



Norwich City School District

IT Asset Management

S9-22-18 | February 2023

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Report Highlights

Norwich City School District

Audit Objective

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

Key Findings

Although District officials conducted a comprehensive annual inventory, they did not appropriately track or 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.

We selected 50 IT assets to confirm their location and that they were inventoried, and 10 additional IT assets to confirm they were inventoried. We found 12 percent of the sampled assets were not properly accounted for. Specifically:

- Two Chromebooks with a total cost of \$534, two Chromebooks with an estimated cost of \$448 based on recent purchases, and one iMac that did not have a cost, could not be located.
- One scanner and one wireless microphone with a combined total cost of \$1,449 were not inventoried.

In addition, officials have not adopted a comprehensive written policy for IT equipment inventory.

Key Recommendations

- Ensure District inventory records contain all information as required by the Policy.
- Update inventory records to track the assets not currently in District records.

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

Background

The District serves the City of Norwich and the Towns of Guilford, McDonough, New Berlin, North Norwich, Norwich, Oxford, Pharsalia, Plymouth, Preston and Symrna Chenango County.

The 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 District contracts with Broome-Tioga Board of Cooperative Educational Services (BOCES) to manage IT services. The Associate IT Coordinator (IT Coordinator) is a BOCES employee and is responsible for overseeing the IT Department, including IT asset inventory management.

Quick Facts

District	
Enrollment	1,719
Staff Count	375
Approximate Cost of IT Assets Purchased or Leased in Our Audit Period	\$322,000

Audit Period

July 1, 2019 – March 31, 2022. We expanded our audit period through July 5, 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 Always Inventory or Safeguard IT Assets

Although the Board-adopted Property Inventory and Records Policy¹ (Policy) requirements provide direction for officials to track and inventory assets, the Board did not adopt a comprehensive written policy specifically for establishing and maintaining IT equipment inventory.

According to the Policy and District official assertions, fixed assets with a minimum value of \$1,000 that have a useful life of one year or more and physical characteristics not appreciably affected by use or consumption shall be inventoried and recorded on an annual basis. Based on this definition, although some IT assets would be subject to this policy guidance, due to the \$1,000 threshold for record keeping, most of the District's IT assets, including a majority in our testing, were not required to be recorded on an inventory. This places those District IT assets at an increased risk of loss.

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

- Date of acquisition,
- Description,
- Cost or value,
- Location,
- Asset type,
- Estimated useful life,
- Replacement cost,
- Current value,
- Salvage value,
- Date and method of disposition
- Responsible official, and
- Funding source.

Although not required by Policy, the IT Department staff also track asset serial numbers.

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 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.

¹ Policy A703.3, adopted on May 21, 1979 and last amended March 16, 2022.

Inventory Records – The IT Coordinator and his staff are responsible for maintaining a master inventory list that includes assignment and location of devices, as well as other IT assets across the District. We reviewed the inventory list and found it contained adequate information to sufficiently track and/or identify the District’s IT assets.

However, in our physical test of 50 IT assets, and an additional test of 10 IT assets identified during our walk-through and inspection of the District, we found:

- Two assets (one scanner and one wireless microphone) with a total cost of \$1,449, were not recorded in the inventory list. The IT Coordinator told us these assets were not entered in the system due to employee error when they were purchased in August 2019 and December 2021.
- Four assets with an estimated cost of \$3,500 were not listed in the correct location. The IT Coordinator told us assets get moved around during the year and those changes are tracked on the inventory list, but the updates are not always done in a timely manner.

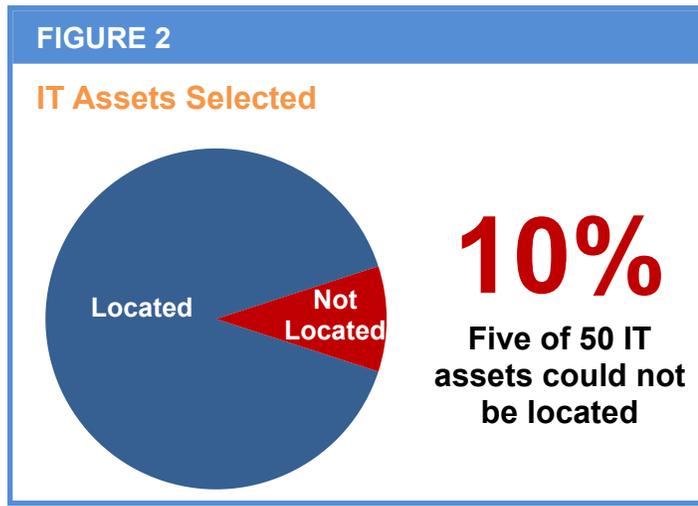
Further, the list did not contain all information required by the District’s Policy (Figure 1).

Figure 1: Board-Required Inventory List Attributes

Master IT Inventory List					
Acquisition Date	Description	Cost or Value	Location	Asset Type	Estimated Useful Life
✓	✓	X	✓	✓	X
Replacement Cost	Current Value	Salvage Value	Date & Disposition Method	Responsible Official	Funding Source
X	X	X	✓	✓	X

Annual Inventories – Except for minor discrepancies, BOCES IT staff conducted a comprehensive annual inventory of all IT assets and updated the inventory records in June 2021. All assets had an update or verification date.

