



# Valley Stream Central High School District

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## Capital Assets

2025M-16 | December 2025

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# Audit Results

## Valley Stream Central High School District



### Audit Objective

### Audit Period

Did Valley Stream Central High School District (District) officials properly monitor, account for and dispose of capital assets?

July 1, 2022 – January 31, 2024

### Understanding the Audit Area

Capital assets are those that have a useful life of more than one year following the date of purchase. They can include buildings, machinery, vehicles, furniture, computer equipment and software. Consequently, capital assets often represent a significant investment of school district (district) resources and are subject to risks of loss, misuse and/or obsolescence. Detailed capital asset records help establish accountability.

The District's capital asset policy indicates that the Assistant Superintendent for Finance and Operations (Assistant Superintendent) is responsible for maintaining a perpetual inventory of capital assets and the Consolidated Applications Coordinator (Coordinator) is responsible for adhering asset tags to assets after receiving documentation from the Purchasing Department that the asset has been received. The Assistant Superintendent delegated his responsibility to the Business Manager.

The net book value of the District's 1,376 capital assets for fiscal year 2023-24 was \$3.2 million.

## Audit Summary

District officials did not properly monitor, account for and dispose of capital assets. While the Board of Education (Board) adopted some policies for monitoring and disposing of capital assets, officials did not ensure the procedures were followed, which led to missing and inaccurate information in the District's inventory system, assets that could not be located and assets not being properly disposed of. For example:

- 382 capital assets totaling \$178,123 were not entered into the District's inventory system between July 1, 2022 and January 31, 2024.
- 81 capital assets totaling \$455,096 had key information missing in the inventory report, including missing or incorrect model numbers, serial numbers and manufacturer information.

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- 19 assets totaling \$52,992 had a missing or incorrect asset tag number. Additionally, 18 assets totaling \$46,305 could not be located, including freezers, office furniture and musical equipment.
  - Officials could not provide support indicating that 29 assets, which were all identified as disposed of in the District's inventory record and had replacement costs totaling \$85,400, were approved for disposal by the Board. Furthermore, these assets could not be traced with certainty to sale and destruction records due to a variety of missing and conflicting identifying information. Finally, one of the 29 assets was found to still be in the District's possession.

When capital assets are not properly inventoried, tagged or disposed of, there is an increased risk that the assets could be stolen or misused without the District's knowledge.

The report includes seven recommendations that, if implemented, will improve the District's controls for the monitoring, accounting and disposal of capital assets. District officials agreed with our recommendations and indicated they have initiated or plan to initiate corrective action. Appendix C includes our comments on issues raised in the District's response letter.

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. Our methodology and standards are included in Appendix D.

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 the New York State General Municipal Law, Section 2116-a (3)(c) of the 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.

# Capital Assets: Findings and Recommendations

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The Board adopted a capital asset policy in October 2001 (revised in November 2015 and May 2021) requiring furniture and equipment costing \$1,000 or more to be inventoried. The policy requires the Assistant Superintendent to maintain a complete and current perpetual inventory of capital assets. The policy further says that in order to maintain a perpetual inventory, the Purchasing Department should record the asset at the time of purchase and inform the requisitioner of the need for asset identification. Once the asset is received, a copy of the receiving documents should be forwarded to the Purchasing Department, which should then forward an asset tag to the Coordinator to be adhered to the asset.

The asset disposal policy indicates that, each year, building administrators and support staff supervisors are responsible for identifying obsolete or surplus equipment within their buildings that cannot be salvaged or utilized effectively or economically by the District. The Board authorized the Assistant Superintendent to reassign assets, as needed, to other locations within the District or store items of potential usefulness in a centralized location. With the Board's approval, the Assistant Superintendent may also offer assets approved for disposal for sale through a bidding process to local municipalities and non-profit organizations or sell assets at a public sale or as scrap for the best obtainable amount or discard in the safest, least expensive manner.

For more details on the criteria used in this report and publications to help officials manage capital assets, see Appendix A.

## Finding 1 – The Assistant Superintendent did not ensure capital assets were properly recorded and tagged.

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The Assistant Superintendent did not properly maintain a complete and current perpetual inventory of capital assets in accordance with District policy and the 382 assets purchased between July 1, 2022 and January 31, 2024 costing \$178,123 were not recorded in the inventory system.

