

**ENTITY**    2019 Audit Programs

June 30, 2019

**COMMUNITY COLLEGE - CAPITAL ASSETS**

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
<b>Audit Objectives and Related Assertions:</b>					
<p><b>A. Capital assets represent a complete and valid listing of the capitalizable cost of assets purchased, constructed or leased by the Community College and the capital assets are physically on hand. (1,2,3,4)</b></p>					
<p><b>B. "Additions" or capital expenditures represent a complete and valid listing of the capitalizable cost of the property and equipment acquired during the period. (1,2,3,4)</b></p>					
<p><b>C. "Deletions" of capitalized costs and, if applicable, related depreciation/amortization associated with all sold, abandoned, damaged or obsolete capital assets have been removed from the accounts. (1,2,3,4)</b></p>					
<p><b>D. Depreciation/amortization and the related allowance account has been compared on an acceptable basis consistent with the prior year. (4,7)</b></p>					
<p><b>E. Capital expenditures and capital assets are properly classified in the financial statements and related disclosures are adequate. (10,11,12,13)</b></p>					
<b>Audit Procedures:</b>					
A. Reconcile supporting records with ledger amounts for each class of capital assets.	A				
B. Obtain or prepare a schedule analyzing and reconciling the beginning balances, acquisitions (by fund), dispositions and ending balances for each class of capital assets and check clerical accuracy.	E				
C. Review insurance coverage for any assets not included on the asset listing.					
D. For acquisitions (which can include purchases, gifts and donations, self-constructed assets and progress billings):					
1. Reconcile acquisitions to capital outlay expenditure balances for all funds.	B				
2. Trace selected acquisitions to purchase orders, invoices, receiving reports, contracts, etc. to determine (if not tested elsewhere):	B				
a. Expenditures recorded in proper period.					
b. Classified correctly by fund, account and budget.					

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<ul style="list-style-type: none"> <li>c. Amount recorded includes all capitalizable costs for the asset.</li> <li>d. Acquisition was properly authorized in accordance with the stated policies of the College.</li> <li>e. For purchases with federal funds, determine allowability and proper recording.</li> </ul>					
3. Document whether the College capitalizes interest on capital assets. Determine disclosure needed.					
4. For major additions to the land or building accounts: <ul style="list-style-type: none"> <li>a. Examine the deed, title policy, the closing statement and similar documents to establish ownership.</li> <li>b. Determine whether land acquisitions are in compliance with Chapter 260C.35 of the Code of Iowa.</li> <li>c. Examine progress billings, if applicable.</li> <li>d. Determine sites and buildings acquired, erected or remodeled were approved by the Board in accordance with Chapter 260C.57 of the Code of Iowa.</li> </ul>	B				
5. For self-constructed items: <ul style="list-style-type: none"> <li>a. Review for proper authorization.</li> <li>b. Examine appropriate supporting documentation such as work orders, job status reports, etc.</li> <li>c. Determine labor, overhead, material and interim construction interest are included in cost.</li> <li>d. If extensive, consider need for additional procedures.</li> </ul>	B				
6. For gifts and donations, determine or review method of valuation.					
E. If an impairment of capital assets exists under GASB 42 criteria: <ul style="list-style-type: none"> <li>1. Determine appropriate adjustments were made to the asset valuation.</li> <li>2. Determine required disclosures were included for capital asset impairments.</li> </ul>	C,E				



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<p>c. Demonstration of the current intention, ability and presence of effort to complete or continue development of the asset.  (Outlays incurred prior to meeting the above criteria should be expensed.)</p> <p>2. For internally generated computer software, determine outlays are expensed or capitalized based on the nature of the activity:</p> <p>a. preliminary project stage outlays are expensed.</p> <p>b. application and development stage outlays are capitalized but cease no later than when the computer software is complete and operational.</p> <p>c. post implementation/operation stage outlays are expensed.</p> <p>3. Analyze useful lives of intangible assets and test the amount of amortization applied to the assets.</p> <p>a. Verify the useful life does not exceed contractual or legal provisions of the intangible asset.</p> <p>b. Determine intangible assets with indefinite useful lives were not amortized.</p> <p>I. Determine the College has complied with GASB 60 for any service concession arrangements.</p> <p>J. Library materials – test valuation of library materials.</p> <p>K. Leases</p> <p>1. Review lease agreements to ascertain whether the related assets have been correctly capitalized (per GASB Codification, Section L20).</p> <p>2. Determine whether lease agreements for space were entered into in compliance with Chapter 260C.38 of the Code of Iowa.</p> <p>4. Determine of property or equipment purchased under capital leases has been included and properly valued in the inventory of capital assets.</p> <p>5. Determine there is proper disclosure for all leases.</p>	<p>A,B</p>				

