

June 6, 2023

***Via electronic mail to: caps@osc.state.ny.us***

Office of the State Comptroller

Attn: Jeremy Dudley, Examiner

Attn: Frank Slavitsky, Auditor 3

Division of Local Government

And Accountability

***Re: Central Valley School District IT Asset Management Report of Examination - Audit Report – S9-22-7 and Corrective Action Plan***

To Whom It May Concern:

The Central Valley CSD at Ilion-Mohawk has reviewed the final audit report listed above. This letter should serve as both our audit response and Corrective Action Plan.

The report made several recommendations:

The Board should:

1. Adopt a specific comprehensive written policy to appropriately track and inventory IT equipment. This policy should include guidance and processes for:

- Maintaining detailed, up-to-date inventory records for all IT equipment,
- Adding new equipment to the inventory,
- Notifying the IT Department when equipment is reassigned, lost or stolen,
- Documenting and updating the inventory for equipment disposal, and
- Annually reviewing the physical inventory.

**District Corrective Action:**

**FISCAL MANAGEMENT**

**4504 ACCOUNTING OF FIXED ASSETS, INVENTORY, AND TRACKING**

I. Statement of Policy The Superintendent or their designee shall be responsible for accounting for general fixed assets according to the procedures outlined by the Uniform System for Accounts for School Districts and GASB Statement 34 Regulations.

A. These accounts will serve to:

1. Maintain a physical inventory of assets;
2. Establish accountability;

3. Determine replacement costs; and
4. Provide appropriate insurance coverage.

II. Fixed Assets Fixed assets with a minimum value established by the District that have a useful life of one (1) year or more and physical characteristics not appreciably affected by the use of consumption shall be inventoried and recorded on an annual basis. Fixed assets shall include land, buildings, equipment and materials.

III. Threshold The Board shall establish a dollar threshold as a basis for considering which fixed assets are to be depreciated. Such threshold shall ensure that at least 80 percent of the value of all assets is reported. However, it is recommended that such threshold shall not be greater than five thousand dollars (\$5,000.00). A standardized depreciation method and averaging convention shall also be established for depreciation calculations.

IV. Fixed Assets Fixed assets acquired having a value equal to or greater than the established threshold are considered depreciable assets and shall be inventoried for the purposes of GASB 34 accounting practices and placed on a depreciation schedule according to its asset class and estimated useful life as stipulated by the New York State Comptroller's Office or the IRS.

V. Assets Assets shall be recorded at initial cost or, if not available, at estimated initial costs; gifts or fixed assets shall be recorded at estimated fair value at the time of the gift. A property record will be maintained for each asset and will contain, where possible, the following information:

POLICY

## **FISCAL MANAGEMENT**

### **4504 ACCOUNTING OF FIXED ASSETS, INVENTORY, AND TRACKING**

- A. Date of acquisition;
- B. Description;
- C. Cost or value;
- D. Location;
- E. Asset type;
- F. Estimated useful life;
- G. Replacement cost;
- H. Current value;
- I. Salvage value;
- J. Date and method of disposition;
- K. Responsible official;

VI. Duties of the Superintendent The Superintendent or their designee shall arrange for the annual inventory and appraisal of District property, equipment, and material. Any discrepancies between an inventory and District property records on file should be traced and explained.

A. Inventory of equipment to include instructional equipment shall be maintained. All items that have a life expectancy of five (5) years or longer shall be included in the inventory, with the exception of equipment permanently fixed in a building such as heaters or lockers.

B. An inventory of supplies which are warehoused shall be maintained separately for instructional, cafeteria, maintenance, and transportation departments.

#### VII. Title I Equipment

A. All equipment purchased with Federal Title I Funds shall be identified as "Title I" on the inventory tag and in the inventory list.

##### B. Disposition of Federal Grant to include Title I Equipment

1. When original or replacement equipment acquired under a Federal grant or sub-grant is no longer needed for the original project or program or for other activities currently or previously supported by a federal agency, disposition of the equipment will be made as follows:

a. Items of equipment with a current unit fair market value of less than five thousand dollars (\$5,000.00) may be retained, sold, or otherwise disposed of with no further obligation to the awarding agency.

b. Items of equipment with a current per unit fair market value in excess of five thousand dollars (\$5,000.00) may be retained or sold and the awarding agency shall have a right to an amount calculated by multiplying the current market value or proceeds from sale by the awarding agency's share of the equipment.

c. In cases where the district fails to take appropriate disposition actions, the awarding agency may direct the grantee or sub-grantee to take excess and disposition actions. No federal approval is necessary to dispose of equipment costing over five thousand dollars (\$5,000.00) but for sub-grantees, NYSED approval is necessary. Once NYSED has determined that it has no other need for the use of the equipment, sub-grantees are free to proceed with the sale of the equipment.

#### VIII. Borrowing of Assets

Personal property, supplies, equipment and tools may not be borrowed or used for personal projects or private gains.

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Central Valley Central School District Legal Ref: Education Law §2116(a); Uniform System of Accounts for School Districts, EDGAR Part 800.32 and 80.36 Adopted: 02/26/14 Revised: 11/15/17, 11/16/22

#### **District Corrective action:**

I believe district policy 4504 covers this item. We generally buy Chromebooks in bulk, 200 at a time. These items are logged into our inventory system. The issue stems from when we switched inventory monitoring companies. A few months prior to this audit we switched from Industrial Appraisal our inventory monitoring company for many years, to Questar III. We decided to switch to Questar III because Industrial Appraisal was not meeting our district's needs. During this transition, we struggled to get our entire database switched to our new inventory tracking company (Questar III). We continue to work with Questar III to ensure our inventory is maintained correctly. I believe in a few years this will no longer be an issue.

2. Require the Technology Leader to perform a physical inventory of all IT equipment, locate missing and unaccounted-for equipment and update inventory records accordingly.

**District Corrective action:**

*The Technology Coordinator will perform a physical inventory at the end of each school year. The Technology Coordinator will attempt to locate missing and unaccounted items and update inventory records accordingly. This year the physical inventory will take place the week starting Jun 26, 2023 .*

3. Develop a process to retrieve student devices that are not returned at the end of the school year.

**District Corrective Action:**

*The district will attempt to reach the parent or individual with the said device by phone and mail. If the district cannot retrieve the missing item/s at this point the district will send the school resource officer to attempt to retrieve the item/s. If the resource officer cannot retrieve the item/s the district will consider the item lost and remove it from inventory.*

The Superintendent, with the assistance of the Technology Leader, should:

4. Develop a single, master inventory list that includes all IT assets regardless of asset type or location.

**District Corrective Action:**

*The district will include handheld devices and other items the Office of the State Comptroller deems valuable enough to spend an enormous amount of district time and resources to track. Similar to a textbook.*

5. Ensure District inventory records include the detail necessary to adequately track and locate an IT asset and that asset records minimally include the make, model and serial number; the name of the individual to whom the device is assigned, if applicable; the physical location of the asset; and relevant purchase or lease information including the initial cost, depreciation and acquisition date.

**District Corrective Action:**

*The district has an inventory tracking system that already performs this function. We will now include items that cost \$250.*

6. Review and comply with applicable District policies.

**District Corrective Action:**

*We will meet with our technology coordinator and our team at our regional information center MORIC to ensure these policies are reviewed and put into practice immediately.*

7. Perform a complete, annual physical inventory and compare the results to the inventory records. Take appropriate action to follow up on any discrepancies.

**District Corrective Action:**

*We have been in this process for our second year as part of our new inventory monitoring service provided through Questar III.*