PRINCE WILLIAM COUNTY

Internal Audit Report: Fixed Asset Management

Prince William County, Virginia

August 19, 2026

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TRANSMITTAL LETTER

August 19, 2026

The Board Audit Committee of
Prince William County, Virginia
1 County Complex Court
Prince William, Virginia 22192

Pursuant to the Prince William County, Virginia (“PWC” / “County”) internal audit plan for calendar year ("CY") 2026, as approved by the Board of County Supervisors ("BOCS") on March 17, 2026, we hereby present the internal audit report of fixed asset management. We will be presenting this report to the Board Audit Committee of Prince William County at the next scheduled meeting on September 22, 2026.

Our report is organized into the following sections:

Executive Summary	This provides a high-level overview and summary of the observations noted in our internal audit of the fixed asset management process.
Background	This provides an overview of the function, as well as relevant background information.
Objectives and Approach	The internal audit objectives are expanded upon in this section, as well as a summation of the various phases of our approach.
Observations Matrix	This section includes a description of the observations noted during our review and recommended actions, as well as Management’s response, including the responsible party, and estimated completion date.

We would like to thank the staff and all those involved in assisting our firm with this internal audit.

Respectfully Submitted,

RSM US LLP

RSM US LLP

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Executive Summary

Background

The County's capital asset base totals approximately $1.63 billion and includes roughly 4,066 equipment and vehicle assets along with 1,550 other capital assets held across all 32 County departments and agencies[1]. The assets include library collections, properties, buildings, police vehicles, and IT equipment, and are used daily to deliver services to County residents. The management of these assets is essential for accurate financial reporting, loss and theft prevention, and continuity of County operations.

Oversight of the fixed asset function is shared between the Department of Finance and individual end-user departments; the Capital Assets Team, within the Financial Reporting & Control Division, is responsible for the centralized recording, tagging, depreciation, reconciliation, and reporting of capitalized assets, while day-to-day custody rests with the departments that use them. Each department appoints Capital Asset Liaisons to serve as the point of contact for asset activity and to facilitate inventory counts. Capital asset activity is administered through the fixed asset module of Oracle Fusion Cloud Financials, the County's enterprise resource planning system.

The County's capital asset practices are governed by the PWC Capital Asset Accounting & Control Policy, which provides an internal framework for capitalization thresholds, useful lives, tagging, physical inventory, and lifecycle procedures for acquisitions, transfers, donations, and disposals. This policy reinforces expectations described by Generally Accepted Accounting Principles ("GAAP") and standards issued by the Governmental Accounting Standards Board ("GASB"). Capital asset balances are reported annually through the County's Annual Comprehensive Financial Report ("ACFR").

[1] *Data is as of June 1, 2026. For this audit, capital assets refer to assets tracked under the County's* Capital Asset Accounting & Control Policy *and do not include Capital Improvement Program or proffer-related assets.*

Overall Summary / Highlights

Internal audits provide insight into an organization's culture, policies, and procedures and aid the Board and Management in oversight by verifying internal controls are operating effectively, and adequately mitigating risk, and are in compliance with relevant laws, regulations, and policies. The observations detailed in the pages that follow represent only the instances where exceptions were noted, and do not detail the instances where testing resulted in no reportable observations. For each observation, we discuss the relevant risks, which may include financial, operational, and/or compliance, as well as public perception or "brand" risks.

Objectives and Scope

The primary objective of this internal audit was to assess the design and effectiveness of the County's controls over the tracking, valuing, maintaining, and disposing of capital assets, and to evaluate compliance with County policies and procedures and applicable state and federal requirements. Our procedures included, but were not limited to:

- Interviewed and performed walkthroughs with key personnel from the Capital Assets Team.
- Assessed the design and operating effectiveness of the County's physical inventory procedures, including frequency, scope, reconciliation to asset records, and resolution of discrepancies.
- For a sample of capital asset acquisitions, assessed proper authorization, supporting documentation, classification, tagging, timeliness of entry, and completeness of key data fields recorded in the asset management system.
- For a sample of capital asset disposals and retirements, assessed proper authorization, supporting documentation, timeliness of notification, method of disposal, removal from the asset records, and recording of applicable sale proceeds.
- For a sample of internal capital asset transfers, assessed authorization by both the transferring and receiving departments, supporting documentation, and updates to the capital asset database.
- Reviewed periodic subledger-to-general ledger reconciliations for timeliness, resolution of variances, and evidence of review and approval.
- We summarized our findings into this written report and conducted exit conferences with Management.

