



Fixed Asset Verification Audit Final Report

1 Executive Summary

The Fixed Asset Register is an important underpinning system for the Financial Statements. It provides a list of the assets making up the Fixed Asset figure and is added to by capital purchases made each year.

Local inventory records are also maintained which, to an extent, duplicate the information held on the Asset Register. It was noted that whilst the Fixed Asset Register and local inventories both use unique reference numbers to specifically identify items, the reference is not a common one. The Fixed Asset Register does not always record the reference used locally. Without a way of linking the Register to the actual item, it becomes more difficult to ascertain whether the item is present. As a result, Internal Audit were unable to vouch 20% of the assets examined.

The Fixed Asset Register also records the current location of the item. These were often found to be incorrect. It may be that reliance can be placed on local inventory systems to track where items actually are, rather than attempting to maintain a second record on the Fixed Asset Register. The alternative would be to periodically reconcile the Register with local inventories to ensure that they are both accurate.

Internal Control Assessment

Internal Audit would assess that further work is required before the Fixed Asset Register can be relied upon. A significant proportion of items could not be reconciled with the Register. It is the opinion of Internal Audit that this is based on a need to improve record keeping on the Fixed Asset Register by adding a common reference so that assets can be identified. Internal Audit therefore concludes that the Fixed Asset Register is **Satisfactorily Controlled, with some Significant Reservations.**

Internal Audit Risk Assessment

In relation to the risks assessed in this report Internal Audit rate the overall risk as:

| Likelihood | Value | Reputation | Operational | Legal | Rating |
|------------|-------|------------|-------------|-------|--------|
| Probable | Minor | Minor | Minor | Minor | 5 |

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2 Scope and Approach of the Audit

The objective of the audit was to undertake a compliance check of assets listed on the Force's Fixed Asset Register against those assets in existence. The Audit was included in the plan at the request of the Financial Services Directorate, in order to give assurance to them that assets are being included on the Fixed Asset Register.

A sample of 30 assets in existence was selected to ensure that they were present on the Fixed Asset Register. 30 assets on the Register were selected to ensure that they exist. The assets were selected from 3 of North Yorkshire Police's sites. In addition 30 assets from locally maintained inventory records were selected to ensure that they are present on the Fixed Asset Register. Internal Audit have also sought to compare the list of capital purchases for 2008/09 with the Fixed Asset Register, using a File Interrogation Tool, to identify if the purchases have been added. The results of this comparison is being completed and will be fed back to Financial Accounts staff to assist in their reconciliation of these records.

3 Risk Assessment

Each recommendation is accompanied by an assessment of the likelihood and impact of the risk identified, to the Force/Authority as a whole.

4 Report Distribution

| Name/Role | Draft | Final | Final plus Response |
|--|--------------|--------------|----------------------------|
| Joanna Carter, Chief Finance Officer and Treasurer | x | x | ✓ |
| Delivery Unit | x | ✓ | ✓ |
| Gary MacDonald, Director of Financial Services | x | ✓ | ✓ |
| Mark Bates, Head of Forensic Services | ✓ | ✓ | ✓ |
| Roger Macdonald, Head of Financial Accounts | ✓ | ✓ | ✓ |

5 Observations

5.1 Location Listing

| Risk Exposure | | | Root causes | | |
|--|-------|------------|--|-------|--------|
| The Force may not be able to sufficiently support the fixed assets figure within the Financial Statements. | | | Without a common unique identifier, the Force may not be able to locate/identify its assets. | | |
| The Force may find it difficult to locate each of its Fixed Assets. | | | The location of assets within the Fixed Asset Register are incorrect. | | |
| Likelihood | Value | Reputation | Operational | Legal | Rating |
| Probable | Minor | Minor | Minor | Minor | 5 |

5.1.1 Shared Unique Identifier

Internal Audit selected 90 assets: 30 assets from the Fixed Asset Register, 30 assets that were located around the Force and 30 from local inventories.

- Of the 30 assets that were selected from the Fixed Asset Register, Internal Audit were not able to locate 7.
- Of the 30 assets that were selected from around the Force, 5 could not be found on the Fixed Asset Register.
- Of the 30 assets selected from local inventories, 6 could not be linked to a record on the Fixed Asset Register. These all related to the Forensic Services Inventory and a separate point is made regarding this in 5.2.

