

Municipality of Anchorage



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Rick Mystrom, Mayor

OFFICE OF THE INTERNAL AUDITOR

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Internal Audit Report 97-03 1996 Parts and Fuel Inventory Municipal Light and Power

Introduction. The Municipality of Anchorage maintains an inventory of parts and fuel at Municipal Light and Power (ML&P). The inventory was counted in November of 1996 and financial records were adjusted to the physical counts.

ML&P has implemented a bar coded inventory system used to facilitate the inventory. Physical counts were input into hand-held scanning devices and later loaded into the main ML&P inventory system. ML&P systems personnel worked closely with warehouse personnel to ensure proper input of physical counts into the ML&P inventory system, that reports would be produced in a timely fashion and that ML&P's inventory system adjustments agreed with the Municipal Financial Information System.

Scope. The objectives of this audit were to determine if the valuation and physical inventory counts of parts and fuel were reasonably accurate. The audit was conducted in accordance with generally accepted government auditing standards, except for the requirement of an external quality control review, and accordingly, included tests of inventory counts, accounting records and such other auditing procedures as we considered necessary in the circumstances.

Overall Evaluation. Total December inventory at ML&P was recorded at \$3,515,373.24 which included parts and fuel. The value of the warehouse inventory was based on a weighted average unit cost. The audit was performed during November 1996 and adjusting entries were verified during December 1996. Fuel inventory was measured in November 1996 and valued at book cost. Based on the results of our review, we found the inventory to be fairly stated in all material respects.

Audit Staff:
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