

Batavia City School District

Information Technology Equipment Inventory

AUGUST 2022



OFFICE OF THE NEW YORK STATE COMPTROLLER
Thomas P. DiNapoli, State Comptroller

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Report Highlights

Batavia City School District

Audit Objective

Determine whether Batavia City School District (District) officials appropriately track and inventory information technology (IT) equipment.

Key Findings

District officials did not appropriately track and inventory IT equipment. District officials:

- Did not adopt a comprehensive written policy for establishing and maintaining IT equipment inventory.
- Did not maintain a complete and accurate IT equipment inventory or perform an annual physical inventory.
- Could not locate 229 staff computers and 62 tablets and paid approximately \$17,000 in annual service fees in the 2021-22 fiscal year for missing devices.

Key Recommendations

- Adopt a comprehensive written policy for establishing and maintaining controls to appropriately track and inventory IT equipment.
- Maintain a complete, comprehensive inventory list and perform an annual physical inventory.
- Reconcile the BOCES-owned inventory list and remove and/or return devices that were not in service.

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

Background

The District serves the City of Batavia and the Towns of Batavia and Stafford in Genesee County.

The District is governed by an elected seven-member Board of Education (Board). The Board is responsible for the general management and control of the District's financial and educational affairs. The Superintendent of Schools (Superintendent) is the chief executive officer and is responsible, along with other administrative staff, for the District's day-to-day management under the Board's direction.

The District's IT Director position was vacant from July 2020 until the District appointed a Shared Technology Coordinator from the Genesee Valley Board of Cooperative Educational Services (BOCES) to manage the IT Department in October 2021.

Quick Facts

Student Enrollment	2,190
Employees	637
Cost of Devices Acquired July 1, 2020 – December 31, 2021	\$891,000

Audit Period

July 1, 2018 – February 8, 2022

IT Equipment Inventory

The District contracts for certain IT services and leases most computers and other devices (tablets, document cameras, etc.) used by the District through BOCES. However, some devices were also purchased by the District.

When the computers and other devices were initially leased from BOCES, BOCES billed the District the full amount of the lease, but BOCES retained legal ownership of the devices. In addition, BOCES charged the District an initial installation fee and an annual service fee for each BOCES-supported device.

How Should District Officials Maintain IT Equipment Inventory?

A school board is responsible for adopting a comprehensive written policy that sets forth guidelines and procedures for establishing and maintaining IT equipment inventory. This policy should include guidance for school district officials to maintain detailed, up-to-date inventory records for all IT equipment 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 inventory records through periodic physical inventory counts. Also, 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 inventory records also helps a school board develop and implement an effective IT equipment replacement plan.

Officials Did Not Maintain a Complete IT Equipment Inventory

The Board did not adopt a comprehensive written policy for establishing and maintaining IT equipment inventory. As a result, the District did not maintain a complete IT equipment inventory list of all computers and other devices.

During the period July 1, 2020 through December 21, 2021, the District obtained approximately 2,650 computers and other devices for approximately \$891,000. This included approximately \$865,000 paid to BOCES for 2,500 BOCES-owned devices and \$26,000 to other vendors for 150 District-owned devices.

BOCES maintained an inventory list of devices the District has leased from it for billing purposes. Although the BOCES list of IT equipment was available to and was provided to the District, the list is not an adequate record for inventory

purposes because it does not include the name of the individual assigned the equipment or the equipment's physical location.

The IT Department maintained an IT equipment inventory by using three different management applications that have inventory tracking capabilities. Each of these three applications tracks a specific type of device including student computers, staff computers and tablets. The applications maintain 'device lists' which included the make, model and serial numbers, and the name of the employee to whom the device is assigned. However, the device lists prepared by these applications were not sufficient since they did not track new devices that have not been put into service, IT equipment and devices outside of these three types or relevant purchase or lease information such as the cost or acquisition date.

The IT Director and IT Department employees told us they did not have the staff to maintain a comprehensive IT equipment inventory. The former Superintendent was responsible for ensuring the District's IT inventory records were properly maintained during the absence of an IT Director.

