

**REPLY AND IMPLEMENTATION SUMMARY
FOLLOW-UP REVIEW OF INVENTORY OBSERVATION FY 2002**

RECOMMENDATION	RESPONSE	CURRENT STATUS	IMPLEMENTATION DATE	AUDITEE COMMENTS
1. We recommend that the Purchasing and Materials Management Director ensure that count sheets are available to clearly identify all of the Fuel tanks owned by the City, including whether the City owns the Fuel and the type of Fuel in the tanks.	Concur	Implemented	November 2002	Fuel Inventory sheets with all pertinent information have been prepared and will be used for year end inventory.
2. We recommend that the Purchasing and Materials Management Director assign two individuals familiar with the Fuel inventory to constitute a count team for each annual inventory.	Concur	Planned for Implementation	September 2002	Two employees will be present to record year end fuel inventories.
3. We recommend that the Purchasing and Materials Management Director (1) transfer the Pro-card used by OPD officers for Fuel purchases to the OPD employee with the most knowledge and responsibility for this Fuel use, or, if this is not possible, (2) forward the Pro-card statements and invoices to such OPD employee monthly for review and approval.	Partially Concur	Implemented	November 2002	The turnover rate for OPD Supervisor in charge of Patrol units changes constantly. Over the past eight months, three supervisors have been assigned to the International Drive patrol operation. Due to the ever-changing condition of these operations, assigning a pro-card to the supervisor was not practical. Pro-card statements are being directed to the Captain in charge of the OPD Patrol section for signed authorization before processing to accounting.

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4. We recommend that the Purchasing and Materials Management Director ensure adequate preparation is made for the next vehicle parts physical inventory count, including conducting interim counts as appropriate.	Concur	Implemented	October 2002	Cycle counts are being conducted every three weeks.
5. We recommend that the Purchasing and Materials Management Director with regard to City Stores, (1) determine with Accounting whether the inventory report or logic should be changed to ensure that extensions and totals posting to the ledger are complete and correct, and (2) establish a written procedure to ensure that physical count data is properly entered and that the variance report is properly interpreted.	Concur	Planned for Implementation	August 2003	(1) Management is working with Accounting to insure that JDE logic and extensions truly reflect actual results. (2) Written procedures for the manual input of data are being revised to insure locations representing zero (0) on hand are recorded.
6. We recommend that Sign Shop management implement written controls including a review process to ensure that all annual inventory valuation procedures are accurately performed.	Concur	Planned for Implementation	September 2003	Plans are to have written controls, including a review process, in place prior to the end of this fiscal year.