Our audit period was April 1, 2025 through March 31, 2026.

Fieldwork was performed from June 2026 through August 2026.

Summary of Observation Ratings
(See page 3 for risk rating definitions)

	High	Moderate	Low
Fixed Asset Management	-	-	1

We would like to thank all County team members who assisted us throughout this internal audit.

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Executive Summary (Continued)

Observations Summary

Below is a summary listing of the observations that were identified during this internal audit. Detailed observations are included in the observation matrix section of the report. Definitions of the rating scale are included below. In addition, a process improvement opportunity has been provided following the detailed observations section.

Summary of Observations	
Observations	**Rating**
1. Alignment Between Policy and Operations	Low
Process Improvement Opportunity	
1. Reconciliation Sign-Off	

Risk Rating Definitions

Provided below are the observation risk rating definitions for the detailed observations.

Observation Risk Rating Definitions	
Rating	**Definition**
Low	Observation presents a low risk (i.e., impact on financial statements, internal control environment, brand, or business operations) to the organization for the topic reviewed and/or is of low importance to business success/achievement of goals.
Moderate	Observation presents a moderate risk (i.e., impact on financial statements, internal control environment, brand, or business operations) to the organization for the topic reviewed and/or is of moderate importance to business success. Action should be taken in the near term.
High	Observation presents a high risk (i.e., impact on financial statements, internal control environment, brand, or business operations) to the organization for the topic reviewed and/or is of high importance to business success/achievement of goals. Action should be taken immediately.

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BACKGROUND

Overview

Capital assets, the tangible and intangible long-lived resources also referred to as fixed assets, represent a significant component of the County's resource base and include property, plant, equipment, infrastructure, and intangible assets used to deliver services to residents. For purposes of this report, the term “capital asset” is used in the financial accounting, asset tracking, and external reporting context established by the *County’s Capital Asset Accounting & Control Policy*. Assets classified as capital assets for this review’s purpose may not necessarily meet the definitions or eligibility criteria applied by the County for other purposes, including the Capital Improvement Program or the use of monetary or cash proffer funds.

The County's *Capital Asset Accounting & Control Policy*, administered by the Department of Finance, establishes the framework and guidance for capital asset accounting and custodial responsibility. The policy is designed to support compliance with GAAP, facilitate the safeguarding of County assets, assign direct custodial responsibility, identify the location of all capital assets, support proper tagging, and prepare financial reporting. Per the Fixed Asset Master listing dated June 1, 2026, the County has 4,066 equipment and vehicle assets, in addition to 1,550 other capital assets (i.e., building improvements, land, site improvements, intangibles, library collections, and infrastructure), across 160 locations under 32 County departments and agencies.

4,066 Equipment & Vehicles

1,550 Other Assets

32 County Departments & Agencies

The County's capital asset function is supported by Mobius, a County-wide software platform used to administer Finance, Budget, Human Capital Management, and Payroll activities. The fixed asset module within Mobius Oracle Fusion Cloud Financials serves as the system of record used by the Capital Assets Team to record, depreciate, and report on capital asset activity.

