Effective Asset Management
and Inventory Control

Accounting & Financial Reporting Department

August 21, 2019
Presentation Overview

- PGCPS Public Property Control Manual
- Physical Inventories
  - Requirements and Purposes
  - Recent Audit Findings
  - Triennial Physical Inventory
  - School-Level Actions
- Asset Inventory Coordinators
- PGCPS Bulletin M-18-16
- Contact Information
- Questions
The purpose of the Manual is to assist schools and offices in maintaining an accurate listing of all equipment, materials and furniture assigned to their location.

All equipment, materials and other tangible assets assigned to any Board of Education (BOE) facility becomes the responsibility of the individual who supervises the facility.

“Any employee who is unable to account for issued Board of Education property will be held responsible for the loss.”
What is Tangible Personal Property?

<table>
<thead>
<tr>
<th>Types of Property</th>
<th>Examples</th>
</tr>
</thead>
<tbody>
<tr>
<td>Furniture</td>
<td>desks, bookcases</td>
</tr>
<tr>
<td>Cleaning Equipment</td>
<td>floor scrubbers, floor cleaning machines, floor machine brushes and walk behind vacuum sweepers</td>
</tr>
<tr>
<td>Lawn Equipment</td>
<td>zero-turn mowers</td>
</tr>
<tr>
<td>Cafeteria Equipment</td>
<td>movable oven warmers</td>
</tr>
<tr>
<td>Music Equipment</td>
<td>drums, brass instruments, chimes, clarinets</td>
</tr>
<tr>
<td>IT Equipment</td>
<td>white/smartboards, projectors</td>
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</table>
Physical Inventory
Requirements and Purposes

Physical Inventory Requirements

- PGCPS set a standard of performing a physical inventory every three years, covering all:
  - **Inventoriable Assets:** Original cost of $1,500 to $4,999
  - **Depreciable Assets:** Original cost of $5,000 or greater

Purposes of Regular Physical Inventories

- Increase management efficiency
- Ensure the accuracy of the Fixed Asset Inventory System
- Result in accurate financial reporting and fewer audit findings
- Align with industry best practices
Physical Inventory
Recent Audit Findings and Response

Audit Details
- Auditor: Maryland Office of Legislative Audits (OLA)
- Audit Period: July 2015 – July 2017
- Report Issued: March 2019

Findings
- OLA Finding #8: Physical inventories of equipment were not conducted as required
- OLA Finding #9: PGCPS equipment inventory records were not comprehensive or complete

Corrective Action Plan
- PGCPCS began to correct the finding by performing a complete Triennial Inventory Audit which concluded June 2019
Physical Inventory

Triennial Physical Inventory Completed in FY 2019

Massive Undertaking

- 209 schools (including Forestville HS)
- 17 offices
- 12 bus lots
- 2 garages
- 1 central equipment site

What We Found

- Some schools/offices did not have a designated individual charged with keeping a physical inventory list
- If there was a “list”, no one knew how to access it
- If a list was produced, it was not current
- If an asset was new, it had not been tagged
- If an asset was transferred, there was no record of it
Physical Inventory
What Should Schools Do to Help Correct the Findings?

Designate an Asset Coordinator
Responsible for the control of property inventory

Report the Name of the Designated Asset Coordinator Annually
Submit via memorandum to the Property Audit Office of the Internal Audit Department and the Fixed Assets Section of the Accounting and Financial Reporting Office
- Report any changes within 30 days
- If no Asset Coordinator is properly assigned by the Principal, then the Principal will be designated

Maintain a Complete Inventory
Include all equipment purchased or donated
- Listing must be available for review upon request.

- Designate Asset Controller
- Report Designated Asset Controller
- Maintain Complete Inventory
<table>
<thead>
<tr>
<th>The Asset Inventory Coordinator:</th>
<th>Serves as point of contact for site visits and internal school team member inventory inquiries</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Maintains and updates the In-Use Inventory Equipment Receiving Reports and submits them quarterly to Accounting &amp; Financial Reporting (AFR)</td>
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<tr>
<td></td>
<td>Submits all Material Transfer Forms to AFR and maintains copies</td>
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<tr>
<td></td>
<td>Assists with resolving discrepancies between physical inventories and school records</td>
</tr>
<tr>
<td></td>
<td>Collaborates with team members who receive deliveries/packages to reconcile matching of received goods against Purchase Orders</td>
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<td></td>
<td>Ensures that invoices are provided to Accounts Payable for all goods received and accepted in a timely manner</td>
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<tr>
<td></td>
<td>Reconciles requisition and receiving documents</td>
</tr>
</tbody>
</table>
Remember

- Principals or Department Heads are responsible for all assets (items) in their facility
- When new equipment is delivered to your site, make sure it is inventoried on the Master Inventory List
- If equipment is transferred, make sure the Material Transfer Form (Attachment 4) is filled out and copies retained at the school
- If equipment is stolen or damaged, make sure that the Security Incident Form (Attachment 5) is completed
- For disposals of equipment, see Administrative Procedure 3260
PGCPS Bulletin M-18-16

Purposes of Bulletin

Addresses:
• Responsibility for Recording, Controlling and Reporting on Inventoried and Capitalized Fixed Assets
• New asset tagging workflow and thresholds; designates responsibility for recording, controlling, and reporting assets owned by PGCPS
• Transfers and disposals of assets

Updates: Property Control Manual

Provides Forms:
• Processing Supply, Technology, Inventoried and Capital Items
• Employee Equipment Agreement
• Material Transfer/Report of Excess Property
Workflow for Processing Assets

**Type of Asset**

- **Inventoried Asset** ($1,500 to $4,999)
  - **Vendor Invoice**
  - **Enter in Inventoried Asset Database**
  - **Asset Tagged by AFR or IAD**
  - **Triennial Physical Inventory**
- **Capital Asset** ($5,000 or Greater)
  - **Vendor Invoice**
  - **Enter in Oracle Capital Assets**
  - **Asset Tagged by AFR or IAD**
  - **Triennial Physical Inventory**
- **Technology Asset**
  - **Vendor Invoice**
  - **Enter in Oracle Capital Assets**
  - **Asset Tagged by AFR or IAD**
  - **Triennial Physical Inventory**
- **Supply Asset (Non-Technology)**
  - **Oracle Receiving Report**
  - **Enter in School or Office Asset Listing**
  - **Asset Tagged by TDC**
  - **Employee Equipment Agreement**
  - **Periodic Inventory by Internal Audit**

**Abbreviations:**
- **TDC** = Technology Distribution Center
- **AFR** = Accounting & Financial Reporting
- **IAD** = Internal Audit Department

• Updated and accurate Fixed Assets Module
• Compliant Comprehensive Annual Financial Report (CAFR)
• Audit Compliance (External, Internal, and State of Maryland)
• High Bond and Credit Ratings
• Maximal School Funding and Budget
• Increased Educational Efficiency for All Students
Reference Materials and Contact Information

Reference Materials

- PGCPS Public Property Control Manual
- PGCPS Bulletin M-18-16

Contacts for Additional Information

Rita Mack Woods
Accounting Analyst III
Rita.mackwoods@pgcps.org

Stephanie Eugene
Accountant II
Stephanie.Eugene@pgcps.org

Pamela Hay
Assistant Controller
Pamela.hay@pgcps.org

J. Michael Dougherty
Director of Financial Services
Michael.Dougherty@pgcps.org

Michael Herbstman
Chief Financial Officer
Michael.Herbstman@pgcps.org
Questions and Answers