Sweetwater Union High School District

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DATE: August 16, 2016

TO: Karen Janney, Ed. D.
Superintendent

FROM: Frances M. Martinez, Internal Auditor

RE: **Inventory of Equipment**

Introduction

California Education Section 35168 states that "The governing board of each school district shall establish and maintain a historical inventory and audit trace inventory system". Furthermore, the Education Code requires that items valued at $500 per unit cost be inventoried.

The Board of Trustees approved CBIZ Valuation Group, LLC to perform inventory services in February 2016. The inventory was completed in June 2016 and a comparison was performed between the physical inventory performed by CBIZ and the District's business system (Truecourse).

CBIZ performed two rounds of inventory. What was left was reported as "not found". It was at this time I started working with site staff and in most instances the "not found" inventory was located or was at least partially located.

Comparison Results – Physical Inventory versus TrueCourse Fixed Asset Inventory

As of June 30, 2016, the District's fixed asset inventory system had 69,700 active assets. The original value of these assets is $70,240,512.

The original value of fixed asset equipment that could not be located is $64,385. This represents .0009% of total inventory. Details per location are available upon request.

Sites/departments believe the missing inventory is due to lost, stolen or broken assets that were not reported and therefore were not updated in the inventory system. In addition, with regards

to projectors, staff informed me that when they are replaced there is no reporting of the change and therefore it is not updated in the inventory system.

Conclusion/Recommendation

A process between sites and the district needs to be developed so that all items that are removed from inventory are reported and immediately updated in the system. I am working with staff from information technology/plant operations to create and implement a process.