# Newfield Central School District

## IT Asset Management

**S9-22-17** | **February 2023**

# Contents

# Report Highlights

## Audit Objective

Determine whether Newfield Central School District (District) officials appropriately tracked, inventoried and safeguarded information technology (IT) assets acquired or in use during the audit period.

## Key Findings

District officials did not appropriately track or inventory IT assets, maintain complete IT inventory records or establish adequate controls to safeguard IT assets. As a result, officials cannot assure taxpayers that money invested in IT assets has been appropriately spent or safeguarded.

Of the 41 IT assets we selected to confirm their location and that they were inventoried, and 10 additional IT assets selected to confirm were inventoried, 25 percent of the sampled assets were not properly accounted for. Specifically:

- One mini desktop computer ($982) and one laptop ($500) could not be located and were not inventoried, and one Chromebook (estimated cost of $288 based on similar purchases) could not be located but was inventoried.

- Ten assets, including three interactive displays, two laptops, two iPads, two Chromebooks and one 3D printer with a total cost of approximately $14,410 were not inventoried.

In addition, annual inventories of all IT assets were not conducted and officials did not adopt a comprehensive written policy for IT equipment inventory.

## Key Recommendations

- Maintain complete, accurate and up-to-date inventory records.

- Perform annual inventories.

District officials generally agreed with our recommendations and have initiated or indicated they planned to initiate corrective action.

## Background

The District serves the Town of Van Etten in Chemung County; the Town of Spencer in Tioga County; and the Towns of Danby, Enfield, Ithaca and Newfield in Tompkins County.

An elected seven-member Board of Education (Board) is responsible for the general management of the District.

The Superintendent serves at the Board's direction and is responsible for day-to-day management.

The Director of Technology (Director) is responsible for overseeing the IT Department, including IT asset inventory management.

| Quick Facts | |
|---|---|
| **District** | |
| **Enrollment** | 709 |
| **Staff** | 237 |
| **Approximate Cost of IT Assets Purchased or Leased in Our Audit Period** | $464,000 |

## Audit Period

July 1, 2019 – March 31, 2022. We expanded our audit period through June 13, 2022 to observe inventory at the District.

# IT Asset Management

School districts purchase a wide variety of IT equipment, such as interactive displays and desktop computers, as well as highly portable items, such as monitors, laptops and tablets. These assets can make up a significant portion of a district's IT asset inventory, in both value and number. School district officials are responsible for providing oversight to ensure that assets are protected from loss, inventory records are current, and assets can be easily located.

With the onset of the COVID-19 pandemic, school districts acquired a significant number of IT assets to transition to remote and hybrid learning. This influx of new and often highly portable IT assets highlighted the importance of tracking and inventorying practices to ensure that taxpayer funds are appropriately spent and safeguarded.

## How Should District Officials Inventory and Safeguard IT Assets?

A school board should adopt a comprehensive written policy that sets forth guidelines and procedures for establishing and maintaining IT asset inventory. Although some IT assets could be considered fixed assets, IT assets' portability and access to a district's network and/or confidential data poses a distinct risk of loss or misuse. Given this risk, school district officials should establish a separate, well-defined policy that includes guidance for school district officials to maintain detailed, up-to-date inventory records for all IT assets including:

- Adding new equipment to the inventory,
- Notifying the IT Department when equipment is reassigned, lost or stolen,
- Documenting and updating the inventory for equipment disposal, and
- Annually reviewing the physical inventory.

Inventory records should include a description of each item including the make, model and serial number; the name of the individual to whom the device is assigned, if applicable; the physical location of the asset; and relevant purchase or lease information including the initial cost, depreciation and acquisition date.

In addition, school district officials should verify the accuracy of IT asset inventory records through annual physical inventory counts. Devices should be periodically examined to assess their condition and to verify accurate location information in the inventory records. Maintaining complete and up-to-date IT asset inventory records also helps a school board develop and implement an effective IT equipment replacement plan. To safeguard IT assets from loss, theft or misuse, IT assets should be in a locked and secured area with environmental controls such as smoke detectors, fire alarms and extinguishers, and protection from water damage.

