Line Reference	Observation & Recommendation-discrepancies on	Response	Corrective Action
1	#1 Condition-Lack of adherence to Policies, Regulations & Procedures	Agreed, the policy and regulations do need to be updated to match the current processes for levels of tracking based on asset types. Over time, with the advent of increased technology, the need to redefine items the District tracks has changed and regulations have not been updated	We will be working on redefining regulations. Procedures have been established to follow the current tagging practices along with new procedures for the District's current asset tracking software system, but have not been formalized into a procedures manual
2	#1 Supporting Evidence/Observations-Discrepancies in asset cost recorded to purchase price	This may not be a discrepancy. The cost of the asset may not necessarily be connected to one line on the purchase order. Additional costs that can be part of the asset's valuation can be freight, installation, & setup. These items are generally listed on a separate line of the purchase order, and must be allocated to the asset or assets on a prorated basis.	Without knowing what samples were taken I cannot comment on a corrective action since there may not be a discrepancy
3	#1 Supporting Evidence/Observations-Multiple assets were not found in cross referenced asset records	Agreed, depending on the type of asset observed. Currently we are still not fully utilizing the scanning/tracking capabilities of our asset software system. Tracking the movement of assets done by central departments is on a paper driven system. This is a very manual process and the Asset Management division is dependent on the paperwork being submitted so the transfer can be recorded. The asset types with the most fluid movement are technology devices.	The Corrective Action requires collaboration with another deparatment. We are currently in discussion with central services regarding training staff in the use of the asset management software scanning capabilities. This will allow movement of assets to be tracked in real time
4	#1 Supporting Evidence/Observations-Numerous assets were found to be entered in a different FY than their corresponding date	This may not be a discrepancy. In some cases, and this was very prevalent during the last two fiscal years, supply chain issues and availability of vendors to complete installation and setup of equipment impacted the process of readying equipment to be placed in service. An item purchased in year one may need an additional parts or the installation to be performed by the vendor in order to be considered complete and ready to be put to use; the costs for this would not occur until the following year. Costs associated to the year one expenditures would be held in a 'not in service' status. In year two, once all work is completed to make the asset available for use, we would set the asset up on the with a date related to the completion of the work.	Without knowing what samples were taken I cannot comment on a corrective action since there may not be a discrepancy
5	#1 Supporting Evidence/Observations-Conflicting asset information	Disagree, those two types of documents are not meant to be reconciled to each other. The control panel spreadsheet supplied by the Asset Management Associate is a complete list of <u>all</u> Purchase Orders. It is used to review what is being purchased and to confirm coding is correct for the type of equipment being purchased. The listing provided by the Senior Accounting Manager was for all taggable assets in the asset software system.	No corrective action needed
6	#1 Supporting Evidence/Observations-Assets not found at sites	See response on line #2	Without knowing what samples were taken I cannot comment on a corrective action since there may not be a discrepancy

7	#1 Supporting Evidence/Observations-Providing documents	Agreed, regulations need to be updated. With accounting software becoming more sophisticated over the years and paper driven processes going by the wayside much of the documentation can be stored and referenced with the accounting or asset system. Purchase Orders are available in the ERP system. Bills of lading & packing slips are not always supplied by vendors, but recording the receiving is done within the ERP system as part of the process for paying invoices. Invoices are mailed directly to the Accounts Payable department.	We will be working on redefining the regulations to accommodate the current efficiencies in technology and still follow USFR guidance
8	#2 Condition-Poor Stewardship	Agree in part, many policies and procedures need to be updated and there nee	The Asset divisions will be updating and developing procedures to accommodate the capabilities of the asset software that is currently being phased in, this will include input and cooperation from the central departments that impact the operation of the Asset division
9	#2 Supporting Evidence/Observations-Outdated policies & procedures	See response on line #1	See response on line #1
10	#2 Supporting Evidence/Observations-Setting selling prices	Agree in in part, there are no procedures are formally written regarding the setting of prices. But there is diligence in pricing. Currently TUSD uses the Surplus Warehouse website for auctioning items that are no long needed and cannot be recycled. In many cases the setting or reserves of minimums can end up in no one bidding on the items, this results in time spent re-listing the item at lower minimum, and the possibility of the item still not selling. This can be very time consuming for staff and at some point the cost of trying to sell the item at a minimum that the market does not wish to bear out weighs what is received in the sale. Depending on the type of item being sold there is will be research done on the web to gauge pricing at various auction sites to make a determination if a minimum should be set.	A new staff position is being created for surplus management. This position will fall under the direction of the Purchasing Department. Many of the planned duties of this position will be deeper development and write up of disposal procedures. Review of other avenues for disposal of assets that will benefit the district. Currently we are using Surplus Warehouse for auctioning. We also use two recycling companies, one for metals and one for technology, for items that garner more funds and efficiency in disposal by being recycled rather than auctioned.
11	#2 Supporting Evidence/Observations-Controls for asset disposal	Agree in part, currently both the Asset division and the Property Control division review items but not necessarily in a collaborative manner. Decisions may be made by Property Control at the time of pickup as to how the item should be disposed	The Purchasing surplus management position mentioned in line 10 will be responsible for the determination of what assets will qualify for disposal and how they will be disposed
12	#2 Supporting Evidence/Observations-Recording & tracking donated assets	Agreed. In most cases donations are done at the site and the Asset division is dependent on the site notifying and supplying paperwork for the donation. Forms are available for reporting but are not always used.	The Purchasing surplus management position mentioned in line 10 will be responsible for reviewing and accepting or declining donated assets. Donation paperwork will then flow from the surplus management position to the Asset division for recording of the asset and issuing a tag when necessary.
13	#2 Supporting Evidence/Observations-Accepting items resulting in surplus	Agreed	See response on line #12