The County classifies capital assets into the following major classes:

County Capital Asset Classes				
Infrastructure	Land	Buildings	Intangible Assets / Software	Improvements to Sites
Machinery & Equipment	Motor Vehicles	Construction in Progress	Works of Art & Historical Treasures	Library Collections

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BACKGROUND (CONTINUED)

Regulatory and Policy Framework

The County's capital asset accounting and reporting practices are governed by GAAP and the standards established by the GASB. Under these standards, capital assets are reported in the applicable governmental or business-type activities columns of the government-wide financial statements and in the proprietary fund financial statements, with the County's ACFR serving as the primary external reporting vehicle. The Department of Finance, through its Financial Reporting & Control Division, produces the ACFR annually pursuant to Section 15.2-2511 of the Code of Virginia.

For capital assets acquired with federal or state grant funding, the County is subject to the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (2 CFR Part 200, commonly referred to as the Uniform Guidance). The provisions most directly applicable to the County's capital asset function include the following:

- **2 CFR §200.1 (Definitions)** defines equipment as *"tangible personal property (including information technology systems) having a useful life of more than one year and a per-unit acquisition cost which equals or exceeds the lesser of the capitalization level established by the non-Federal entity for financial statement purposes, or $10,000."*
- **2 CFR §200.313(e)(2) (Disposition)** establishes the disposition framework for federally-funded equipment when the equipment is no longer needed for the original project or program, providing that *"items of equipment with a current fair market value in excess of $10,000 (per-unit) may be retained or sold by the recipient or subrecipient,"* with the federal awarding agency entitled to its proportional share of the current fair market value or sale proceeds.
- **2 CFR §200.313(d)(2) (Physical Inventory)** requires that *"a physical inventory of the property must be conducted, and the results must be reconciled with the property records at least once every two years."*

The County's *Capital Asset Accounting & Control Policy* serves as the primary governance document for capital asset activity. The policy establishes the following capitalization thresholds based on asset type and funding source:

Asset Category	Funding Source	Capitalization Threshold
Tangible Assets	Not funded by federal or state grants	Greater than or equal to $10,000
Infrastructure	Not funded by federal or state grants	Greater than or equal to $10,000
Intangible Assets	Not funded by federal or state grants	Greater than or equal to $100,000
Equipment	Federally or state grant-funded (per 2 CFR §200.1, 200.313(e)(2))	Greater than or equal to $5,000*

**Effective FY26 grant-funded equipment will have a new capitalization threshold of greater than or equal to $10,000.*

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Background (Continued)

Regulatory and Policy Framework (Continued)

Along with capitalization thresholds, the County's policy describes the established useful lives for each class of capital assets. When assets are recorded into the County's fixed asset module by a Capital Assets Team accountant, an asset type is assigned, which allows the system to automatically track the useful life span of the asset. The established useful lives are shown below.

- **Infrastructure**: 10 – 50 years
- **Land**: Not Applicable
- **Improvements to Sites**: 2 – 50 years
- **Buildings**: 20 – 40 years
- **Machinery & Equipment**: 2 – 20 years
- **Motor Vehicles**: 3 – 10 years
- **Library Collections**: 5 years
- **Construction in Progress**: Not Applicable
- **Works of Art/Historical Treasures**: 10 – 50 years
- **Intangible Assets (Software)**: 5 – 15 years

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BACKGROUND (CONTINUED)

Roles and Responsibilities

The County's capital asset function follows a hybrid governance model that combines centralized accounting with decentralized custody. Capitalized assets are centrally tracked by the Capital Assets Team within the Financial Reporting & Control Division of the Department of Finance, while non-capitalized items remain tracked at the department level. Each department or agency head appoints Capital Asset Liaisons and their backups to serve as the primary points of contact for capital asset matters within their respective area. Liaisons are responsible for maintaining records that reflect accountability for assigned assets, supporting proper utilization and care of property, reconciling departmental physical inventory counts with the capital asset records, and serving as the on-site point of contact during inventory procedures.

