

**ARKANSAS LEGISLATIVE AUDIT
REPORT ON:
DEPARTMENT OF EDUCATION
FOR THE YEAR ENDED JUNE 30, 2021**

Finding:

Ark. Code Ann. § 19-4-1502 states that it is the responsibility of the executive head of each state Agency to keep and maintain a record of all agency property belonging to the State of Arkansas. Regulation R1-19-4-1503 of the Department of Finance and Administration (DFA) Financial Management Guide states that all items transferred, lost, stolen, destroyed, or sold must be promptly removed from the detail of capital assets.

Our review of capital assets at the Arkansas School for the Deaf identified two items with a total recorded value of \$33,075 that could not be located and one item with a recorded value of \$35,065 that was removed from the capital asset records but is still in the Agency's possession.

Failure to adhere to Ark. Code Ann. §19-4-1502 could lead to misappropriation of assets.

Recommendation:

We recommend the Agency strengthen controls and adhere to Arkansas Code and DFA regulations.

Agency Response:

The Agency agrees with the finding. ADE finance staff has worked with staff at ASD and developed a plan for the Inventory Manager at ASD to follow this summer and throughout the year. It will ensure a 100% inventory is completed annually. The finance staff at both ASD and ADE will work together to update the inventory list. The assets that could not be located are over thirty years older, so the staff will focus on assets with older origination dates first in the physical inventory check.