14	#3 Condition-No consistent physical inventories	Agreed	An inventory utilizing the scanning capabilities of the current asset management system was performed in July 2022 for most of the assets at school sites. There were some issues with the software that need to be worked out. A planning meeting has been setup in December to discuss the next inventory that will be taken in June-July of 2024
15	#3 Supporting Evidence/Observations-Assets relocated without notification to AM division	Agreed, paperwork is not always submitted timely or at all to the Asset division	See response on line #3
16	#3 Supporting Evidence/Observations-Lack of consistent method of tracking tags	See response on line #15	See response on line #3
17	#3 Supporting Evidence/Observations-Assets did not have correctly identified locations	See response on line #15	See response on line #3
18	#3 Supporting Evidence/Observations-Sites not maintaining inventory records	Agree in part, sites do not currently have access to the asset software system to review their taggable assets	We are currently in discussion with central services regarding training district staff in the use of the asset management software system, this will allow sites/departments to independently review their assets in-lieu of contacting the Asset division for any questions regarding tagged assets
19	#3 Supporting Evidence/Observations-Lost asset tags not documented	Agreed	The change to a more interactive asset system has afforded the Asset division a higher level of control regarding the issuance of a physical tag. Once district staff are trained in the use of the asset management scanning function this will also assist in the control of the physical tag. Internal control procedures are being updated for current procedures and then will be addressed again once district staff has been trained.
20	#3 Supporting Evidence/Observations-Departments maintain independent records of assets	Agreed, but in some instances the records they keep pertain to assets that fall below the district's levels for tagging. In some cases this is a requirement of the grant, in others it is their choice to maintain assets at a deeper level then the district's established tracking	We are reviewing ways to accommodate these areas to track at a deeper level within the current asset management software, without contradicting the levels established in the regulations
21	#3 Supporting Evidence/Observations-Assets not classified as required	Disagree, the classifications being used are more detailed than the broad equipment classifications mentioned in the USFR. Assets are broken into mor detailed types and subtypes to allow better analysis of categories of equipment.	No corrective action needed
22	#3 Supporting Evidence/Observations-Reconciliation of purchasing in regard to physical inventory	Agreed, but I don’t believe that the Asset division gave any impression that we	See response on line #14
23	#4 Condition-Limited tracking or reporting of assets/values	Agree in part	Responses below
24	#4 Supporting Evidence/Observations-Lack of SOP	Agree in part, there are procedures established, but need updating in some cas	See responses on line #1, line #3, line #8, line #10

25	#4 Supporting Evidence/Observations-Not tracking asset values	Disagree, if the reference is to asset costs, the asset system is reconciled to the general ledger. If the reference is related to asset value, depreciation is calculated and is currently maintained in the general ledger. If the reference is related to replacement cost, this information is maintained in the asset software system and is generally based on contracted prices, if there is not a contracted price then on most recent purchase price	No corrective action needed
26	#4 Supporting Evidence/Observations-No internal disposal procedures, point #1 determining disposable values	See response on line #10	See response on line #10
27	#4 Supporting Evidence/Observations-No internal disposal procedures, point #2 recording missing, lost or destroyed assets	Agreed, no formal SOP currently exists, the recording of the missing, lost, stolen is dependent in the sites/departments filing the asset disposal form which is the only way the Asset division knows there has been a disposal, other than the physical inventory.	The Asset division will work on establishing internal controls to address when site/departments fail to fill out and submit the disposal form and to follow USFR disposal procedures. This will include collaboration of the Property Warehouse division, which is in charge of picking up assets that need to be disposed and the surplus management position that will fall under the Purchasing Department. Training of site/department staff to use the scanning capabilities in the asset software system will allow an asset to be placed in a pending disposal status and will aid in tracking. See also response on line #14
28	#4 Supporting Evidence/Observations-No internal disposal procedures, point #3 refurbishing, repurposing, scrapping assets	Agree, in part. It has already been established through a review done by Purchasing, Technology Services and the Asst Management division that technology equipment would be best handled through a recycling process. In terms of repurposing or scrapping no formal assessment process is in place, see line #11. When the Asset Management division receives items for auction there is a review of what is currently in the market. The District shops have been downsized and generally they will repair existing in-use items but will not be refurbishing assets that are no longer wanted.	See response on lines #11, Line #27
29	#4 Supporting Evidence/Observations-USFR disposal procedures	See response on line #27	See responses on line #11, line #27
30	#4 Supporting Evidence/Observations-Depreciation schedule was not provided	Agree, final review is still in process due to the large volume of activity related to ESSER funds. Once the review is completed the assets must be transferred to the ERP for depreciation to be calculated. The asset management software system did not have a depreciation attached when we acquired it, this has since been added. Finance has not had the opportunity to review the module to see if there is efficiency in using this instead of the ERP system. The comparison will be related to either the time spent moving assets to the ERP to do one depreciation calculation for both equipment and real property depreciation or having two separate depreciation calculations done from two different systems.	The depreciation schedules will be sent when they are completed. As a note there is no requirement that the depreciation schedule be completed at the end of the year, the schedules do need to be ready in conjunction with the completion of the ACFR.

