

**City of Tampa  
Internal Audit Department  
Audit Program Guide  
Fixed Assets  
01-12**

Budget Hours	Audit Procedures	Done By	W/P Ref.																																
<b><i>Background</i></b>																																			
	<p>The Property Control Section of the Revenue and Finance Department is responsible for the control and record keeping of the City's fixed assets. A fixed asset is generally defined as property with an acquisition value of \$1,000 or more and a useful life that exceeds one year. Until October 1, 2000 the capitalization threshold for fixed assets was \$500. Exceptions to the current fixed asset definition include all guns no matter what the cost and art work which has an acquisition value of \$200 or more.</p> <p>The objectives of the Property Control Section include the oversight of all fixed asset additions, related depreciation, asset transfers and dispositions. Support of these objectives is enhanced by the designation of Property Control Coordinators within each City department. The Coordinators assist in the safeguarding of assets, preparation of documentation in the movement of assets and aid in the annual physical inventory process.</p> <p>In March 1999 a new fixed asset system was implemented known as the Fixed Asset Accounting System (FAACS). The system interfaces with the City's financial system or general ledger to record acquisition costs, depreciation, transfers and disposals.</p>																																		
<b><i>Statistics</i></b>																																			
	<p>Fixed Assets including Accumulated Depreciation (in thousands of dollars)</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;"><u>Description</u></th> <th style="text-align: right;"><u>Fiscal Year 00</u></th> <th style="text-align: right;"><u>Fiscal Year 99</u></th> <th style="text-align: right;"><u>Fiscal Year 98</u></th> </tr> </thead> <tbody> <tr> <td>Land and land rights</td> <td style="text-align: right;">\$ 162,197</td> <td style="text-align: right;">\$ 143,158</td> <td style="text-align: right;">\$ 133,378</td> </tr> <tr> <td>Buildings and improvements</td> <td style="text-align: right;">507,834</td> <td style="text-align: right;">478,015</td> <td style="text-align: right;">474,804</td> </tr> <tr> <td>Improvements other than buildings</td> <td style="text-align: right;">958,842</td> <td style="text-align: right;">919,850</td> <td style="text-align: right;">903,714</td> </tr> <tr> <td>Furniture and equipment</td> <td style="text-align: right;">136,019</td> <td style="text-align: right;">126,615</td> <td style="text-align: right;">114,059</td> </tr> <tr> <td>Accumulated depreciation</td> <td style="text-align: right;">(433,397)</td> <td style="text-align: right;">(407,930)</td> <td style="text-align: right;">(380,282)</td> </tr> <tr> <td>Construction in progress</td> <td style="text-align: right;"><u>294,739</u></td> <td style="text-align: right;"><u>232,840</u></td> <td style="text-align: right;"><u>168,799</u></td> </tr> <tr> <td> Total Fixed Assets net of accumulated depreciation</td> <td style="text-align: right;"> <u>\$ 1,626,234</u></td> <td style="text-align: right;"> <u>\$ 1,492,548</u></td> <td style="text-align: right;"> <u>\$ 1,414,472</u></td> </tr> </tbody> </table> <p>Source: Comprehensive Annual Financial Reports for Fiscal Years 1998 – 2000.</p>	<u>Description</u>	<u>Fiscal Year 00</u>	<u>Fiscal Year 99</u>	<u>Fiscal Year 98</u>	Land and land rights	\$ 162,197	\$ 143,158	\$ 133,378	Buildings and improvements	507,834	478,015	474,804	Improvements other than buildings	958,842	919,850	903,714	Furniture and equipment	136,019	126,615	114,059	Accumulated depreciation	(433,397)	(407,930)	(380,282)	Construction in progress	<u>294,739</u>	<u>232,840</u>	<u>168,799</u>	 Total Fixed Assets net of accumulated depreciation	 <u>\$ 1,626,234</u>	 <u>\$ 1,492,548</u>	 <u>\$ 1,414,472</u>		
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<b><i>Planning the Audit</i></b>																																			
	<ol style="list-style-type: none"> <li>1. Print Quality Control Package and process Auditor Assignment and Independence Statement page.</li> <li>2. Prepare and send an entrance letter to applicable personnel in the area under review.</li> <li>3. Prepare a planning program and include a time budget for the preliminary survey work.</li> <li>4. Conduct an in-house review of the following:</li> </ol>																																		

