Elmsford Union Free School District

IT Asset Management

Contents

Report Highlights

Audit Objective

Determine whether Elmsford Union Free 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 always appropriately track or inventory IT assets or maintain complete IT inventory records. As a result, officials cannot assure taxpayers that money invested in IT assets has been appropriately spent or safeguarded.

We selected 35 IT assets to confirm their location and that they were inventoried, and 10 additional IT assets to confirm they were inventoried. We found 16 percent of the sampled assets were not properly accounted for. Specifically:

- Seven IT assets with combined costs of $4,111 were located but not inventoried.

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

Key Recommendations

- Ensure District inventory records are complete and accurate.

- Perform annual and complete physical inventories and compare results to inventory records.

District officials generally agreed with our recommendations and have initiated or indicated they planned to initiate corrective action. Appendix B includes our comment on an issue that was raised in the District's response letter.

Background

The District serves the Village of Elmsford in Westchester County.

The elected five-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 IT Director is responsible for overseeing the IT Department, including a Network Specialist who performs most of the IT asset inventory management.

Quick Facts	
Enrollment	1,036
Staff	182
Approximate Cost of IT Assets Purchased or Leased in Our Audit Period	$648,000

Audit Period

July 1, 2019 – March 31, 2022. We expanded our audit period through July 7, 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 Appropriately Track or Inventory IT Assets

Although the Board-adopted Fixed Asset Accounting Policy[1] (Policy) requirements provide direction for officials to track and inventory assets, the Board did not adopt a comprehensive written policy specifically for IT equipment inventory. According to the Policy, fixed assets are tangible items of a non-consumable nature, the value of which is $2,500 or more and the normal expected life of which is two or more years. Based on this definition, some IT assets would be subject to this policy guidance. The Policy also states that all computer hardware costing $1,000 or more will be tagged or marked with an identification number assigned by the District, and inventory records for each asset should be maintained.

Due to the Policy's overall $2,500 threshold for record keeping, and $1,000 threshold specifically for computer hardware tracking, most of the District's IT assets 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
- Estimated useful life, and
- Serial or other identification number.

Additionally, 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 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.

Inventory Records – Although the Policy states that the inventory will be maintained by the Business Office, the IT Director and his staff in the IT Department have assumed responsibility for managing the inventory of all IT equipment. The IT Director is also the principal of the District's primary school, as such, he relies on the Network Specialist to perform majority of the IT Department's responsibilities, including configuring and assigning new devices and updating information on the inventory lists.

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1   Policy 6645 – Fixed Assets Accounting, adopted November 1, 2017

The IT Department maintains two inventory lists: a list specifically for televisions and another list for all other IT assets. We reviewed these two inventory lists and found they did not always contain adequate information to sufficiently track and/or identify the District's IT assets. For example, location was not recorded for 32 of the 649 assets on the other asset inventory list. Further, neither list contained all information required by the Policy, including date of acquisition, cost or value and useful life (Figure 1).

FIGURE 1: Board-Required Inventory List Attributes

Inventory Lists	Date of Acquisition	Description	Cost or Value	Location	Useful Life	Serial Number
Television List	X	✓	X	✓	X	✓
Other Asset List	X	✓	X	✓	X	✓

The Network Specialist told us that because the IT Department was understaffed, the inventory lists were not always updated to include all information.

Additionally, in our physical test of 35 IT assets and an additional test of 10 assets identified during our walk-through of the District, we found seven assets with a total purchase price of $4,111 were not recorded in District inventory records. Specifically:

- Four desktops costing $3,560,
- Three Chromebooks costing $551

According to the Network Specialist, these assets were in the process of being deployed and were not yet added to the inventory. However, given the costs of these assets they should have been immediately recorded in the records.

Annual Inventories – An annual inventory was not conducted during our audit period. According to the Network Specialist, he performs visual "spot checks" of each room in the District buildings at the end of the school year to determine if assets are accounted for. Additionally, he told us he performed an inventory of all televisions in 2022, and all were located. However, there was no documentation to confirm that the year-end "spot checks" or the inventory of the televisions were performed. Had the Department conducted an annual inventory, the seven assets we identified that were not recorded in District inventory records should have been identified and subsequently added to the inventory records.

Safeguarding Assets – District officials located all 35 IT assets that we selected to physically confirm were in the District's possession. We also observed that storage locations for the IT assets were adequately secured.

District officials did not ensure that detailed up-to-date inventory records were maintained or that annual inventories were conducted. 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. 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. 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.

4. Review and comply with applicable District policies.

5. Provide necessary guidance for the Network Specialist.

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

7. Perform a complete, annual physical inventory and compare the results to the inventory records. Take appropriate action to follow up on any discrepancies.

ELMSFORD UNION FREE SCHOOL DISTRICT

98 S. Goodwin Avenue
Elmsford, New York 10523
914-592-6632
rgonzalez@eufsd.org

Ronald Gonzalez, Ed.D.
Interim Superintendent of Schools

January 12, 2023

Dear ████████,

Thank you for providing the information related to the IT Audit of the Elmsford UFSD.

