2019. 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 26, 2019 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 1,148 stock items. Per concurrence with the City Auditor at the entrance conference held on June 13, 2019, paper-form stock items were excluded from the sampling population, resulting in a total of 1,033 stock items – the Central Store had 115 paper-form stock items.

- 2) Conduct 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.

- 208 stock items were randomly counted at the Central Store with a recorded inventory value of \$189,754. Of the 208 stock items counted, MGO noted discrepancies for 72 stock items. 47 of the stock items resulted in an overstatement of 1,071 inventory units, or \$4,336, which were included per the inventory record system but not on hand. 25 of the stock items resulted in an understatement of 673 inventory units, or \$3,286, 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 \$1,050.

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 \$12,391. Of the 10 stock items counted, MGO noted discrepancies for 4 stock items. The stock item discrepancies resulted in an overstatement of 135 inventory units, or \$561, which was on hand but not included in the inventory record system.

- 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 26, 2019, 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 2018-2019 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, 2019, to determine if the items and explanations provided by the Purchasing and Contracting Department appear reasonable.

Result: We performed an analysis on 10 adjustments (5 positive adjustments and 5 negative adjustments). Per inquiry of the nature of adjustments with the Central Store Operations Supervisor and reviewing supporting documents, we noted that the items and explanations appear reasonable.

- 6) Determine if the recommendations from the FY 2018 Inventory agreed-upon procedures have been adequately implemented to resolve the identified issues.

Result: There were two recommendations from the FY 2018 Inventory agreed-upon procedures. The first was to document a written policy and procedure for cyclical inventory counts, which was established and implemented during FY 2019. The second recommendation was the procurement of hand-held devices to aid in the efficiency of inventory counts, which has not yet been implemented as of June 30, 2019. 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 23, 2019.

- 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 30, 2019 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. 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
August 30, 2019

Attachment 1

Location	Total Number of Stock Items in Inventory Records¹	Total Inventory Value²	Total Number of Sampled Stock Items³	Total Value of Sampled Stock Items	Number of Inventory Units Over / (Under) in the Inventory Records	Total Value of Inventory Units Over / (Under) in the Inventory Records	Percentage Difference Between the Value of Sampled Items Counted and Total Value of Sampled Inventory as Recorded in the Inventory Records	Estimated Difference in the Total Inventory Value per the Department's Stock Records Based on the Sampling Error
Chollas	1,148	\$ 1,191,626.49	218	\$ 202,144.87	1,206 (673)	\$ 4,896.79 (3,286.43)	2.42% -1.63%	\$ 28,866.18 (19,373.22)
Total	1,148	\$ 1,191,626.49	218	\$ 202,144.87	533	\$ 1,610.36	0.80%	\$ 9,492.96

¹The "Total Number of Stock Items" is as of June 26, 2019, 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.

²The "Total Inventory Value" is as of June 26, 2019, based upon the Purchasing and Contracting Department's inventory stock records.

