

CARROLL COUNTY INTERNAL CONTROL POLICY

Financial Process: **Fixed Assets**

Issue Date: 2016

Topic: Internal Control Procedures

Applicable To: All County Departments

Objective

Departments are responsible for implementing cost-effective techniques and procedures to ensure its fixed assets are properly safeguarded, maintained, and utilized. Departments are responsible for maintaining accurate and complete records regarding the acquisition, status, and disposal of all fixed assets and to comply with all applicable accounting and regulatory requirements.

Risks

- Misstated financial records and statements
- Lost, stolen, or damaged assets
- Idle and unproductive assets
- Assets acquired or utilized for personal benefit

Definitions

Fixed assets are long-term, physical resources of considerable value held for business use and not intended to be consumed or converted into cash any sooner than at least one year's time (e.g. buildings, equipment, vehicles, computers, furniture, etc.).

Capital assets are fixed assets that cost at least \$5,000 and provide future economic benefit for a minimum of two years.

Capital assets and computer equipment are required to be recorded and tracked within the County's capitalization schedule.

Departments, regardless of the reporting requirements within the capitalization schedule, are responsible for maintaining effective stewardship over all fixed assets (i.e. capital, and non-capital) in regards to asset security, maintenance, and utilization.

Internal Control Procedures Include

- Fixed asset purchases are initiated and approved by County Administrator and/or Department Head.

(Authorization & Approval)

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-The Department Head is responsible for ensuring adequate physical security over fixed assets to deter theft, damage, loss, or improper use.

(Safeguarding of Assets)

-Limit access to fixed assets to personnel who have a business need; provide keys and lock combinations of secured locations only to authorized personnel.

(Safeguarding of Assets & Authorization)

-The Finance Department is responsible for ensuring that fixed asset transactions are properly accumulated, classified and recorded in the accounting records (as appropriate) at the time of acquisition or disposal.

(Reporting)

-The Finance Department is responsible for fixed asset accounting and knowledge of financial reporting requirements to ensure accurate, complete, and timely reporting.

(Reporting & Compliance)

-The accounting functions for fixed assets are performed by personnel other than those responsible for the custody of the related assets.

(Separation of Duties)

-The Finance Department is responsible for adequate project cost records and maintaining that appropriate values for completed projects are transferred timely to detailed subsidiary records for capital assets.

(Reporting)

-The Department Head is responsible for periodically comparing recent acquisitions of fixed assets to financial and inventory records to ensure completeness.

(Monitoring & Reconciliation)

-The Department Head is responsible for maintaining that controls exist to ensure that changes in the status of fixed assets (e.g. disposals, change in location, improvements, etc.) are reported timely to those responsible for fixed asset accounting and recordkeeping functions.

(Reporting)

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-The Department Head is responsible for ensuring that a physical inventory is performed at least annually to ensure the physical accountability of all fixed assets and the completeness and accuracy of financial records.

(Verification, Reconciliation & Compliance)

-The Department Head is responsible for ensuring that the physical inventory of fixed assets is performed by personnel other than those responsible for the custody of the related assets.

(Separation of Duties)

-The Department Head is responsible for ensuring that the fixed assets are properly maintained to prevent shortening their useful life.

(Safeguarding of Assets)

The Department Head is responsible for ensuring the routine inspection of "high-risk" fixed assets (e.g. critical to department's performance, increased likelihood of theft, misuse or breakdown, etc.) to confirm existence, condition, and valuation.

(Verification & Safeguarding of Assets)

-The Department Head is responsible for ensuring the periodic evaluation of fixed asset utilization to identify low-performing or idle assets that may be considered excess or surplus property.

(Monitoring)

-Fixed asset transfers, retirements and disposals must be submitted by the Department Head to the County Administrator, for their authorization. Disposal or retirement of fixed assets must be approved by the County Administrator.

(Approval & Safeguarding of Assets)

-The Finance Department is responsible for the review and update of insurance requirements annually, or when a change in the asset's status occurs.

(Safeguarding of Assets & Documentation)

-The Department Head is responsible for ensuring that the appropriate action is taken to investigate and document missing fixed assets.

(Safeguarding of Assets & Documentation)

-Upon suspicion of fraud, theft, or malicious damage immediately notify the appropriate personnel (i.e. Department head, County Administrator).

(Safeguarding of Assets)

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-The Finance Department is responsible for ensuring that all capital assets and computer equipment are properly classified, recorded (at the time of acquisition or disposal) and tracked within the County's capitalization schedule.

(Documentation, Reporting & Compliance)

Notices

-These internal control procedures are intended to support the internal control framework as presented in the Internal Control Standards Guide.

-In consideration of these internal control procedures, the objective should be on adherence and not on rationalizing ways and means for circumvention.

-Nothing in this document shall limit or supersede any applicable Federal or State laws, statutes, bulletins, or regulations.

Date: 7 / 27 / 2016

 (Chairman)
Dave Sorensen

 (Vice-Chairman)
Dave Babson

 (Clerk)
Chris Ahlgren