



Questar III Board of Cooperative Educational Services

Information Technology Hardware Asset Inventory

2023M-166 | March 2024

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Report Highlights

Questar III Board of Cooperative Educational Services

Audit Objective

Determine whether Questar III Board of Cooperative Educational Services (Questar BOCES) information technology (IT) hardware assets were properly accounted for.

Audit Results

As of June 30, 2023, Questar BOCES had IT assets with an original cost of \$28.5 million (44,305 items) accounted for in its inventory that were either purchased for a component school district or for use at Questar BOCES. Based on our review, Questar BOCES officials properly accounted for all 817 IT hardware assets reviewed with a purchase value of \$612,386 and ensured assets declared surplus were properly disposed.

There were no recommendations as a result of this audit.

Questar BOCES officials agreed with our findings.

Audit Period

July 1, 2022 – June 30, 2023

Background

Questar BOCES delivers more than 275 educational and administrative services to 22 component school districts and is governed by an 11-member board (Board) elected by the boards of those districts. Questar BOCES provides services to more than 670 school districts and other BOCES statewide.

The Board is responsible for the general management and control of Questar BOCES' financial and educational affairs. The District Superintendent is the chief executive officer and is responsible, along with other administrative staff, for Questar BOCES' day-to-day management and regional planning and coordination.

The Deputy Superintendent is responsible, along with the Director of Financial Services (Director), for overseeing and monitoring IT hardware asset inventories. The Treasurer is responsible for overseeing the accounting system. The Asset Management Team (AMT) Leader is responsible for ensuring inventories are accurate and up to date.

Quick Facts

2023-24 Budget	\$98.7 million
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Questar BOCES IT Assets as of June 30, 2023

On Campus:

Number	4,693
Acquisition Cost	\$4.4 million

Leased/Purchase to Districts:

Number	39,612
Acquisition Cost	\$24.1 million

Information Technology Hardware Asset Inventory

How Should BOCES Officials Account for IT Hardware Assets?

BOCES officials are responsible for ensuring that IT hardware asset inventory records are current and accurate, and that assets are protected from loss, misuse and/or theft. To ensure officials have access to reliable, up-to-date IT hardware asset information, BOCES officials should maintain a complete, current perpetual inventory of capital assets.

The board should adopt a comprehensive written policy that sets forth guidelines and procedures for BOCES officials to maintain detailed, up-to-date inventory records for all IT hardware (i.e., computers, servers, monitors and hand held devices), including adding new hardware to the inventory; notifying the responsible staff and/or department when hardware is reassigned, lost or stolen; documenting and updating the inventory for hardware 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, such as the initial cost, depreciation and acquisition date.

BOCES officials should maintain sufficient documentation to trace the asset to its purchasing documentation and general ledger entry, and to trace the purchasing documentation through the general ledger to the asset. In the case of assets purchased for a component school district, documentation should be maintained showing the asset was received by the component district. When assets are moved from one location to another or reassigned, these changes should be reflected in the asset management system. When assets have reached the end of their useful life and can be disposed, they should be declared surplus by the board, removed from the inventory records and properly disposed. BOCES officials should maintain sufficient records documenting that surplus items were properly disposed and follow up on discrepancies in the records so they are resolved in a timely manner.

Questar BOCES IT Hardware Assets Were Properly Accounted For

The Board adopted a comprehensive written policy for establishing and maintaining IT hardware inventory that was properly followed by Questar BOCES officials. Questar BOCES' policy required that:

- A perpetual inventory be kept for assets valued at \$500 or more, while assets with a value between \$100 and \$499 may be included.
- The Director ensure that new acquisitions are entered into the asset management system.

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- Adequate records are maintained, including the date and cost of acquisition; which fund purchased the asset; the Questar BOCES inventory tag number; the asset serial number; and location where it will be used.
 - An annual physical inventory of assets with a resale value over \$500 be conducted, and a semi-annual inventory for all other assets.
 - When assets have reached the end of their useful life and are ready to be disposed of, they must be declared surplus by the Board, removed from the inventory records and sent to auction.

Questar BOCES' AMT, under the direction of the Director, maintained an IT asset inventory using a perpetual inventory asset management system. We reviewed the asset management records and determined that Questar BOCES officials appropriately included the asset description, date of acquisition, acquisition cost, identifying information, location and responsible party. Each year, the AMT performed a physical inventory of items listed in the asset management system and updated the inventory accordingly for items moved to a different location and not updated in the asset management system. Items not found in the asset management system were reviewed and researched by the IT department, building principals and AMT. For items that could not be located, the AMT requested Board approval to surplus and remove the items from the asset management system that were fully depreciated in value and evaluated any remaining items to determine the appropriate action. Lastly, the AMT prepared a re-inventory report showing items that, when located, needed to have information corrected or updated in the asset management system.

We reviewed the exceptions report generated during the annual inventory for the 2022-23 fiscal year. Based on discussions with the AMT Leader, IT director, and AMT and IT staff, and our observation of communications between the departments, we determined that appropriate action was taken to ensure the accuracy of the inventory records and identify assets that should not be included in inventory because they were obsolete, no longer in use and/or never removed from inventory.

