

**REVENUE AND FINANCE DEPARTMENT  
PROPERTY CONTROL DIVISION  
FIXED ASSETS  
AUDIT 17-05  
July 18, 2017**



# CITY OF TAMPA

Bob Buckhorn, Mayor

Internal Audit Department

Christine Glover, Internal Audit Director

July 18, 2017

Honorable Bob Buckhorn  
Mayor, City of Tampa  
1 City Hall Plaza  
Tampa, Florida

RE: Fixed Assets Audit 17-05

Dear Mayor Buckhorn:

Attached is the Internal Audit Department's report on Revenue and Finance Fixed Assets Audit.

The Revenue and Finance Department Property Control Division has already taken positive actions in response to our recommendations. We thank the aforementioned management and staff for their cooperation and assistance during this audit.

Sincerely,

/s/ Christine Glover  
Internal Audit Director

cc: Dennis Rogero, Chief of Staff  
Sonya Little, Chief Financial Officer  
Ernest Mueller, Chief Assistant City Attorney  
Lee Huffstutler, Chief Accountant  
Sabrina McAdoo, Accounting Operations Manager

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*/s/ Anthony D. Tiwari*

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Auditor

*/s/ Christine Glover*

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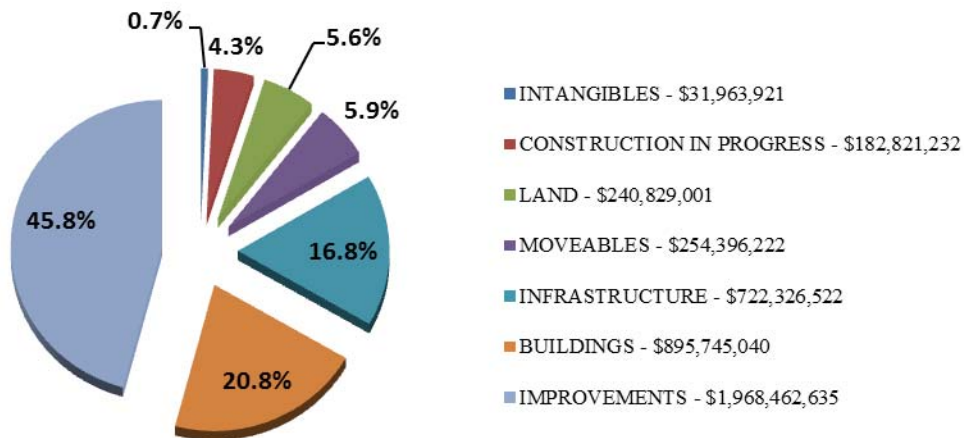
Audit Director

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**BACKGROUND**

The Revenue and Finance Property Control Division (Division) is a centralized group responsible for the inventory control and recordkeeping of the City of Tampa's (City) fixed assets. A fixed asset is generally defined in the Division policy as property requiring an acquisition value greater than \$1,000 and all weapons regardless of cost with a useful life that exceeds one year. In FY16 the City retained more than 45,000 fixed assets valued at approximately 4.3 billion dollars. The chart below provides a representation of the cost segments of fixed assets for FY16 (Figure 1).

**Figure 1: FY16 Roll Forward Balance**



Source: Data provided by Revenue and Finance Property Control Division

The objectives of the Division are to record all activities related to the purchase, construction, sale or disposal, and accounting of fixed assets acquired using City funds, grant funds, or donated assets. Support for these objectives is enhanced by the designation of Asset Coordinators (Coordinators) within each City department. These Coordinators assist in safeguarding of assets, preparation of documentation for recording assets, and support the compulsory annual physical inventory count.

In August 2013, the Fixed Asset Accounting System was replaced by the Oracle Fixed Asset Module (Oracle). Oracle is the system of record for all fixed assets transactions, details, location and accounting. The transition to Oracle has streamlined the management of fixed assets by integrating data with the general ledger to increase transparency and permit auditability of transactions.

**STATEMENT OF OBJECTIVES**

This audit was conducted in accordance with the Internal Audit Department's FY17 Audit Agenda. The objectives were to determine that the Division conducted the following:

1. Utilized an adequate system of internal controls related to procedures for recording additions, transfers, disposals, and tracking of fixed assets.
2. Implemented effective internal controls to prevent or detect material errors and irregularities.
3. Complied with regulatory requirements for the annual inventory count of fixed assets.

### **STATEMENT OF SCOPE**

The audit period covered the fixed assets cycle for FY16. Both qualitative and quantitative assessments were performed to determine whether the management and staff of the Division were fulfilling their stated duties and responsibilities in an effective and efficient manner. Original records as well as copies were used as evidence and verified through observation and physical examination.

### **STATEMENT OF METHODOLOGY**

The objectives for this audit were accomplished through the following methods:

1. Performing a data reliability assessment over the system generated reports that management uses as part of their controls.
2. Reviewing applicable accounting standards, internal policies and procedures for completeness and compliance.
3. Interviewing key personnel to determine whether adequate controls over the management of fixed assets had been established.
4. Evaluating controls over the accounting, acquisition, transfer and disposal/sale of assets.
5. Reviewing procedures for managing annual inventory counts and recording un-located items.
6. Analyzing a sample of transactions randomly selected from the population of additions, transfers and disposals, to test the following attributes:
  - Appropriate approval was provided prior to the information recorded.
  - Amount and period recorded agreed to the source documentation.
  - Asset classification and useful life were accurately recorded to calculate depreciation.

Using a Rao Soft™ sampling calculator, the random sample was based on the criteria of 90% confidence and 10% error rate, in order to infer the results of the sample testing to the population generated from Oracle. When appropriate, judgmental sampling was used to improve the overall efficiency of the audit.

### **STATEMENT OF AUDITING STANDARDS**

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

### **NOTEWORTHY ACCOMPLISHMENTS**

In order to mitigate the copious risks associated with the management of fixed assets, the Division has implemented rigorous review procedures for consistently maintaining the accuracy of information prior to recording of the assets. They have established several independent monthly reconciliation processes to identify and resolve variances well in advance of reporting. Further noted, there are individual policies and procedures strategically developed to govern processes encompassing the accountability of departments that maintain assets of a high risk nature. Management has implemented processes that will create a greater awareness and ownership of responsibilities related to the physical inventory count.

### **AUDIT CONCLUSIONS**

While verbal comments were discussed with management during the course of the audit, based on the test work performed we conclude:

1. The system of internal controls related to procedures for recording additions, transfers, disposals, and tracking of fixed assets were adequate.
2. Internal controls to prevent or detect material errors and irregularities were determined to be effective.
3. The Division complied with regulatory requirements for the annual inventory count of fixed assets.