

Status of Audit Resolution

December 2015

The Evergreen State College (TESC)

Agency: 376

Audit Report: 1014422

Finding Number: 001

Finding: The College should improve internal controls over Residential Services capital assets to ensure accurate reporting.

Resolution: The College performed an extensive review of every capital asset in the Residential Services inventory and corrected capital assets accounting records. The errors identified by the auditors included:

- Incorrectly recording useful life on certain assets.
- Incorrectly capitalizing 12 assets that should have been expensed in the year purchased.
- Incorrectly calculating depreciation on assets that had more than one addition.

The College recognizes that additional controls need to be implemented to ensure that only those assets that meet the state's capitalization threshold are capitalized and that depreciation expense is accurately calculated. In the future, to ensure capital assets and depreciation are accurate, complete, and supported, the College will run depreciation expense monthly instead of annually and reconcile the amount posted in the accounting system to the expected monthly depreciation expense. The College Accounting Office will review and approve monthly reconciliations.

The College will also ensure that staff responsible for monitoring and posting capital assets are adequately trained. Additionally, the College will continue to have annual meetings of the Accounting Office, Residential Services Department and the Procurement and Supply staff assigned to monitor capital assets to ensure only capital assets that meet the state's capitalization policy are capitalized.

Completion Date: May 2015, subject to audit follow-up

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