

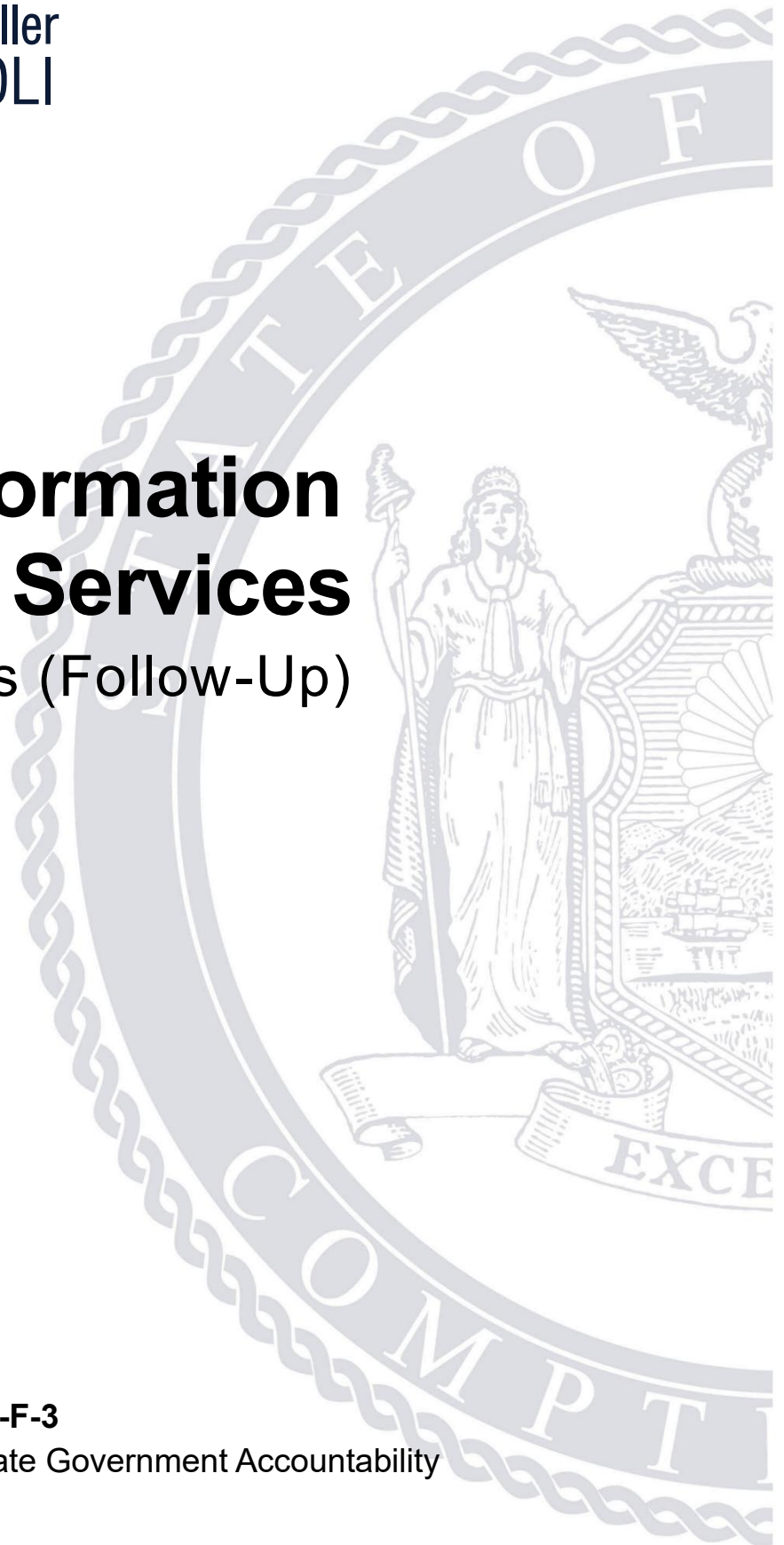
New York State Comptroller
THOMAS P. DiNAPOLI