The Assistant Superintendent delegated his capital asset responsibility to the Business Manager,<sup>1</sup> who left the District in June 2023. The former Business Manager used the District's accounting system to check for purchases recorded in the system using the capital asset account code. According to the Assistant Superintendent, the capital asset account code is used to record all purchases that should be added to the inventory record. The former Business Manager could then generate a report from the accounting system based on the capital asset account code to determine the assets that need to be tagged and inventoried. The Assistant Superintendent also said the Business Manager entered assets in the inventory system with their respective asset tag numbers, traced assets to the departments that requisition purchases, affixed tags to the assets and completed an asset addition form for each asset purchased. The form required information such as the asset's make, model, serial number and description. Although the capital asset policy required the Purchasing Department to send asset tags

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<sup>1</sup> The Assistant Superintendent said he delegated his responsibilities for inventorying capital assets to the former Business Manager who left the District in June 2023. A new Business Manager was hired in November 2023, but as of February 2024, she was not trained on how to manage the capital assets.

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to the Coordinator to be adhered to acquired assets, the Purchasing Agent and Coordinator were not aware of the policy. As a result, asset tags were not created or sent by the Purchasing Agent to the Coordinator, and the Coordinator did not adhere tags to acquired assets. Instead, the Business Manager and accounts payable clerk would send asset tags to the Facilities Department for custodians to tag assets once they are informed that assets have been received.

Because the Assistant Superintendent did not comply with the District's policy for monitoring and tagging capital assets, the District had an increased risk that its assets could be lost, stolen or misused.

## Recommendations

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The Assistant Superintendent should:

1. Maintain a complete and current perpetual inventory of capital assets in accordance with District policy.
2. Ensure the Purchasing Department provides asset tags to the Coordinator to be adhered to the asset in accordance with District policy.
3. Ensure that procedures for maintaining a perpetual inventory and tagging assets are followed if responsibilities are delegated from those indicated in District policy.

## Finding 2 – The capital asset inventory report had missing and incorrect information.

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We analyzed the inventory report, containing 985 assets totaling \$3 million, and determined that 81 assets totaling \$455,096 had key information that was not properly recorded on the inventory report. Specifically:

- 10 assets totaling \$276,686 had missing or incorrect model numbers, including seven assets totaling \$268,621 with incorrect model numbers and three assets totaling \$8,065 that did not have a model number listed. For example, the model number on an oven costing \$10,000 did not match the model number documented in the inventory record, and the model numbers for two school buses, each costing \$120,879, were not documented in the inventory record.
- 60 assets totaling \$142,129 had the room location listed as “throughout” on the inventory report instead of the actual location of the asset. For example, a lawn mower costing \$16,723 which was stored in a storage container in the District yard had a room location of “throughout” instead of identifying its actual storage location.

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- The location for seven assets totaling \$24,549 did not match locations recorded in the inventory report, including four assets totaling \$20,585 that were not in the recorded building and three assets totaling \$3,964 were not in the assigned room. For example, a refrigerator purchased for \$2,100 was physically observed in a high school building, but the inventory record indicated that this asset was in the junior high school building. Additionally, two point-of-sale terminals costing \$2,498 assigned to the same room in the junior high school were observed in two different rooms.
  - Two assets totaling \$7,132 had incorrect manufacturer information on the inventory report.
  - Two assets totaling \$4,600 did not have a serial number recorded in the inventory report.

While the District's asset records included space to document the make, model and serial numbers of assets, the Assistant Superintendent said he did not require those sections to be completed or entered in the inventory system but could not explain why. Incomplete and inaccurate inventory records can negatively affect various costs associated with owning capital assets, such as the District's insurance and replacement cost and the valuation of assets owned by the District that is reported to taxpayers.

## Recommendation

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4. The Assistant Superintendent should maintain complete, accurate, up-to-date and reliable capital asset inventory records.

## Finding 3 – Capital assets were not in the physical location listed in the inventory report.

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We selected 60 assets<sup>2</sup> totaling \$456,594 from the inventory report and attempted to locate each asset to verify the asset's description, tag number and serial number. We determined that 37 assets (62 percent) totaling \$99,298 had exceptions, as follows:

- We could not confirm whether 19 assets totaling \$52,992 were the assets we selected from the inventory report because other than brand name and model number, the only identifying information in the inventory record was the asset tag number, and the assets provided to us by the custodians did not have an asset tag number on the item. These items included:
  - One office desk totaling \$25,558,
  - Seven laser printers totaling \$10,256,
  - Six handheld radios totaling \$7,831,

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2 See Appendix C for more information on our sampling methodology.

