

INTERNAL AUDIT REPORT

2022-04

Chemicals Inventory

Anchorage Water and Wastewater Utility

July 29, 2022

MUNICIPALITY OF ANCHORAGE
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MUNICIPALITY OF ANCHORAGE
MAYOR DAVE BRONSON

OFFICE OF INTERNAL AUDIT

July 29, 2022

Honorable Mayor and Members of the Assembly:

I am pleased to present for your review **Internal Audit Report 2022-04, Chemicals Inventory, Anchorage Water and Wastewater Utility**. A summary of the report is presented below.

In accordance with the 2022 Audit Plan, we have completed a chemicals inventory at Anchorage Water and Wastewater Utility. The objective of this audit was to determine the accuracy of Anchorage Water and Wastewater's inventory records for chemicals. Specifically, we performed inventory chemical counts at Anchorage Water and Wastewater Utility's Eklutna and Ship Creek Water Treatment Facilities and at its Asplund and Eagle River Wastewater Treatment Facilities.

Based on our test counts, inventory records at Anchorage Water and Wastewater Utility's Eklutna and Ship Creek Water Treatment Facilities and at its Asplund and Eagle River Wastewater Treatment Facilities matched the chemical inventory records in Maximo and SAP, and no adjustment was required. In addition, management action taken by Anchorage Water and Wastewater Utility personnel corrected the deficiency noted in Internal Audit Report 2021-07.

There were no findings or recommendations in connection with this audit.

Michael Chadwick, CIA, CICA
Director, Internal Audit



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Internal Audit Report 2022-04
Chemicals Inventory
Anchorage Water and Wastewater Utility

Introduction. The Anchorage Water and Wastewater Utility (AWWU) maintains an inventory of chemicals. Chemicals are recorded in the inventory records using AWWU's Maximo Work Asset system (Maximo) which interfaces with the Municipality of Anchorage's SAP financial system. When inventory is used, the usage is recorded in Maximo, and inventory receipts are recorded in SAP. According to AWWU's Chemical Inventory Procedure Guide, chemicals at AWWU's treatment facilities are cycle counted monthly, and AWWU's Finance Division reconciles inventory to the SAP general ledger.

Objective and Scope. The objective of this audit was to determine the accuracy of AWWU's inventory records for chemicals. Specifically, we performed inventory chemical counts at AWWU's Eklutna and Ship Creek Water Treatment Facilities and at its Asplund and Eagle River Wastewater Treatment Facilities.

We conducted this performance audit in accordance with generally accepted government auditing standards, except for the requirement of an external quality control review. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. This inventory count of AWWU's chemicals at its facilities is normally performed at the end of the calendar year. However, due to the COVID-19 pandemic it was delayed until July 2022.

Overall Evaluation. Based on our test counts, inventory records at AWWU's Eklutna and Ship Creek Water Treatment Facilities and at its Asplund and Eagle River Wastewater Treatment Facilities

matched the chemical inventory records in Maximo and SAP, and no adjustment was required. In addition, management action taken by AWWU personnel corrected the deficiency noted in Internal Audit Report 2021-07.

1. **Prior Audit Finding: Receipt and Usage of Sodium Hypochlorite Not Properly Recorded.**

In Internal Audit Report 2021-07 we reported that although our physical chemical inventory counts matched Maximo inventory records, recent receipts and usage of sodium hypochlorite, commonly called liquid bleach, at the Asplund Wastewater Treatment Facility were not recorded in Maximo and SAP.

- a. **Corrective Action.** Our inventory audit revealed that AWWU updated its Chemical Inventory Procedure Guide on September 21, 2021, to include procedures regarding the “Emergency Purchase for Chemicals”. In addition, our physical inventory count of AWWU chemicals at the Asplund Wastewater Treatment Facility matched the chemical inventory records in Maximo and SAP and no adjustment was required.
- b. **Evaluation of Corrective Action.** Effective.
- c. **Recommendation.** Not required.
- d. **Management Comments.** “We concur with Internal Audit’s finding of effective corrective action.”

Discussion With Responsible Officials. The results of this audit were discussed with appropriate Municipal officials on July 20, 2022.

Audit Staff:
Scott Lee