



STATE OF ARKANSAS

## Department of Finance and Administration

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# NEWSLETTER

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## EQUIPMENT

In the FY2016 State Comprehensive Annual Financial Report, the amount of equipment reported, net of depreciation, was \$392 million.

During FY2016, the carrying amount of equipment disposed was \$3.6 million.

## DISPOSAL OF EXCESS EQUIPMENT

The Chief Fiscal Officer of the State of Arkansas is responsible for establishing procedures for the accounting and reporting of property and equipment. This includes prescribing procedures for disposal of property.

Regulation R1-19-4-1503 of the Financial Management Guide (FMG) provides policies and procedures for maintaining a record of all property of the State.

All user agencies and service bureau agencies are required to record their capital assets on AASIS. Other agencies keep capital asset inventory on their books of records.

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*It shall be the responsibility of the executive head of each state agency to keep and maintain a record of all property of the agency, belonging to the State of Arkansas. ACA 19-4-1502*

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## MARKETING AND REDISTRIBUTION

Marketing and Redistribution (M&R), a division of the DFA Office of State Procurement, is responsible for the redistribution and sale of state surplus property. Rules promulgated by the State Procurement Director address the sale, lease or disposal of surplus equipment as well as the transfer of surplus equipment within state government.

All state agencies, boards, commissions, departments, and colleges and universities are required to use the services of M&R unless specifically exempted by the State Procurement Director.



*Dispose properly.*

## ARKANSAS LEGISLATIVE AUDIT

Arkansas Legislative Audit (ALA) conducts internal control and compliance engagements to examine accounting practices and internal controls of a state agency. The engagement checks to determine if the state agency is complying with its own policies and procedures as well state laws and regulations. The engagement results are summarized as findings in a report to the Legislative Joint Audit Committee. Findings are observations of a condition or situation. Findings include a basis or criteria for the observation, the perceived cause of the condition or situation (if it can be determined), and recommendations to help resolve the issue. An agency can respond to the findings with their own observations and whether they agree or disagree with the views of ALA.

## RECENT FINDINGS

ALA issued an internal control and compliance report, dated June 28, 2016, for the Arkansas School for the Blind for the two fiscal years ended June 30, 2015. It was the position of ALA that the Department did not comply with state regulations regarding maintaining property records. Among the findings listed were:

- Documentation for the disposal of four items was not maintained.
- Of 751 items approved for removal from AASIS in FY2014, 58 were removed from AASIS prior to the request for removal.
- 13 items were approved for removal from AASIS in September and November of 2012. However, the items were not actually removed until January 2014.

ALA recommended that the School for the Blind seek training related to capital asset management and establish adequate internal controls over capital assets.

## RESPONSE

Management addressed the findings by taking the following actions to improve internal controls over capital assets:

- An Inventory Control Technician was hired and reports directly to the Business Manager.
- Training is being provided to all staff with responsibility in this area.
- All internal capital asset policies and procedures are being reviewed and revised.

## RESOURCES

The Capital Asset Guide, an appendix of the Financial Management Guide, provides guidance and information on recording capital assets, making error corrections, and recording capital leases.

The AASIS website (<http://www.dfa.arkansas.gov/offices/informationServices/aasis/Pages/default.aspx>) provides information on how to maintain capital asset records in AASIS. In addition, the AASIS Service Center (ASC) can assist with using AASIS transactions. ASC can be contacted through AASIS Help Desk at 501-683-2255, or by completing the online request form: (<http://www.dfa.arkansas.gov/offices/informationServices/aasis/Pages/AASISHelpdeskForm.aspx>).

The Office of Personnel Management offers courses that include training in the use of AASIS. The courses can be accessed through the EASE Learning Tile (<https://ease.arkansas.gov>).

The M&R website (<http://www.dfa.arkansas.gov/offices/procurement/stateSurplus/Pages/default.aspx>) has useful information for using their services, as well as links to forms to be used for transfer or retirement of capital assets.