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- Three laptops totaling \$6,442,
  - One kitchen merchandising cart totaling \$1,656, and
  - One point of sale terminal totaling \$1,249.
- Building custodians and department heads could not find 18 items totaling \$46,305, including:
    - Four freezers totaling \$11,128,
    - Three color laser printers totaling \$10,697,
    - Three office furniture items totaling \$9,014 (the inventory record did not have a detailed description of the furniture items),
    - One volleyball net system totaling \$3,870,
    - One bass trombone totaling \$2,763,
    - Two handheld radios totaling \$2,610,
    - One centrifugal juicer totaling \$2,250,
    - One laptop totaling \$1,426,
    - One flute totaling \$1,298, and
    - One point of sale terminal totaling \$1,249.

We also selected 20 additional assets<sup>3</sup> that we observed in District buildings to determine whether the assets were included in the inventory report. Nine of these assets did not have an asset tag, and the manufacturer name, model number and serial number of these assets were not included in the inventory report. These assets included six smart boards, one ice maker, one food warmer and a saddle stitch finisher machine. Because these nine assets were not in the inventory report or properly tagged, we could not determine the value of the nine items.

As previously indicated, the Assistant Superintendent told us that assets may not have been recorded because the Business Manager left the District in the prior school year and she was the only one with credentials to access the inventory system. Additionally, the Facilities Director told us that assets are sometimes put into operation before they are tagged.

When inventory records are not current, District officials cannot ensure the location of capital assets or if assets are in the District's possession, and may rely on inaccurate information for decision making. This weakens the District's ability to monitor and safeguard assets from theft or misuse.

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<sup>3</sup> Ibid.



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## Recommendation

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5. The Assistant Superintendent and District officials should review the inventory system and all capital assets in the District's possession to ensure they are all included on the inventory report, with the proper identifying information, and properly tagged so they can be located when necessary.

### **Finding 4 – The Board and officials did not properly approve the disposal of capital assets or ensure that disposed electronic storage devices were properly sanitized.**

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The Assistant Superintendent, Director and District Clerk could not provide any supporting documentation indicating that the Board approved the disposal of 29 assets with replacement costs totaling \$85,400 that were identified as disposed of in the inventory report.

For nine of the assets with replacement costs totaling \$51,000 (two ovens, two refrigerators, an automotive computerized brake lathe, a plow, a food slicer, an automotive engine diagnostic scanner and a server rack), the Director told us that the disposal dates on the inventory report were not correct because some of the assets are still in the District's possession. For example, he said a plow with a replacement cost of \$5,400 and a disposal date of June 30, 2023 in the inventory report is still attached to a District vehicle. The remaining 20 assets were electronic storage devices with replacement costs totaling \$34,400. The Assistant Superintendent said:

- 11 assets (five desktop computers, three laptops and three tablets with replacement costs totaling \$21,000) were given to a data destruction company to sanitize the devices. The company provided the District with a certification indicating data on the media devices had been destroyed. District officials provided the April 2024 destruction report and certification from the company to support that the data on the 11 devices was sanitized. However, the asset tag numbers for the 11 assets on the destruction report did not match the asset tag numbers in the District's inventory record, and the inventory record did not include model numbers or serial numbers to confirm the identity of the assets. District officials told us they used the date range they believed the assets were disposed of to find the disposal support and then matched the assets using the asset description and manufacturer name on the inventory record.
- Six assets (five ethernet switches and one rack server with replacement costs totaling \$10,600) were sold to an information technology asset and recycling company in August 2022. However, the six assets could not be linked to the asset list indicating that they were sold because various identifying information on the record documenting the assets as sold were different than the District's inventory records. District officials told us they used the date range they believed the assets were disposed of to find support and matched the model number to determine whether the assets on the sale report were the assets identified as disposed of in the inventory report.

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Furthermore, although the contract with the company indicated that the assets would be sanitized, District officials could not provide any documentation verifying that sensitive and/or confidential information was removed from these devices.

