

Municipality  
of  
Anchorage



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*Rick Mystrom, Mayor*

OFFICE OF THE INTERNAL AUDITOR

February 20, 1997

**Internal Audit Report 97-04**  
**1996 Parts and Fuel Inventory**  
**Fleet Services Division**  
**Department of Property & Facility Management**

**Introduction.** The Municipality of Anchorage maintains an inventory of parts and fuel at the Department of Property and Facility Management, Fleet Services Division. A physical inventory is performed annually and the financial records are adjusted to the physical counts. The Fleet Services Division maintains their own inventory sub-system.

**Scope.** The objectives of this audit were to determine if the physical inventory of parts and fuel at the Fleet Services Division were reasonably accurate and proper adjustments were made to the financial records. 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. Specifically, we observed the physical inventory, performed random test counts, and verified adjusting entries. The inventory was observed in December 1996 and adjusting entries were verified during January and February 1997.

**Overall Evaluation.** The parts and fuel inventory was recorded at \$396,922.46 for the Fleet Services Division as of December 31, 1996. The value of the parts inventory was based on a weighted average unit cost. The value of the fuel inventory was based on a national average pricing

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index. Based on the results of the work performed, it is our opinion that the physical inventory was reasonably accurate and proper adjusting entries were made.

**Discussion With Responsible Officials.** The results of this audit were discussed with appropriate Municipal officials.

Audit Staff:  
Brenda Applegate