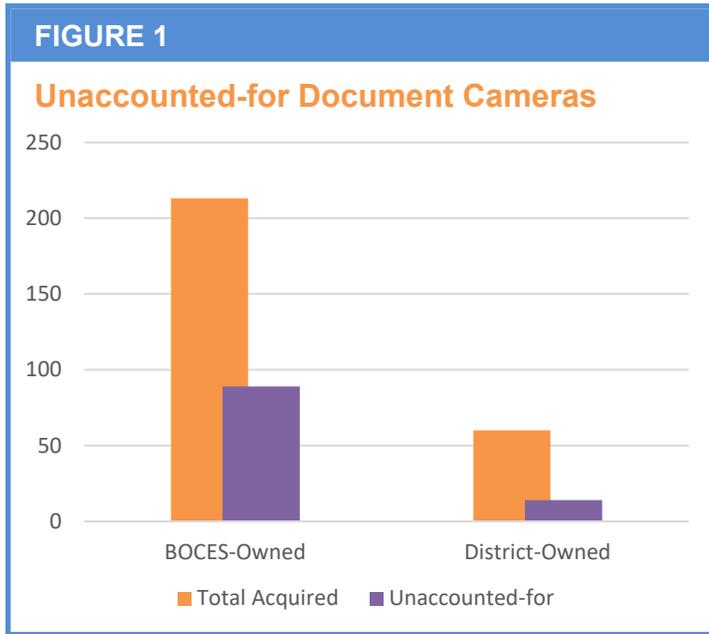
Without complete, accurate, and up-to-date IT equipment inventory records, District officials cannot be assured that these assets are properly insured, adequately accounted for and would be detected if lost, stolen, misused or if one of them became obsolete. Further, the District cannot ensure that it is being billed properly by BOCES for annual service costs. As discussed later in the report, the District was at risk for and did in fact pay BOCES service fees on equipment no longer in service.

Officials Could Not Locate IT Equipment and Were Paying Unnecessary Service Fees

Due to the lack of complete records, we attempted to locate 18 BOCES-owned devices¹ and 40 District-owned document cameras. We could not locate any of the 40 District-owned cameras and two of the BOCES-owned cameras from our sample. The cost of the unaccounted-for cameras totaled \$10,920. The IT Director and IT Department staff indicated that they would have to check every classroom to locate these devices. Subsequently, at our request, the IT Director sent an email to approximately 480 District employees to survey whether they were using a document camera. Of the 220 employees who responded to the survey, 129 indicated that they were using one or more document cameras. As a result, District officials located 124 of the 213 BOCES-owned cameras and 46 of the 60 District-owned cameras (Figure 1).

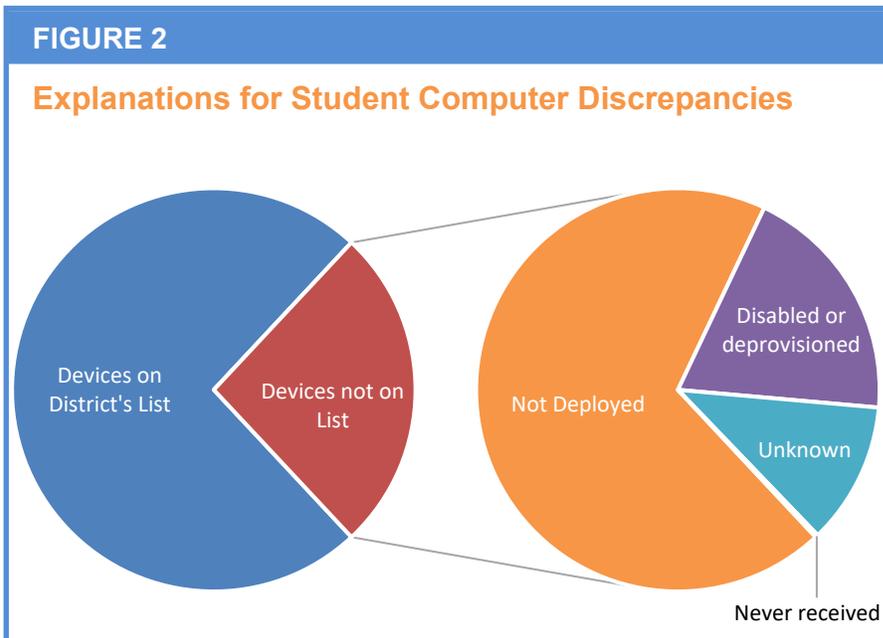
We also compared the District's three device lists to the inventory list provided by BOCES and found that a significant number of devices were not on the District's lists and the IT Director could not explain the differences.