Office of Information Technology Services

Inventory Controls (Follow-Up)

October 2026 | Report 2026-F-3

Prepared by the Division of State Government Accountability



Contents

Authority	3
Background, Objective, and Scope	3
Summary Conclusions and Status of Audit Recommendations	4

Authority

Pursuant to the State Comptroller's authority as set forth in Article V, Section 1 of the State Constitution and Article II, Section 8 of the State Finance Law, we have followed up on the actions taken by officials of the Office of Information Technology Services to implement the recommendations contained in our initial audit report, [*Inventory Controls \(Report 2023-S-17\)*](#).

Background, Objective, and Scope

The Office of Information Technology Services (ITS) was created in 2012 to centralize IT services and offer technology solutions that enable State government to serve New Yorkers in a better, smarter, and more cost-effective way. The State Technology Law, Section 103, Chapter 57-A of the Consolidated Laws of New York, charges ITS with maintaining and updating its inventory of hardware and software periodically. The agency is also responsible for protecting and securing State information resources and data. ITS provides New York State employees with equipment based on their job functions. This can include workstations (a desktop or a laptop computer), a virtual desktop, standard printers or multi-functional printer/copier/scanner, mobile devices, and additional or specialized equipment. ITS also oversees the State's Information Technology Asset Management process. ITS fully supports 50 State entities, while providing partial support to 38.

ITS operates 117 stockroom locations across the State. Each stockroom is responsible for various State entities and/or geographical locations. Stockroom managers are responsible for the oversight of equipment contained in their stockrooms and are required to keep their Information Technology Service Management (ITSM) information up to date, including an accurate listing of all workstations (desktops and laptops) in their stockrooms. To track its inventory of information assets, or workstations, ITS utilizes ITSM software to manage its centralized system of record. ITSM pulls data from several automated systems used to identify assets on the ITS network and to compile its centralized inventory listing. Also included in the data are manual entries created by ITS personnel.

ITS' Workplace Device Computing policy requires ITS to maintain an accurate inventory of all information technology assets, including all workstations. ITS' Asset Management team is responsible for tracking these devices throughout their life cycle. ITSM maintains a record of devices when stock is transferred between stockrooms, when devices are deployed to users, when devices are reclaimed from users, and finally, through devices' destruction. Additionally, the ITS policy on Information Security requires storage facilities (stockrooms) to have a defined security perimeter, appropriate security barriers, and access controls. Information technology equipment must be physically protected from security threats and environmental hazards. All information technology equipment and information media must be secured and concealed to the extent possible to prevent a compromise of confidentiality, integrity, or availability.

The objective of our initial audit, issued in February 2025, was to determine whether ITS had adequate controls to ensure the accuracy and completeness of inventory records, accountability for inventory transactions, and safeguarding of inventory. The audit covered the period from March 2020 through August 2024. The audit found ITS did not have the necessary controls in

place to accurately and completely account for all workstations and other hardware assets for which it is responsible. We found significant weaknesses related to ITSM accuracy, as well as missing devices, and a lack of security over equipment and the information stored on devices at ITS stockrooms. This general lack of accurate inventory information resulted in overspending and government waste. Further, we identified areas where stronger oversight is needed over stockroom and agency operations, and additional training is needed for ITS stockroom personnel. ITS did not provide stockroom personnel with the proper knowledge and skills to competently and effectively use ITSM. We also identified weaknesses in technical controls that need to be corrected to ensure the selected information systems and their associated data are not at risk.

The objective of our follow-up was to assess the extent of implementation, as of June 2026, of the eight recommendations included in our initial audit report.

Summary Conclusions and Status of Audit Recommendations

ITS has made significant progress in addressing the issues we identified in the initial audit report. We found that ITS implemented all eight of the initial audit report's recommendations.

