

Municipality
of
Anchorage



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Rick Mystrom, Mayor

OFFICE OF THE INTERNAL AUDITOR

February 29, 1996

Internal Audit Report 96-02
Parts and Fuel Inventory
Anchorage Water & Wastewater Utility

Introduction. The Municipality of Anchorage maintains an inventory of parts and fuel at the Anchorage Water and Wastewater Utility (AWWU). The inventory was counted in September 1995 and the financial records were adjusted to the physical counts. AWWU uses the Municipal Financial Information System's inventory subsystem.

Scope. The objectives of this audit were to determine if the physical inventory count of parts and fuel was reasonably accurate and correcting adjustments were properly entered into the financial records. The audit was conducted in accordance with generally accepted government auditing standards and accordingly, included tests of inventory counts, accounting records and such other auditing procedures as we considered necessary in the circumstances. The audit was performed during the period of September through October 1995 and adjusting entries were verified during February 1996.

Overall Evaluation. Total inventory at AWWU was recorded at \$761,811. This included the value of the warehouse inventory, fuel, gravel, recycled asphalt and

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chemicals. The value of the warehouse inventory was based on a weighted average unit cost and the physical inventory performed in September 1995. Fuel, gravel, recycled asphalt and chemical inventories were measured in October 1995 and valued at the most recent invoice price. Based on the results of the work performed, it is our opinion that the physical inventory was reasonably accurate, and correcting adjustments were properly entered into the financial records.

Audit Staff:
Alice Jensen