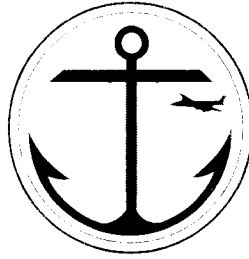


Municipality of Anchorage



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George P. Wuerch, Mayor

OFFICE OF THE INTERNAL AUDITOR

January 10, 2002

Internal Audit Report 2002-1 2001 Operations Warehouse Inventory Municipal Light and Power

Introduction. Municipal Light and Power (ML&P) maintains an inventory of parts at the Operations Division warehouse. A year-end physical inventory was performed by ML&P personnel in November 2001. The financial records maintained on the PeopleSoft Inventory module were then adjusted to match the physical count.

Scope. The objective of this audit was to determine if the Operations Division warehouse inventory was reasonably accurate. We observed the year-end physical inventory procedures, performed test counts, and verified the adjusting entries. 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 accounting records and such other auditing procedures as we considered necessary in the circumstances. The audit was performed during the period of November 2001. The audit was requested by ML&P management.

Overall Evaluation. Based on our observations and test counts, it is our opinion that the physical inventory was reasonably accurate and the adjustments were properly entered into the financial records. The physical inventory resulted in a net adjustment of \$935.74 and a final parts value of \$2,817,979.01 for the Operations Division warehouse.

Discussion With Responsible Officials. The results of this audit were discussed with appropriate Municipal officials on January 7, 2002.

Audit Staff:
Laura Adams