

# Union Free School District of the Tarrytowns

## Fixed Assets

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OFFICE OF THE NEW YORK STATE COMPTROLLER  
Thomas P. DiNapoli, State Comptroller

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# Report Highlights

## Union Free School District of the Tarrytowns

### Audit Objective

Determine whether fixed assets were recorded and properly accounted for.

### Key Findings

- The Board did not designate a property control manager.
- None of the 39 fixed assets valued at \$242,673 were tagged as District property and 42 assets valued at \$126,303 were not recorded on the inventory list.

### Key Recommendations

- The Board should designate a property control manager.
- Ensure all fixed assets with values that exceed the established threshold have a tag affixed identifying them as District property.

District officials generally agreed with our recommendations and indicated they planned to initiate corrective action.

### Background

The Union Free School District of the Tarrytowns (District) serves the Towns of Greenburg and Mount Pleasant in Westchester County. The District is governed by a seven-member Board of Education (Board), which is responsible for the general management and control of operations. The Superintendent of Schools is the chief executive officer and is responsible, along with other administrative staff, for day to-day management under the Board's direction.

The District contracts with an asset management service provider to prepare asset reports and insurance valuation updates for its fixed asset inventory.

#### Quick Facts

Employees	689
Enrollment	2,810
2017-18 Appropriations	\$75.6 million
Fixed Assets Purchased During the Audit Period Individually Valued at More Than \$1,000	\$405,855

### Audit Period

July 1, 2016 – May 8, 2018

# Fixed Assets

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## What Are Good Controls Over Fixed Assets?

Fixed assets, such as machinery and equipment, represent a significant investment of district resources. Boards should adopt a comprehensive fixed asset policy that sets forth the duties, records and control procedures to safeguard assets. District officials are responsible for ensuring that such assets are protected from loss and inventory records are current and accurate.

The governing board should designate someone as the property control manager who should be responsible for tracking the capital assets of the district, ensuring the accuracy and usefulness of the asset records and establishing detailed procedures for capital asset protection. These procedures should be written and distributed to those who will be involved in the control and inventory of assets.

The property control manager should be responsible for conducting the initial and subsequent physical inventory counts and maintaining an inventory list that includes current inventory, additions and disposals. No fixed asset should be disposed of without board approval.

## The Board Did Not Designate a Property Control Manager

The District contracts with an asset management provider (provider) to provide asset reports and insurance valuation update services. The provider is responsible for tagging the assets and providing District officials with a template to update asset records, including current inventory, additions and dispositions. At the end of each year, officials send the template with their updated information back to the provider so changes can be made to the inventory list. The provider tags assets every five years.

The Board adopted a fixed asset policy in 2006. The policy requires that the business office maintain an inventory of fixed assets and other equipment and property with a value of more than \$1,000 with the cooperation of all building and department administrators. However, the Board and District officials did not appoint an individual to perform this function.

The former Business Administrator told us that he was not aware of the policy and his office did not maintain an inventory list of fixed assets. Furthermore, a list of asset dispositions was not maintained. Although disposition of larger items like buses were listed and approved in the Board minutes, these assets were not included on any inventory list and officials did not maintain a list of smaller item dispositions.

IT staff told us that they do not keep a list of disposed items and that the facility department takes care of dispositions. District officials told us that going forward the Board will adopt an asset disposal policy. The IT Director told us that they will maintain a record for these items and seek Board approval.

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In the absence of a comprehensive inventory list, we reviewed the cash disbursement records to obtain a list of assets purchased during our audit period. We identified 59 purchases consisting of 381 assets totaling \$405,855 that exceeded the \$1,000 threshold. We reviewed 53 of these assets with a total cost of \$260,075 to determine whether they were recorded and tagged by the provider.<sup>1</sup>

We obtained an inventory list from the provider and found that 11 of these assets valued at \$133,772 were listed and the remaining 42 assets valued at \$126,303 were not listed.

District officials and a representative from the provider told us the provider was engaged in the fall of 2016 for an additional limited engagement to tag and record all IT equipment. Therefore, all IT equipment purchased before that time should have been tagged and recorded on the inventory list. However, four tablets that were purchased for the pupil personnel department and two computer storage carts which should have been listed as part of the limited engagement were not recorded on the inventory list.

