

ENTITY 2019 Audit Programs

June 30, 2019

COMMUNITY COLLEGE - CAPITAL ASSETS

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
Audit Objectives and Related Assertions:					
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. "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)					
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)					
D. Depreciation/amortization and the related allowance account has been compared on an acceptable basis consistent with the prior year. (4,7)					
E. Capital expenditures and capital assets are properly classified in the financial statements and related disclosures are adequate. (10,11,12,13)					
Audit Procedures:					
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"> c. Amount recorded includes all capitalizable costs for the asset. d. Acquisition was properly authorized in accordance with the stated policies of the College. e. For purchases with federal funds, determine allowability and proper recording. 					
3. Document whether the College capitalizes interest on capital assets. Determine disclosure needed.					
4. For major additions to the land or building accounts:	B				
<ul style="list-style-type: none"> a. Examine the deed, title policy, the closing statement and similar documents to establish ownership. b. Determine whether land acquisitions are in compliance with Chapter 260C.35 of the Code of Iowa. c. Examine progress billings, if applicable. 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. 					
5. For self-constructed items:	B				
<ul style="list-style-type: none"> a. Review for proper authorization. b. Examine appropriate supporting documentation such as work orders, job status reports, etc. c. Determine labor, overhead, material and interim construction interest are included in cost. d. If extensive, consider need for additional procedures. 					
6. For gifts and donations, determine or review method of valuation.					
E. If an impairment of capital assets exists under GASB 42 criteria:	C,E				
<ul style="list-style-type: none"> 1. Determine appropriate adjustments were made to the asset valuation. 2. Determine required disclosures were included for capital asset impairments. 					

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<ul style="list-style-type: none"> 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.) 2. For internally generated computer software, determine outlays are expensed or capitalized based on the nature of the activity: <ul style="list-style-type: none"> a. preliminary project stage outlays are expensed. b. application and development stage outlays are capitalized but cease no later than when the computer software is complete and operational. c. post implementation/operation stage outlays are expensed. 3. Analyze useful lives of intangible assets and test the amount of amortization applied to the assets. <ul style="list-style-type: none"> a. Verify the useful life does not exceed contractual or legal provisions of the intangible asset. b. Determine intangible assets with indefinite useful lives were not amortized. I. Determine the College has complied with GASB 60 for any service concession arrangements. J. Library materials – test valuation of library materials. K. Leases <ul style="list-style-type: none"> 1. Review lease agreements to ascertain whether the related assets have been correctly capitalized (per GASB Codification, Section L20). 2. Determine whether lease agreements for space were entered into in compliance with Chapter 260C.38 of the Code of Iowa. 4. Determine of property or equipment purchased under capital leases has been included and properly valued in the inventory of capital assets. 5. Determine there is proper disclosure for all leases. 					
	A,B				

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L. Determine if the College has taken a physical inventory of capital assets. 1. If so, inspect a copy. 2. Tour the College's physical facilities and determine extent of testing to be performed. 3. Physically observe capital assets selected. 4. In addition, select assets while touring facilities and trace to listings of assets.	A A				
M. Determine if risk of material misstatement due to fraud or error has changed based on results of substantive tests performed. If so, perform appropriate procedures.					
N. Determine whether capital assets are properly classified and related disclosures are adequate.	E				
<u>ALTERNATE/ADDITIONAL PROCEDURES:</u>					
<u>CONCLUSION:</u>					
We have performed procedures sufficient to achieve the audit objectives for capital assets and the results of these procedures are adequately documented in the accompanying work papers.					
In-charge _____	Date _____				
Manager _____	Date _____				
Independent Reviewer _____	Date _____				