Key roles and responsibilities include:

- Capital Assets Team - Accountant: The accountant is responsible for the day-to-day administration of capital asset records. Responsibilities include establishing asset records, assigning asset tags, processing transfers and disposals, maintaining supporting documentation, and updating the asset management system to reflect changes throughout the asset lifecycle. These activities maintain that asset records remain accurate and current.
- Capital Assets Team - Senior Accountant: The senior accountant is responsible for reviewing capital asset transactions and supporting the accuracy and completeness of asset records. Responsibilities include performing reconciliations between asset records and the general ledger, reviewing complex transactions, coordinating physical inventory activities, and assisting with the resolution of discrepancies identified during inventory counts or other monitoring activities.
- Capital Assets Team - Accounting Manager: The Accounting Manager provides oversight of the County's capital asset function and supervises capital asset accounting activities. Responsibilities include reviewing significant asset transactions, monitoring compliance with capital asset policies and procedures, resolving issues requiring management review, and overseeing the completion of periodic reporting and inventory-related activities.
- Department/Agency Heads: Department and agency leadership are responsible for the custody, proper use, and safeguarding of capital assets assigned to their areas. These individuals, or their designated Capital Asset Liaisons, are responsible for notifying the Department of Finance of asset acquisitions, transfers, and disposals, supporting physical inventory activities, maintaining accountability over assigned assets, and helping keep asset records aligned with assets maintained by their departments.

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Background (Continued)

Fixed Asset Process Overview

Acquisition and Capitalization

To report a new acquisition, the originating department or agency completes a Capital Asset Reporting Form, which is signed by the department or agency head or designee and submitted to the Capital Assets Team along with supporting documentation such as the purchase order number. The Reporting Form provides the asset-level detail used by the Capital Assets Team to complete the asset record in the fixed asset module.

Capital asset acquisitions can also be initiated through the County's purchase order process. The Capital Assets Team codes purchase orders associated with capital assets using the “57XXX” series code. The Capital Assets Team reviews purchase orders to validate that the appropriate object code is applied and that the proposed acquisition meets the County's capitalization thresholds. Purchase orders identified as miscoded are returned to the originating department for correction prior to approval. Following PO approval, invoice transactions coded to the “57XXX” capital asset code flow automatically into the fixed asset module.

The Capital Assets Team performs a monthly review of transactions coded outside the “57XXX” series to identify items that may have been miscoded and require capitalization. The review considers asset cost and whether related invoices should be aggregated for capitalization purposes. Items identified through this review are reclassified accordingly. Capital assets are recorded at historical cost in accordance with the Capital Asset Accounting & Control Policy and depreciated using the straight-line method across applicable asset classes.

Asset Tagging

Capitalized assets are tagged with a County asset tag to track the storage and movement of the asset. The Capital Assets Team posts the asset tag number within the fixed asset module and performs physical tagging of the asset following purchase. If a Capital Asset Reporting Form has not been received, the team locates the asset physically to capture the data required to complete the asset record.

Internal Transfers

In the event an asset must be relocated or transferred to a new department within the County, a Capital Asset Transfer Form is required to document approval from the department or agency head (or designee) of both the transferring and receiving departments, and is submitted to the Capital Assets Team for review. Upon receipt of the signed form, the Capital Assets Team documents the transfer in the fixed asset module, attaches the signed form to the transaction record, retags the asset when applicable, and updates the location and assigned department within the system.

Donated Assets

Donated assets are accepted by the Board of County Supervisors, and must be formally approved and accepted as part of the BOCS agenda. The Capital Assets Team reviews Board agenda items on a monthly basis to identify accepted donations and manually enters approved donations into the fixed asset module. When a donor provides the asset’s value, that value is recorded and confirmed through a reasonableness review. When no donor-provided value is available, the Capital Assets Team researches and applies fair market value. Other reasonable and necessary costs to place the asset in its intended location and use may be considered as part of its fair market value, such as asset transport costs, in accordance with the Capital Asset Accounting & Control Policy.

