Parishville-Hopkinton Central School District

IT Asset Management

Contents

Report Highlights

Parishville-Hopkinton Central School District

Audit Objective

Determine whether Parishville-Hopkinton 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.

We selected 53 IT assets to confirm their location and that they were inventoried, and 10 additional IT assets to confirm they were inventoried. We found 38 percent of the sampled assets were not properly accounted for. Specifically:

- One Chromebook with a cost of $263 could not be located and was not inventoried.

- Six additional Chromebooks with estimated total costs of $1,580 could not be located.

- Seventeen assets (16 Chromebooks and one 3D printer) with a total estimated costs of approximately $14,278 were not inventoried.

In addition, annual inventories were not conducted and officials did not adopt comprehensive written procedures for IT equipment inventory.

Key Recommendations

- Ensure District inventory records are complete and include the detail necessary to adequately track and locate IT assets.

- Perform annual and complete inventories.

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

Background

The District serves the Towns of Hopkinton, Parishville, Potsdam, and Stockholm in St. Lawrence County.

An elected nine-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 the St. Lawrence-Lewis Counties Board of Cooperative Education (BOCES) to manage IT Services.

The Computer Technician is a BOCES employee and is responsible for overseeing the IT Department, including IT asset inventory management.

Quick Facts	
District	
Enrollment	345
Staff	85
Approximate Cost of IT Assets Purchased or Leased in Our Audit Period	$174,000

Audit Period

July 1, 2019 – March 31, 2022. We expanded our audit period through June 14, 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

The Board-adopted Data Networks and Security Access Policy[1] (Policy) requirements direct the Superintendent (or their designee) to establish procedures for tagging new IT assets as they are purchased, relocating assets, updating the inventory list, performing periodic physical inventories and investigating any discrepancies to prevent unauthorized and/or malicious access to District assets.

However, the Superintendent did not establish any such procedures or designate someone else to do so. As a result, the District does not have comprehensive written procedures specifically for establishing and maintaining IT equipment inventory.

Absent procedures or specific policy requirements, inventory records should include a description of each asset that at a minimum includes:

- Make, model and serial number,
- Name of the individual to whom the device is assigned, if applicable,
- Physical location of the asset, and
- Relevant purchase or lease information including the initial cost, depreciation and acquisition date.

Inventory Records – The Computer Technician maintains the inventory list as part of his responsibilities. We reviewed the inventory list of 726 IT assets and found it did not always contain adequate information to sufficiently track and/or identify these assets. Further, the information that was recorded was not always accurate. Specifically:

- Serial numbers were missing for 29 assets,
- 106 assets did not have an asset tag number recorded, and
- 461 assets did not show which specific location or individual they had been assigned to.

The Computer Technician told us the IT assets missing serial numbers and tag numbers were purchased prior to him working in his position for the District. He stated he has not taken the time to revisit older assets to ensure they are tagged and recorded properly, or that other information is properly recorded.

Additionally, in our physical test of 53 IT assets, and 10 assets additionally identified during our walk-through of the District, we found 18 assets were not recorded in District inventory records.

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1   Policy 5674, adopted in 2018.

These assets included:

- Seventeen Chromebooks with estimated total costs of approximately $4,470, and

- One 3D printer with an approximate total purchase price of $10,070

The Computer Technician told us the Chromebooks were not recorded on the inventory list because they had not yet been assigned to students. In addition, he explained that the 3D printer was not recorded because he considered it to be an educational asset not an IT asset. However, a 3D printer is a peripheral device used in conjunction with computer hardware and should be tracked accordingly.

Annual Inventories – There is no process at the District to conduct annual inventories. The Superintendent said that because BOCES staff (i.e., the Computer Technician) maintains the District's IT asset inventory, the District has not established procedures for IT asset inventory, including conducting annual inventories. However, the Policy specifically states that the Superintendent (or their designee) should establish procedures for, as well as perform, periodic physical inventories. Had these procedures been established, and physical inventories been performed, the 18 assets missing from inventory records should have been identified and updated in the inventory records.

Additionally, the Computer Technician told us that he had last inspected and inventoried all IT assets and updated the inventory records on May 27, 2022, but he had not documented this process.

