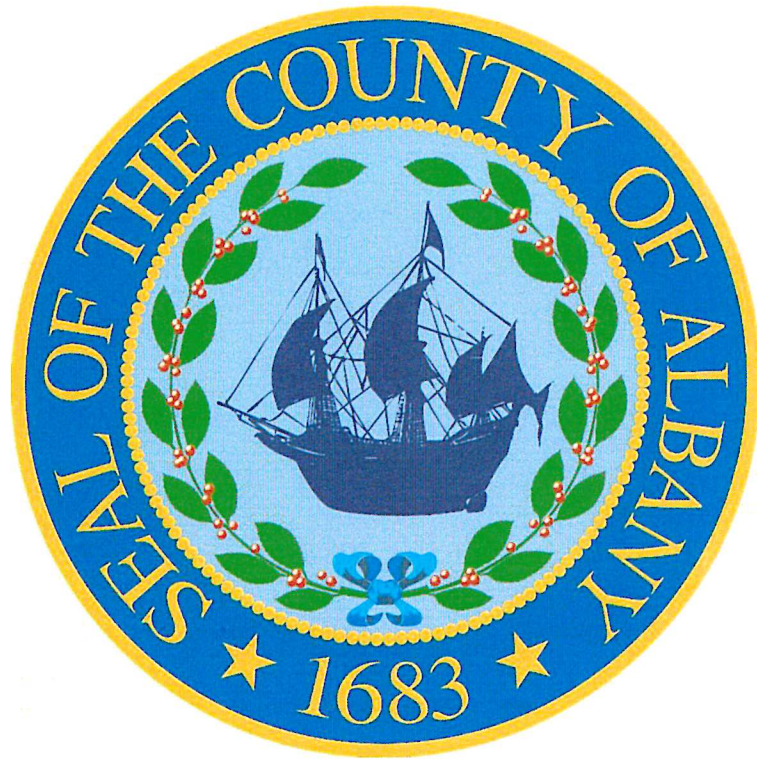


ALBANY COUNTY

Department of Audit and Control

Final Report

Audit of Fixed Assets



August 2023

Susan Rizzo, Comptroller

Stephanie Slominski CIA, CFE, Chief Auditor

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Background

During a review of fixed assets, (assets) for calendar year 2020, it was determined there that is a significant discrepancy between assets that could be physically identified and the records in the accounting system. Additionally, it was noted that no adequate process exists for performing a complete physical inventory of assets. A formal and complete inventory has not been performed in several years.

Objectives

- Determine if discrepancy exists between book value and physical existence of all Albany County assets and whether adjustments in the County's accounting system are necessary;
- Confirm that physical inventory of assets is in agreement with records in the accounting system;
- Determine if any Albany County assets were purchased with federal funds and are subject to federal requirements;
- Provide assistance to departments in establishing a process for conducting an annual physical inventory of assets;
- Determine if an adequate process exists for approval when assets are disposed and if appropriate documentation is created and maintained; and
- Provide management with recommendations for corrective action as necessary.

Scope

This audit will be conducted pursuant to Article 4, Section 403(f) of the Albany County Charter which states that the "Comptroller shall audit the financial records and accounts of all officers and employees charged with any duty relating to County funds or funds for which the County is responsible." The scope of this audit includes all assets owned or controlled by Albany County Departments, including items that may have been previously disposed. Please note that the scope may be expanded as necessary.

Approach

To accomplish these objectives the DAC performed the following

- Review applicable Albany County Policies, internal department policies and sponsor requirements;
- Conduct interviews with department management to gain understanding of existing procedures;
- Work with departments to perform a complete physical inventory of all assets owned by Albany County;
- Perform reconciliation between records and physical inventory, make necessary adjustments; and
- Perform follow up procedures as necessary to ensure that the established process is implemented and operating as designed.

Observations

Albany County does not have a written policy or consistent established procedures related to recording assets. During field work we did not find any evidence of a complete physical inventory of assets ever being performed. In addition, we observed the following:

- Over 500 assets that were retired, or disposed of over the past 20 years were not removed from the accounting system;
- Multiple assets acquired through the routine purchasing process were not entered into the asset module to be tracked and depreciated;
- Assets previously purchased by departments outside of the normal AP process (e.g., forfeiture funds) were not reported to individuals responsible for entering new assets into the module;
- Inventory items purchased for participants, (recipients) of programs were classified as assets erroneously;
- Several items purchased through capital projects were not transferred into the fixed asset module at the completion of the project;
- No accurate and organized process exists to identify specific items that are purchased with Federal funds and therefore are subject to Federal requirements under § 200.313 Equipment
- A fixed asset number was issued and a tag printed for an item one year after a deposit was paid to the vendor, however at the time of this audit the asset had not yet been delivered by the manufacturer.

Conclusion

Accounting staff at the Albany County Comptroller's Office has begun work on developing a consistent procedure to;

- Identify assets as they are acquired;
- Recognize assets that are being purchased with federal funds;
- Systematically approve the disposals and relocation of assets in writing and forward documentation to Comptroller's Office to update the accounting system;
 - Including controls over the sale of salvageable assets;
- Add a step when closing capital projects to ensure assets are transferred into the accounting system;
- Provide departments with direction and assistance in performing an annual physical inventory of assets.

During the fieldwork stage auditors worked directly with all department management, and a complete physical inventory was performed. The asset module within the accounting system was subsequently adjusted. It was determined that the disposed assets remaining in the accounting system had been fully depreciated and caused no material impact to asset valuation on the County's financial statements.

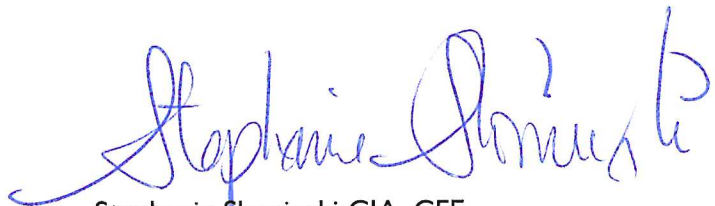
The DAC will continue to perform follow up procedures and work closely with the department heads and accounting staff.

I would like to thank all Albany County department heads and staff for their cooperation and assistance, and for providing us with the materials and documentation to complete this audit.

Sincerely,



Susan Rizzo,
County Comptroller



Stephanie Slominski CIA, CFE
Chief Auditor

cc: Edward Dott, Executive Deputy Comptroller