



# **Randolph Academy Union Free School District**

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## Capital Asset Inventory Records

**2024M-98 | November 2024**

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# Report Highlights

## Randolph Academy Union Free School District

### Audit Objective

Determine whether Randolph Academy Union Free School District (District) officials maintained complete and accurate capital asset inventory records.

### Key Findings

District officials did not maintain complete and accurate capital asset inventory records. The District Superintendent (Superintendent) was responsible for maintaining capital asset inventory records but was unfamiliar with the requirements of, and did not comply with, the District’s capital asset policy. As a result, of the 90 capital assets with a total purchase cost of approximately \$93,000 that we selected for review, four laptop computers with a purchase cost totaling approximately \$2,000 could not be located, and five capital assets with a purchase cost totaling approximately \$3,000, including a gaming laptop, a karaoke machine and noise canceling headphones, were not included on the inventory records, making them more susceptible to theft without detection. In addition, capital asset inventory records also contained one or more of the following exceptions:

- For all 90 capital assets reviewed, certain key information such as the purchase cost, current value and salvage value was not recorded.
- 44 capital assets totaling approximately \$26,000 did not have the individual who was assigned custody of the capital asset listed.

### Recommendations

The audit report includes six recommendations that, if implemented, will improve the District’s asset management.

District officials generally agreed with our findings and recommendations and indicated they will initiate corrective action.

### Audit Period

July 1, 2022 – June 25, 2024

### Background

The District’s two campuses are located in the Town of Hamburg in Erie County and the Town of Randolph in Cattaraugus County. The District was created as a special act school district, a public school created by the New York State Legislature for the purpose of providing educational services to students who reside in childcare facilities and day students who have been placed with the District by the student’s home district or other various agencies such as county departments of social services or family courts.

The District is governed by a seven-member Board of Education (Board), responsible for the management and control of the educational affairs of the District. The Superintendent is the chief executive officer and is responsible, along with other administrative staff, for the District’s day-to-day management, including accurately maintaining capital asset inventory records. The Superintendent left employment in June 2024. The District has since appointed an interim superintendent.

#### Quick Facts

July 1, 2022 – April 30, 2024

Population of Recorded Current Capital Assets	764
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#### Capital Assets Reviewed

Number	90
Purchase Cost	\$93,000

# Capital Asset Inventory Records

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Capital assets often represent a significant investment of school resources that must be protected from loss. Over time, purchases of buildings, equipment, machinery and other long-term assets can result in the accumulation of tens of millions of dollars in school property. Like any portfolio, these assets need to be actively managed.

Capital assets generally are acquired to help provide essential services. A capital asset is generally defined as an asset that is used in operations and that has a useful life of more than one year. They can include everything from furniture, computer software and equipment, vehicles and machinery to buildings and land.<sup>1</sup>

## What Are Complete and Accurate Capital Asset Inventory Records?

Capital assets protection begins with quality recordkeeping. Detailed property records help establish accountability and allow for the development of additional controls and safeguards. District policy should establish criteria and a value threshold based on purchase cost to determine what capital assets will be included in their inventory records. Each piece of property meeting the criteria for inclusion in the capital asset inventory should be adequately described in these property records. Complete and accurate capital asset inventory records precisely record key information of all capital assets purchased or received such as the capital asset's purchase<sup>2</sup> cost, current or salvage value, as well as the individual assigned custody of the capital asset, and its location and condition.

The inventory records would comply with the District's capital asset policy that requires the Superintendent or appointed designee to establish and maintain a perpetual inventory system<sup>3</sup> that includes:

- A description of each asset and its estimated useful life,
- The location and use of the asset,
- The individual assigned custody of the asset, and
- An asset label that includes an asset identification number

The policy also requires that the inventory system must include purchase information for each capital asset, including the vendor, purchase date and amount paid, current value, which includes the salvage value or replacement cost, as necessary. In addition, the policy also requires that either the Superintendent or a designee conducts an annual physical inventory to confirm the existence and condition of each capital asset. An annual physical inventory can also help officials to verify the completeness and accuracy of the inventory records. District practice for the Information technology department included inventorying and tracking assets that exceeded a purchase price of \$200, or were deemed to be "walkable" by the information technology administrator (administrator).

