



Finance-Internal Audit & Licensing

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DATE: January 5, 2012
TO: Greg Brake, Associate Director – Fleet Management
FROM: Cornelia Louis, Acting Deputy Director of Finance, Internal Audit & Licensing
SUBJECT: Fleet Management (FM)
RE: Inventory Report - 2011

General Information

The Fleet Management (FM) Division of DeKalb County Public Works Department is responsible for the repair and maintenance of County vehicles. As such, FM responsibilities include the purchase of parts, tires, fuel, and other lubricants.

To properly account for the purchases and subsequent use of these items, FM maintains a perpetual inventory system, called FASTER, using the weighted average method of unit costing.

Fleet Management's physical parts and fuel inventories were conducted on December 7th, 8th, and 9th, 2011 at Camp Road, Warren Road and various locations throughout the County including gasoline and diesel fuel storage tanks.

Purpose and Scope

The purpose of our audit was to confirm the physical existence and proper valuation of inventories and to ascertain whether they were properly accounted for in the perpetual records of FM and the County's general ledger.

Our examination included 1) observing the physical counts and 2) analyzing data and reports generated by the perpetual inventory system.

The fiscal books, records, and other available pertinent documents were examined for the year ended December 31, 2011. We conducted such audit tests and procedures deemed appropriate under the circumstances.

Opinion

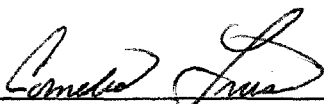
In our opinion, the ending physical inventory was satisfactory as to the quantity. We do not express an opinion as to the value.

Comment

Fleet Management currently uses a manual inventory system to manage inventory. This process relies heavily on the action of people, which increases the risk of human error. Fleet Management may want to consider investing in a computerized inventory control system. This type of system would provide more efficient and accurate data than the current system.

Internal Audit expresses appreciation for the assistance provided by your staff during our review. Please let us know if you have any questions or concerns.

Sincerely,



Cornelia Louis

CL/TG

cc: Richard Stogner, Executive Assistant/Chief Operations Officer
Joel Gottlieb, Finance Director/Chief Finance Officer
William (Ted) Rhinehart, Deputy COO of Infrastructure