

***ALBANY WATER BOARD
ALBANY MUNICIPAL WATER FINANCE AUTHORITY
INTERNAL CONTROL POLICY – INVENTORY***

This policy is intended for use by the Albany Water Department and its staff, and in no way replaces or amends any other inventory policy currently in effect at the City of Albany.

AREAS OF RISK:

1. There is no inventory accountability/tracking system in place.
2. Theft of physical inventory.
3. Collusion/acceptance of gifts between vendors and inventory or purchasing personnel.
4. Falsification of inventory purchases through the purchasing department.
5. Inability to determine “on hand” inventory when needed and in a timely manner.
6. Damage during storage.
7. Carrying too much or too little inventory.

PROCESSES TO PREVENT RISK:

Inventory is kept in a locked area that can only be accessed by the Parts Clerk or the foremen.

Management recognizes the risk and exposure from the lack of an inventory accountability/tracking system. Management is aggressively addressing this issue by:

1. Budgeting an Inventory Control Manager position for 2011.
2. Currently researching and evaluating inventory control system programs to be integrated with our accounting system.
3. Developing interim controls for accountability until a comprehensive, computerized system is in place.

We will be taking a physical inventory and developing tracking procedures for items (i.e. meters, metering supplies, tools, etc.) until our integrated inventory system is operational. Any discrepancies between actual inventory and inventory records will be reported to the Operations Manager and investigated by the CFO or his/her designee.

Internal control policies are reviewed and updated annually in accordance with the Public Authorities Law.

04/21/2010