Officials told us that they forgot to include the tablets in the limited engagement and did not provide a reason for not including the storage carts. Further, officials told us that they are in the process of adding the 25 assets purchased in 2017-18 totaling \$88,589 to a list to send the provider.

We attempted to trace the 53 assets to their locations to determine whether they were in the District's possession and appropriately tagged. While we were able to locate and identify 39 of these assets, we were unable to locate 14 assets totaling \$17,402 because either the asset was in the possession of a teacher on summer vacation, lacked a serial number and inventory tag or had a serial number that did not agree with the invoice. In addition, asset sign-out sheets were not maintained so District officials could readily determine who was responsible for these assets. Further, serial numbers for 14 untagged assets were either missing or inaccurate.

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<sup>1</sup> See Appendix B for more information on our sampling methodology.

**Figure 1: Fixed Assets With Missing Serial Numbers**

Number of Assets	Description	Missing or Inaccurate Serial Number	Value of Asset
2	Projectors	Yes	\$2,010
7	Computer Carts <sup>a</sup>	Yes	\$10,804
1	Baritone Horn <sup>b</sup>	Yes	\$1,090
1	Camera	N/A <sup>c</sup>	\$2,079
3	Tablet Computers	N/A <sup>c</sup>	\$1,419
<b>14</b>			<b>\$17,402</b>

a Because these carts did not have serial numbers and were not tagged, we were unable to determine whether these were the ones we were attempting to locate.

b We located two baritone horns in the music room but could not determine which one was purchased during the audit period because they were not tagged.

c Because these items were in the possession of teachers on vacation, we were unable to determine whether the serial numbers were accurate.

None of the 39 assets valued at \$242,673 that we located were tagged. Officials told us that the provider comes to their location every five years to tag the assets and their next visit is scheduled for 2019. The process of tagging assets only once in five years is inadequate. Computer equipment, for example, is valuable when it is new and should be tagged as District property. However, by the time it is five years old it is of little value leaving little point to tagging it as District property. Additionally, because the former Business Administrator was unaware that the policy assigned the business office as property control manager, a current up-to-date asset list was not maintained.

Although we did not find any indication of fraud, without an accurate and up-to-date asset list officials cannot be sure that assets are protected against loss or unauthorized use and that the District is not incurring unnecessary insurance costs. Furthermore, when assets are not tagged and identified as District property there is a greater risk that assets could be lost or misplaced.

### What Do We Recommend?

The Board should:

1. Designate a property control manager to maintain an up-to-date inventory.
2. Adopt a policy for control of asset dispositions.

District officials should:

3. Ensure all fixed assets valued at more than the established threshold are immediately tagged identifying them as District property.

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4. Ensure an accurate and up-to-date asset inventory is maintained.
  5. Locate the inventory items identified in this report.

# Appendix A: Response From District Officials

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## *Public Schools of the Tarrytowns*

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December 21, 2018

■ Tenneh Blamah  
Chief Examiner  
Office of the State Comptroller  
Newburgh Regional Office  
33 Airport Center Drive, Suite 103  
New Windsor, NY 12553

Dear ■ Blamah,

The Public Schools of the Tarrytowns has received and reviewed the Fixed Assets Report of Examination 2018M-185 for the period covering July 1, 2016 through May 8, 2018. The District would like to thank the New York State Comptroller's office for their thorough review of our fixed assets and for the professional manner in which it was conducted. The examiners were very helpful with their recommendations on how we can improve our oversight, inventory and management of District property.

The District is in agreement with the findings of the audit. We are pleased to note that there were no indications of fraud. The current Business Administrator has met with our asset management provider to establish a plan to correct our current inventory deficiencies.

Although recommended, we disagree with the need to designate a property control manager. The Business Administrator is responsible for maintaining the inventory list which includes additions and disposals. As recommended, the District will develop enhanced procedures to maintain an up-to-date asset inventory. In addition, the District will be reviewing and amending its Fixed Assets Policy and Procedures and will adopt a policy for control of asset dispositions.