Safeguarding Assets – Although we found storage locations for District IT assets were adequately secured, the IT Coordinator could not locate five of the 50 assets we selected (10 percent) to physically confirm they were in the District’s possession (Figure 2).



These assets included:

- Two Chromebooks costing \$534, and
- Two Chromebooks (combined estimated cost of \$448 based on recent purchases) and one iMac without costs recorded

The inventory listing showed three of the missing Chromebooks as retired and pending disposal. We confirmed that these Chromebooks were BOCES-owned assets the District was leasing and BOCES was responsible for their disposal. The IT Coordinator stated that the remaining Chromebook, last active in June 2021, was not returned when the student who last used it left the District. According to the IT Coordinator, parents are called when student-assigned devices are not returned at the end of the school year but retrieving devices is not always successful.

The iMac entry on the inventory list was created in 2016 and marked as “in use”, however, due to its age, the IT Coordinator believes it was disposed of before he started in July 2021.

The IT Coordinator did not always maintain detailed up-to-date inventory records or 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. Continue attempts to retrieve student devices that are not returned at the end of the school year.

The IT Coordinator should:

3. Ensure District inventory records always 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.

Appendix A: Response From District Officials



NORWICH CITY SCHOOL DISTRICT

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January 9, 2023

Dina M.L. Thompson
Chief of Municipal Audits
State Office Building, Stuite 1702
44 Hawley Street
Binghamton, New York 13901-4417

Re: Norwich City School District, IT Asset Management, Report #S9-22-18

Dear Ms. Thompson,

Please find this letter as the audit response and related corrective action plan to the IT Asset Management audit as received by the district on December 9, 2022. The Board of Education of the Norwich City School District and district administration welcome your suggested improvements and appreciate the effort of OSC staff in their review of our procedures as they relate to IT asset management.

Key Findings:

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

District Response:

NCSD contracts with the South-Central Regional Information Center (RIC) to manage a wide array of IT services, including IT assets management. As noted in the report, the RIC conducts extensive annual and periodic inventory counts, including at the beginning of the school year when devices are dispersed and the end of the school year when devices are collected. NCSD is a one-to-one device-to-student district, therefore the RIC manages thousands of pieces of IT equipment on behalf of the district. We are confident in the processes the RIC has established and are confident that each year the RIC will make improvements. Further, we have confidence that the funds invested in IT assets are appropriately spent and safeguarded. The district contracts with Questar III BOCES to conduct an annual, full physical inventory of all district assets every five years, which provides a further control on not only IT assets, but every district asset that

meets a certain threshold. We acknowledge that every process has the potential for improvement, which will continue to be a focus along with all district procedures, each and every year.

We selected 50 IT assets to confirm their location and that they were inventoried, and 10 additional IT assets to confirm they were inventoried. We found 12 percent of the sampled assets were not properly accounted for. Specifically:

- **Two Chromebooks with a total cost of \$534, two Chromebooks with an estimated cost of \$448 based on recent purchases) and one iMac that did not have a cost, could not be located.**
- **One scanner and one wireless microphone with a combined total cost of \$1,449 were not inventoried.**

District Response:

We agree with the findings as outlined in this section of the report and that although the five devices were beyond their useful life, the inventory record should have been finalized to indicate they were in fact disposed of. In addition, we agree that the asset listing should reflect the two additional items that could not be traced back to the inventory listing.

In addition, officials have not adopted a comprehensive written policy for IT equipment inventory.

District Response:

The district maintains and adheres to Board of Education policy number 703.3 - *Property Inventory and Records*, which has been used by district officials to carry out inventory management procedures. The district contracts with Questar III BOCES to conduct an annual, full physical inventory of all district assets every five years, which provides a further control on not only IT assets, but every district asset that meets a certain threshold. As the policy was last updated in 2016, the district agrees that an update to the policy is necessary and can address IT equipment specifically.

Recommendations:

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.**

District Response:

The district agrees with this recommendation and the Director of Business Services along with the Superintendent will provide revisions to the inventory policy and related administrative

guidelines for the Board of Education's approval. The Superintendent and Board of Education have begun a comprehensive policy review for the 2022-2023 school year.

2. Continue attempts to retrieve student devices that are not returned at the end of the school year.

District Response:

The district agrees with this recommendation and will continue procedures currently in place to obtain student devices that have not been returned by the end of the school year.

The IT Coordinator should:

3. Ensure District inventory records always 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.

District Response:

The district agrees with this recommendation and will ensure the inventory policy and administrative guideline changes address inventory managed by the Regional Information Center.

4. Review and comply with applicable District policies.

District Response:

The district agrees with this recommendation.

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

District Response:

The district agrees with this recommendation and will ensure the IT Coordinator updates district records per the updates to the inventory policy and administrative guidelines.

Respectfully, 

Scott Ryan
Superintendent of Schools

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 District IT Department IT asset records provided by the District to determine if the records contained sufficient information to identify IT assets.
- We selected a sample of 50 IT asset purchases, 44 from District purchase orders/invoices and six from Chrome Insight and Apple device JAMF activity reports. For 44 assets, we selected the largest invoice(s) from each IT vendor and selected IT assets over \$175. Six student devices were selected based on the device activity reports. We reviewed purchase orders, invoices, and/or packing slips and District inventory records to determine if assets were added to the inventory record and physically located in the District.
- We performed a walk-through 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

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