- District officials could not determine how two assets (two desktop computers with replacement costs totaling \$1,800) were disposed. Officials indicated that they had no information for one computer other than that it was purchased in 2003, and that the other computer was given to a District student who went to private school. However, the private school closed and the asset was never returned to the District.
- One asset with a replacement cost totaling \$1,000 is still in the District's possession. However, the asset did not have an asset tag, serial number or model number. The manufacturer's name was the only information that matched the District's inventory record.

When the disposal of capital assets is not authorized by the Board prior to disposal and removed from inventory records, the risk of theft or loss becomes easier to conceal. The integrity of the District and its employees and students is compromised when sensitive and confidential information is not removed from computerized equipment before disposal. Unauthorized users could access the information and disclose or steal staff and student information, resulting in a significant cost to the District.

## Recommendations

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6. The Board should adopt a policy requiring the secure removal of sensitive and confidential information from electronic storage equipment prior to disposal and the filing of supporting documentation.
7. The Assistant Superintendent should obtain Board approval prior to disposing of assets and ensure sensitive information is removed from electronic storage equipment prior to disposal.

# Appendix A: Profile, Criteria and Resources

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## Profile

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The District is located in Nassau County and serves students in grades 7 through 12 in Valley Stream Union Free School District (UFSD) Thirteen, Valley Stream UFSD Twenty-four and Valley Stream UFSD Thirty. The District has a nine-member Board composed of three appointees from each of the three districts, and is responsible for the District's general management and control of operations. The Superintendent of Schools is the chief executive officer responsible for the District's day-to-day management, under the Board's direction.

The Assistant Superintendent is responsible for maintaining a perpetual inventory of capital assets, and delegated that responsibility to the Business Manager. The Assistant Superintendent, who was present throughout our audit risk assessment and fieldwork and described the District's procedures for recording asset purchases and updating inventory records, resigned from the District effective June 30, 2024. The current Assistant Superintendent was appointed effective July 1, 2024. The Coordinator is responsible for adhering assets tags to assets after receiving documentation from the Purchasing Department that the asset has been received.

## Criteria – Capital Assets

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A district board of education (board) should adopt comprehensive written capital asset and disposal policies to ensure officials properly account for and safeguard assets and dispose of obsolete or surplus assets in a safe manner. District officials are responsible for ensuring perpetual inventory records are current, accurate and complete, and assets are protected from loss, misuse and/or obsolescence. A board should also adopt policies and procedures designed to ensure maximum financial benefit is obtained for the district when disposing of obsolete or surplus assets.

In October 2001 (revised in November 2015 and May 2021), the Board adopted a capital asset policy requiring furniture and equipment costing \$1,000 or more to be inventoried. The policy requires the Assistant Superintendent to maintain a complete and current perpetual inventory of capital assets. The policy further says that in order to maintain a perpetual inventory, the Purchasing Department should record the asset at the time of purchase including the date of acquisition, a description of the asset, the cost of the asset, the building the asset will be located, official responsible for the asset, estimated useful life of the asset, the funding source and inform the requisitioner of the need for asset identification.

A common method of accounting for capital assets includes affixing an identification tag or decal to each asset, identifying the asset as district property and recording similar lower-priced items on a single record. Asset tags should have unique numbers to identify the assets and have the district's name on them. Asset tags improve the ability to differentiate between assets, making them easier to track, and can provide a deterrent for improper use and theft. District officials should maintain fixed asset records that include a description of each item with its make, model and serial number; the district-assigned

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identification number; the date purchased, amount paid, vendor name and claim number of the purchase; and the building, room location or individual assigned to have custody of the asset.

District policy requires that once the asset is received, a copy of the receiving documents should be forwarded to the Purchasing Department, which should then forward an asset tag to the Coordinator to be adhered to the asset. The District uses an asset addition form to ensure compliance with the Board-adopted policy. The form documents the asset tag number; the acquisition date; the fund used to purchase the asset; an indication as to whether the asset is furniture, equipment or something other than those; the quantity purchased; the vendor name, the make, model and building name; the contact person's name; the purchase order number; a description; and the total cost. The form has room to indicate the confirmed location (Building/Room) of the asset, the date the asset tag was affixed to the asset and the name and signature of the individual who affixed it.