## Officials Did Not Appropriately Inventory or Safeguard IT Assets

Although the Board-adopted Inventories Policy and Regulation[1] (Policy) requirements provided direction for officials to track and inventory assets, the Board did not adopt a comprehensive written policy specifically for IT equipment inventory.

According to the Policy, fixed assets carrying a minimum value of $500 that have a useful life of one year or more and physical characteristics which are not appreciably affected by use or consumption shall be inventoried and recorded on an annual basis. Based on this definition, some IT assets would be subject to the policy guidance. The Policy also directs the Business Administrator to arrange for an annual inventory and appraisal of District property and that any discrepancies between the inventory and property records should be traced and explained.

The Policy states that inventory records, where possible, should contain:

- Date of acquisition,
- Description,
- Cost or value,
- Location,
- Responsible official,
- Estimated useful life, and
- Date and method of disposal.

The Policy requires certain attributes to be recorded that do not necessarily aid in tracking and inventorying IT assets but are important for other operational needs. For example, cost, acquisition date or estimated useful life information do not aid in tracking an asset but are useful for determining overall cost or age of assets, which in turn, could ensure appropriate insurance coverages are maintained and assist in planning for replacement of assets reaching the end of their useful life. Although the District's accounting records have the costs, acquisition date and vendor information for IT assets, this information is not easily compiled for inclusion in the District's IT asset inventory records and cannot easily aid in planning for future IT asset investments. Therefore, the cost and age of all IT assets currently in use by the District was undetermined at the conclusion of our fieldwork.

Inventory Records –The Director and IT Department staff are responsible for maintaining a master inventory list that includes assignment and location of devices. We reviewed the inventory list containing 1,138 IT assets and found it did not always contain adequate information to sufficiently track and/or identify the District's IT assets. For example, there was numerous missing, incomplete and/or inaccurate information for individual entries, such as an IT asset's serial number, acquisition date, cost, location.

---

1   Policy 6640 and Regulation 6640-R, adopted on December 20, 2001 and Regulation last revised January 5, 2006.

Specifically:

- Serial numbers were missing or duplicated for 44 assets.

- Location field was blank for 88 assets.

- Eighty-one assets had been assigned to a building location instead of a specific room or user.

The Director told us the missing and duplicated serial numbers were the result of input errors of the asset information. She also told us assets assigned to a building location instead of an assigned user are used by multiple users at the building location and, accordingly, no individual user is assigned responsibility for the asset. Although recording a building location may satisfy the Policy requirement, a more specific location (e.g., room number or assigned user), could make locating the asset a less time-consuming effort. Additionally, the Policy requires an entry for responsible official.

Further, the list did not contain all the information required by the District's Policy, including estimated useful life and date and method of disposal (Figure 1).

**Figure 1: Board-Required Inventory List Attributes**

| Master IT Inventory List | | | | | | |
|---|---|---|---|---|---|---|
| Acquisition Date | Description | Cost or Value | Location | Responsible Official | Estimated Useful Life | Date & Disposal Method |
| ✓ | ✓ | ✓ | ✓ | ✓ | X | X |

The Director said she was aware of the Policy requirements regarding the information that should be contained in the inventory list but did not have the time to implement all the requirements. She also told us that there was no inventory list prior to her starting in August 2020 when she begun to track IT asset purchases.

In addition, in our physical test of 41 IT assets and an additional test of 10 assets identified during our walk-through and inspection of the District, 12 assets were not properly recorded in District inventory records. These assets included:

- Three interactive displays, four laptops, two iPads, two Chromebooks, and one 3D printer with a total purchase price of approximately $15,890.

Annual Inventories – According to the Director she assumed the responsibility to inventory IT assets and was aware of the Policy requirements for conducting annual inventories. She added that starting in July 2021 her staff physically inspects and cleans all non-mobile IT assets every summer and an inventory of student-assigned mobile devices was conducted by the IT Department during our audit period. The Director also told us she monitors activity on devices

and disables missing devices rendering them useless. However, there was no documentation to support that a physical inventory was conducted of all IT assets.

