

January 25, 2024

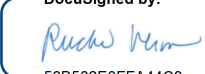
**AUTHORIZE THE COMMENCEMENT OF THE PUBLIC COMMENT PERIOD FOR ASSET AND INVENTORY MANAGEMENT POLICY STARTING JANUARY 26, 2024**

**THE CHIEF EXECUTIVE OFFICER RECOMMENDS:**

That the Board authorize the commencement of the Public Comment Period from January 26, 2024 to February 26, 2024 for the Policy described in the disposition table below. Pursuant to Board Rule 2-6(c), the Board must authorize the commencement of the Public Comment Period.

Current Policy Section/ Current Policy Title	New Policy Section/ New Policy Title	Description of Revision/Disposition
401.9 Asset and Inventory Management Policy	N/A	<p>Amend 401.9 Asset and Inventory Management</p> <p>The Office of Inspector General (OIG) for the Board of Education conducted a performance review of CPS Asset Inventory Audit and Recovery Procedures. The work done to amend the Asset and Inventory Management Policy is a component for the response to the OIG's performance review.</p>

Approved as to Legal Form: 

DocuSigned by:  
  
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**Ruchi Verma**  
 General Counsel

Approved:

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**Pedro Martinez**  
 Chief Executive Officer

**Policy/Board Rule Summary Form**

Policy/Board Rule Being Amended/Created	Policy Manager(s)
Asset and Inventory Management	James Patrick Alforque (Finance)

1. Why is this policy/Board rule being amended, created, or rescinded now? (e.g., state legislation, compliance change, policy was out of date, biennial policy review, CEO/CEdO recommendation, etc.)

The Office of Inspector General (OIG) for the Board of Education conducted a performance review of CPS Asset Inventory Audit and Recovery Procedures. The work done to amend the Asset and Inventory Management Policy is a component for the response to the OIG’s performance review.

2. Please provide a high level summary of what policy/Board rule changes are being made, or created, and why.

- **System of Record Tracking**
  - All assets are to be recorded into the CPS’s electronic inventory and asset management system within 30 days of purchase and delivery or donation. Assets are considered purchased once invoices are validated by Oracle Accounts Payable. Assets are considered donated at the time of receipt by CPS staff.
- **Physical Inventory**
  - Each organizational unit accountable official or designee will conduct/oversee a physical inventory of all assets assigned to the organizational unit at least annually. The accountable official or designee will reconcile the results of the physical inventory to CPS’s centralized electronic inventory and asset management system, identify and document any differences and investigate the reason for the differences within 30 days of the completion of the physical inventory. The organizational unit accountable official will be responsible for the compliance and accuracy of their annual inventory. The reporting unit will, on an annual basis, certify the unit’s inventory and receive notice of compliance from the Office of the Controller.
- **Physical Security**
  - Each organizational unit accountable official or designee will implement adequate safeguards to prevent loss, damage, or theft of assets. Upon discovery of potential loss, damage, or theft of an asset, the accountable official must document, research and report the potential loss, damage or theft to the Department of Facilities, and Safety & Security. For grant funded assets, the Grants Office must also be notified. Upon approval by the Grants Office/Office of the Controller, the accountable official or designee will immediately make adjustments to CPS’s centralized electronic inventory and asset management system based on the investigation, within 30 days of completion of the investigation.
- **Asset Transfers**
  - Under no circumstance may assets be permanently transferred to employees or students. Any time someone transfers to a new school or department, the school/department must transfer the asset in the asset management system to the receiving location. CPS assets must be returned back to the CPS school/department once staff or students leave the district or graduate.
  - Transfer of grant funded assets to another CPS organizational unit must be approved

by the appropriate grant administrator (prior to the transfer) in order to ensure compliance with all grant requirements.

- **Temporary Asset Transfers**
  - CPS organizational units may make computer equipment temporarily available for home use by eligible students. CPS organizational units which choose to offer computer equipment to any of their students must provide it equitably to all of their students. The District will provide a standard template for parent sign-off for district wide use and must be stored in a location that is accessible in case they are needed.
- **Disposals**
  - Non-functional computer equipment will be disposed of through a process developed by the Department of Information & Technology Services (ITS). It is the organizational unit accountable official's responsibility to ensure compliance with the Asset Disposal Process to ensure assets are properly disposed of and marked accordingly in the asset management system. Disposal of other non-functional assets will be managed by the Department of Facilities. Where possible, these assets will be disposed of through CPS contracted salvage/scavenger companies.
- **Training**
  - The Office of the Controller, in conjunction with applicable vendors will provide initial mandatory training to each organizational unit accountable officials and designee(s). Individuals who are assigned to be accountable officials or designees must complete the initial training. Each accountable official and designee will also complete mandatory refresher training on this policy at least once every 12 months. Evidence of initial and refresher training will be maintained by the Office of the Controller.
- **Violations**
  - Failure to abide by this Policy will subject employees to discipline in accordance with Board Rules and Policies.