³The "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	22040405	BAG TRASHLINER 16GL 24"X32" .70ML 709469	\$ 981.39	\$ 30.67	32	CS	37	(5)	\$ (153.34)
2	22041454	BATTERY AA ALKALINE DURCELL/ENERGIZE	1,832.91	0.29	6,300	EA	5,944	356	103.57
3	22037089	BOOK COVER SELF-ADHESIVE 13" X 11"	15,230.43	167.37	91	EA	93	(2)	(334.73)
4	22040220	BROOM CORN 1-1/8"DIA.HANDLE 2051141	21.20	7.07	3	EA	0	3	21.20
5	22034869	BRUSH ACID #2	5.60	0.22	26	EA	22	4	0.86
6	22040235	BRUSH HAND 4-3/4" X 1-1/2" 2060570	61.02	1.13	54	EA	52	2	2.26
7	22040249	BRUSH HAND SCRATCH SS 2060560	56.60	1.53	37	EA	0	37	56.60
8	22040258	BUCKET & WRINGER,26QT 660256	448.02	64.00	7	EA	6	1	64.00
9	22034909	BUCKET PAINTERS PLASTIC 5GAL	66.34	11.06	6	EA	16	(10)	(110.57)
10	22015953	BUSHING BRASS IPS 125-PSI 1/2" X 1/4"	86.54	2.79	31	EA	29	2	5.58
11	22037110	CALENDAR WALL SML 7-3/4"X11" W/CITY LOGO	252.33	1.19	212	EA	193	19	22.61
12	22010979	CAPSCREW NC 7/8" X 3" 15/PACK	55.06	1.22	45	EA	46	(1)	(1.22)
13	22077621	CARDBOARD SHIELD 25 PK D-EDWARDS 3210-25	39.15	7.83	5	EA	3	2	15.66
14	22014607	CHAIN 1/4". COMMON COIL,ELECTRO-GALV.	1,199.14	3.89	308	EA	100	208	809.81
15	22014611	CHAIN GALV 3/8 --40 GRADE	9,579.32	4.42	2,168	EA	2,118	50	220.93
16	22100060	CLOISONNE LAPEL CITY SEAL - MGNT - BLACK	1,748.48	3.79	461	EA	406	55	208.60
17	22014642	CONE TRAFFIC 28" MARKED-"CITY OF S.D."	14,493.34	9.42	1,539	EA	1,540	(1)	(9.42)
18	22014594	COOLER WATER PORTABLE 1 GAL COLEMAN	613.47	13.94	44	EA	41	3	41.83
19	22025705	COUPLING CI 10" OD 10.89-11.40	708.18	101.17	7	EA	17	(10)	(1,011.69)
20	22040338	COVER TOILET-SEAT 1/2FLD WAXIE 851530 CS	1,763.27	35.27	50	EA	45	5	176.33
21	22012985	CRAYON BLUE LUMBER 12 PER BOX	99.97	0.81	124	EA	113	11	8.87
22	22040369	DETECT A LEAK RED TABLETS	183.15	12.21	15	EA	13	2	24.42
23	22022844	EXTENSION HYDRANT 6" X 8" C/L W/GROOVE	636.06	70.67	9	EA	7	2	141.35
24	22016056	FITTING 3/8 FLARE X 3/8 MIP NO/LOW LEAD	17.35	3.47	5	EA	6	(1)	(3.47)
25	22014563	FLASHLIGHT 3-CELL BLACK	379.78	14.07	27	EA	0	27	379.78
26	22077776	FORK COOKS 10"	597.47	7.38	81	EA	80	1	7.38
27	22043868	GAME SORRY	99.13	24.78	4	EA	-	4	99.13
28	22035670	GASKET NON-ASB COMPRESSED 10"X 1/16"	45.68	3.05	15	EA	10	5	15.23

