



Office of Multnomah County Auditor

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Date: November 30, 2009

To: Ted Wheeler, Multnomah County Chair
Deborah Kafoury, Commissioner, District 1
Jeff Cogen, Commissioner, District 2
Judith Shiprack, Commissioner, District 3
Diane McKeel, Commissioner, District 4
Mindy Harris, Department of County Management Interim Director

From: Steve March, Auditor
Fran Davison, Senior Auditor
Mark Ulanowicz, Principal Auditor

Subject: Report to Management, Central Stores: External Sales

The attached report to management covers our recent performance review of *Central Stores: External Sales*. Central Stores is responsible for providing purchasing and warehouse services for Multnomah County internal customers and more than 70 external customers, including agencies in all 36 Oregon counties. The objective of our review was to determine whether or not the county is covering its costs in providing purchasing services to external customers of Central Stores.

We found that revenue from external customers covers the variable costs associated with making the sales. However, it is less clear that the external sales program covers its share of the total cost of the Central Stores operation which also includes warehouse and other fixed costs as well as county overhead costs. We would hope that management consider the information in the report as part of the continuing dialog over internal service charges.

We extend our thanks to the Central Stores staff and department representatives for their cooperation and assistance throughout the review and commend them for their attention to the important issue of inventory management.

cc: Jana McLellan
Rich Swift
Garret R. Vanderzanden