Safeguarding Assets – Although we found storage locations for District IT assets were adequately secured, the Computer Technician could not locate seven of the 53 assets we selected to physically confirm they were in the District's possession.

All seven of the unlocatable assets were Chromebooks, including one with a cost of $263, and six that did not have a cost recorded. We estimated the cost for these six Chromebooks to be approximately $1,580 based on other Chromebook purchases made during our audit period. One of these Chromebooks was also not inventoried, and previously mentioned in the Inventory Records section of this report.

The Computer Technician told us one Chromebook had not been deployed and that he was unaware of its location. The Computer Technician was also unaware of the locations of the other six Chromebooks, which were all student-assigned devices. The District Clerk told us three of these Chromebooks were assigned to students who left the District (one who graduated in June 2020, and two that moved out during the 2020-21 school year) and that three are for current students at the District, however these devices have not been used since at least September 2021.

The Computer Technician told us there is a process to bill the parents/guardians of students who do not return their assigned devices; however the process is not always successful.

In addition, two of the six student-assigned Chromebooks mentioned above that the District could not locate were also not listed in the District's inventory record. The Computer Technician said this was an oversight error because he is only at the District two days per week, and does not have enough time to ensure all assets are inventoried. Had an adequate inventory been conducted, the seven unlocatable Chromebooks should have been identified and updated in the inventory records.

The Superintendent did not establish IT asset inventory procedures, and the Computer Technician did not maintain detailed up-to-date inventory records, conduct annual inventories 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 Superintendent or their designee should:

1. Adopt specific comprehensive written procedures to appropriately track and inventory IT equipment. These procedures 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 Computer Technician to perform a physical inventory of all IT equipment, locate missing and unaccounted-for equipment and update inventory records accordingly.

3. Monitor the process to retrieve student devices that are not returned at the end of the school year or when a student leaves the District.

The Computer Technician should:

4. 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.

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.

Appendix A: Response From District Officials

PARISHVILLE-HOPKINTON CENTRAL SCHOOL DISTRICT

SUPERINTENDENT OF SCHOOLS
Steven G. Coffin

PRINCIPAL
Katie J. Thomas

ASSISTANT PRINCIPAL
Kathleen M. Cruikshank

ATHLETIC COORDINATOR
Elizabeth M. White

BUSINESS MANAGER
Colleen E. B. Ayers

CPSE/CSE CHAIRPERSON
Michelle C. Murray

**SUPERINTENDENT OF
BUILDINGS & GROUNDS AND
TRANSPORTATION**
Nathan A. Derushia

BOARD OF EDUCATION
Cassie Hayes
Heather Liebfred
Joseph McGill
Thomas Morrison
Ward Remington
Christina Snell
Janine Sullivan
Jeffrey Yette
Timothy Zellweger

January 11, 2023

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

Dear Ms. Thompson,

There are two areas wherein the District has made immediate adjustments regarding its IT assets. The first adjustments and modifications are being made at the policy and procedural level. The District has reviewed, and is updating, the policies related to IT acquisition, maintenance, and disposal. Discussions and notifications have been sent to all stakeholders that handle IT assets on the proper procedures when disposing of outdated or damaged equipment that has been declared surplus by the Board of Education.

Procedures for inventory tracking have also been updated to ensure that IT assets are accounted for by the close of school, this includes both fixed assets and student issued devices. We do now have a retrieval process in place that provides the process for contacting students and parents when student IT assets are not returned to the District.

The IT department updated the active IT asset inventory to include both fixed assets and student assigned assets. The IT department is responsible for tagging and onboarding all IT assets prior to their distribution. Assets assigned to different locations and/or staff members will also require the IT department and/or borrowers to complete inventory and track their assets.

Sincerely,

Steven G. Coffin
Superintendent of Schools

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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 and building IT asset records provided by the District to determine if the records contained sufficient information to identify IT assets.

- We selected a sample of 53 IT assets, 43 representing direct District purchases, and 10 from a student device report. For 43 assets, we selected the largest invoice(s) from each IT vendor and selected IT assets over $175. 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 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

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