



City of San Antonio

Agenda Memorandum

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Agenda Item Number: 8

Agenda Date: January 31, 2023

In Control: Audit and Accountability Committee Meeting

DEPARTMENT: Office of the City Auditor

DEPARTMENT HEAD: Kevin Barthold

COUNCIL DISTRICTS IMPACTED: Citywide

SUBJECT:

Acceptance of the Office of the City Auditor Report AU22-017 Audit of Finance - Asset Capitalization

SUMMARY:

Determine if assets are properly accounted for (capitalized) in accordance with Finance policies and accounting standards.

BACKGROUND INFORMATION:

The Finance Department is responsible for the safeguarding of the City of San Antonio's (the "City's") financial assets and management of its financial resources. It is the policy of the City to properly account for all components of the process from the acquisition to the disposition of capital assets and tracked property.

Capital assets are items valued over \$5,000 with a useful life of over one year. Examples include land, buildings, machinery and equipment, and intangibles. Conversely, tracked property are items that do not meet the City's capitalization thresholds and are under \$5,000. These items are tracked by their respective department for accountability and insurance purposes.

In FY21, total capital asset additions and deletions totaled \$454 million and \$61 million, respectively.

Scope & Methodology

The audit scope included assets acquired and disposed of between October 2020 and January 2022. This included a review of written policies and procedures, asset acquisition and disposal approvals, inventory counts, and asset reconciliations.

Conclusions

Assets are properly capitalized in accordance with Finance policies and accounting standards. Capital assets were properly recorded and depreciated in SAP.

However, the Finance department can further improve the performance of physical inventory counts, related policies and procedures, and user access privileges. We made recommendations to improve these areas. Management agreed with the recommendations and developed positive corrective action plans.

ISSUE:

This item is presented for acceptance by the Audit and Accountability Committee.

FISCAL IMPACT:

None

ALTERNATIVES:

N/A

RECOMMENDATION:

Staff recommends acceptance of this audit report.