City of Ocala

OFFICE OF THE INTERNAL CITY AUDITOR
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To: The Honorable Suzy Heinbockel, President of the Council
The Honorable Mary Sue Rich, President Pro Tem
The Honorable Daniel Owen
The Honorable John McLeod
The Honorable R. Kent Guinn, Mayor
Matthew Brower, City Manager

Date: December 12, 2011

Re: External Audit Assistance - Inventory

Internal Audit assists the external financial auditors, Purvis Gray and Company, LLP, with specific audit procedures for the Financial Statement Audit for the Fiscal Year Ending September 30, 2011. We have completed procedures for Inventory. The objective of our procedures was to validate the physical inventory count and valuation of inventory as of September 30, 2011 through observation, perform recounts on a sample testing basis, recalculate extended costs, and assure final inventory values are properly reflected in the City's general ledger.

Internal Audit observed the physical inventories at the Ocala Utilities Services Warehouse (Electric, Telecommunication, and Water & Sewer), Fleet and Facilities, and Ocala Municipal Golf Course which were completed September 28 - 30, 2011. Inventory counting procedures were followed appropriately. Based upon a judgmental sample recount of 85 items, no errors were found.

Based upon our procedures, we conclude that the physical inventory count was accurately performed and the inventory is properly valued in the City's general ledger at $ 6,247,309 as of September 30, 2011, an increase of 6% from prior year.

We appreciate the assistance of all personnel involved in the physical inventory process, especially Michelle Hicks, Finance; Joe Noel and Mary St. Laurent, Utilities Services; Patti Blanton, Fleet and Facilities; and Kandace Clatterbaugh, Golf.

Generally Accepted Government Auditing Standards and the Institute of Internal Auditors Standards require that we plan and perform our audits to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. The evidence obtained provides a reasonable basis for our observations and conclusions.

Jeanne Covington 12/12/11

Jeanne Covington, Internal Auditor

c: Catherine Cameron, Assistant City Manager – Public Services
John Lege, Chief Financial Officer
Larry Novak, Assistant City Manager – Utility Services
Sandra Wilson, Chief of Staff
Kathy Crile, Director, Public Services – Recreation and Parks
Chris Dobbs, Director, Support Services – Fleet and Facilities
Jeff Halcomb, Director, Utilities Services – Water & Sewer Department
Joe Roos, Director, Utilities Services – Electric and Telecommunications