Follow-Up Observations

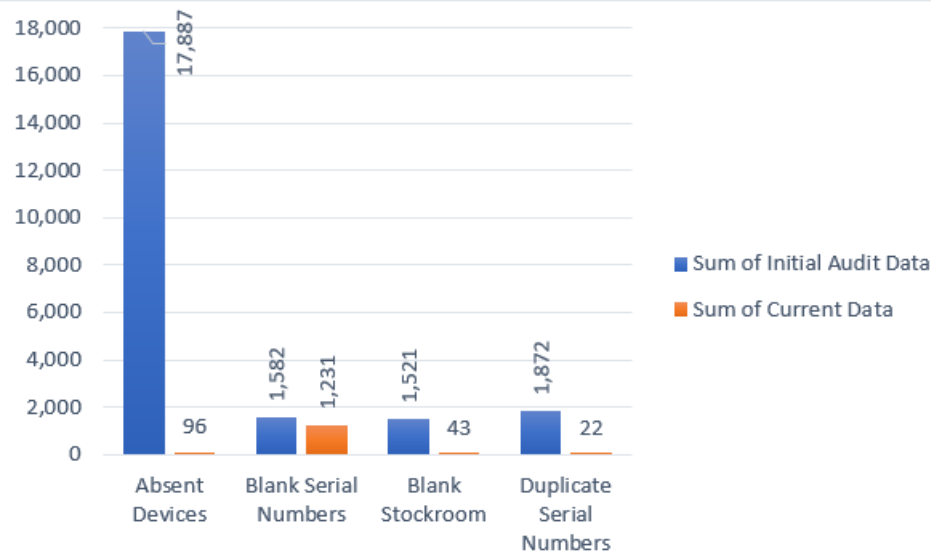
Recommendation 1 – Conduct a comprehensive review and cleanup of ITSM data to ensure accuracy and completeness, and implement ongoing quality reviews of ITSM data to maintain integrity.

Status – Implemented

Agency Action – ITS has taken actions to review and clean up the ITSM data, and the data shows improvement regarding devices being assigned to incorrect stockrooms and having incorrect serial numbers, statuses, or substates, etc. ITS created the Asset Management Dashboard within ITSM, designed to improve ongoing data monitoring. The Asset Management Dashboard integrates data, in real time, from several applications as well as historical data. It also analyzes in-transit and in-stock assets, quarterly stockroom inventories, offboarding, asset refreshes, inventory analysis, data issues, e-waste metrics, and assets not synced from the various applications to ITSM. Data from the Asset Management Dashboard is published in reports for asset management to use to improve efficiency and identify areas of concern.

During the original audit, we found 17,887 absent devices as well as 1,582 blank serial numbers, 1,521 blank stockroom names, and 1,872 duplicate serial numbers. In our re-review of the data, we found: 96 devices still marked with an “absent” status, 1,231 blank serial numbers for devices with an “in use” or “retired” status, 43 records with blank stockroom data for “in stock – available” or “in use” status, and 22 instances of duplicate serial number entries. The following graph is a visual comparison of the initial audit inventory data analysis and the inventory data analysis results from the follow-up.

Comparison of Initial Audit and Follow-Up Inventory Data Analysis



ITS significantly improved the “absent devices,” “blank stockroom,” and “duplicate serial numbers” data, while the “blank serial numbers” data also showed some improvement.

Recommendation 2 – Improve oversight and monitoring of stockrooms, which may include, but not be limited to:

- Developing and implementing standardized stockroom policies and procedures to ensure consistent operations and compliance.
- Enforcing ITSM asset-tracking procedures to maintain accurate and complete inventory records.
- Conducting periodic security control reviews of all stockrooms to assess their effectiveness, and coordinating with the host entity to correct security deficiencies identified.
- Developing ITSM training curriculum that addresses the specific needs of employees using the system and providing ongoing training and updates to employees as ITSM features and processes evolve.
- Ensuring compliance with timely completion of quarterly physical inventory audits of stockrooms.
- Performing a thorough network review to identify and remove unauthorized or unknown devices, and implementing ongoing network monitoring and internal controls to detect and mitigate future anomalies.

