

March 12, 2003

**Internal Audit Report 2003-2**  
**2002 Parts, Fuel and Lubricants Inventory**  
**Public Transportation Department**

**Introduction.** The Public Transportation Department maintains an inventory of parts, fuel and lubricants. A physical inventory is performed annually and the PeopleSoft financial records are adjusted to the physical counts. The Public Transportation Department maintains their own inventory subsystem on GEMS 2000.

**Scope.** We observed the year-end inventory at the Public Transportation Department. The objective was to determine if the year-end physical inventory was reasonably accurate and adjustments were properly entered into 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 accounting records and such other auditing procedures as we considered necessary in the circumstances. The audit was performed during January 2003.

**Overall Evaluation.** The physical inventory resulted in a final inventory valuation of \$471,284.92. A net adjustment of \$613.29 was made to increase the PeopleSoft financial records to the physical count as shown in the table below. Based upon our inventory observation, it is our opinion that the physical inventory was reasonably accurate and the adjustments were properly entered into the financial records.

Internal Audit Report 2003-2  
2002 Parts, Fuel and Lubricants Inventory  
Public Transportation Department  
March 12, 2003

| Item         | PeopleSoft System   | Physical Count      | Difference      |
|--------------|---------------------|---------------------|-----------------|
| Parts        | \$393,905.90        | \$393,757.97        | (\$147.93)      |
| Fuel         | \$32,055.85         | \$35,339.94         | \$3,284.09      |
| Lubricants   | \$44,709.88         | \$42,187.01         | (\$2,522.87)    |
| <b>Total</b> | <b>\$470,671.63</b> | <b>\$471,284.92</b> | <b>\$613.29</b> |

**Discussion With Responsible Officials.** The results of this audit were discussed with appropriate Municipal officials on March 10, 2003.

Audit Staff:  
Ellen Luellen