

**FREDERICK COUNTY
INTERAGENCY INTERNAL AUDIT AUTHORITY**

**FOLLOW-UP TO
FREDERICK COUNTY IIT DIVISION'S FIXED ASSETS
PROCEDURES AUDIT**

December 12, 2006



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Follow-Up To Frederick County IIT Division's Fixed Assets Procedures Audit

I. Introduction

Frederick County's Interagency Internal Audit Authority (IAA) Audit Manual, Policy 400 A. states:

Auditees are requested to provide us with documentation of the status of prior report recommendations. Auditors determine the validity of the status reported by examining documentation and performing tests, as considered necessary. The extent of testing is determined by the significance of the condition/recommendation in relation to the audit objectives and should be the minimum necessary to provide assurance that sufficient corrective action has been taken. Recommendations that are found to be not implemented or corrective action found not to be adequate should be disclosed in the audit report.

General Accountability Office (GAO) Auditing Standards state that much of the benefit from audit work is not in the findings reported or the recommendations made, but in their effective resolution. In addition, the Institute of Internal Auditors (IIA) states: "Internal Auditors should follow-up to ascertain that appropriate actions are taken on reported audit findings."

Our assessment primarily consists of reviewing the written status responses as submitted by the impacted departments. Testing of responses is only conducted if those areas under review are considered critical. The recommendations for this audit deal the policies and practices relative to the capitalization, custody, and safeguarding of IIT fixed assets and is not classified as critical.

While it is management's responsibility to decide if action should be taken, we find no further action is required.

II. Background

The original report, **REVIEW OF FREDERICK COUNTY IIT DIVISION'S FIXED ASSETS PROCEDURES AUDIT**, was issued May 27, 2005. That report identified five conditions containing thirteen recommendations for enhancing internal controls and providing review oversight by the Frederick County Accounting Department.

III. Current Status

Management has addressed each of the outstanding recommendations and has provided the current status (See Attached).

We found IIT's responses to be comprehensive and adequate. Therefore, IIT's current status indicates satisfactory implementation for the outstanding recommendations. Their revised procedures for the handling and disposal of fixed assets should improve their tracking and recordkeeping process.

IV. Management's Formal Response

Below is IIT's formal written response.



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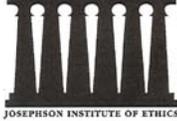
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To: Martin Standel, Director, Internal Audit

Through: Dale R. Spangenberg, CIO/Director

From: Sherry Weakley, Manager, Technical Projects

Date: December 13, 2006

Subject: Frederick County IIT Division's Fixed Assets Procedures Audit
IIT Correspondence No.: 07-047

IIT has reviewed the actions taken as a result of the May 27, 2005 Frederick County IIT Division's Fixed Assets Procedures and provides the status of the recommendations on the following page. Based on the efforts of IIT and Finance, and the actions taken as a result of the audit recommendations, IIT is satisfied that the audit has been appropriately addressed and completed.

If there is a need to clarify any of these items, please contact Sherry Weakley at x12377.

DRS/SAW:jgf

IIT Division Fixed Assets Procedures
Status of the Audit Recommendations
December 13, 2006

Recommendation I. b

IIT continues to support development of County wide policies and procedures as noted in the response. IIT has implemented a paper-based inventory control procedure for assets less than \$5,000. While this process is paper-based at this time, IIT plans to automate in the future as resources permit.

Recommendation II. d

IIT continues to work with Finance to record fixed assets following defined County procedures and processes.

Recommendation III b.

IIT amended the property transfer form with input from Finance.

Recommendation IV a.

IIT is obtaining the recommended management signatures.

Recommendation IV b.

IIT is obtaining the recommended management signatures on property transfers.

Recommendation V a.

Process and documentation are in place with recommended management signatures.

Recommendation V b.

Process and documentation are in place with recommended management signatures.

Recommendation V c.

IIT performs an annual asset review of items in recommendation V a & b.

December 13, 2006

/s/ Interagency Internal Audit Authority
Interagency Internal Audit Authority