Status – Implemented

Agency Action – ITS has improved its oversight and monitoring of stockrooms, as detailed in the actions listed below.

- A. ITS utilizes the IT Asset Management Knowledge Portal (Portal), which is ITS' repository of standardized policies, procedures, and trainings developed and implemented for stockroom staff. The Portal is available to all stockroom employees, to ensure consistency and compliance across the stockrooms. Additionally, ITS developed an asset management training curriculum focused on acquisitions, refresh planning, and recycling. During our visits to five stockrooms, we found the majority of the stockroom staff found the Portal to be beneficial in standardizing the asset management process. However, staff at one stockroom found the information not to be beneficial. Staff stated that because the information in the Portal changes frequently, it is difficult to stay up to date with what information is relevant. Additionally, when ITS completed its security reviews of the stockrooms, it found two stockrooms where the manager wasn't aware of the Portal, and 19 instances where staff couldn't produce an inventory report from ITSM. ITS should continue to work with stockroom staff to ensure consistent operations and compliance.
- B. Through the Asset Management Dashboard, ITS is better able to monitor and enforce the asset-tracking procedures. Monthly, this dashboard automatically sends stockroom managers reports consisting of "to be found" devices, and quarterly, sends outstanding inventory audits.
- C. ITS conducted security reviews of 81 stockrooms in 2025 and found issues similar to those the audit team found in the initial audit. ITS officials stated they plan to have these security reviews on a recurring annual basis. However, no policy regarding the frequency and scope of the security reviews was provided to the audit team. Management stated that ITS will continue to perform analysis of the stockrooms' performance from the Asset Management Dashboard reports. With weekly meetings to discuss the results of the analysis, ITS will determine which stockrooms need attention.
- D. ITS has developed a training curriculum, including training videos and Knowledge Base articles that outline the asset management process, on topics such as: using the App for Asset Management, Stockroom Physical Inventory, Surplus/LDA Process, IT Asset Management Lifecycle, and other IT asset-related topics for stockroom staff to utilize to standardize the inventory management process.
- E. ITS ensures the timeliness of the quarterly inventories by having notifications sent to the stockrooms and enforcing restrictions around purchase order tickets for stockrooms that don't have the quarterly inventory audits completed. Of the five stockrooms we visited, all were up to date on completing their inventory audits. However, the Asset Management Dashboard Workflow Report provided by ITS in May 2026 showed 10 stockrooms were delinquent in completing their quarterly inventory audits—with one stockroom having not completed a quarterly inventory audit since December 2025 and three other stockrooms having missed quarterly audits due in February 2026. Therefore, while the stockrooms

are being notified of their delinquencies, ITS is lacking enforcement of the quarterly inventory audits.

- F. ITS has a process for reviewing the network to identify, and the ability to unplug, unauthorized or unknown devices, if necessary. These reviews are being performed quarterly. In addition, ITS is now utilizing various discovery functions, as well as other discovery tools, which gives them the ability to continuously monitor the network and proactively respond to any rogue or unknown devices.

Recommendation 3 – Maintain an accurate and complete inventory of workstations and other equipment available to ensure efficient use of resources and prevent waste of equipment and taxpayer money.

Status – Implemented

Agency Action – ITS has put significant effort into inventory maintenance, including requiring stockrooms to perform quarterly inventory audits in attempts to find missing/absent devices and cleaning the ITSM data to reflect a more current inventory in the stockrooms. ITS also created the Asset Management Dashboard, which automatically notifies stockrooms of delinquent inventory reviews and the number of discrepancies in the stockroom's inventories. Stockrooms are encouraged to perform the inventory reviews and ensure the record in ITSM reflects what is present in the stockroom. Additionally, ITS installed two ITSM enhancements that allow stockrooms to correct discrepancies more efficiently and improve ITSM data accuracy.