31	#4 Supporting Evidence/Observations-Processes & procedures do not reference asset management software	Agreed, there is no mention as of now since currently access to the system has not been released to the district in general. Internal procedures performed are centered on the use of the software system by the Asset division. Once access to the asset management system is released to the district in general processes and procedures related to the use of the software system will be released.	Preliminary processes and procedures are being developed, which will need t be adjusted based on feedback from sites/departments as they are introduced to the system. See also response on line #18
32	#5 Condition-Absorbing cost of lost or damaged assets	Agreed	Corrective action will need to be started at the administrative level to address this issue
33	#5 Supporting Evidence/Observations-Assignees are rarely charged	Cannot agree or disagree to this, analysis will need to be completed in coordination with Technology Services in order to determine if the term "rarely" is appropriate	Corrective action will need to be started at the administrative level to address this issue
34	#5 Supporting Evidence/Observations-Acknowledgement of issue	Agreed, there was knowledge that there was an issue, but not aware of the extent of the issue	Corrective action will need to be started at the administrative level to address this issue
35	#5 Supporting Evidence/Observations-Tracking of electronic devices checked out at sites	Cannot agree or disagree to this, Technology Services will need to address the processes that should be followed on checkout and return of devices	Corrective action will need to be started at the administrative level to address this issue
36	#6 Condition-Duties should be segregated	Agreed, the Asset Management Associate is performing certain duties that should be moved to another position	See response on line #10 and lines listed below
37	#6 Supporting Evidence/Observations-Consecutive tasks-Verifying	Disagree, If the term "verifying" refers to receiving in the ERP system, this only occurs when shipments are received at the Warehouse. After the warehouse confirms the shipment the annotated packing slip is given to the Asset Management Associate to enter into the ERP system. The Asset Management Associate does not verify what came in on an order	If this is not acceptable, the alternative process can be to the Warehouse/Property Control staff enter the receiving into the ERP system
38	#6 Supporting Evidence/Observations-Consecutive tasks-Classifying	Disagree - This is an acceptable task for this position	No corrective action needed
39	#6 Supporting Evidence/Observations-Consecutive tasks-Recording assets	Disagree - This is an acceptable task for this position. Assets recorded in the asset software system are reconciled to the ERP system	No corrective action needed
40	#6 Supporting Evidence/Observations-Consecutive tasks-Generating & issuing tags	Disagree - This is an acceptable task for this position. Assets recorded in the asset software system are reconciled to the ERP system. A list of consecutive list of tags issued is maintained with reference to the PO it relates to. The list can be reconciled to the asset management system.	No corrective action needed
41	#6 Supporting Evidence/Observations-Consecutive tasks-Recording issued tag	Disagree - This is an acceptable task for this position. Assets recorded in the asset software system are reconciled to the ERP system. A list of consecutive list of tags issued is maintained with reference to the PO it relates to.	No corrective action needed
42	#6 Supporting Evidence/Observations-Consecutive tasks-Determining value of assets to be sold	Agreed	See line #10
43	#6 Supporting Evidence/Observations-Consecutive tasks-Determining value to disposed assets	Agreed	See line #10

44	#6 Supporting Evidence/Observations-Consecutive tasks-coordinating disposal of assets	Agreed	See line #11
45	#6 Supporting Evidence/Observations-Consecutive tasks-Determining value to disposed assets	Agreed	See line #11
46	#7 Condition-Retaining financial records longer than required	Agreed, keeping records for assets costing over $5,000 is laborious due to retention rules stating that the records must be kept for three years after the asset was disposed. This results in a filing system that must be reviewed for current disposed assets and then pulled and stored for the three year retention cycle, due to cuts in the Asset division review of files have fallen behind.	We will review possible alternatives and develop a process that will be less laborious and more technology oriented for keeping files that have retention cycles that are not based on the fiscal year.