Property Services Assessment
2012

I. Expected Outcome
Controls surrounding the transfer/reassignment of fixed assets among campus units will be improved.

Method
Conduct discussions with Controller’s Office, Information System Support, and Surplus Property to obtain recommendations for improving the manual fixed asset transfer process.

Findings
The existing manual process only reported to Property Services that a transfer had been made; however there was not an acknowledgement that the asset was ever received and/or located in the destination indicated. In a 2009 External Audit Finding, the university received a recommendation “to implement monitoring and transaction policies, procedures and controls to ensure federal compliance requirements are met in regards to transferred equipment.” Based on our discussions, we determined, in order to increase controls, a system was needed that documented for both the sending and receiving department that transferred inventory was properly received. Utilizing the technology already in place in the business office e-applications, develop a web based transfer and receipt acknowledgement form.

How did you use findings for improvement?
Based on our discussions, Information System Support used enhanced technology available through Self Service Banner (SSB), to develop an on-line Equipment Transfer Form. Property Services and Surplus Property are currently refining the system for AU use. The on-line transfer system requires acknowledgement of receipt of the transferred asset. Therefore, controls should be improved. The testing phase with campus users will begin and based on results of testing, the effectiveness of the system improving controls will be determined.

II. Expected Outcome
Compliance with federal and state regulations regarding the completion of bi-annual property inventory verifications, as identified in a 2008 External Audit Finding, will be improved.

Method
Inventory verifications are due 30 business days after receipt. Once the deadline has passed for each verification, Property Services reviews the returns. For any verifications not returned, Property Services follows up and either receives the inventory, completes the verification, or sends a letter to levy a fine, in accordance with the university’s policies. The university increased the effort to enforce the policy by disseminating it campus wide. Audits conducted by state examiners, internal audit, and by an independent auditing firm for the A-133 federal
audit, test the verifications to ensure they are performed and returned. The absence or presence of audit findings reveal how successful the attempts to improve compliance are.

Findings
During FY 2012 a total of 197 verifications were delivered and all except 2 were returned and those two departments requested an extension due to the entire department relocating to a new building. The audit finding has not been repeated.

How did you use the findings for improvement?
Continue to communicate the policy and levy fines, if necessary, as they appear to be serving as an incentive for departments to return the verifications in a timely manner.

III. Expected Outcome
Compliance with federal and state regulations to audit (verify the physical existence of) the university’s fixed asset inventory, as identified in a 2008 audit finding, will be improved.

Method
Since the university relies upon the individual units to conduct the inventory verification, Property Services performs sample inventory verifications following the return of the final verification by the department to ensure an accurate inventory is completed.

Property Services evaluates the number of audits completed each fiscal year.

Findings
A review of completed audits in FY 2011 revealed approximately 16% of the audits were completed.

How did you use findings for improvement?
The low audit completion rate occurred partially because it was difficult for Property Services to identify items to audit. Property Services needed a way to easily identify assets for audit. Information Support Services worked with Property Services to develop a program to create a random sampling of fixed asset inventory items to audit, to comply with state and federal regulations and university policy. Since Property Services began utilizing the program to identify the sample of inventory items to audit, the number of completed audits has increased from approximately 16% to 50% with the goal of reaching 100%. A repeat audit finding has not occurred.