August 28, 2015

Memorandum

To: Weaver
From: Michael Singleton, Chief Internal Auditor
Subject: Capital Fixed Assets Existence

The Office of Internal Audit has completed the review of fixed asset identification as requested by the Dallas Independent School District’s (district) External Financial Auditors. Specifically, the request was made to identify a selected audit sample of fixed assets on record.

Scope and Objective:
To assist the External Financial Auditors in determining capital fixed assets existence for the financial 2015 fiscal year end reporting.

Methodology:
The district’s External Financial Auditors prepared a sample selection of sixty fixed asset for the auditors to perform testing on. The sample selections represented Technology assets, Special Education assets and Food Service assets.

Auditor testing consisted of:

- Obtaining information on the location of the fixed assets
- Matching the district identification numbers on record to the physical identification numbers appearing on the assets
- Presenting evidence of observing and capturing a picture of the identifying numbers on the assets by date capturing pictures of the assets.

Observations:
Exhibit A – Technology Assets Sample Results:
The External Financial Auditors selected four capital assets for review. These four assets were identified as cabinets on wheels or “COW-Labs” as referred to by the district’s Fixed Asset Division. COW-Labs are used to store multiple laptop computers for school use. In order to perform a proper review of the fixed asset the auditors reviewed the inside of the COW-Labs to ensure all laptops were present.

Laptops are not capital assets, however, the district tracks all laptops with asset identification numbers to help maintain inventory and prevent loss. The associated laptop identification numbers were obtained from the Fixed Asset Division. A total of 102 laptop computers were associated with the four COW-Labs in the audit sample. These laptop computers were found and pictured. However, at one of the four schools the COW-Lab contained only 12 of the listed 32 computers. The auditors
were informed that the other 20 computers were removed from the school by the Technology Department to be disassembled for repairing other laptops.

Exhibit B – Special Education Assets Sample Results:
No exceptions were noted in our testing. Auditors identified that one out of the 19 fixed assets selected for testing had been retired.

Exhibit C – Food Service Assets Sample Results:
One out of 37 fixed assets selected for testing could not be identified because the location reported was at a former school building that had been bordered closed. The asset was an Ice Maker (GF259424) said to be located at 065-Anderson Learning Center.

Conclusion:
Internal Audit has identified and pictured 86% (136 out of 158) of the asset items listed from the audit sample.