It is our belief that the information provided during and post audit procedures aligns to the best practices for IT Asset Management. To this end, we are supplying this response as evidence to the Report of Examination S9-22-9 provided to the Elmsford UFSD on January 12, 2023.

The District believes that within the key findings section of the report, there are statements that do not fully include the several safeguarding measures in place for the total number of assets. The District accounts for all equipment that is purchased going beyond the existing Board-adopted policy to account for items below the threshold of $1000.00– namely Chromebooks.

The audit explains that seven assets were not recorded in District inventory records (four desktops, and three Chromebooks). The District would like to highlight the fact that these items were accounted for and the serial numbers were recorded prior to the audit. The District had an inventory sheet with all seven items listed on it. The devices had not been entered into the formal inventory system because they were in the process of being deployed and therefore did not have their final location declared. Upon their deployment the location is connected to the serial number and the device is formally entered into the inventory system. Upon request, all seven devices were immediately located as the District was able to identify the devices as not being deployed yet. Subsequently, we were able to take the auditors to the staging area where the devices were secured. All seven devices were located behind two locked doors and were being monitored by the District camera system. At no point were these devices missing. The deployment of these devices was delayed longer than normal for two reasons– supply chain issues caused delays on the shipment of the desktop stands that were needed for deployment and a District-wide reevaluation of the entire Chromebook inventory was underway prior to this audit. The District delayed assigning additional Chromebooks prior to ensuring our existing Chromebook inventory was in order. The District would also like to point out that the audit states that given the cost of the assets they should have immediately been recorded. According to the current Board policy they were not required to be recorded, and despite that, the District did record those devices and they were in a secure staging location at all times, fully accounted for.

For related reference, when deployed Chromebooks are attached to the ███████████ to assign licensing. The District then organizes the Chromebooks by using organizational units ("OUs"). This allows the District to have containers for each building, grade level, etc. The ████████████ allows the District to have a record of when a Chrome device was last turned on (and connected to the internet) and a record of the last person to successfully login to the device. All District Chrome devices are limited to use by person(s) with an active Elmsford Union Free School District email account. All devices, regardless of who they are assigned to, are required to successfully check-in with the ██████ at least once every 30 days. Any devices that do not successfully check-in within that time period are remotely disabled. When the device is remotely disabled, a message is displayed on the device that states:

ELMSFORD UNION FREE SCHOOL DISTRICT

98 S. Goodwin Avenue
Elmsford, New York 10523
914-592-6632
rgonzalez@eufsd.org

Ronald Gonzalez, Ed.D.
Interim Superintendent of Schools

Please return this device to the main office

Elmsford Union Free School District
98 South Goodwin Avenue
Elmsford, New York 10523
(914) 592-8440

Additionally in the "Safeguarding Assets" section there is language that asserts that the District / IT Director is not safeguarding inventory. The District does not agree with that assessment. Upon delivery, all equipment is accounted for and immediately safeguarded behind a minimum of one locked door and remains under surveillance of the District camera system. All devices are connected to District systems prior to being deployed and in so doing, additional safeguards are in place that ensure the equipment is in possession of the District, or in the cases of mobile devices, in the possession of the person(s) it was assigned to. All servers, desktops, and laptops are running on a standardized Windows platform that is tied to the District's ████████████████████ This system, which is regularly audited, shows when a device has last checked-in. Any device that has not checked in within a regular interval is immediately investigated. All Chromebooks are tied to the District's ████████████████ which detailed earlier in this response, records the last successful check-in, and the last successful login (user). All devices (servers, desktops, laptops, Chromebooks), are maintained with proper security settings so that the end-user cannot change or impact any of the crucial information that is needed for the reporting systems that the District uses– ████████████████████████████████████ ████████████████████████████

As with any system, we acknowledge the continuous improvement process. In particular, outside of this audit report, we regularly evaluate the systems we have in place to ensure efficiency. A goal of the District is to always protect and maximize the taxpayers' monies. As an example, prior to this audit, the District recognized the potential risk to mobile devices and had been actively taking steps to further protect our mobile devices, namely Chromebooks. In direct response to the COVID-19 pandemic, closures, and shifts to (temporary) remote learning, the District employed a take-home, one-to-one model (one Chromebook to each student). Given our concerns, we enacted a full physical recall of the devices and evaluation of our entire Chromebook inventory prior to this audit taking place.

The District takes the security of our systems and devices very seriously and we hope that this response will clarify some of the areas that the audit has raised concern. The District would like to thank the New York State Office of the State Comptroller for the opportunity to provide a response to this audit. We look forward to reviewing the recommendations as we work to continuously ensure the safeguarding of taxpayer funding.

Sincerely,

Ronald Gonzalez, Ed.D.
Interim Superintendent of Schools

See
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Appendix B: OSC Comment on the District's Response

Note 1.

 We have updated our report to reflect new information and supporting documentation provided by the District at our exit conference.

Appendix C: 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 the two District IT department records provided by the District to determine if the records contained sufficient information to identify IT assets.

- We selected a sample of 35 IT assets, 30 from District invoices, and five from student device reports. For 30 assets, we selected the largest invoice(s) from each IT vendor and selected assets over $175. Five student devices were selected based on inactivity since January 2022. 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 D: 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