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1 For further information, refer to OSC's *Local Government Management Guide: Capital Assets* (<https://www.osc.state.ny.us/files/local-government/publications/pdf/capital-assets.pdf>).

2 The District's policy uses the phrase "initial" cost to describe the basis for recording asset values. For report presentation purposes, we used the phrase "purchase" cost instead of initial cost to enhance readability and for report presentation purposes.

3 Perpetual inventory records are detailed records that are continually updated as assets are purchased or disposed of.

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## Capital Asset Inventory Records Were Incomplete and Inaccurate

The Superintendent did not maintain complete and accurate capital asset inventory records in accordance with the District's capital asset policy, nor did she appoint a designee responsible for ensuring the accuracy of the District's capital asset inventory records. In addition, District policy did not establish a cost threshold for all types of asset purchases to guide District staff when determining when to include assets in their inventory records. The District's inventory records primarily consisted of two separate computerized spreadsheets that were maintained by the facilities director and the information technology administrator and were not combined or reconciled against each other.

We reviewed 80 recorded capital assets<sup>4</sup> with a total purchase cost of approximately \$51,000 and determined that the records were incomplete and inaccurate. Specifically, all 80 capital assets did not have their purchase cost, current value, replacement cost, or salvage value recorded on the spreadsheet inventory records. In addition, while a description was recorded on the spreadsheets for all 80 capital assets, one or more other pieces of required information was not recorded including:

- 83 capital assets totaling approximately \$50,000 did not have the location and use or the individual assigned custody for the asset recorded.
- 69 capital assets totaling approximately \$43,000 did not have the date of acquisition recorded.
- 65 capital assets totaling approximately \$42,000 did not have the vendor recorded.
- 16 capital assets totaling approximately \$14,100 did not have the asset's condition and estimated useful life recorded.
- Four capital assets totaling approximately \$1,000 did not have an asset identification number recorded.

We attempted to physically confirm the condition and existence of the 80 recorded capital assets that we selected. However, at the time of our review, neither we nor District officials could physically locate four laptop computers with a total purchase cost of approximately \$2,000. Of the 76 capital assets we were able to locate, nine capital assets, with a total purchase cost of approximately \$5,000, did not have an accurate location and/or the responsible official recorded. In addition, 28 portable capital assets totaling approximately \$25,000 did not have a label attached to them that included a capital asset identification number, making them more vulnerable to theft without possible detection. These included laptops, lawn and kitchen equipment and maintenance tools.

We also reviewed acquisition invoices from July 2022 through April 2024 to identify recent capital asset purchases to determine whether they were included on the inventory spreadsheet and whether the information recorded for these assets was complete and accurate. We identified 18 recent capital asset purchases with a purchase cost totaling approximately \$50,000. From these 18, we selected<sup>5</sup> 10 capital assets with a purchase cost totaling approximately \$42,000 for review, resulting in 90 total capital assets reviewed totaling approximately \$93,000.

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<sup>4</sup> Refer to Appendix B for more information on our sample selection.

<sup>5</sup> Refer to Appendix B for more information on our sample selection.

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Although we determined that officials recorded five of the capital assets in the District's capital asset inventory records, much of the required information was not recorded. The District's records lacked the date of acquisition, vendor, purchase cost, location and use, replacement cost and current and salvage value. Although the remaining five capital assets that included a gaming laptop, a karaoke machine, noise canceling headphones and electronic art tablets and a batch of stylus pens, all of which would have met the administrator's definition of "walkable" items, they were not inventoried in the District's capital asset records. Because these items were not inventoried, we worked with District officials to locate the items and confirmed the items were at the District.

The Superintendent told us that she was unfamiliar her responsibility in the capital asset inventory process because she had not read the District's capital asset policy. She also said that she did not review the capital asset inventory records to confirm their accuracy and assumed that department heads, specifically the facilities director and the information technology administrator, were keeping accurate and complete records.

Because the Superintendent did not familiarize herself with her responsibilities in the District's capital asset inventory records process, and the Board did not ensure that the Superintendent was complying with the capital asset policy, inventory records were not complete or accurate, four laptops that cost a total of \$2,000 could not be located, and capital assets were not recorded on the inventory records, making them more susceptible to theft without detection.