**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	22035669	GASKET,8"COMPRESSED,NON-ASB,8-5/8X11"OD,	\$ 92.36	\$ 2.20	42	EA	46	(4)	\$ (8.80)
30	22044266	GLASSES, CLEAR 16OZ DRINKING	43.30	1.67	26	EA	42	(16)	(26.65)
31	22100140	GLOVE NITRILE-P/F SHOWA MED 10BX TO 1 CS	2,665.11	8.03	332	BX	330	2	16.05
32	22100142	GLOVE NITRILE-P/F SHOWA XL 10BX TO 1 C	4,190.32	8.03	522	BX	521	1	8.03
33	22014726	GLOVE PIGSKIN TOP GRAIN XLG 12/PK-120/CS	128.78	2.68	48	PR	-	48	128.78
34	22014736	GLOVE RUBBER SLVRS FL/LIN XLG 12PK-144CS	152.07	0.91	168	PR	180	(12)	(10.86)
35	22030252	HAMMER PICK PROSPECTOR EASTWING E3-22P	936.95	28.39	33	EA	20	13	369.10
36	22014805	HARDHAT BLUE FULL BRIM STYLE	310.43	31.04	10	EA	8	2	62.09
37	22014807	HAT PLASTIC SAFETY W/HEADBAND	69.03	4.06	17	EA	16	1	4.06
38	22041032	LOTION MOISTURIZING 8OZ 12/BX	154.78	2.87	54	EA	64	(10)	(28.66)
39	22037540	MAP THOMAS GUIDE SD COUNTY 58TH EDITION	1,649.19	23.23	71	EA	72	(1)	(23.23)
40	22015929	NUT HEX 5/8" NC SILICON BRNZ 100/BOX	517.20	1.03	500	EA	803	(303)	(313.42)
41	22010083	NUT HEX NC 1" 25/PACK	67.49	0.29	232	EA	182	50	14.55
42	22013129	PADLOCK MASTER #8,KEYED DIFFERENT	136.55	12.41	11	EA	9	2	24.83
43	22035228	PAINT FRAME ROLLER 7" THRD END WOOD HNDL	11.23	1.87	6	EA	7	(1)	(1.87)
44	22035138	PAINT SPRAY KRYLN INVERT-A-CAP BLU 12/CS	237.97	2.67	89	EA	96	(7)	(18.72)
45	22035101	PAINT SPRAY KRYLON BLACK GLOSS	272.23	2.70	101	EA	96	5	13.48
46	22030291	PLIERS LONG-NOSE SAFETY KLEIN #D203-8N	414.87	27.66	15	EA	17	(2)	(55.32)
47	22030263	PLIERS SLIP-JOINT 5" STANLEY#84-106	37.61	3.76	10	EA	9	1	3.76
48	22077782	POT STOCK 20QT WITH LID STANTON ASTP20	548.00	30.44	18	EA	10	8	243.56
49	22014926	RESPIRATOR REFRESHER NORTH 7003	420.70	5.46	77	EA	79	(2)	(10.93)
50	22041010	SAFETY BANDAGE GAUZE VASOLINE 3X18 STRL	665.25	19.01	35	BX	5	30	570.21
51	22014961	SAFETY EAR PLUG MOLDEX SPARK PLUG	1,336.10	0.11	12,400	EA	12,600	(200)	(21.55)
52	22041040	SAFETY EYE-WASH IRRIGTING SOLUT 4OZ 48/BX	346.84	1.99	174	EA	195	(21)	(41.86)
53	22041108	SAFETY LOTION SPF 30 DRY TOUCH 6 OZ TUBE	617.54	8.58	72	EA	100	(28)	(240.15)
54	22030340	SAWCROSSCUT 9 POINT 15" STANLEY 15-334	38.56	12.85	3	EA	-	3	38.56
55	22030400	SCREWDRIVER PHILLIPS 4" STANLEY #64-102	46.09	3.07	15	EA	14	1	3.07
56	22030409	SHEARS LOPPING 391381-1012	1,364.88	28.44	48	EA	49	(1)	(28.44)
57	22014816	SHIELD HEADGEAR FOR FACE SHLD CREWS #103	225.68	5.25	43	EA	27	16	83.97
58	22040446	SOAP LAVA 5-OZ BAR 381451	316.78	1.08	294	EA	293	1	1.08
59	22040473	SOAP LIQUID PINK SATIN WAXIE 380254	263.75	6.59	40	EA	62	(22)	(145.06)
60	22030457	SOCKET SHT 12 PT 1/2 X 1 BLCKHAWK 40132	5.25	1.75	3	EA	4	(1)	(1.75)

**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
61	22031748	TAPE ELECTRICAL 3/4" X 66' 3M #SUPER 33+	\$ 68.70	\$ 4.04	17	ROL	12	5	\$ 20.21
62	22014786	TISSUE LENS CLEANING PRE-MOISTENED	969.97	3.98	244	EA	246	(2)	(7.95)
63	22040470	TOWEL HAND CLNR SCRUB-IN-A-BUCKET 380307	817.90	10.22	80	EA	79	1	10.22
64	22014971	TREATMENT SHOE 5.5 OZ 12/CS KELLYS OR =	26.77	5.35	5	EA	4	1	5.35
65	22041126	TWEEZER STRAIGHT EDGE, 100 BX,	1.07	0.54	2	EA	1	1	0.54
66	22015997	VALVE BALL 3/4 THREADED W/HNDL NO LEAD	155.61	6.22	25	EA	22	3	18.67
67	22016250	VALVE PROPERTY SIDE W/HNDL J1908 1" FIP	2,098.01	67.68	31	EA	41	(10)	(676.78)
68	22077376	VEST SAFETY 3X CLASS 3 ANSI/ISEA 107	9.12	9.12	1	EA	-	1	9.12
69	22077373	VEST SAFETY LRG CLASS 3 ANSI/ISEA 107	995.95	9.14	109	EA	107	2	18.27
70	22035740	WASHER MTR(3/4"IDX1&1/8ODX1/8)CLTHINSRT	361.65	5.83	62	EA	54	8	46.66
71	22027671	WIRE WELDING E70S-6 .045 COPPER CLAD SLD	191.46	2.99	64	EA	-	64	191.46
72	22030572	WRENCH COMBO 3/8" STANLEY 86833	4.27	2.14	2	EA	-	2	4.27