Sincerely,

Christopher Borsari,  
Superintendent of Schools

## Appendix B: Audit Methodology and Standards

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We conducted this audit pursuant to Article V, Section 1 of the State Constitution and the State Comptroller's authority as set forth in Article 3 of the New York State General Municipal Law. To achieve the audit objective and obtain valid audit evidence, our audit procedures included the following:

- We interviewed District personnel to obtain an understanding of fixed asset policies and procedures.
- We reviewed the asset service provider contract and interviewed the provider's representative to determine their responsibility with respect to fixed assets.
- We reviewed the fixed asset policy to determine its adequacy.
- We reviewed cash disbursement data for the audit period and identified purchases that appeared to be for fixed assets. We then reviewed the related invoices to identify any assets purchased that exceeded the \$1,000 threshold and should have been included on the inventory list maintained by the business office.
- We randomly selected 53 fixed assets valued at \$260,075 from the District records (28 from 2016-17<sup>2</sup> and 25 from 2017-18). We traced these assets to the inventory list to determine whether they were properly recorded and visited various locations to determine whether these assets were in the District's possession and properly tagged.

We conducted this performance audit in accordance with GAGAS (generally accepted government auditing standards). Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

Unless otherwise indicated in this report, samples for testing were selected based on professional judgment, as it was not the intent to project the results onto the entire population. Where applicable, information is presented concerning the value and/or relevant population size and the sample selected for examination.

A written corrective action plan (CAP) that addresses the findings and recommendations in this report must be prepared and provided to our office within 90 days, pursuant to Section 35 of General Municipal Law, Section 2116-1(3) (c) of New York State Education Law and Section 170.12 of the Regulations of the Commissioner of Education. To the extent practicable, implementation of the CAP must begin by the end of the fiscal year. For more information on preparing and filing your CAP, please refer to our brochure, *Responding to an OSC Audit Report*, which you received with the draft audit report. We encourage the Board to make the CAP available for public review in the Clerk's office.

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<sup>2</sup> Ten iPads were purchased as a group and listed as a single item when selecting our sample of 25 assets. We selected four of the iPads to review, causing the number of assets selected for this year to be 28 instead of 25.

## Appendix C: Resources and Services

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### **Regional Office Directory**

[www.osc.state.ny.us/localgov/regional\\_directory.pdf](http://www.osc.state.ny.us/localgov/regional_directory.pdf)

### **Cost-Saving Ideas** – Resources, advice and assistance on cost-saving ideas

[www.osc.state.ny.us/localgov/costsavings/index.htm](http://www.osc.state.ny.us/localgov/costsavings/index.htm)

### **Fiscal Stress Monitoring** – Resources for local government officials experiencing fiscal problems

[www.osc.state.ny.us/localgov/fiscalmonitoring/index.htm](http://www.osc.state.ny.us/localgov/fiscalmonitoring/index.htm)

### **Local Government Management Guides** – Series of publications that include technical information and suggested practices for local government management

[www.osc.state.ny.us/localgov/pubs/listacctg.htm#lmgm](http://www.osc.state.ny.us/localgov/pubs/listacctg.htm#lmgm)

### **Planning and Budgeting Guides** – Resources for developing multiyear financial, capital, strategic and other plans

[www.osc.state.ny.us/localgov/planbudget/index.htm](http://www.osc.state.ny.us/localgov/planbudget/index.htm)

### **Protecting Sensitive Data and Other Local Government Assets** – A non-technical cybersecurity guide for local government leaders

[www.osc.state.ny.us/localgov/lgli/pdf/cybersecurityguide.pdf](http://www.osc.state.ny.us/localgov/lgli/pdf/cybersecurityguide.pdf)

### **Required Reporting** – Information and resources for reports and forms that are filed with the Office of the State Comptroller

[www.osc.state.ny.us/localgov/finreporting/index.htm](http://www.osc.state.ny.us/localgov/finreporting/index.htm)

### **Research Reports/Publications** – Reports on major policy issues facing local governments and State policy-makers

[www.osc.state.ny.us/localgov/researchpubs/index.htm](http://www.osc.state.ny.us/localgov/researchpubs/index.htm)

### **Training** – Resources for local government officials on in-person and online training opportunities on a wide range of topics

[www.osc.state.ny.us/localgov/academy/index.htm](http://www.osc.state.ny.us/localgov/academy/index.htm)

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