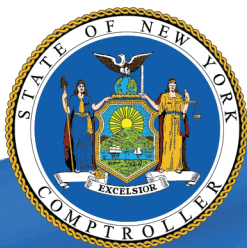


Wayne Central School District

Property Disposal

FEBRUARY 2022



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

Contents

- Report Highlights 1**

- Property Disposal 2**
 - How Should the Board and District Officials Oversee the
Property Disposal Process? 2

 - The Board and District Officials Did Not Establish Adequate
Written Policies or Procedures for the Disposal of District Property . . 2

 - What Do We Recommend? 4

- Appendix A – Response From District Officials 5**

- Appendix B – Audit Methodology and Standards 6**

- Appendix C – Resources and Services. 7**

Report Highlights

Wayne Central School District

Audit Objective

Determine whether Wayne Central School District (District) Board of Education (Board) and District officials disposed of District property in a proper and cost effective manner.

Key Findings

The Board and District officials have not established adequate written policies and procedures over disposals of District property.

We examined the District's disposal of 15 school buses and seven automated external defibrillators (AEDs) and found District officials disposed of the property without exploring alternative disposal methods. As a result, District officials do not have assurance that they received the best value for this property.

We noted similar deficiencies in our 2014 report.¹ Further, despite the results of the District's 2016 transportation study conducted by an external advisory group which also made a recommendation designed to help the District maximize the value of disposed property, the Board and District officials have not taken corrective action since these reports were issued.

Key Recommendation

- Adopt a more comprehensive written policy and detailed procedures for the sale and disposal of District property to ensure that the District receives the best possible value for its surplus property.

District officials generally agreed with our recommendation and indicated they would take corrective action.

Background

The District serves the Towns of Ontario, Macedon, Walworth and Williamson in Wayne County and the Towns of Penfield and Webster in Monroe County.

The District is governed by a nine-member Board responsible for the general management and control of educational and financial affairs. 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.

Quick Facts

Total Fixed Assets	\$40.5 million
Initial Value of Surplus Assets Disposed of 7/1/19 – 9/3/21	\$1.27 million
2021-22 Appropriations	\$48.9 million

Audit Period

July 1, 2019 – September 3, 2021

We extended the audit scope period back to June 2016 to review the transportation study report.

(Refer to our audit *Wayne CSD – Transportation Department Operations, 2021M-160* for additional information regarding this report.)

¹ Wayne CSD – Financial Management and Property Purchase and Disposal, 2014M-152.

Property Disposal

In 2014, we completed an audit of the District (*Wayne CSD – Financial Management and Property Purchase and Disposal*, 2014M-152, October 2014). Among other things, the audit identified that the Board needed to improve the District’s property disposal policy to increase accountability and financial return on property sales. We found that the District has not corrected the deficiencies found in this audit and continues to use an inadequate policy seven years later. Officials could not adequately explain why corrective actions were not taken.

How Should the Board and District Officials Oversee the Property Disposal Process?

A board and school district officials are responsible for safeguarding school district property by establishing internal controls that provide adequate oversight of the school district’s property disposal function. A board should adopt a comprehensive written asset disposal policy to ensure obsolete or surplus assets are disposed of properly, safely and in a way that obtains maximum financial benefit for the school district. The policy should clearly define the process for identifying surplus assets and the options available for disposal or sale, including examples of methods to use to solicit bids or advertise items for sale and instances when each method should be considered. Alternatively, the board can direct management to establish and implement a set of appropriate procedures. The policy or procedures should also state what types of assets are subject to policy requirements and the process for clearing assets such as computers of electronic information, including sensitive and confidential information. Written policies and detailed procedures facilitate a uniform and consistent process and promote greater transparency and public accountability.

The Board and District Officials Did Not Establish Adequate Written Policies or Procedures for the Disposal of District Property

The Board did not adopt a comprehensive written policy for the sale and disposal of District property. The District’s policy states that excess property, specifically equipment and textbooks, will be reviewed annually and disposed of in a manner that is advantageous to the District, following Board approval. However, neither the policy nor supplemental procedures include specific guidance regarding the annual review or disposition of District property. An adequate policy and procedures would include the process for determining what property is surplus and list available methods to use to solicit bids or advertise items for sale. The Board and District officials need to improve the District’s policy and procedures for the sale and disposal of property to increase accountability and ensure maximum financial return on property sales.

We reviewed the disposal method of school buses to determine what District officials did to get a reasonable return. During the scope period, the District disposed of 15 school buses by trading them in to receive a total allowance of \$50,600 towards the purchases of new school buses. District officials did not explore alternative methods to sell the buses, despite the results of the 2016 transportation study conducted by an external advisory group, which recommended that District officials evaluate the potential of using Internet bus sales when removing vehicles from the fleet. District officials did not follow the recommendation by attempting to sell the buses through alternative methods, such as listing them on an auction site with a reserve price equal to the trade-in value. The Director of Transportation and the Director of Finance and Operations told us that they were unaware of the findings in the study as it preceded their tenures at the District. Although the Superintendent was part of the administrative team at the time the study was performed, the findings in the study were not under the purview of his previous position, and he assumed that corrective action had already been taken.