To determine whether assets were properly accounted for in the asset management system, we physically observed IT assets at five Questar BOCES locations and traced them to the inventory records, then to the purchase documentation and general ledger. We selected 50 IT assets from the five locations with a purchase value totaling \$31,140, including Chromebooks, iPads, laptops and monitors, and traced the items to the asset management records, purchase order and general ledger. Except for minor issues we discussed with Questar BOCES staff, all 50 IT assets observed were able to be traced to the asset management records, purchase order and general ledger.

We also selected five purchase orders containing 767 individual IT assets totaling \$581,246, including Chromebooks, application servers, desktop and laptop computers, and traced these items from the purchase orders to the asset management system to documentation that the asset was received by the purchasing school district or to their Questar BOCES location. Except for minor issues we discussed with Questar BOCES staff, all 767 IT assets were able to be traced to the asset management records, and to documentation that the assets were received by the purchasing school district or a physical Questar BOCES location.

Furthermore, when an asset reached the end of its useful life, it was sent to the IT department, the drives in computers and laptops were removed and sanitized, and the asset was removed from the asset management system by the AMT. The Board declared that assets were surplus using a list prepared by the IT department and AMT, and salvageable assets were listed on an auction website and non-salvageable assets were recycled. Questar BOCES officials maintained records showing the assets that were declared surplus and sent to auction, and what assets that were sold at auction.

To determine whether assets were properly disposed of, we observed that items declared surplus by the Board were sent to auction and appropriate records were maintained to show whether the items were sold or still available at auction. For example, on June 8, 2023, the Board declared that 172 assets (e.g., computers, servers and routers) were surplus, and auction records showed that 166 assets were sold for \$1,737 on June 19, 2023 and six were awaiting disposal.

Conclusion

Questar BOCES officials properly accounted for the IT assets we tested and took appropriate action to maintain their physical inventory of IT assets.

Appendix A: Response From Questar BOCES Officials



February 9, 2024

██████████, Chief Examiner
Office of the State Comptroller
Glens Falls Regional Office
One Broad Street Plaza
Glens Falls, NY 12801

Ref: Information Technology Hardware Asset Inventory, Report 2023M-166

Dear ██████████

We want to thank the Office of the State Comptroller (OSC) and your team for the July 1, 2022, to June 30, 2023, Information Technology (IT) Hardware Asset Inventory audit. Our Board of Education relies on our internal and external auditors, such as OSC, to ensure that we properly account and manage our assets in accordance with NYS law and Questar III policies, so our constituents maximize the value for their tax dollars.

The Questar III Board of Education and management team fully agree with the audit's conclusions that we have established and implemented board policies and effective procedures to procure, inventory, and surplus/eliminate obsolete assets purchased through Questar III BOCES. Since there were no audit findings or recommendations there is no need for a corrective action plan. We therefore consider this audit now closed.

Once again, we want to thank your team for their professionalism and quality work.

Sincerely,

Dr. Gladys I. Cruz 
District Superintendent

cc: Harry Hadjoannou, Deputy Superintendent

GLADYS I. CRUZ, DISTRICT SUPERINTENDENT
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THE BOARD OF COOPERATIVE EDUCATIONAL SERVICE FOR RENSSELAER • COLUMBIA • GREENE COUNTIES

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. We obtained an understanding of internal controls that we deemed significant within the context of the audit objective and assessed those controls. Information related to the scope of our work on internal controls, as well as the work performed in our audit procedures to achieve the audit objective and obtain valid audit evidence, included the following:

- We examined Questar BOCES policies and procedures and interviewed Questar BOCES officials, including the AMT Leader, Director, Questar BOCES Treasurer, and IT and AMT staff, to gain an understanding of the inventory process for IT assets.
- We observed IT and AMT staff utilizing the reports available in the asset management system.
- We used our professional judgment to select five Questar BOCES locations based on the likelihood of employees using walkable IT assets and the proximity to the central office. We then used our professional judgment to select 50 IT assets totaling \$31,140 in acquisition cost and traced the assets to inventory records, original purchase orders and the general ledger.
- We used our professional judgment to select five purchase orders with walkable IT assets and traced 767 assets totaling \$581,246 from the purchase orders to the inventory records to determine whether the assets were received by the purchasing school district or to the physical Questar BOCES location.
- We examined Board minutes and the associated surplus list and auctioned items report from June 2023 to determine whether the assets on the Board-approved list were sent to auction or sold.

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 Questar BOCES website for public review.

Appendix C: Resources and Services

Regional Office Directory

www.osc.ny.gov/files/local-government/pdf/regional-directory.pdf

Cost-Saving Ideas – Resources, advice and assistance on cost-saving ideas

www.osc.ny.gov/local-government/publications

Fiscal Stress Monitoring – Resources for local government officials experiencing fiscal problems

www.osc.ny.gov/local-government/fiscal-monitoring

Local Government Management Guides – Series of publications that include technical information and suggested practices for local government management

www.osc.ny.gov/local-government/publications

Planning and Budgeting Guides – Resources for developing multiyear financial, capital, strategic and other plans

www.osc.ny.gov/local-government/resources/planning-resources

Protecting Sensitive Data and Other Local Government Assets – A non-technical cybersecurity guide for local government leaders

www.osc.ny.gov/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.ny.gov/local-government/required-reporting

Research Reports/Publications – Reports on major policy issues facing local governments and State policy-makers

www.osc.ny.gov/local-government/publications

Training – Resources for local government officials on in-person and online training opportunities on a wide range of topics

www.osc.ny.gov/local-government/academy

Contact

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<https://www.osc.ny.gov/local-government>

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