

INTERNAL AUDIT REPORT

2014-01

2013 Parts, Fuel and Lubricants Inventory

Public Transportation Department

March 4, 2014

MUNICIPALITY OF ANCHORAGE
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Mayor Dan Sullivan

March 4, 2014

Honorable Mayor and Members of the Assembly:

I am pleased to present for your review **Internal Audit Report 2014-01; 2013 Parts, Fuel and Lubricants Inventory; Public Transportation Department**. A brief summary of the report is presented below.

In accordance with the 2013 Audit Plan, we have completed an audit of the annual inventory at Public Transportation. The objective of this audit was to determine if the year-end physical inventory of parts, fuel and lubricants was reasonably accurate and any adjustments necessary were properly entered into the financial records.

Based on our inventory observation, it is our opinion that the physical inventory was reasonably accurate. The physical parts inventory resulted in a final valuation of \$958,731.36. A net adjustment of \$11,846.74 was made to decrease the PeopleSoft records to bring them in agreement with the physical count. The fuel inventory resulted in a final valuation of \$110,710.80. An adjustment of \$2,079.27 was made to increase the PeopleSoft records to bring them in agreement with the physical inventory. The lubricants inventory resulted in a final valuation of \$64,939.29. An adjustment of \$32,349.93 was made to decrease the PeopleSoft records to bring them in agreement with the physical inventory.

There were no findings or recommendations in connection with this audit.

Peter Raiskums, CIA, CFE, CGFM
Director, Internal Audit

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Introduction. The Public Transportation Department maintains an inventory of parts, fuel, and lubricants to maintain their fleet of People Mover buses. A physical inventory is performed annually and the PeopleSoft financial records are adjusted to the physical counts. The Public Transportation Department uses the FleetFocus M5 system to manage the parts and fuel inventory.

Objective and Scope. The objective of this audit was to determine if the year-end inventory of parts, fuel, and lubricants was reasonably accurate and adjustments were properly entered into the financial records. Specifically, we observed the year-end inventory, performed inventory counts based on random and judgmental samples, and verified that adjusting entries were processed accurately.

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 January 2014.

Overall Evaluation. Based on our inventory observation, it is our opinion that the physical inventory was reasonably accurate. The physical parts inventory resulted in a final valuation of \$958,731.36. A net adjustment of \$11,846.74 was made to decrease the PeopleSoft records to bring them in agreement with the physical count. The fuel inventory resulted in a final valuation of \$110,710.80. An adjustment of \$2,079.27 was made to increase the PeopleSoft records to bring them in agreement with the physical inventory. The lubricants inventory resulted in a final valuation of \$64,939.29. An adjustment of \$32,349.93 was made to decrease the PeopleSoft records to bring them in agreement with the physical inventory.

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

Audit Staff:
Scott Lee