

**Internal Control Assessment
FSA's Reconciliation of its Capital Assets**

Purpose

To ensure that FSA is reconciling its capital assets in the Financial Management System Software (FMSS) to the capital assets in its management systems.

Background

In accordance with the General Services Administration's Federal Property Management Regulations, FSA is required to establish and maintain personal property management programs and systems. FSA must maintain an accurate and current accounting of its capital assets. To accomplish this task, FSA maintains two property management systems - the Asset Management Inventory System (AMIS) and the Asset Management System (AMS). AMIS is a property management system, used to track building alterations, office workplace systems, and case goods e.g., tables, chairs, file cabinets, bookshelves, etc. AMS is a property management system used to track all information technology equipment including capitalized and non capitalized assets.

FSA must reconcile its capital assets in the FMSS system to the capital assets in AMIS and AMS. This reconciliation is performed in order to ensure that the financial statements accurately reflect FSA's capital assets. In addition, the reconciliation is used to verify that FSA has recorded its capital assets accurately in the correct amount and in the correct accounting period. The capital asset reconciliation process is intended to reconcile the actual inventory of FSA's capital assets to amounts recorded in its general ledger maintained in FMSS.

Internal Control Standard

FSA must reconcile its capital assets in the FMSS system to the capital assets in AMIS and AMS.

Assessment of FSA's Compliance*

We have reviewed FSA's FY 2001 reconciliation of its capital assets in the FMSS system to the capital assets in AMIS and AMS, and determined that FSA is effectively using these tracking systems to properly account for its entire capital assets portfolio.

* 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.