City of Bowling Green Internal Auditor's Office

Project# 2025-06
July 16, 2026

Small Asset Audit

Objective: The objective of this audit was to assess the adequacy and effectiveness of the City's small asset management policies and practices, and to verify the existence and proper safeguard of small assets

Scope and Methodology: Scope focused on small assets (under $10,000) purchased between January 1, 2025 and December 31, 2025, including related departmental inventory practices where applicable. The methodology included researching best practices and guidance from relevant professional organizations, interviews with key personnel across multiple City departments, reviewing applicable City policies and procedures, relevant standards and guidance, analyzing purchase order and procurement card activity along with common general ledger misclassification transactions, evaluated departmental processes for tracking, inventorying and disposing of small assets and performed on-site verifications of selected assets to confirm existence and proper safeguarding.

Background: The City maintains a tracking module within the City's financial software which is capable of tracking small (controlled) assets under $10,000; however, use of this system is voluntary and not consistently implemented across departments. As a result, departments are responsible for managing their own small assets using a variety of approaches. Some departments employ robust practices, including tagging, inventory tracking, and periodic verification. Others maintain limited or no formal tracking systems, particularly for assets not assigned to specific employees. This decentralized approach results in inconsistent asset management practices across the organization and increases the risk of loss, misplacement, or improper disposal of assets.

The amount of small assets purchased continue to increase totaling $1,825,082.14 in FY2023, $2,062,355.79 in FY2024 and $2,744,750.73 in FY2025.

WHAT WORKS WELL?

Strong Practices in Select Departments: Parks, Information Technology, and certain Public Works divisions utilize asset tagging, maintain tracking systems, and perform regular inventory verifications, demonstrating effective internal controls.

Effective Tracking of Assigned Equipment: Police and Fire departments maintain detailed accountability for assets assigned to personnel, apparatus, or specific operational use.

Financial Oversight Controls: The Finance Department has processes in place to identify and correct general ledger coding errors, reducing the risk of material misclassification.

Asset Verification Results: All sampled assets were located during testing, indicating no evidence of material loss or misappropriation.

OPPORTUNITIES FOR IMPROVEMENT

Standardization of Asset Tracking: The City lacks a consistent, organization-wide approach to tracking small assets. Recommendation: Implement a standardized policy requiring all departments to track qualifying small assets, including minimum requirements for tagging, recordkeeping, and periodic inventory verification.

Utilization of Existing Systems: The current financial system's asset tracking functionality is underutilized. Recommendation: Evaluate and require use of the existing system (or an alternative centralized solution) to improve consistency, reporting, and oversight.

Tracking of Non-Assigned Assets: Departments such as Police and Fire effectively track assigned equipment but do not consistently track general-use assets.

Recommendation: Expand tracking requirements to include shared or non-assigned assets (e.g., furniture, electronics, appliances).

Consistent Inventory Practice: Inventory frequency and procedures vary significantly across departments. Recommendation: Establish minimum inventory standards, including required frequency and documentation expectations.

Risk Awareness and Training: Variability in practices suggests inconsistent understanding of asset management expectations.

Recommendation: Provide training and guidance to departments to reinforce accountability and best practices.

For the further audit details, contact Deborah Jenkins, City Internal Auditor at Deborah.Jenkins@bgky.org