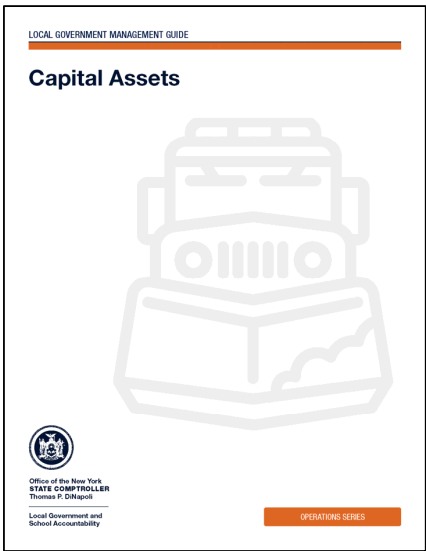
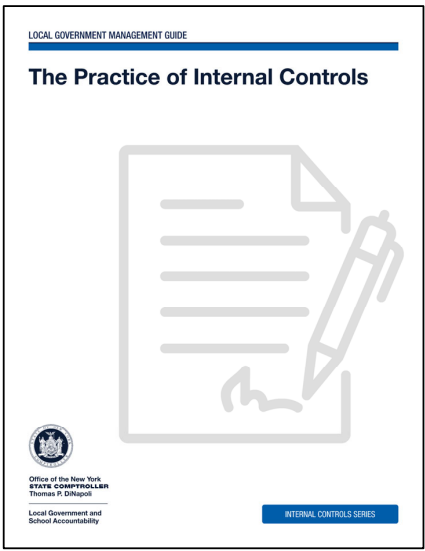
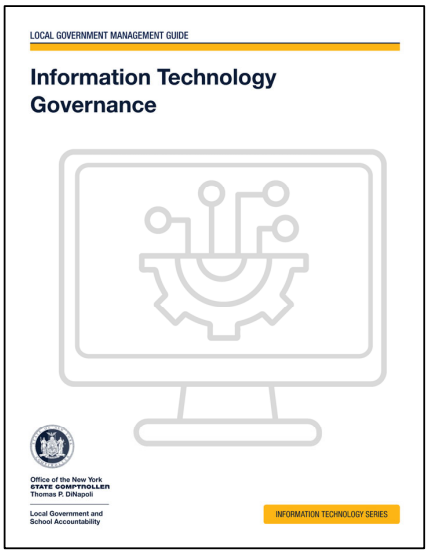
To ensure district officials have access to reliable and up-to-date capital asset information, a school business official should ensure both physical control and accountability are maintained over fixed assets. This can be accomplished by maintaining perpetual inventory, which is a detailed record that is continually updated as assets are purchased or disposed.

When an asset is identified as surplus or obsolete, this information should be provided to the board to decide whether to approve the asset for disposal. The inventory records should be updated with appropriate disposal information, such as the historical and market values and purchaser. The board should establish a plan that clearly describes the district's security management policies and procedures for the secure disposal of equipment containing electronic information, such as computers and other storage devices, that may contain sensitive and confidential information or software that needs to be cleared prior to disposal or transfer of the asset.

In October 2001 (revised in January 2009), the Board adopted an asset disposal policy which indicates that, each year, building administrators and support staff supervisors are responsible for identifying obsolete or surplus equipment within their buildings that cannot be salvaged or utilized effectively or economically by the District. The Board authorized the Assistant Superintendent to reassign assets, as needed, to other locations within the District or store items of potential usefulness in a centralized location. With the Board's approval, the Assistant Superintendent may also offer assets approved for disposal for sale through a bidding process to local municipalities and non-profit organizations or sell assets at a public sale or as scrap for the best obtainable amount or discard in the safest, least expensive manner.

## Additional Capital Assets Resources

**Figure 1: OSC Publications**

OSC <i>Local Government Management Guides</i> available on our website to help officials understand and perform their responsibilities.		
<i>Capital Assets</i>	<i>Practice of Internal Controls</i>	<i>Information Technology Governance</i>
 <p><a href="https://www.osc.ny.gov/files/local-government/publications/pdf/capital-assets.pdf">https://www.osc.ny.gov/files/local-government/publications/pdf/capital-assets.pdf</a></p>	 <p><a href="https://www.osc.ny.gov/files/local-government/publications/pdf/the-practice-of-internal-controls.pdf">https://www.osc.ny.gov/files/local-government/publications/pdf/the-practice-of-internal-controls.pdf</a></p>	 <p><a href="https://www.osc.ny.gov/files/local-government/publications/pdf/information-technology-governance.pdf">https://www.osc.ny.gov/files/local-government/publications/pdf/information-technology-governance.pdf</a></p>

In addition, our website can be used to search for audits, resources, publications and training for officials: <https://www.osc.ny.gov/local-government>.