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BACKGROUND (CONTINUED)

Fixed Asset Process Overview (Continued)

Disposal and Retirement

Capital asset disposal requests are initiated by the originating department or agency through a Capital Asset Disposal Form, signed by the department or agency head or designee and the Capital Asset Liaison, and submitted to the Capital Assets Team. The Capital Assets Team routes the request for approval to the Assistant Director of Finance of Procurement Services and the Assistant Director of Finance of Financial Reporting & Control. Once approved, the team notifies the requesting department or agency of the disposition pathway, which may include direct disposal in the County's landfill or public sale by auction through the County's third-party vendor.

For assets disposed of through public auction, the asset is held until the highest bid is received. Upon collection of payment from the buyer, the asset is retired from the County's books. Gain or loss on disposal is calculated by the fixed asset module based on the asset's net book value at the time of retirement.

Reconciliation and Reporting

The Capital Assets Team performs a monthly reconciliation in Excel between the fixed asset subledger and the general ledger. The reconciliation is conducted on a two-tier basis: an initial reconciliation is performed by a member of the Capital Assets Team to verify that supporting data ties to the subledger, followed by a secondary review performed by a designated reviewer with restricted posting access. As part of this review, the reviewer posts the journal entries recording capital asset activity (e.g., additions, depreciation, and disposals) to the general ledger. Following posting, the designated reviewer performs a separate reconciliation confirming the subledger agrees to the general ledger. Capital asset data maintained in the fixed asset module is used to prepare the County's Annual Comprehensive Financial Report and to calculate depreciation.

Physical Inventory Counts

Consistent with the Uniform Administrative Requirements for Federal Awards, the County conducts a physical inventory of its capital assets on a biennial basis, at a minimum. The County's inventory program combines an annual internal inventory count performed by the Capital Assets Team in coordination with departmental Capital Asset Liaisons, and an external biennial inventory count performed by a third-party inventory vendor.

The internal inventory count is limited in scope to equipment and vehicles. The Capital Assets Team distributes asset listings to each department, sorted by asset type and department, for verification by the Capital Asset Liaison. Discrepancies identified through the internal inventory count are followed up by the Capital Assets Team with the department responsible.

The external inventory count is performed by the County's third-party vendor through a physical walk and scan of County-owned capital assets across all County Government-occupied locations. Missing items identified through the external inventory count are flagged and routed back to the Capital Assets Team for follow-up with the responsible department. Where appropriate, the department is required to complete a Capital Asset Disposal Form to formally remove the asset from the County's books. The County's most recent external inventory count was performed by ProBar Client Support Services for FY2025. ProBar conducted a physical inventory across all Prince William County Government-occupied locations, covering the County's capital equipment and vehicles through barcode scanning of observed assets. Of the population inventoried, 3,664 assets were verified as found and 201 new assets were identified, while 20 assets were noted as disposed, traded in, or damaged, and no assets were left unverified.

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Background (Continued)

Sampled Inventory Count Sites

As part of our procedures, we performed supplemental onsite inventory counts to independently observe selected capital assets recorded in the County's fixed asset database. RSM judgmentally selected three (3) County sites from the fixed asset master listing based on asset volume, asset class mix, and departmental coverage, obtained the related location-level asset listings, and performed in-person walkthroughs to verify the physical existence, location, and tagging of selected assets.

The selected sites included Kao Circle Warehouse, Western District Police Station (limited to IT assets only), and Dale City Rec Center. These sites provided coverage across different County operating environments, including emergency response-related equipment, information technology equipment, and recreation facility assets. The total value of all assets reviewed across all sites was $12 million. The graphic below provides additional detail regarding the selected sites:

Kao Circle Warehouse
(Fire Warehouse Assets)

- Included emergency response-related equipment, vehicles, and support assets.
- 133 capital assets reviewed.
- $2.1 million total asset cost.

Western District Police Station
(Police IT Assets)

- Included technology infrastructure assets such as servers, switches, storage, and related IT equipment.
- 58 capital assets reviewed.
- $2.8 million total asset cost.

