NC COMMUNITY COLLEGES
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NORTH CAROLINA COMMUNITY COLLEGE SYSTEM
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COMPLIANCE AUDIT

FIXED ASSET INVENTORY

JANUARY 4, 2019

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05/17/2019

INTRODUCTION

Background

All assets with a value of $500 or more are considered fixed assets and assigned an asset number. Electronics, regardless of the $500 threshold, are also given an asset number. Once electronics are received in e-procurement, the IT division is notified and given both the item(s) and asset tags which are affixed to the assets prior to being placed in service. The Coordinator for Building Services places an asset tag on all office furniture following installation at the appropriate location. The Coordinator occasionally re-applies asset tags on items which have illegible or missing tags.

Objective, Scope, and Methodology

The audit objective was to determine whether fixed assets are being tagged and tracked properly. Tagging physical assets ensures each asset can be tracked as it is transferred and moved in the building and between employees. One common example of this concept is the reassigning of computer equipment amongst employees. An accurate accounting of asset location assists in assuring each asset can be located quickly, if necessary, and it can help reduce theft and/or misuse.

The scope of this audit was limited to the active fixed assets noted on the Fixed Asset Inventory in the State of NC Fixed Asset System. Retired or otherwise disposed of assets were not considered as assets of that type should no longer be maintained in the System Office or be listed in the Fixed Asset Inventory report.

The Coordinator of Building Services provided a Fixed Assets Inventory Report which was formatted into an Excel spreadsheet. The Excel worksheet was utilized for sample selection using IDEA, a sampling software package.   To select a statistically valid sample, a confidence level of 95% was set with two (2) expected exceptions. Using the fixed asset worksheet and sample selection methodology, 57 items were selected for testing.

FINDINGS

The following findings were identified during the audit:

- Ten (10) assets could not be located. The items included computers (both desktops and laptops) and an LCD projector. All the assets were assigned to a specific location and could not be located.
- Four (4) assets were located but had no asset tags. The assets were accepted as being correct due to matching descriptions in the Fixed Asset Inventory file. It is possible however, the assets in question were similar items.

RECOMMENDATIONS

Due to the findings noted above, the following recommendations are presented to assist in ensuring assets are properly tagged and tracked, in accordance with respective policies:

Recommendation 1

Although policies currently exist providing for tagging and tracking fixed assets, there needs to be a mechanism to ensure adherence to the policies. A sign-off sheet with room for signatures or initials may suffice, as it would reflect the individual who tagged the assets along with corresponding date of tagging.

Management Response
Management agrees with the recommendation and will implement the use of forms to track fixed assets at the time of initial tagging and distribution to the asset's location, when items are transferred between locations within the agency, and when items are submitted to be surplused. The information on the forms will include responsible persons, locations, dates, descriptions, serial numbers, model numbers, fixed asset tag numbers, and appropriate signatures. This new fixed asset tracking procedure will be implemented no later than July 1, 2019. Further, as the State implements a new statewide financial ERP, we will investigate whether that technology can be leveraged to modernize fixed asset tracking.

Recommendation 2

Management should consider performing a random fixed assets audit, perhaps annually, to increase the reliability of the controls in place. Assets can be randomly selected and reviewed to ensure tracking of assets is happening properly and items are in the proper locations. This procedure will help ensure compliance with the Physical Inventory Policy.

Management Response
Management agrees with this recommendation and requests the agency's internal audit plan include an annual audit of fixed assets.