

Internal Control Assessment FSA's Capital Assets Inventory

Purpose

To ensure that FSA performs a proper and periodic physical inventory of its capital assets.

Background

FSA should perform at a minimum a yearly inventory of its capital assets. This inventory is necessary to verify that capital assets recorded in the financial statements physically exist and are in operation. Each inventory record should include: description, year of acquisition, method of acquisition (e.g., purchase, donation, etc.), funding source, cost or estimated cost, salvage value, and estimated useful life. The inventory record will also need to identify the organizations that use and are responsible for the asset.

Completeness and accuracy should be ensured through physical counts, review of purchase records, prior inventory count records, listings maintained by other government agencies, and any other methods deemed necessary. All FSA's capital assets must be properly protected and maintained to ensure effective and efficient use and to protect against theft, fraud, waste, and abuse.

Internal Control Standard

FSA must perform a periodic inventory of its capital assets.

Assessment of FSA's Compliance*

We have interviewed FSA's management and determined that FSA is periodically conducting an inventory of its capital assets. A property control

* The actual testing phase including interviews and examination of sampled records has not yet occurred. This write-up is only a sample of what may be discovered during the testing phase of the FMFIA process.

system that lists the assets they own, their characteristics, location, and condition is being used.