Safeguarding Assets – Although we found storage locations for the IT assets were adequately secured, the Director could not locate three of the 41 assets we selected to physically confirm were in the District's possession, including a mini desktop computer ($982), laptop ($500) and a Chromebook (estimated cost of $288 based on other Chromebook purchases made in our audit period. The computer and laptop were previously mentioned in the Inventory Records section.

The Director told us the mini desktop computer had been returned as defective and was replaced by the manufacturer. However, the Director did not have the documentation for the replacement. Therefore, we could not determine whether they received a replacement unit to locate and verify the asset. In addition, the laptop was not on the inventory list and the Director had no documentation to indicate who it was assigned to but told us the laptop had been assigned to a staff member who was currently on leave. According to the Director, the missing Chromebook was a student-assigned device that had been reported damaged and inappropriately discarded by the student in February 2021. However, despite its last activity recorded in February 2021, we found that the Chromebook was still listed as an active device in the District's inventory system. The Director told us the device should have been deactivated from the District's system but must have been overlooked by IT Department staff.

The Director did not maintain detailed up-to-date inventory records, conduct adequate annual inventories or always safeguard IT assets. As a result, District officials cannot be assured that IT assets are adequately accounted for and would be detected if lost, stolen, or misused. Further, complete, accurate, and up-to-date inventory records help District officials ensure that IT assets are properly insured, tracked through their life cycle and replaced as necessary. Finally, when inventory records are incomplete, and assets are not properly accounted for, District officials cannot ensure taxpayers that money invested in IT assets has been appropriately spent or safeguarded.

## What Do We Recommend?

The Board should:

1.  Adopt a specific comprehensive written policy to appropriately track and inventory IT equipment. This policy should include guidance and processes for:

    - Maintaining detailed, up-to-date inventory records for all IT equipment,

    - Adding new equipment to the inventory,

- Notifying the IT Department when equipment is reassigned, lost or stolen,

- Documenting and updating the inventory for equipment disposal, and

- Annually reviewing the physical inventory.

2. Require the Director to perform a physical inventory of all IT equipment, locate missing and unaccounted-for equipment and update inventory records accordingly.

The Director should:

3. Ensure District inventory records include the detail necessary to adequately track and locate an IT asset and that asset records minimally include the make, model and serial number; the name of the individual to whom the device is assigned, if applicable; the physical location of the asset; and relevant purchase or lease information including the initial cost, depreciation and acquisition date.

4. Review and comply with applicable District policies.

5. Update inventory records to track the assets not currently in District records.

6. Perform a complete, annual physical inventory and compare the results to the inventory records. Take appropriate action to follow up on any discrepancies.

**NEWFIELD**
CENTRAL SCHOOL DISTRICT

Unit Name:  Newfield CSD

Audit Report Title:  IT Asset Management

Audit Report Number:  S9-22-17

The Newfield Central School District acknowledges the receipt of the findings and recommendations from the June 2022 audit asset audit performed by the New York State Office of the Comptroller.

Audit Recommendation:
District officials did not appropriately track or inventory IT assets, maintain complete IT inventory records or establish adequate controls to safeguard IT assets.

The Newfield Central School District takes inventory of IT assets seriously and would like to provide additional context regarding this audit with the understanding that this additional information is not a means to evade responsibility.

1. The district has had continuous turnover in the technology department during the years the audit covered.
2. The district also had turnover with regard to district leadership during the audit period.
3. Prior to the Fall of 2020, the district had few tech related assets and did not have a system or protocol for inventorying assets as the district was not a 1:1 district. Additionally, the district acquired more than 1000 mobile devices during the pandemic to meet the needs of the community with regard to remote instruction/work.
4. The COVID-19 pandemic impacted staffing, resources, and the amount of time that could be dedicated to  infrastructure/maintenance due to the ever changing and developing demands on the IT department throughout the pandemic.

Plan of Action:
The district will work with the Board of Education and Technology department, specifically the Director of Technology, to further implement and refine procedures that require District officials to continue to conduct annual physical inventory counts, continue to update inventory records and take appropriate action for missing equipment, and to immediately tag IT assets and record them in the inventory system.