¹ See Appendix B for details of our sampling methodology. The BOCES-owned sample included student computers, staff computers, tablets and document cameras.



Student Computers – The list provided by BOCES indicated that 5,114 student computers were provided to the District and currently supported. The District’s list indicated that there were 3,781 BOCES-owned student computers as of December 28, 2021, a difference of 1,333 devices.

We discussed these discrepancies with District officials and performed additional testing. Of the 1,333 devices (depicted in Figure 2):



- 920 devices were leased in September and November 2021, but had not been deployed and were either in storage at the District or were still at BOCES.
- 258 devices (Figure 3) were taken out of service.
- 152 devices were deployed to a private school but have an unknown status.

FIGURE 3

Student Computers Sitting Idle in Storage



New Student Computers in Storage



Student Computers No Longer in Service

The IT Director was unable to locate the remaining three devices and told us the District never received these three devices, because they did not have any records showing that the IT Department enrolled the devices in the management application.

With an enrollment of approximately 2,190 students, it was unclear why the District was leasing and paying annual service costs on more than 5,000 student computers; especially since 260 devices were sitting idle in storage and another 258 devices were no longer being used and had been disabled. The District's 2021-22 annual service fee was \$8.72 for each student computer. Therefore, the District paid an annual service fee of \$4,517 for the 518 devices not being used (258 deprovisioned devices and 260 in storage). Figure 3 shows the significant number of computers sitting idle at the District, because they were not needed or no longer in service.

The Business Administrator told us that they leased and kept extra devices on hand as they had concerns about potential supply chain shortages. In addition, the District provided two computers to kindergarten through fourth-grade students during the COVID-19 pandemic (one at home and one at school). Although it

might be reasonable for the District to have spare devices on hand, the District paid annual service fees for computers which either no longer worked or were not necessary. For example, the District is paying approximately \$4,200 per year in service fees for 480 student computers which have not been used since prior to July 1, 2021.

Staff Computers – The list provided by BOCES indicated that 1,117 staff computers were deployed to the District; however, the District’s inventory list showed 741 were deployed, a difference of 376 computers. District officials had 70 computers (obtained in 2021) which were in storage and not being used and 71 computers had been sent to a private school (59 in 2017 and 12 in 2021). The IT Director could not locate or account for the remaining 235 computers.

Tablets – The list provided by BOCES indicated that 193 tablet devices were deployed to the District, but the District’s equipment list included 83 BOCES-owned tablets, a difference of 110 tablets. The IT Director told us that 45 tablets were sent to a private school in 2017, but the IT Director could not locate the remaining 65 tablets. These 65 tablets were initially leased between December 2010 through June 2018.

Because 235 staff computers and 65 tablets could not be located, we selected a sample² of 20 computers and 10 tablets and asked the IT Director to locate them. As discussed previously, at our request, the IT Director sent an email to 480 employees to survey where these devices were located and 220 employees responded. As a result of this survey, District officials located six of the 20 computers and three of the 10 tablets. The IT Director believed that the remaining unaccounted-for devices were disposed of since the devices were older, but District officials did not maintain any records of disposal. We reviewed the dates the computers were leased and although many of the devices were older, some of the devices District officials could not locate were leased more recently. For example, 11 of 235 computers were leased beginning in 2019 and seven computers were leased beginning in 2020, and two of the 10 tablets were leased in June 2018. Further, because the District did not maintain an inventory record with cost information, the value or replacement cost for the missing computers and tablets cannot be easily determined.

Because the District pays BOCES an annual service fee for all devices on the BOCES list, the District was paying annual service fees for devices that were no longer in use and for the missing devices that may have been disposed of. The District’s 2021-22 annual service fee was \$75.59 for each staff computer. Therefore, the District paid an annual service fee of \$17,310 for the 229 missing staff computers. BOCES did not charge an annual service fee for tablets. Moreover, paying annual service fees on equipment no longer in service or

² See Appendix B for details of our sampling methodology.

missing is a form of wasteful spending. If District officials do not rectify this before the next school year, the District could continue to be charged these fees.

The IT Director told us that an annual physical inventory of student computers was conducted every summer when the devices were reset. However, they did not perform an annual physical inventory count for any other devices. In addition, after devices are deployed to each building the IT Department is not notified of a user change; therefore, the records in management applications were not updated. Because officials did not perform annual physical inventories or periodically verify that the BOCES list of equipment was accurate, the District paid service fees for equipment it no longer had in service.

