

February 12, 2010

**Internal Audit Report 2010-01  
2009 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 2010.

**Overall Evaluation.** Based on our inventory observation, it is our opinion that the physical inventory was reasonably accurate. The parts physical inventory resulted in a final valuation of \$571,088.90. A net adjustment of \$16,252.49 was made to increase PeopleSoft financial records to bring them in agreement with the physical count. The fuel and lubricants physical inventory resulted in a final valuation of \$211,269.82.

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

Audit Staff:  
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