# Appendix B: Response From District Officials



## VALLEY STREAM CENTRAL HIGH SCHOOL DISTRICT

One Kent Road  
Valley Stream, New York 11580-3398

[www.vschsd.org](http://www.vschsd.org)

**Wayne R. Loper, Ed.D**  
**Superintendent of Schools**

P 516-872-5601 • F 516-872-5658

November 12, 2025

Mr. Ira McCracken  
Chief of Municipal Audits  
Division of Local Government and  
School Accountability  
NYS Office Building, Room 3A10  
250 Veterans Memorial Highway  
Hauppauge, NY 11788-5533

Dear Mr. McCracken,

The Valley Stream Central High School District acknowledges receipt of the Office of the State Comptroller's Audit Report, "*Capital Assets*," covering the period from July 1, 2022, through January 31, 2024.

The audit was conducted as part of a broader risk assessment review focused on evaluating the District's internal controls. This comprehensive examination encompassed payroll, benefits, purchasing, human resources, standard work days, payroll reporting for both the Employees' and Teachers' Retirement Systems, employment contracts, internal audits, capital projects, cash disbursements, and financial reporting. Following this extensive review, during which no findings of operational improprieties, fraud, or abuse were identified, the audit team concentrated its efforts specifically on capital assets.

See  
Note 1  
Page 15

The Valley Stream Central High School District appreciates the comprehensive review of its capital assets conducted by the Office of the State Comptroller. We accept the recommendations outlined in the report and recognize their value in strengthening our operational practices. The District is always open to opportunities for improvement and remains committed to conducting all financial matters in a responsible and transparent manner for the benefit of the Valley Stream community.

We would like to clarify that, at the time of the audit, Board Policy #6640 established a \$1,000 capitalization threshold for recording fixed assets in the District's inventory system. In addition, the District applied an internal threshold of \$500 for asset tracking and insurance purposes. Each year, by June 30, the Business Office updates equipment purchases in the master inventory list and transmits the data to the District's fixed asset vendor for insurance and depreciation reporting. As of April 9, 2024, the Board has updated the fixed asset capitalization threshold to \$5,000.

The State's Audit identified 382 assets purchased between July 1, 2023, and January 31, 2024, totaling \$178,123, that were not recorded in the inventory system. Based on the State's asset data, the average cost of these items was approximately \$466—below both the Board's \$1,000 capitalization threshold

See  
Note 2  
Page 15



and the District’s internal tracking threshold. Accordingly, their exclusion was consistent with District policies and procedures in effect during that period.

Upon further review, it was determined that while the total value of these assets remained \$178,123, the actual number of identifiable items was 731 rather than 382. This adjustment reduced the average cost per item to approximately \$243. The variance was primarily due to invoices “1XLV-N17F-C976” and “1WRJ-YPDK-JJCL,” which were initially recorded as four items valued at \$2,364.69 each. In reality, these invoices represented 327 individual items consisting of various probes, copper wires, chargers, and cables, with an actual average unit cost of \$28.84.

See  
Note 3  
Page 15

Further analysis confirmed that 701 of the 731 items were individually valued below the \$1,000 capitalization threshold and therefore not required to be recorded in the fixed asset inventory. Of these, 383 items cost under \$100, 336 were under \$45, and three were valued at \$12.18 each. Of the remaining 30 items, 28 were recorded during the 2024 fiscal year-end closeout, and the remaining two items associated with Capital Funds are typically recorded at the completion of the Capital project itself as per past practice.

See  
Note 2  
Page 15

See  
Note 3  
Page 15

Accordingly, at the time of the Audit, the omission of these items from the inventory system was consistent with District policy and procedures at the time. Furthermore, under the newly adopted \$5,000 capitalization threshold, only 5 of the 731 items would now qualify as fixed assets. Nevertheless, the District is reviewing its asset management procedures to ensure continued clarity, consistency, and compliance with current policy and audit standards.

