

February 19, 2004

Internal Audit Report 2004-3
2003 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.

Objective and Scope. The objective of this audit was to determine if the year-end physical 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 an inventory count based on random and judgmental samples, and verified that adjusting entries were accurately 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. The audit was performed during the period of January 2004.

Overall Evaluation. The physical inventory resulted in a final inventory valuation of \$471,801.76. A net adjustment of \$6,504.11 was made to increase PeopleSoft financial records to the physical counts 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 2004-3
2003 Parts, Tires and Lubricants Inventory
Public Transportation Department
February 19, 2004

Item	PeopleSoft System	Physical Count	Difference
Parts	\$387,770.70	\$385,225.15	(\$2,545.55)
Fuel	\$35,339.94	\$39,243.77	\$3,903.83
Lubricants	\$42,187.01	\$47,332.84	\$5,145.83
Total	\$465,297.65	\$471,801.76	\$6,504.11

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

Audit Staff:
Michael Chadwick