Dale City Rec Center
(Recreation Facility Assets)

- Included recreation facility assets such as building systems, fitness equipment, vehicles, maintenance assets, and other site assets.
- 40 capital assets reviewed.
- $7.1 million total asset cost.

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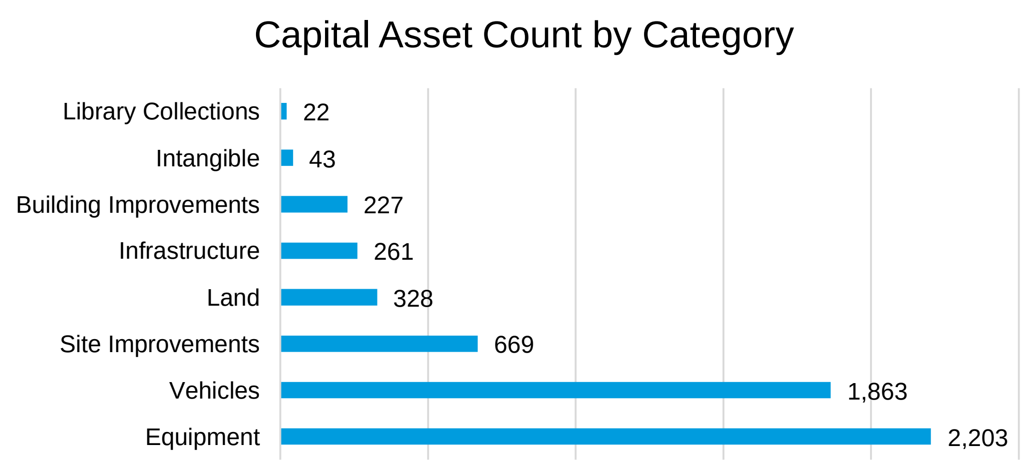
Background (Continued)

Financial Overview

The County's capital asset base represents a significant portion of the resources used to deliver services to residents, spanning property, infrastructure, equipment, vehicles, and intangible assets across all departments and agencies. The figures below summarize the size and composition of the County's capital asset population.

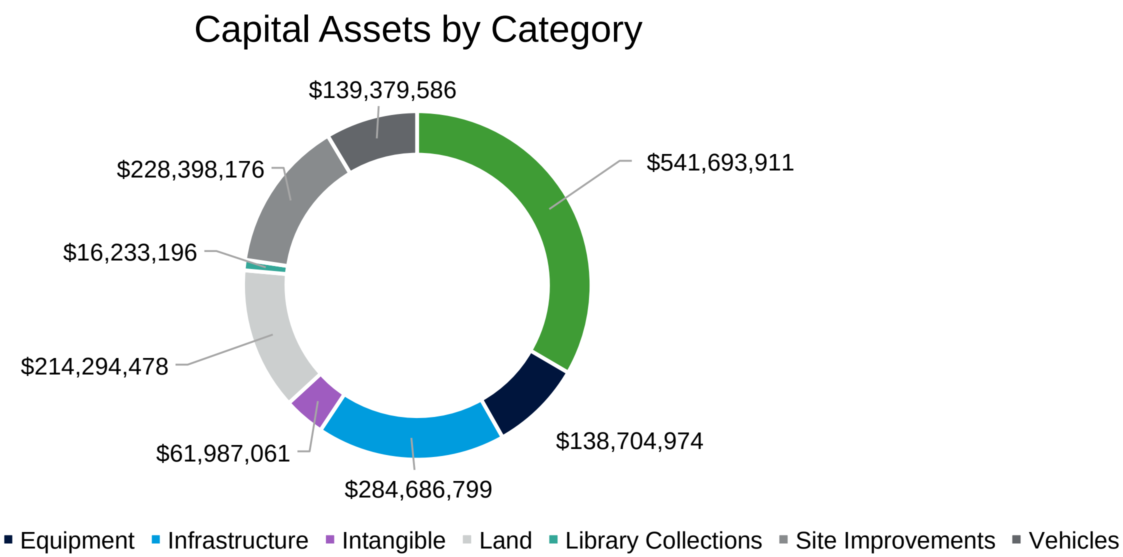


Total Value of County Capital Assets:

$1.63 Billion

Total Count of County Capital Assets:

5,616



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Objectives and Approach

Objectives

The primary objective of this internal audit was to assess the design and effectiveness of the County's controls over the tracking, valuing, maintaining, and disposing of capital assets, and to evaluate compliance with County policies and procedures and applicable state and federal requirements. The audit period was April 1, 2025 through March 31, 2026.