The principle reason for this was because the Fixed Asset Register does not always list a reference in common with the asset, which would link it to the asset (17 items).

In addition 1 item had been disposed of and the Fixed Asset Register had not been updated.

All the items selected from the Fixed Asset Register, which could not be located are listed below:

| No | Fixed Asset Register Record | Central Asset Reference | Other Info |
|----|---|-------------------------|----------------|
| 1 | NDS Server | 107486 | |
| 2 | SQL Server | 107487 | |
| 3 | ANPR - part GRN PO41002891 | 106922 | |
| 4 | Server | 106850 | |
| 5 | 90 X CALL CENTRE : CMS | 106914 | |
| 6 | Premises costs to IPLDP H. Office grant funding cost code | 106920 | |
| 7 | Conversion Costs - YJO4 CFK | 101916 | Asset Disposed |

Internal Audit is continuing to seek to locate these items.

Below are the items that were selected from around the Force, but could not be linked to an entry on the Fixed Asset Register:

| No | Asset Located Around the Force | Location | Tag Reference |
|----|--------------------------------|----------------------|---------------|
| 1 | Base computer box | Old ISD meeting room | NYP53763 |
| 2 | Base computer box | IT Conference Room 3 | NYP53321 |
| 3 | Monitor | IT Conference Room 3 | NYP63356 |
| 4 | Scanner/Fujitsu | Finance | NYP70651 |
| 5 | PC | Finance | NYP53629 |

5.1.2 Location of assets

Of the 30 assets selected from the Fixed Asset Register, 13 were not in the location as identified on the Fixed Asset Register. These are listed below:

| Asset No | Asset Reference | Asset Description | Location as per fixed asset register | Actual location |
|----------|----------------------------|--------------------------|--------------------------------------|--------------------------------------|
| 106791 | NYP90039NYPEVA1 | Plant and Equipment – IT | Skipton Police Station | Server Rom, Newby Wiske |
| 106576 | NYP90129Citrix01 | Plant and Equipment – IT | Skipton Police Station | Server Rom, Newby Wiske |
| 106554 | NYP90077GI504 | Plant and Equipment – IT | Skipton Police Station | Server Rom, Newby Wiske |
| 106595 | NYP90140Data05 | Plant and Equipment – IT | Skipton Police Station | Server Rom, Newby Wiske |
| 106632 | NYP90242Blade3 (SOSTENUTO) | Plant and Equipment – IT | Skipton Police Station | Server Rom, Newby Wiske |
| 106700 | nyp1sun | Plant and Equipment – IT | Skipton Police Station | Server Rom, Newby Wiske |
| 106703 | orafinlive | Plant and Equipment – IT | Skipton Police Station | Server Rom, Newby Wiske |
| 106709 | stormdiska | Plant and Equipment – IT | Skipton Police Station | Server Rom, Newby Wiske |
| 106714 | nspishra | Plant and Equipment – IT | Skipton Police Station | Server Rom, Newby Wiske |
| 106753 | NYP90041Database1 | Plant and Equipment – IT | Skipton Police Station | Server Rom, Newby Wiske |
| 106779 | NYP90019Media02 | Plant and Equipment – IT | Skipton Police Station | Server Rom, Newby Wiske |
| 100780 | YJ54VLN | Vehicle | Police HQ, Newby Wiske | Thirsk, Collision Investigation Unit |
| 101030 | Vauxhall - YK05 EDP | Vehicle | Racecourse Lane Complex | Newby Wiske, HQ |

In addition to the 30 assets selected from around the Force, 12 were actually in a different location from that listed on the Asset Register.