We also reviewed the recent disposal of AEDs. Because the used machines were past their expiration date and could no longer be safely used, District officials did not attempt to sell the machines. Rather, when purchasing new AEDs in 2021, each costing approximately \$1,800, the District traded in seven old machines and received a \$100 rebate from the vendor for each machine, totaling \$700. Again, because the District does not have a detailed written policy or procedures for property disposal, District officials did not plan ahead to assess when or in what manner the AEDs should be disposed of to achieve the most cost-effective option. Therefore, District officials do not have assurance that they received the best value for these surplus items. Officials told us they believed trading in the machines was their only option to obtain value for the AED machines, but officials did not have documentation to support they had previously explored other options in order to arrive at that conclusion before the AEDs were past their expiration date.

The lack of a complete and adequate written policy and detailed procedures over disposing of property increases the risk that the District is not maximizing the value of goods sold as surplus. Property disposal was addressed within the prior audit report and continues to need improvement.

What Do We Recommend?

The Board and District officials should:

1. Develop and adopt a more comprehensive written policy and detailed procedures for the sale and disposal of District property to ensure that the District receives the best possible value for its surplus property.

Appendix A: Response From District Officials



Wayne Central School District

Joseph A. Siracuse, Ed.D.
Superintendent of Schools
P.O. Box 155
6200 Ontario Center Road
Ontario Center, NY 14520
Phone: (315) 524-1001
Fax: (315) 524-1049

January 18, 2022

Edward V. Grant Jr., Chief Examiner
The Powers Building
16 West Main Street Suite 522
Rochester, New York 14614-1608

Dear Mr. Grant,

This letter is in response to the recent comptroller's audit conducted at the Wayne Central School District from June through December 2021 of Property Disposal in the district.

The district agrees with the findings and recommendations outlined in the report. While the district has already initiated the implementation of several of the recommendations, we look forward to continuing this effort to strive for more comprehensive policies and procedures of the district's property disposal to ensure we receive the best possible value for our surplus.

The district will develop a formal corrective action plan based on the recommendations of the audit to be reviewed by the district's audit committee and approved by the Board of Education prior to submittal.

Thank you for your thorough assessment of the district's finances and operations and for the professional conduct of the auditing staff that worked with us from June until December.

Sincerely,

Joseph A. Siracuse, Ed.D.
Superintendent of Schools

Appendix B: Audit Methodology and Standards

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 (GML). To achieve the audit objective and obtain valid audit evidence, our audit procedures included the following:

- We interviewed District officials and employees to gain an understanding of processes pertaining to asset disposal.
- We reviewed District property sale and disposal policies and related documents to determine their adequacy.
- We reviewed Board minutes to gain an understanding of fiscal oversight and governance performed by the Board related to asset disposal.
- We reviewed District financials for the 2019-20 and 2020-21 school years to ascertain the value of fixed assets and initial cost of disposed assets.
- We reviewed school bus and AED disposal records for our scope period to determine the method of sale and value received for the assets.
- We reviewed the 2016 transportation study report to evaluate its findings and recommendations.

We conducted this performance audit in accordance with generally accepted government auditing standards (GAGAS). 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 size of the relevant population and the sample selected for examination.

The Board has the responsibility to initiate corrective action. 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 GML, Section 2116-a (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 next 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. The CAP should be posted on the District's website for public review.

Appendix C: Resources and Services

Regional Office Directory

www.osc.state.ny.us/files/local-government/pdf/regional-directory.pdf

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

www.osc.state.ny.us/local-government/publications

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

www.osc.state.ny.us/local-government/fiscal-monitoring

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

www.osc.state.ny.us/local-government/publications

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

www.osc.state.ny.us/local-government/resources/planning-resources

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

www.osc.state.ny.us/files/local-government/publications/pdf/cyber-security-guide.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/local-government/required-reporting

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

www.osc.state.ny.us/local-government/publications

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

www.osc.state.ny.us/local-government/academy

Contact

Office of the New York State Comptroller
Division of Local Government and School Accountability
110 State Street, 12th Floor, Albany, New York 12236

Tel: (518) 474-4037 • Fax: (518) 486-6479 • Email: localgov@osc.ny.gov

www.osc.state.ny.us/local-government

Local Government and School Accountability Help Line: (866) 321-8503

ROCHESTER REGIONAL OFFICE – Edward V. Grant Jr., Chief Examiner

The Powers Building • 16 West Main Street – Suite 522 • Rochester, New York 14614-1608

Tel (585) 454-2460 • Fax (585) 454-3545 • Email: Muni-Rochester@osc.ny.gov

Serving: Cayuga, Chemung, Livingston, Monroe, Ontario, Schuyler, Seneca, Steuben, Wayne, Yates counties



Like us on Facebook at facebook.com/nyscomptroller

Follow us on Twitter [@nyscomptroller](https://twitter.com/nyscomptroller)