Implementation date:
Corrective action for the audit findings has already occurred and will be reviewed on a continuous basis.

The Newfield Central School District has come a long way with regard to improving Technology related services but acknowledges that much work is left to be done. The district would like to thank ███████████████████ for their support and professionalism throughout the auditing process. Newfield Central School District is continuously improving and we greatly appreciate the wisdom and knowledge that was shared as it will support the district in its efforts to provide technology services and accountability to our stakeholders and taxpayers.

_____          _____
                                    1/4/2023
Eric Hartz                          Date
Superintendent

# Appendix B: Audit Methodology and Standards

We conducted this audit pursuant to Article V, Section 1 of the State Constitution and the State Comptroller's authority as set forth in Article 3 of the New York State General Municipal Law. To achieve the audit objective and obtain valid audit evidence, our audit procedures included the following:

- We selected the District for audit from a list of school districts (excluding NYC schools) with enrollment greater than 300 and not currently in the OSC audit process at the time of selection. We classified school districts into four groups by enrollment and, using a random number generator, selected Districts from these groups. The list was broken out by geographic region for an even representation of school districts across the State for this multi-unit audit.

- We interviewed District officials and reviewed District policies and Board minutes to gain an understanding of IT asset management.

- We reviewed the District IT Department and IT asset record to determine whether the record contained sufficient information to identify IT assets.

- We selected a sample of 41 IT asset, 35 representing District purchases and six from student device reports. For 35 District purchases, we obtained a transaction report for vendors the IT assets are purchased through. We reviewed purchase orders, invoices, and/or packing slips relating to the largest annual purchase for each vendor. The six student devices were selected based on at least six-months of school access inactivity.

- We performed a walkthrough of District facilities and judgmentally selected 10 assets to determine whether the assets were accurately recorded on the inventory record. During our visual inspection of District IT assets, we assessed the general condition of their locations for the potential risk of damage or loss.

We conducted this performance audit in accordance with generally accepted government auditing standards (GAGAS). Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

Unless otherwise indicated in this report, samples for testing were selected based on professional judgment, as it was not the intent to project the results onto the entire population. Where applicable, information is presented concerning the value and/or size of the relevant population and the sample selected for examination.

The Board has the responsibility to initiate corrective action. A written corrective action plan (CAP) that addresses the findings and recommendations in this report must be prepared and provided to our office within 90 days, pursuant to Section 35 of General Municipal Law, Section 2116-a (3)(c) of New York State Education Law and Section 170.12 of the Regulations of the Commissioner of Education. To the extent practicable, implementation of the CAP must begin by the end of the next fiscal year. For more information on preparing and filing your CAP, please refer to our brochure, *Responding to an OSC Audit Report*, which you received with the draft audit report. The CAP should be posted on the District's website for public review.

# Appendix C: Resources and Services

**Regional Office Directory**
www.osc.state.ny.us/files/local-government/pdf/regional-directory.pdf

**Cost-Saving Ideas** – Resources, advice and assistance on cost-saving ideas
www.osc.state.ny.us/local-government/publications

**Fiscal Stress Monitoring** – Resources for local government officials experiencing fiscal problems
www.osc.state.ny.us/local-government/fiscal-monitoring

**Local Government Management Guides** – Series of publications that include technical information and suggested practices for local government management
www.osc.state.ny.us/local-government/publications

**Planning and Budgeting Guides** – Resources for developing multiyear financial, capital, strategic and other plans
www.osc.state.ny.us/local-government/resources/planning-resources

**Protecting Sensitive Data and Other Local Government Assets** – A non-technical cybersecurity guide for local government leaders
www.osc.state.ny.us/files/local-government/publications/pdf/cyber-security-guide.pdf

**Required Reporting** – Information and resources for reports and forms that are filed with the Office of the State Comptroller
www.osc.state.ny.us/local-government/required-reporting

**Research Reports/Publications** – Reports on major policy issues facing local governments and State policy-makers
www.osc.state.ny.us/local-government/publications

**Training** – Resources for local government officials on in-person and online training opportunities on a wide range of topics
www.osc.state.ny.us/local-government/academy

## Contact