| No. | Physical Asset | Tag Number | Asset Number | Actual Geographic Location | Actual Location | Asset Register Location |
|-----|--------------------------|------------|--------------|----------------------------|--------------------------------------|-------------------------|
| 1 | Server – “stormora1” | NYP90329 | 106706 | Newby Wiske | Server Room | Skipton Police Station |
| 2 | Server – “vpfpo-ftp” | NYP90336 | 106708 | Newby Wiske | Server Room | Skipton Police Station |
| 3 | Server – “Reader07” | NYP90097 | 106773 | Newby Wiske | Server Room | Skipton Police Station |
| 4 | Server – “Niche N02” | NYP90281 | 106788 | Newby Wiske | Server Room | Skipton Police Station |
| 5 | Server – “holmes212” | NYP90315 | 106715 | Newby Wiske | Server Room | Skipton Police Station |
| 6 | Server – “Doc01” | NYP90045 | 106638 | Newby Wiske | Server Room | Skipton Police Station |
| 7 | Server – “DATABASE6” | NYP90083 | 106569 | Newby Wiske | Server Room | Skipton Police Station |
| 8 | Computer Box | NYP53127 | 102381 | Newby Wiske | Payroll | Athena House, York |
| 9 | Computer Monitor | NYP63116 | 102520 | Thirsk | Fleet / Collision Investigation Unit | Newby Wiske, HQ |
| 10 | Vehicle - YJ56 ABO | | 101613 | Thirsk | Fleet / Collision Investigation Unit | Racecourse Lane Complex |
| 11 | Vehicle - YJ57 NMK | | 101848 | Thirsk | Fleet / Collision Investigation Unit | Racecourse Lane Complex |
| 12 | Big Hub C350 Photocopier | NYP70941 | 106126 | Newby Wiske | HR | Skipton Police Station |

When capital purchases are made, the location of the asset should be passed to the Finance Department and added to the Fixed Asset Register. Local records also record the location of the item. Rather than trying to keep two accurate records of where the item is located, reliance could be placed on one set of records, that the other listing could refer to. As discussed in 5.1.1, this requires a common unique identifier for each asset.

Recommendation 1

Before future fixed assets are added to the Register, Finance should ensure that they have a common unique identifier for that asset. For example, the tag reference number used by ISD or an other reference that relates to the local inventory system.

Agree Y/N

Action Date

Action Manager

Y

30 November 2010

Head of Financial Accounting

Specific action to be taken to implement recommendation

A common unique identifier will be placed on each fixed asset in the future. A review will be undertaken of unique identifiers for fixed assets across all areas, to ascertain the feasibility of implementing a common identifier. Once a decision has been made and process implemented, the unique identifier will be allocated

to the fixed asset when requisitioned. This will become part of the requisition process so that a unique identifier is attached to the fixed asset at the earliest opportunity and without manual interference.

Recommendation 2

Based on a common unique identifier being used within the Fixed Asset Register, Finance should give consideration to placing reliance on the local inventory system for the current location of the asset. This would mean that the current location would not be held on the Fixed Asset Register.

| Agree Y/N | Action Date | Action Manager |
|-----------|-------------|------------------------------|
| Y | 31 May 2010 | Head of Financial Accounting |

Specific action to be taken to implement recommendation

This information will cease to be input into the Fixed Asset Register and clarification will be sought with Internal Audit as to whether to remove the information that is currently on the Fixed Asset Register. Initially, the Fixed Asset Register will be reconciled with the local inventory on a monthly basis. This will be reviewed to determine if this timescale is manageable or whether it would be more appropriate to reconcile the registers on a quarterly basis.

Initial discussions are underway to explore the feasibility of automated integration between the Oracle Fixed Asset Register and local asset databases e.g. Sostenuto, Planet FM etc.

Recommendation 3

Internal Audit should be provided with evidence of the outstanding assets that are present in the Force, so that assurance can be given that the issue is one purely of record keeping and not misappropriation.

| Agree Y/N | Action Date | Action Manager |
|-----------|-------------|------------------------------|
| Y | 31 May 2010 | Head of Financial Accounting |

Specific action to be taken to implement recommendation

Evidence will be provided to Internal Audit in relation to the outstanding assets. Clarification will be sought with Internal Audit to confirm the outstanding assets that require reconciliation.

5.2 Forensic Services Asset Inventory

| Risk Exposure | | | Root causes | | |
|---|---------|------------|--|---------|--------|
| If assets are lost, this may not be identified. | | | Inadequate local asset inventory without a unique identifier or sufficient description of the asset. | | |
| Likelihood | Value | Reputation | Operational | Legal | Rating |
| Unlikely | Minimal | Minimal | Minor | Minimal | 5 |

In common with the Fleet Department, ISD and Property and Facilities, Forensic Services maintain a local inventory of their assets. The following observations can be made about it:

- Assets listed do not have a unique identifier or sufficient description in order that they can be individually identified;
- Assets are not always separately listed. E.g.: “6 x laptops”.

