

MUNICIPALITY OF ANCHORAGE



Office of the Internal Auditor
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Mayor Dan Sullivan

March 10, 2011

Honorable Mayor and Members of the Assembly:

I am pleased to present **Internal Audit Report 2010-03; 2010 Parts, Tires and Lubricants Inventory; Fleet Maintenance Section; Maintenance and Operations Division; Public Works Department**, for your review. A brief summary of the report is presented below.

In accordance with the 2010 Audit Plan, we have completed an audit of the annual parts, tires and lubricants inventory at Fleet Maintenance. The objective of this audit was to determine if the year-end physical inventory was reasonably accurate and any adjustments necessary were properly entered into the PeopleSoft financial records.

The physical inventory resulted in a final valuation of \$355,574.86. The value of the inventory was based on a weighted average unit cost. A net adjustment of \$56,592.86 was made to decrease PeopleSoft financial records to bring them in agreement with the physical count. Based on our inventory observation, it is our opinion that the physical inventory was reasonably accurate.

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

A handwritten signature in black ink, appearing to read "Peter Raiskums".

Peter Raiskums, CIA, CFE
Director, Internal Audit

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**Internal Audit Report 2011-03
2010 Parts, Tires and Lubricants Inventory
Fleet Maintenance Section
Maintenance and Operations Division
Public Works Department**

Introduction. The Fleet Maintenance Section of the Maintenance and Operations Division, Public Works Department, maintains an inventory of parts, tires, and lubricants. A physical inventory is performed annually and the PeopleSoft financial records are adjusted to the physical counts. The Fleet Maintenance Section maintains their inventory system on FleetFocus M5.

Objective and Scope. The objective of this audit was to determine if the year-end physical inventory of parts, tires, 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 2011.

Overall Evaluation. Based on our inventory observation, it is our opinion that the physical inventory was reasonably accurate. The physical inventory resulted in a final valuation of \$355,574.86. The value of the inventory was based on a weighted average unit cost. A net adjustment of \$56,592.86 was made to decrease the PeopleSoft records to the physical count.

Internal Audit Report 2011-03
2010 Parts, Tires and Lubricants Inventory
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Discussion With Responsible Officials. The results of this audit were discussed with appropriate
Municipal officials.

Audit Staff:
Scott Lee