See  
Note 4  
Page 15

In response to audit findings regarding incomplete inventory information, the District will strengthen documentation protocols to ensure that all required data fields, particularly make and model details, are accurately completed. For the 60 assets identified with a location listed as “throughout the District,” it should be noted that these are mobile assets used in multiple buildings. To enhance tracking and accountability, each mobile asset will now be assigned a designated “home base” location, and any movement will be properly documented.

Over the past year, the District has enhanced its inventory control processes by adding an additional authorized user to the inventory database. This measure enhances oversight and data accuracy, particularly regarding asset location. All relevant personnel will also undergo additional training to reinforce best practices in capital asset management and ensure they fully understand and adhere to capital assets management requirements.

The report also noted 19 assets totaling \$52,992 that did not have visible asset tags. The District has since affixed tags to most of these items. For example, one item valued at \$25,558—a furniture upgrade for a school office—had its tag temporarily attached to documentation in the Business Office but has now been placed directly on the desk.

Regarding the 18 items totaling \$46,305 that were initially unlocated, the District conducted a thorough search and successfully identified 12 of the items, totaling \$31,572.74. These general fund purchases included freezers, printers, furniture, a volleyball net system, and instruments. For instance, the two walk-in freezers were ultimately found in Central’s Culinary Classroom rather than the Central Kitchen, and the volleyball system was located in the wrestling room closet rather than the gymnasium. Moving forward, the District will improve the accuracy of location data and emphasize to staff the importance of reporting asset relocations promptly. The Board of Education will also review and update its Capital Assets Policy to align with revised tagging and documentation procedures, thereby enhancing accountability and accuracy.

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With regard to the disposal of 29 assets, the District conducted a physical inventory as of June 30, 2023, as required by NYSIR, and reconciled disposals listed in the audit with internal records. These disposals have since been entered into the inventory system and presented to the Board for approval as part of a data clean-up process related to departmental transitions. The Board also plans to revise its Disposal of Property Policy to require the secure removal of all sensitive and confidential data from electronic devices prior to disposal.

Finally, it is important to note that since the audit period, the Business Office has undergone significant leadership changes, including the appointment of a new Assistant Superintendent for Finance and Operations. Under this new leadership, a comprehensive review of internal practices has been completed, and many of the concerns identified in the audit have already been addressed. The District continues to implement improvements to further strengthen its capital asset management practices and uphold the highest standards of fiscal responsibility and transparency.

The district will submit a Corrective Action Plan within the required 90-day timeframe as mandated by Section 35 of the New York State General Municipal Law.

If you have any questions, please do not hesitate to contact me.

Sincerely, /

Dr. Wayne Loper  
Superintendent of Schools

cc: Board of Education  
T. McDaid



# Appendix C: OSC Comments on the District's Response

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## Note 1

The audit objective focused on capital assets. The audit team assessed the risk of fraud occurring that is significant within the context of this audit objective, as required by generally accepted government auditing standards. Therefore, the audit results cannot be used to conclude there is no fraud, theft or professional misconduct in the District's operations.

## Note 2

While some of the items in our sample were below the District's capitalization threshold (\$1,000), these items were part of groups of similar items purchased together with total costs that exceeded \$1,000. *Local Government Management Guide* guidance (see resources in Appendix A) recommends capitalizing similar items purchased together that exceed the established capitalization threshold. The District's policy did not include factoring the average costs of items into determining what should be capitalized. Furthermore, during our initial interviews to gain an understanding of the internal controls over monitoring and accounting for capital assets, the former Assistant Superintendent told us that the District's procedure is to capitalize all purchases recorded in the equipment and capital outlay classification code in the accounting software.

## Note 3

Our testing methodology was discussed with the former Assistant Superintendent who agreed that the audit team would use cash disbursements recorded in the equipment and capital outlay classification code to determine which items should have been recorded as capital assets. As noted in the response, included in our sample of 382 items were four items recorded by the District as individual capital assets costing \$2,364.69 each. The District's response indicates that the District has since determined that these four items were incorrectly recorded as capital assets and were found to be 327 individual items costing lesser amounts. We were not provided with invoices to support that these four items were inaccurately recorded as capital assets.

