



Inventory Register Analysis Memo

Client	Meridian Capital Group, LLC
Period	FY 2025 (January 1 – December 31, 2025)
Source Document	Inventory Listing — FY2025 Export
Source File	meridian_inventory_fy2025.csv
Source Context	Exported from Meridian ERP (QuickBooks Enterprise) on Jan 15, 2026
Reference	INV-2026-0302-143
Prepared	2nd March 2026

I. Scope

Source ... Inventory Listing – FY2025 Export (meridian_inventory_fy2025.csv)
Period Tested ... FY 2025 (January 1 – December 31, 2025)
Total Inventory Items Tested 768
Tests Applied 9
Data Quality Score 94%

The automated inventory register analysis procedures documented in this workpaper were performed on the inventory listing and valuation data provided by management for the period under examination. These procedures are designed to identify potential data anomalies that may warrant further investigation by the engagement team. The analysis was performed with reference to the FASB Accounting Standards Codification and applicable professional auditing standards.

Proof Summary

Metric	Value
Data Completeness	94%
Column Confidence	92%
Tests Executed	9
Tests Clear	0
Items for Review	131

II. Methodology

The following automated tests were applied to the inventory register in accordance with professional auditing standards (IAS 2: Inventories, ISA 501: Audit Evidence — Specific Considerations for Selected Items, ISA 500: Audit Evidence, ISA 540: Auditing Accounting Estimates — NRV estimation and obsolescence indicators, PCAOB AS 2501: Auditing Accounting Estimates). Results represent inventory anomaly indicators, not NRV adequacy conclusions:

Test	Tier	Description
Missing Required Fields	Structural	Flags inventory entries missing critical register fields (identifier, quantity, cost or value), a data completeness anomaly indicator per ISA 500.
Negative Quantities/Costs	Structural	Flags items with negative quantity, unit cost, or extended value, indicating data entry errors, returns, or adjustments requiring review.
Extended Value Mismatch	Structural	Flags items where quantity times unit cost differs from extended value by more than the tolerance threshold, indicating calculation or data integrity anomalies.
Unit Cost Z-Score Outliers	Statistical	
Quantity Z-Score Outliers	Statistical	
Slow-Moving Inventory	Statistical	Flags items with no movement activity beyond the configured threshold period, an obsolescence anomaly indicator per ISA 540 (not an NRV determination).

Test	Tier	Description
Category Concentration	Statistical	Flags disproportionate concentration of total inventory value in a single category, indicating potential valuation or diversification anomalies.
Duplicate Items	Advanced	Flags items with identical description and unit cost, indicating potential double-counting or duplicate record anomalies.
Zero-Value Items	Advanced	

Interpretive Context: The results presented herein reflect automated data analytics and are intended to support, not replace, professional judgment. Identified anomalies may indicate areas requiring additional inquiry but do not, in themselves, constitute evidence of error, fraud, or material misstatement. The engagement team should evaluate each flagged item in the context of the overall engagement risk assessment and perform corroborating procedures as deemed necessary under applicable professional standards.

III. Results Summary

Composite Risk Score 15.2 / 100
Risk Tier ELEVATED
Total Inventory Items Flagged 131
Overall Flag Rate 17.1%
High Severity Flags 7
Medium Severity Flags 109
Low Severity Flags 15

Test	Flagged	Rate	Severity
Slow-Moving Inventory	89	11.6%	MEDIUM
Zero-Value Items	14	1.8%	LOW
Missing Required Fields	7	0.9%	MEDIUM
Unit Cost Z-Score Outliers	6	0.8%	MEDIUM
Duplicate Items	5	0.7%	HIGH
Extended Value Mismatch	4	0.5%	MEDIUM
Quantity Z-Score Outliers	3	0.4%	MEDIUM
Negative Quantities/Costs	2	0.3%	HIGH
Category Concentration	1	0.1%	LOW

IV. Key Findings

1. 89 items with no movement in 180+ days — potential obsolescence (\$234,500 value)
2. 5 potential duplicate items (identical description + unit cost)
3. 4 items where extended value \neq quantity \times unit cost
4. 14 items with zero recorded value but positive quantity on hand

V. Authoritative References

Body	Reference	Topic	Status
FASB	ASC 330-10	Inventory — Overall	Current

VI. Conclusion

Based on the automated inventory register analysis procedures applied, the inventory data exhibits an ELEVATED risk profile. Select flagged items should be reviewed for proper valuation treatment and supporting documentation.

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This memo documents automated inventory register analysis testing procedures per ISA 500 (Audit Evidence) and ISA 540 (Auditing Accounting Estimates). Results represent data anomalies identified through analytics and are not conclusions regarding internal control effectiveness, fraud, or material misstatement risk. The auditor must evaluate each flagged item in the context of the engagement and perform additional procedures as necessary per professional standards. This memo does not constitute audit evidence sufficient to support an opinion without corroborating procedures. Generated by Paciolus — Zero-Storage Audit Intelligence.