What Do We Recommend?

The Board should:

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

The IT Director should:

3. Maintain a complete and comprehensive IT equipment inventory list.
4. Ensure inventory records are updated for all purchasing, deployment and disposal of BOCES-owned and District-owned IT equipment, including locating all unaccounted-for devices.
5. Perform an annual IT equipment physical inventory.
6. Reconcile the BOCES-owned inventory list and work with BOCES to remove and/or return devices that are no longer in service.
7. Determine whether the devices deployed to private schools are still in use and if not take appropriate action.

Appendix A: Response From District Officials



Batavia City School District

Jason A. Smith, Superintendent

260 State Street, Batavia, NY 14020

Phone: (585) 343-2480 Ext. 1000

Fax: (585) 344-8204

Email: jasonsmith@bataviacsd.org

August 9, 2022

Melissa A. Myers, Chief Examiner
Division of Local Government and School Accountability
Office of the Comptroller
295 Main Street, Suite 1032
Buffalo, NY 14203-2510

Dear Ms. Myers:

We wish to acknowledge the receipt of the findings and recommendations outlined in your “Information Technology Equipment Inventory Report of Examination 2022M-74” of the Batavia City School District for the period of July 1, 2018, through February 8, 2022.

Our District takes this report seriously and respects the Office of the NYS Comptroller, and we will continue to improve our inventory practices with the input provided.

We accept the findings of this report and wish to provide additional context around this audit, with the understanding we are not making excuses or evading responsibility.

- There has been excessive staff turnover in the Instructional Technology Department, making it challenging to develop and implement clear and consistent procedures.
- There has been turnover in District leadership since 2019, with an interim superintendent serving two separate times.

In addition, we wish to acknowledge that we recently completed an IT risk assessment, and as further evidence of our commitment to resolve these issues, we are currently engaged in a comprehensive IT operations assessment and review by a third party.

The Batavia City School District would like to thank the New York State Office of the Comptroller for the exemplary collegiality and professionalism displayed by _____ during the audit process. Our District is always looking to improve its practices, and this audit will help us in our continual effort to provide outstanding accountability to our taxpayers.

John Marucci
President
Board of Education

Jason Smith
Superintendent of Schools

Scott C. Rozanski
Business Administrator

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 our audit objective and obtain valid audit evidence, our audit procedures included the following:

- We interviewed District officials and reviewed Board policies and meeting minutes to gain an understanding of the processes used for maintaining the inventory of IT equipment.
- We observed the network administrator run a scan on a District server to identify approximately 2,900 active devices on the District's network as of January 13, 2022. Active devices did not include any devices turned off or disconnected from the network at the time the scan was run.
- We reviewed all 123 IT-related invoices, totaling approximately \$80,000, to identify the total District-owned devices purchased for the period July 1, 2020 through December 21, 2021. From the device purchases made by the District we determined that 147 devices were purchased for \$25,740. Using our professional judgment, we selected one purchase that included 40 document cameras totaling \$10,400, to physically locate the devices. We selected equipment with the highest cost per device.
- We reviewed the BOCES' billing summary and related invoices to identify approximately 2,500 devices were leased for \$865,000. We compared this information to the BOCES-owned inventory list to determine whether device leases were included for the period July 1, 2020 through December 21, 2021.
- From the BOCES-owned inventory list, we judgmentally selected 18 devices to physically locate for acquisitions made between July 1, 2018 through December 21, 2021. Our sample included devices with a higher risk of being stolen due to their portable nature including laptops, tablets and cameras.
- We compared the device lists from the three separate device management applications to the BOCES-owned inventory list to determine whether there were any discrepancies.

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

Office of the New York State Comptroller
Division of Local Government and School Accountability
110 State Street, 12th Floor, Albany, New York 12236

Tel: (518) 474-4037 • Fax: (518) 486-6479 • Email: localgov@osc.ny.gov

www.osc.state.ny.us/local-government

Local Government and School Accountability Help Line: (866) 321-8503

BUFFALO REGIONAL OFFICE – Melissa A. Myers, Chief Examiner

295 Main Street, Suite 1032 • Buffalo, New York 14203-2510

Tel (716) 847-3647 • Fax (716) 847-3643 • Email: Muni-Buffalo@osc.ny.gov

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