3. Please provide any notable feedback from internal or external stakeholders, and how you addressed it or planned to address it in your policy/Board rule draft.

FACE recommended meeting with Central Office employees:

1. Do an informed consult where the current policy is and where we'd like to go with it
2. ONS and the teacher advisory board

Meetings are in the process of being scheduled.

4. Please provide any additional notes/considerations in the box below.

We met with the following departments who did not request changes to the policy: FACE, OSHW, Law, Equity, Safety & Security

- FACE suggested engaging with ONS and the teacher advisory group. Working with Alex Lopez to confirm folks who should be consulted
- Equity suggested writing a general statement so the technical resources are part of the underserved schools (statement is currently being written)

**AMEND BOARD REPORT 17-1025-PO1  
ASSET AND INVENTORY MANAGEMENT**

**THE CHIEF EXECUTIVE OFFICER RECOMMENDS THE FOLLOWING:**

That the Board amend Board Report 17-1025-PO1, Policy on Asset and Inventory Management.

**PURPOSE:**

The “Policy for Asset and Inventory Management” defines requirements for recording, inventorying, maintaining and disposal of assets to promote efficient and effective asset utilization throughout their useful lives and appropriate disposal of assets when they are no longer being utilized by the Chicago Public Schools (CPS). This policy, and procedures created from this policy, are based on and will be maintained to comply with the Illinois State Board of Education (ISBE), “State and Federal Grant Administration Policy: Fiscal Requirements and Procedures,” and with “Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards” (2 C.F.R. 200), in addition to CPS internal controls.

**SCOPE:**

This policy covers all tangible, nonexpendable items, or non-real estate purchased by or donated to CPS having a value of greater than \$500 but less than \$25,000 per unit and a useful life of more than one year, as well as “walkable” technology assets (tablets, chromebooks, mobile phones, etc., as defined by the CPS Chief Information Officer). These items are identified in this policy as “assets.”

**APPLICABILITY:**

This policy applies to all CPS organizational units, including central office departments, network offices, and schools. Each organizational unit accountable official is responsible for the recording, inventorying, and maintaining of assets assigned to the organizational unit in accordance with this policy. Organizational unit accountable officials may designate additional unit personnel to complete tasks for the organizational unit in accordance with this policy. Adherence to this policy is necessary to comply with federal and state regulations, governmental accounting standards, and to maintain adequate internal control over assets.

**SYSTEM OF RECORD AND TRACKING:**

All assets are to be recorded into the CPS’s electronic inventory and asset management system within 30 days of purchase and delivery or donation. Assets are considered purchased once invoices are validated by Oracle Accounts Payable. Assets are considered donated at the time of receipt by CPS staff.

Technology items and other assets, including furniture or equipment, are to be recorded in CPS’s centralized electronic asset and inventory management system (designated system of record). These assets, and other items the District manages, will be affixed a radio-frequency identification (RFID) tag or non-RFID (barcode/poly) tag for electronic tracking. Generally, RFID tags will be used for “walkable” technology assets while all other assets will have barcode/poly tags. In the case of extenuating circumstances or intangible assets, appropriate inventory and recording measures that do not depend on physical tags will be specified in asset management procedures.

Overall, assets worth less than \$500 per unit or having a useful life of less than one year may, at the organizational unit’s discretion, also be recorded in CPS’s centralized electronic inventory and asset management system and tracked using barcode/poly tags.

The following data elements, at a minimum, are to be recorded for each asset:

- description of the asset;
- serial number or other identification number;
- source of funding for the asset;
- entity holding title;
- acquisition date and cost of asset;
- percentage of state/federal participation in the cost of the property, if applicable;
- the location, use and condition of the property; and
- disposition date including the date of disposal and sale price of the property, if applicable.

#### **PHYSICAL INVENTORY:**

Each organizational unit accountable official or designee will conduct/oversee a physical inventory of all assets assigned to the organizational unit at least annually. The accountable official or designee will reconcile the results of the physical inventory to CPS's centralized electronic inventory and asset management system, identify and document any differences and investigate the reason for the differences within 30 days of the completion of the physical inventory. The organizational unit accountable official will be responsible for the compliance and accuracy of their annual inventory. The reporting unit will, on an annual basis, certify the unit's inventory and receive notice of compliance from the Office of the Controller.

#### **PHYSICAL SECURITY:**

Each organizational unit accountable official or designee will implement adequate safeguards to prevent loss, damage, or theft of assets. Upon discovery of potential loss, damage, or theft of an asset, the accountable official must document, research and report the potential loss, damage or theft to the asset management team. The asset management team will provide a yearly report for loss, damage, or theft to Risk Management, the Department of Facilities, and Safety & Security. For grant funded assets, the Grants Office must also be notified. Upon approval by the Grants Office/Office of the Controller, the accountable official or designee will immediately make adjustments to CPS's centralized electronic inventory and asset management system based on the investigation.

