



March 14, 2002

**Internal Audit Report 2002-4  
2001 Parts, Tires and Lubricants Inventory  
Fleet Services Division  
Facility and Fleet Management**

**Introduction.** The Municipality of Anchorage maintains an inventory of parts, tires and lubricants at Fleet Services Division, Facility and Fleet Management. A physical inventory is performed annually and the financial records are adjusted to the physical counts. Fleet Services Division maintains their own inventory subsystem on GEMS2000.

**Scope.** We observed the year-end inventory performed at Fleet Services Division. The objective was to determine if the year-end physical inventory was reasonably accurate. Specifically, we performed random test counts and verified that adjusting entries were processed. 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.

**Overall Evaluation.** The inventory was recorded at \$366,154.41 as of December 31, 2001. The value of the inventory was based on a weighted average unit cost. A net adjustment of \$82,538.80 was made to increase the PeopleSoft records to adjust the records to the physical count. Based on the results of the work performed, it is our opinion that the physical inventory was reasonably accurate.

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

Audit Staff:  
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