It is therefore not possible to confirm that specific items purchased and listed are actually present. It would also, not currently be possible to place reliance on the information held on the list, in order that it did not need to be recorded on the Fixed Asset Register.

| Recommendation 4 | | |
|---|------------------|---------------------------|
| Forensic Services should update their asset inventory to include a unique identifier for each separate item. Consideration could be given to using a similar tag number, as used by ISD. | | |
| Agree Y/N | Action Date | Action Manager |
| Y | 30 November 2010 | Head of Forensic Services |
| Specific action to be taken to implement recommendation | | |
| All Forensic Services equipment will be uniquely labeled and this will link into the review described at recommendation one, regarding the possibility of using a common identifier for all fixed assets. | | |

6 Appendix: Opinion of Internal Control

Internal Audit assesses the effectiveness of internal control, within the scope of what is audited. This measure is therefore a relative one.

| Category | Description |
|---|---|
| Well Controlled | <ul style="list-style-type: none"> Objectives are likely to be achieved and risk management action is both efficient and economical. No management action is required, although matters meriting the consideration of management may be raised. |
| Satisfactorily Controlled | <ul style="list-style-type: none"> There is sufficient assurance that objectives are likely to be achieved and risk management action is generally efficient and economical Management action is required in a small number of areas. |
| Satisfactorily Controlled with some significant reservations | <ul style="list-style-type: none"> There are concerns that in some important areas objectives may not be achieved risk management action may not be as efficient or economic as it can be. Management action is required to address a small number of significant weaknesses. |
| Unsatisfactorily Controlled | <ul style="list-style-type: none"> Failure to address the risks outlined is highly likely to lead to a failure to achieve objectives and risk management action may not be efficiently or economically undertaken. Management action is required to address a large number of significant weaknesses. |
| Uncontrolled | <ul style="list-style-type: none"> Objectives in this area are not being achieved action being taken may be inefficient and wasteful. Urgent management action is required. |

7 Appendix: Risk Assessment Criteria

Risks in this report have been assessed using the following criteria. It is the same criteria as that used by North Yorkshire Police to assess risk for the Risk Register.

| | | | | | | |
|-------------|-------------------|-----|------------|-------|-------------|--------------|
| Probability | Highly Probable | Nil | 5:7 | 4:12 | 2:14 | 1:16 |
| | Probable | Nil | 5:4 | 5:8 | 3:13 | 2:15 |
| | Unlikely | Nil | 6:2 | 5:5 | 5:10 | 4:11 |
| | Highly Improbable | Nil | 6:1 | 6:3 | 5:6 | 5:9 |
| | Nil | Nil | Nil | Nil | Nil | Nil |
| | | Nil | Negligible | Minor | Significant | Catastrophic |
| Impact | | | | | | |

| | | | | | |
|------------------|-----|--|--|--|--|
| Probability | Nil | < 20% Highly Improbable (HI) | 20% – 40% Unlikely (UL) | 40% - 60% Probable (P) | > 60% Highly probable (HP) |
| Impact | Nil | Negligible | Minor | Significant | Catastrophic |
| Financial (£) | Nil | < 10K Minimal impact upon either devolved budget or the Police fund | 10 – 30K Minor impact upon either devolved budget or the Police fund | 30 - 75K Significant impact upon either devolved budget or the Police fund | >75K Catastrophic impact upon either devolved budget or the Police fund |
| Reputation | Nil | Negligible adverse publicity. Minimal impact upon public perception | Localised adverse publicity. Minor/transient impact upon public perception of Force or Authority | Criticism at local Government level. Lasting impact upon public perception of Force or Authority | Intense national media. Criticism at national government level. |
| Operational | Nil | Negligible impact upon ability to deliver service and meet Force targets | Minor impact upon ability to deliver service and meet Force targets | Significant impact upon ability to deliver service and meet Force targets | Catastrophic impact upon ability to deliver service and meet Force targets |
| Legal Compliance | Nil | Negligible prospect of legal challenge | Minor/Transient prospect of legal challenge | Serious non compliance. Litigation/challenge | National legal issue |