#### **ASSET MAINTENANCE:**

Each organizational unit accountable official or designee will develop and implement adequate maintenance procedures to keep assets in good working condition. Maintenance procedures will vary by asset type and use, but at a minimum, the procedures should specify the type and frequency of maintenance to be performed, the individual or entity responsible for performing the maintenance, whether the maintenance is performed by CPS employees or vendors, and the required maintenance records.

#### **ASSET TRANSFERS:**

Under no circumstance may assets be permanently transferred to employees or students. Any time someone transfers to a new school or department, the school/department must transfer the asset in the asset management system to the receiving location. CPS assets must be returned back to the CPS school/department once staff or students leave the district or graduate. (Please refer to the Staff and Student Acceptable Use policies).

Transfer of grant funded assets to another CPS organizational unit must be approved by the appropriate grant administrator (prior to the transfer) in order to ensure compliance with all grant requirements.

Assets that are not being utilized or that are not needed by one CPS organizational unit, but which are still functional, may be transferred to another CPS organizational unit.

If the donor organizational unit accountable officials or designees wish to directly transfer an asset to recipient organizational units, the donor organizational unit accountable officials or designees will record

the transfer in CPS's centralized electronic inventory and asset management system. Within 30 days of transfer, recipient organizational unit accountable officials will ensure that the minimum data elements are recorded for each transferred asset and that the asset is transferred to the recipient's organization within CPS's centralized electronic inventory and asset management system.

If donor organizational unit accountable officials or designees deem an asset as not being utilized or not needed and have not identified another recipient, the asset must be repurposed to the warehouse within 30 days. Warehouse personnel must ensure that the minimum data elements are recorded for each transferred asset and that the asset is transferred to the warehouse within CPS's centralized electronic inventory and asset management system within 30 days.

Available assets stored at the warehouse will be transferred to other CPS organizational units as needed. The centralized electronic inventory and asset management system will provide reports identifying assets available at the warehouse. The transfer of assets out of the warehouse must be recorded within CPS's centralized electronic inventory and asset management system within 30 days.

### **TEMPORARY ASSET TRANSFERS:**

CPS organizational units may make computer equipment temporarily available for home use by eligible students. CPS organizational units which choose to offer computer equipment to any of their students must provide it equitably to all of their students. The District will provide a standard template for district wide use for parent sign-off. (Please refer to the Staff and Student Acceptable Use policies).

CPS organizational units may make assets such as computer equipment and mobile phones temporarily available for home use by employees. Assets assigned for home use by employees should not be purchased using funding restricted for use by students. Organizational units are to record assets loaned to a teacher by issuing the computer equipment to the corresponding teacher in CPS's centralized electronic inventory and asset management system. Liability for assets loaned to employees is specified in CPS terms of employment.

### **DISPOSALS:**

Disposal of assets purchased with grant funds must be coordinated with the appropriate Grant Administrator and Grants Office. Assets that are no longer functional, not being utilized or not needed will be disposed subject to the following considerations:

- Assets may be donated to not-for-profit community organizations. CPS warehouse personnel will verify that the not-for-profit organization is tax exempt by reviewing appropriate written documentation. These organizations will be contacted and, as a condition of the donation, must be willing to pick up the item(s).
- Assets may be sold by the CPS warehouse at the discretion of the Office of the Controller and Department of Facilities. The warehouse will seek to obtain an optimal return for the assets (through an auction or similar mechanism). The use of proceeds from the sale of these assets may be restricted, depending on the funding source used to purchase the assets.
- Assets containing hazardous waste materials may require special handling for disposal. The organizational unit accountable official or designee will contact the Department of Facilities prior to disposal of any such asset to identify special disposal requirements.
- Non-functional computer equipment will be disposed of through a process developed by the Department of Information & Technology Services (ITS). It is the organizational unit accountable official's responsibility to ensure compliance with the Asset Disposal Process to ensure assets are properly disposed of and marked accordingly in the asset management system. Disposal of other non-functional assets will be managed by the Department of Facilities. Where possible, these assets will be disposed of through CPS contracted salvage/scavenger companies.

The organizational unit accountable official or designee will record the disposal of assets in CPS's centralized electronic inventory and asset management system within 30 days of disposal.

**TRAINING:**

The Office of the Controller, in conjunction with applicable vendors ~~and the School Support Center~~, will provide mandatory initial training to each organizational unit accountable officials and designee(s). Individuals who are assigned to be accountable officials or designees must complete the initial training. Each accountable official and designee will also complete mandatory refresher training on this policy at least once every 12 months. Evidence of initial and refresher training will be maintained by the Office of the Controller.

**VIOLATIONS:**

Failure to abide by this Policy will subject employees to discipline in accordance with Board Rules and Policies.

**LEGAL REFERENCES:** Code of Federal Regulations (2 C.F.R. 200)