Overstatement of Units	1,071	\$	4,335.95
Count item	47		
Understatement of Units	(673)	\$	(3,286.43)
Count item	25		

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	22014916	RESPIRATOR DUST MASK	\$ 252.64	\$ 0.72	350	EA	330	20	\$ 14.44
2	22040376	INDUSTRIAL BROOM	215.59	3.72	58	EA	56	2	7.43
3	22016185	COUPLING MATERIAL 1"MIP X 2 5/8" C38-44	1,257.77	11.13	113	EA	109	4	44.52
4	22014651	HAND SANITIZER ANTI-MICROBIAL PUMP 8oz	1,964.19	4.54	433	EA	324	109	494.45

Overstatement of Units	135	\$	560.84
Understatement of Units	-	\$	-



THE CITY OF SAN DIEGO

MEMORANDUM

DATE: September 18, 2019

TO: Honorable Councilmember Scott Sherman and Audit Committee Members

FROM: Kristina Peralta, Director, Purchasing & Contracting
via Jeff Sturak, Deputy Chief Operating Officer, Internal Operations Branch

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

The purpose of this memorandum is to provide Management's response to the findings and recommendations in the June 30, 2019 report titled *Independent Accountant's Report on Applying Agreed-Upon Procedures Related to the Central Stores Physical Inventory*. Additionally, we have provided updates on efforts taken to strengthen inventory control, standardize operating procedures, and minimize physical inventory discrepancies in Central Stores stock.

As of March 2019, Central Stores successfully implemented standard operating procedures (SOPs) dealing with three main warehouse activities identified as potential weakness in prior inventory activities. The adoption of SOPs was a recommendation made as part of the June 30, 2018 annual inventory exercise. It was one of two recommendations made.

There is one recommendation made in the report by the Independent Accountant. Our response to the recommendation is as follows: "MGO recommends that the Purchasing and Contracting Department consider procuring handheld devices that are compatible with the SAP inventory record module."

Management Response: Agree. Management is open to considering all options to increase the efficiency of the Store's inventory management. Management will consider investing in handheld scanning devices and software that integrate with SAP. The purchase of the devices will be dependent on available savings, if any, in the Purchasing and Contracting Department's Fiscal Year 2020 Budget. If savings are not available than a request will be made for the Fiscal Year 2021 Budget.

Timeframe for Completion: Management will make a decision regarding the acquisition of handheld devices by March 1, 2020.

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 decreased from FY 2018 to FY 2019. Data from the FY 2017 – FY 2019 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	.80%	\$9,492.96

Error rates and the associated dollar values of the error rates decreased from FY 2018. Though the associated dollar amount increased compared to that of FY 2017, the decrease in error rate was a significant improvement. As with audits conducted in previous years, Purchasing & Contracting management and Stores supervisors reviewed each of the discrepancies identified in the Independent Accountant's report. For each of the discrepancies identified in the report, Stores supervisors identified the root causes of the errors and were able to rule out theft or other types of inventory loss. Key error issues and associated remediation steps are summarized below:

Error Issue - Issuing/Recording Inventory Errors: Several discrepancies were connected to staff inaccurately recording and updating inventory. Specifically, the requirement to reconcile vendor packing slips to purchase order documents was not consistently followed. As a result, some incomplete inventory shipments were keyed in as complete shipments.

Remediation Plan: The identified errors of this type have been corrected in SAP. However, the inconsistent practices that resulted in the errors point to a need for staff training on the issue. Central Stores supervisors will reiterate the standard operating procedures for inventory management, which will require staff to accurately monitor and update all material issues and in stock. Central Stores staff responsible for inventory receiving have been trained on the standard operating procedures and adherence to processes have been incorporated into staff performance plans.

In addition, the Central Store Warehouse will institute a wall-to-wall inventory event during the fiscal year to ensure stock adjustments are being made accurately and that bin locations are assigned for all inventory items. Procedures for the event will be discussed internally with a roll-out plan for this event to occur prior to March 1, 2020.

Sincerely,



Kristina Peralta
Director, Purchasing & Contracting Department

cc: Ronald H. Villa, Assistant Chief Operating Officer
Rolando Charvel, Chief Financial Officer
Tracy McCraner, Comptroller and Department of Finance Director