

February 13, 1998

**Internal Audit Report 98-04
1997 Parts Inventory
Fleet Services Division
Property & Facility Management**

Introduction. The Municipality of Anchorage maintains an inventory of parts at 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 subsystem.

Scope. The objective of this audit was to determine if the physical inventory of parts at the Fleet Services Division was 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 January 1998.

Overall Evaluation. The parts inventory was recorded at \$399,362.96 as of December 31, 1997. The value of the parts inventory was based on a weighted average unit cost. 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:
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