During the follow-up, the audit team visited five stockrooms and found only 12% of the inventory had the wrong location, state, or substate—during the original audit, the same locations had issues with 18%. While there are still discrepancies in the ITSM data, the data has improved. ITS should maintain the actions it has taken and look for other ways to improve the accuracy and reliability of the data in ITSM.

Recommendation 4 – Conduct a comprehensive review of the effectiveness of COVID-19-related workstation purchases including decision-making processes and develop a clear set of guidelines for future emergency workstation procurement.

Status – Implemented

Agency Action – ITS officials stated they reviewed the effectiveness of COVID-19-related workstation purchases and determined all purchases were made within State and federal guidelines. ITS reviewed and updated procurement policy (ITS-P17-011) to include information on emergency purchasing. The policy states that, for emergency contracts (resulting from urgent and unexpected situations where health and public safety or the conservation of the public are at risk), an agency may enter into a procurement without complying with the formal competitive bidding requirements for a period of time as necessary. The policy further states that the agency must contact the Office of the New York State Comptroller to obtain guidance and, at a minimum, receive verbal approval prior to procurement. Furthermore, ITS officials stated future purchases will continue to be made in accordance with these guidelines.

Recommendation 5 – Formally evaluate the current practice of destroying new and lightly used equipment and determine if these devices could be resold or donated.

Status – Implemented

Agency Action – ITS evaluated this practice and made updates to the Sanitization Secure Disposal Standard to include the option for devices to be “cleaned” and reused if it is cost effective for the State entity. Additionally, ITS officials noted that they determined ITS follows the applicable standard and laws when determining to dispose of assets and, due to the sensitive data on some devices, it can pose a security risk to sell or donate devices. ITS officials stated they will continue to review options for secure disposal on an ongoing basis.

Additionally, to limit waste, ITS officials noted they require a first-in, first-out standard to deploy older devices prior to their end of useful life. This is a standard that all stockrooms must follow, unless an exception is documented. The goal of the standard is to ensure consistent, cost-effective, and controlled distribution of information technology assets for ITS serviced entities.

Recommendation 6 – Conduct a review of all offboarding procedures, including equipment recovery, to identify and address deficiencies.

Status – Implemented

Agency Action – ITS conducted a review of offboarding procedures and modified the offboarding service request and removed the ability to uncheck the “return hardware” checkbox, ensuring stockroom staff are notified that equipment needs to be picked up. Additionally, ITS officials stated stockroom staff are integrated with the State entities they service, and have close relationships, to ensure the collection of devices. Stockroom staff are directed to review the ITSM assets that need to be collected, and work with the supervisors and the agency-dedicated teams to ensure all devices are collected.

Recommendation 7 – Continue to improve the timeliness of cooperation with authorized State oversight inquiries to ensure transparent and accountable agency operations.

Status – Implemented

Agency Action – ITS has fully cooperated in a timely manner with all requests throughout this follow-up process.

Recommendation 8 – Implement the recommendation detailed in our preliminary findings to strengthen technical controls over the selected systems reviewed.

Status – Implemented

Agency Action – ITS has taken actions to strengthen technical controls over the selected systems reviewed. Due to the confidential nature of these actions, further detail was provided to ITS.

We thank the management and staff of ITS for the courtesies and cooperation extended to our auditors during this follow-up.



Contact

Office of the New York State Comptroller
110 State Street
Albany, New York 12236
(518) 474-4044

www.osc.ny.gov

Prepared by the Division of State Government Accountability

October 7, 2026

Executive Team

Andrea C. Miller – Executive Deputy Comptroller
Tina Kim – Deputy Comptroller
Stephen C. Lynch – Assistant Comptroller

Contributors

Nadine Morrell, CISM – Audit Director
Amanda Eveleth, CFE – Audit Manager
Justin Dasenbrock, CISA, ITIL, CC – IT Audit Manager
Logan Frese, MBA – Information Systems Auditor
Cosmos Houndonougbo – Information Systems Auditor



FOLLOW US: osc.ny.gov/subscribe