Approach

Our audit approach consisted of the following phases:

Understanding and Documentation of the Process
This phase consisted primarily of inquiry and walkthroughs to obtain an understanding of the current operating policies and procedures, monitoring functions, and control structures as they relate to the processes within our scope. The following was performed as part of this phase:

- Obtained and reviewed key documents, including policies and procedures related to the function, as well as relevant state and County regulations and reporting.
- Conducted interviews and walkthroughs with key personnel to obtain a detailed understanding of applicable policies and procedures, and roles/responsibilities related to the processes within the scope.
- Gained an understanding of procedures as they relate to the processes within scope.
- Developed a work plan to evaluate the operating effectiveness of key processes and controls based on the information obtained through interviews, walkthroughs, and preliminary review of documentation.

Evaluation of the Design and Effectiveness of Process and Controls
The purpose of this phase was to evaluate the design of key processes and controls and test compliance and internal controls for operating effectiveness based on our understanding of the processes obtained during the first phase. We utilized sampling and other auditing techniques to meet our audit objectives outlined above. Our testing procedures included, but were not limited to:

- Evaluated the existing policies and procedures related to fixed asset management for adequacy and currency, including:
  - Asset capitalization thresholds and classification criteria.
  - Asset acquisition, transfer, and disposal procedures.
  - Physical inventory requirements and frequency.
- Assessed inventory data utilizing data analytics, as applicable, to identify trends, anomalies, and other insights.
- Reviewed a sample of twenty-five (25) asset acquisitions and twenty-five (25) disposals/retirements for compliance with established policies, including:
  - Proper authorization and justification of new purchases and disposal/retirement decisions.
  - Accurate and timely recording in the asset management system.
- Reviewed a sample of five (5) internal capital asset transfers to assess compliance with the following:
  - Transfers were properly authorized by both the transferring and receiving departments.
  - Transfers were supported by adequate documentation and updated in the capital asset database.
- Assessed the design and operating effectiveness of physical inventory procedures, including:
  - Frequency and comprehensiveness of physical inventory counts.
  - Reconciliation of physical inventory results to asset records.
  - Investigation and resolution of discrepancies identified during inventories.

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Objectives and Approach (Continued)

Approach (Continued)

Evaluation of the Design and Effectiveness of Process and Controls (Continued)

- Evaluated the design and operating effectiveness of inventory tracking controls, including:
  - Assignment and maintenance of unique asset identification numbers (e.g., asset tags, barcodes).
  - Accuracy and completeness of key data fields within the asset management system (e.g., location, custodian, condition, useful life).
- Performed supplemental onsite inventory counts at three (3) judgmentally selected county sites to independently verify the physical existence, recorded location and tagging of capital assets listed on the master file.
- Assessed the adequacy of periodic reconciliation procedures between the fixed asset subledger and the general ledger, including:
  - Frequency and timeliness of reconciliations performed.
  - Identification, investigation, and resolution of reconciling differences.
  - Proper authorization and documented approval of completed reconciliations.

Reporting

At the conclusion of this internal audit, we summarized our findings into this report. We have reviewed the results with the appropriate Management personnel and have incorporated Management's response into this report.