## Note 4

These assets were purchased between September 2022 and December 2023, well before the capitalization threshold changed from \$1,000 to \$5,000 in April 2024. The April 2024 change is after the audit period (July 1, 2022 through January 31, 2024) and could not have been considered during the audit engagement

# Appendix D: Audit Methodology and Standards

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We obtained an understanding of internal controls that we deemed significant within the context of the audit objective and assessed those controls. Information related to the scope of our work on internal controls, as well as the work performed in our audit procedures to achieve the audit objective and obtain valid audit evidence, included the following:

- We interviewed District officials and reviewed District's capital asset policies and procedures to gain an understanding of and evaluate the internal controls over monitoring, accounting for and disposing of capital assets.
- We reviewed cash disbursements and inventory records to determine whether purchases recorded in the capital asset account code after July 1, 2022 were included in the asset inventory report. We refined the cash disbursement records to identify all purchases recorded in the capital asset account code, filtered for purchases meeting the policy's inventory threshold and identified 454 assets. We cross referenced the 454 assets to the most updated District inventory records and last external inventory report and documented discrepancies.
- We reviewed inventory records to determine whether assets were recorded per Board policy. We used our professional judgment to select 60 assets totaling \$456,595 from the inventory report that appeared to be walkable (easily stolen) and non-stationary items with the highest purchase prices and assets assigned to the room location named "throughout." We visited six District buildings to determine whether the 60 assets were in their assigned locations, and worked with custodians to locate the assets and reviewed the asset tags, physical description, serial numbers, manufacturers' names and model numbers to determine whether they matched inventory report. We provided the Assistant Superintendent with a list of 45 assets we could not locate with the custodians. Based on additional information provided by the Assistant Superintendent, eight additional assets were located. We discussed the assets that could not be located with District officials.
- We used our professional judgment to select 20 assets from areas with high personnel traffic, such as kitchens, cafeterias and classrooms, to determine whether the assets were accurately listed on the inventory report. We documented the information about the assets, including the identification number, descriptions, building and room locations, manufacturer, model and serial numbers, and used them to search inventory records to confirm their presence.
- We identified disposed assets by filtering the inventory records for assets disposed during the audit period and determined that the inventory record had a total of 792 assets identified as disposed as of June 30, 2023. We used our professional judgment to select 29 assets to determine whether the assets were properly disposed of per District policy, including nine assets with the highest replacement cost and 20 assets that appeared to be electronic storage equipment/devices. We selected the 20 assets because they were assigned to the business and guidance departments, which are most likely to have sensitive and confidential information stored on the electronic devices.

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- We reviewed Board minutes and asked the Assistant Superintendent and District Clerk to provide Board resolutions authorizing the disposal of the 29 assets and requested explanations and documentation supporting the removal of sensitive information from the storage equipment/devices.

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 relevant population size and the sample selected for examination.

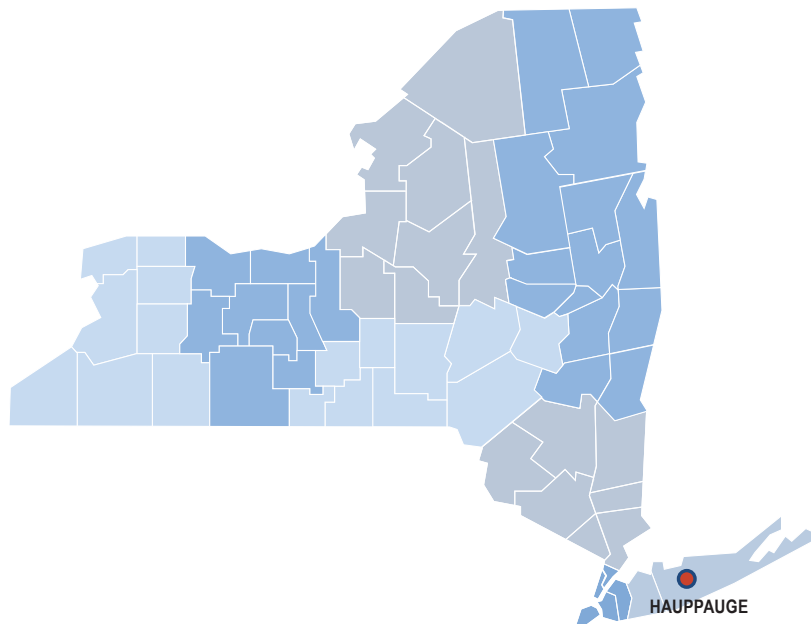
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