Budget Hours	Audit Procedures	Done By	W/P Ref.
	<ul style="list-style-type: none"> <li>a) Financial Data</li> <li>b) Internal Policy &amp; Procedures Manuals</li> <li>c) Applicable Rules, Laws and Regulations, and</li> <li>d) Prior internal audit reports and management comments</li> </ul> <ol style="list-style-type: none"> <li>5. Schedule and hold an entrance conference with the Auditee. Obtain the name of the departmental contact person and secure a place from which to conduct the fieldwork portion of the audit.</li> <li>6. Begin Preliminary Survey by interviewing the appropriate personnel in the Auditee Department. Document the interviews with narratives in the work file.</li> <li>7. Review and document Internal Control System. (Include control points, such as the location within the system of approvals, authorizations, segregation of duties, supervision, reconciliations, computer-generated error and edit listings, exception reports, etc.)</li> <li>8. After gaining an understanding of various functions, conduct several transaction walk-throughs. Revise documentation as necessary.</li> <li>9. Prepare a survey memo listing the strengths and weaknesses of the system. Discuss the areas of greatest risk and exposure to the City. Also, include suggested audit objectives and test procedures. Discuss with Audit Supervisor and the Deputy Director.</li> <li>10. Prepare the audit program and include a time budget and estimated completion date. Index the preliminary survey file and turn in for review. The Planning Checklist page of the Quality Control Package should be completed by the Audit Supervisor.</li> <li>11. Clear review notes and revise the audit program, if necessary.</li> </ol>		
<b>Audit Scope</b>			
	Based on the work performed during the preliminary survey and the assessment of risk, the audit period will cover the operations of fixed assets from October 1, 1999 to January 4, 2001.		
<b>Audit Objectives</b>			
	<ol style="list-style-type: none"> <li>1. Determine the existence of assets recorded in the fixed asset accounting system.</li> <li>2. Determine if fixed asset dispositions were adequately documented and approved in accordance with established policy.</li> </ol>		
<b>Objective 1: Determine the existence of assets recorded in the fixed asset accounting system.</b>			
	<ol style="list-style-type: none"> <li>1. Obtain a system print out (FACR5516) of recorded assets by department.</li> <li>2. On a judgmental basis, select seventy (70) fixed assets from FACR5516.</li> <li>3. Verify the existence of each assets selected for testing through physical inspection.</li> <li>4. Agree each inspected asset's identification number to that recorded in FACR5516.</li> <li>5. During the verification process, judgmentally select a number of assets to be traced back to the fixed asset system.</li> <li>6. Discuss any audit findings with the Audit Supervisor, Deputy Director and Audit Director. After receiving their approval discuss audit findings with</li> </ol>		

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	Auditee management. 7. Summarize and conclude.		
<b><i>Objective 2: Determine if fixed asset dispositions were adequately documented and approved in accordance with established policy.</i></b>			
	8. Judgmentally select a number of "Request for Disposition of City Property" forms (FIN12's for testing). 9. Verify the adequacy of FIN12 documentation including Department Head approval, asset description and identification number. 10. Trace and agree the selected FIN12 dispositions to the fixed asset system. 11. Discuss any audit findings with the Audit Supervisor, Deputy Director and Audit Director. After receiving their approval discuss audit findings with Auditee management. 12. Summarize and conclude.		
<b><i>Audit Wrap Up</i></b>			
	13. Complete and index working papers. 14. Prepare a preliminary draft of the audit report. 15. Clear review notes. 16. Forward draft to auditee and request responses within 10 working days. 17. Incorporate auditee responses into the final audit report. 18. If requested, schedule and hold exit conference. 19. Quality Control Checklist of the Quality Control Package to be completed by the Deputy Director. 20. Present the audit report to the Mayor.		