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Observations Matrix

1. Alignment Between Policy and Operations	Risk Rating: Low

Observation

The County's *Capital Asset Accounting & Control Policy* establishes requirements related to capitalization thresholds, asset classifications, supporting documentation, and depreciation methodologies. During our review, we identified several instances in which policy language does not describe the current, accepted asset management practices. Specifically, we noted the following:

- Recording of Furniture: The policy currently lists furniture as an example asset eligible for capitalization. However, based on discussion with the Capital Assets Team, this language was a holdover from previous practices, and furniture is no longer intended to be capitalized. Based on our review of asset listings, only two (2) furniture assets within the County were capitalized (with a combined recorded cost of $1,887,309). These assets were capitalized more than ten years ago and classified as Site Improvements. As a result, they would not have been identified through searches for furniture-related asset classes. After these assets were identified during audit procedures, they were removed to adhere to current expectations.
- Capital Asset Reporting Forms: The policy currently requires departments to complete and submit a signed Capital Asset Reporting Form for asset acquisitions and to retain the form within Mobius. However, in practice, the Capital Assets Team identified a digital process to record acquisition of assets utilizing the procurement system. Capital Asset Reporting Forms are therefore utilized only when acquisitions occur outside the normal procurement process (i.e., donations, trade-ins). The current written policy does not distinguish between acquisition methods or identify circumstances in which the form is not required.
- Asset Useful Life Tracking: The policy currently establishes standard useful lives for each class of capital asset. These useful lives are assigned to an asset to automatically calculate depreciation upon acquisition. The written policy assigns vehicles, which include fire trucks and ambulances, a useful life range of 3 to 10 years. However, in practice, we identified four (4) vehicle assets with a useful life of 15 years, which is outside the range currently prescribed by policy. These vehicle assets were all either ambulances or firetrucks, which may reasonably be expected to have a longer service life than other vehicles within the Motor Vehicles classification. However, the policy does not accurately describe the expected useful life to adhere to current practice.

Across each of the conditions noted above, the County's documented policy does not align with current, accepted operational practice, increasing the risk that understanding and execution of capital asset management is inconsistent.

Recommendation

The following is recommended:

- Update the *Capital Asset Accounting & Control Policy* to clearly define the County's intended handling of furniture acquisitions, define asset acquisition documentation requirements (including when a Capital Asset Reporting Form is required and when it is not), and define appropriate useful life guidance for specialized vehicles (e.g., fire trucks and ambulances).
- Following the policy update, perform a review of fixed asset records to identify assets affected by the revised guidance.
- Communicate the revised *Capital Asset Accounting & Control Policy* to departmental asset liaisons and other personnel responsible for asset acquisition and management to promote consistent application across the County.

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Observations Matrix (Continued)

1. Alignment Between Policy and Operations (Continued)
Management's Response
Response: Management has already removed the 2 furniture assets from the books. The *Capital Asset Accounting & Control Policy* will be updated to remove mention of furniture as an example capitalized asset, describe the current process for identifying and recording asset acquisitions using the procurement system, and to define the asset useful life for ambulances and firetrucks. **Responsible Party:** Capital Assets Team **Estimated Completion Date:** December 2026

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Process Improvement Opportunity

1. Reconciliation Sign-Off

The County's *Capital Asset Accounting & Control Policy* requires that completed, monthly subledger-to-general ledger reconciliations be reviewed and approved by an authorized individual, with documented evidence of that approval. During our review of the reconciliation support provided for the audit period, we noted that while each reconciliation included evidence that a review had been performed and completed, such as a checkmark or similar notation, the sign-off did not identify the name of the individual who performed the review.

Without a clearly identified reviewer, the County's reconciliation documentation does not provide a complete audit trail evidencing who performed the review and approval function. This limits the County's ability to demonstrate accountability over the reconciliation process and may hinder efforts to research or follow up on a specific reconciliation period if questions arise.

The following is recommended:

- Update the reconciliation sign-off process to require the reviewer's name, in addition to a checkmark or similar notation, to clearly evidence who performed the review.
- Consider standardizing the sign-off format across all reconciliation support documents (e.g., a consistent field or cell for reviewer name and date) to promote consistent documentation practices going forward.

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