

February 25, 2010

Internal Audit Report 2010-02
2009 Parts, Tires and Lubricants Inventory
Fleet Maintenance Section
Facility and Fleet Maintenance Division
Maintenance and Operations Department

Introduction. The Fleet Maintenance Section of the Facility and Fleet Maintenance Division, Maintenance and Operations 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 a inventory subsystem on GEMS 2000.

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 in December 2009.

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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 \$383,478.39. The value of the inventory was based on a weighted average unit cost. A net adjustment of \$3,570.31 was made to decrease the PeopleSoft records to the physical count.

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

Audit Staff:
Jayi Schin