## **What Do We Recommend?**

The Board should:

1. Ensure that the Superintendent complies with the capital asset policy and maintains a complete perpetual capital asset inventory record.
2. Update District policy to include specific language establishing cost thresholds or other criteria for determining whether assets should be recorded in the inventory records.
3. Ensure that an annual physical inventory of capital assets is conducted by the Superintendent or appointed designee and ensure that any capital assets that cannot be located, including the ones identified during our review, are investigated.

The Superintendent should:

4. Update the capital asset inventory records for the errors, discrepancies, and omitted information noted in this report and ensure that the records are complete and accurate.
5. Familiarize themselves with the capital asset policy and procedures and maintain up-to-date perpetual inventory records that include all required information.
6. Perform or designate an appropriate District official to perform an annual physical inventory of capital assets and update capital asset inventory records as needed.

# Appendix A: Response From District Officials

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<i>Mrs. Melissa Galante</i> Randolph Campus Interim Principal	<i>Mrs. Laura Osinski</i> Hamburg Campus Principal	<i>Mr. Larry Ljungberg</i> Interim Superintendent of Schools	<i>Ms. Theresa Gray</i> Director of Curriculum & Instruction	<i>Dr. Kristin Garaas-Johnson</i> Director of Curriculum & Special Education
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November 5, 2024

Ms. Melissa Myers, Chief of Municipal Audits  
Office of the New York State Comptroller  
Buffalo Regional Office  
295 Main Street, Suite 1032  
Buffalo, New York 14203-2510

Dear Ms. Myers:

We are responding to the examination 2024M-98 conducted by the Office of the New York State Comptroller's Office (OSC) on Randolph Academy Union Free School District's (the District) Capital Asset Inventory Records.

The auditors assigned to the District's examination demonstrated professionalism throughout the audit process and we appreciate their thoroughness in reviewing the District's internal control structure, along with the recommendations provided to enhance the District's controls over capital assets and inventory. On July 9, 2024, the Board of Education updated its policies on capital assets and inventory to provide better guidance on maintaining records for capital assets that exceed the District's capitalization threshold. The District will also be developing processes to enhance existing controls over inventory that fall below the capitalization threshold.

Once again, thank you very much for providing recommendations that will improve the District's internal controls in this area. Randolph Academy Union Free School District is committed to having strong internal controls and we intend to provide a corrective action plan to address each recommendation provided in the report.

Sincerely,

Larry Ljungberg, Interim Superintendent  
Randolph Academy Union Free School District

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336 Main Street, ER, Randolph, NY 14772  
716.358.6866 Fax: 716.358.9425

**Hamburg Campus**  
4655 Logans Lane, Hamburg, NY 14705  
716.358.6866 Fax: 716.648.2361





## 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. 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 Board members and District officials who were responsible for the capital asset monitoring process. We also reviewed District policies and Board meeting minutes and observed procedures to gain an understanding of the District's capital asset inventory process.
- From an identified recorded population of 764 recorded current assets, we used our professional judgment to select and review 80 "highly walkable" (prone to theft) capital assets with a total purchase cost of approximately \$51,000 to determine whether the District's capital asset inventory records were complete and accurate and contained required information, as described in the District's policies.
- We reviewed the District's purchasing records and claim packets for capital assets acquired between July 2022 and April 2024 to identify all capital assets acquired. We identified 18 capital assets totaling approximately \$50,000. Using our professional judgment, we selected 10 "highly walkable" capital assets totaling approximately \$42,000 to determine whether capital asset inventory records included these recent purchases and were complete and accurate. We physically confirmed their existence and location of assets purchased but not recorded in the records.
- We worked with District officials and reviewed original acquisition invoices to determine the purchase costs for all 90 capital assets reviewed.
- With the assistance of District officials, we walked through the District buildings to determine the existence and condition of the 80 recorded capital assets included in our initial sample as well as the five capital assets that were identified as purchased between July 2022 and April 2024 that were not included on the spreadsheet inventory records.

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 General Municipal Law, 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



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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

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### **Regional Office Directory**

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

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

[www.osc.ny.gov/local-government/required-reporting](http://www.osc.ny.gov/local-government/required-reporting)

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## Contact

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