



Freeport Union Free School District

IT Asset Management

S9-22-10 | March 2023

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Report Highlights

Freeport Union Free School District

Audit Objective

Determine whether Freeport 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 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 50 IT assets to confirm their location and that they were inventoried, and 10 additional IT assets to confirm they were inventoried. We found 43 percent of the sampled IT assets were not properly accounted for. Specifically:

- Four IT assets with combined costs of approximately \$1,500 could not be located and were not inventoried and seven IT assets with combined costs of \$2,050 were inventoried but could not be located.
- Fifteen IT assets with combined costs of approximately \$12,500 were not inventoried.

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

Key Recommendations

- Maintain complete, accurate and up-to-date inventory records.
- Perform annual and complete inventories.

District officials disagreed with certain aspects of our findings and recommendations. Appendix B includes our comments on issues raised in the District's response letter.

Background

The District serves the Town of Hempstead in Nassau 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 IT asset inventory management.

Quick Facts

District	
Enrollment	6,567
Staff	930
Approximate Cost of IT Assets Purchased or Leased in Our Audit Period	\$2.79 million

Audit Period

July 1, 2019 – March 31, 2022. We expanded our audit period through July 22, 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

Although the Board-adopted Fixed Asset Inventories, Accounting, and Tracking Policy¹ (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 long term, tangible resources intended to be continuously held or used and may include equipment.

Based on this definition, most IT assets would be subject to the policy guidance. The Policy states assets should be labeled and inventory records for each asset should be maintained. These inventory records, where possible, should contain:

- Date of acquisition,
- Description,
- Serial or other identification number,
- Vendor,
- Cost or value,
- Location and use,
- Condition and useful life,
- Funding source,
- Asset type,
- Replacement cost,
- Current value,
- Salvage value,
- Disposal information, and
- Responsible official.

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 and acquisition date 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 – The Director and his staff maintain 10 inventory lists for IT assets. We reviewed three of these lists: the stock inventory list, the active Chromebooks list and the general asset inventory list. We found these lists did not always contain information needed to sufficiently track and/or identify the District's IT assets. Further, none of the three lists contained most of the information required by the District's Policy (Figure 1).

¹ Policy 5620, adopted on November 15, 2006 and last revised February 15, 2017.

FIGURE 1: Board-Required Inventory List Attributes

Inventory Lists	Acquisition Date	Description	Serial Number	Vendor	Cost or Value	Location & Use	Condition & Useful Life
Stock Inventory	X	✓	✓	X	X	✓	X
Active Chromebooks	X	✓	✓	X	X	✓	X
General Asset Inventory	X	✓	✓	X	X	✓	X
	Funding Source	Asset Type	Replacement Cost	Current Value	Salvage Value	Disposal Info	Responsible Official
Stock Inventory	X	X	X	X	X	X	X
Active Chromebooks	X	✓	X	X	X	X	X
General Asset Inventory	X	✓	X	X	X	X	X

Additionally, there was numerous missing, incomplete and/or inaccurate information for individual entries, such as an IT asset’s make, model, serial number, assigned user or location.

Specifically:

- Serial numbers were missing for 1,900 out of 13,403 items on the active Chromebook list. The Director told us that these additional student devices were initially scanned with only asset tags and the serial numbers would be added when/if the devices are assigned to students. However, he also told us this list included Chromebooks ready to be given to students at each of the schools, but we found the IT Department maintained a separate list of Chromebooks for replacement and loaner use which included serial numbers but no asset tags.
- Duplicate serial numbers were found in the Stock Inventory and Active Chromebook lists for 114 out of 15,340 devices recorded. The Director told us this was likely due to employee errors when the devices were either moved or recorded in the inventory system.

In addition, in our physical test of 50 IT assets, and 10 assets identified during our walk-through and inspection of the District, we found 18 assets with a total purchase price of approximately \$13,960 and one asset with an unknown cost were not properly recorded in District inventory records. These assets included:

-
- Four laptops (approximately \$4,600),
 - One smart TV (approximately \$3,800),
 - Five document cameras (\$2,350),
 - Four Chromebooks (approximately \$1,390),
 - Two desktops (approximately \$1,100),
 - Two iPads (approximately \$720), and
 - One wall monitor with an unknown cost.

The Director told us he was unaware of the Policy and that the IT Department generally does not track cameras, monitors, smart TVs or items costing less than \$500. However, the Policy does not provide exemptions for items due to cost. Further, the IT Department did track some IT assets that cost less than \$500. The Director told us they did not update their records when they gave one laptop to a Board member. He had no explanation for why the other assets over \$500 were not recorded.

The Director told us the IT Department did not maintain detailed up-to-date inventory records or a single master inventory list because they were intending on transitioning to a new inventory management system. However, inventory records should have been maintained until the new system was operational.

Annual Inventories – The IT Department did not conduct an annual inventory during our audit period. He further explained that from his appointment to Director in 2016 through June 2021, he did not have time to review the inventory lists or conduct an annual inventory because he was performing other duties as the Math Director, and only recently resumed the Director duties again in July 2022 when the previous Director resigned after one year. Our physical testing of 50 assets found two desktops purchased prior to June 2021 were located in the District but were not on the inventory records; had the IT Department conducted an annual inventory, these two assets that cost approximately \$1,100 could have been identified and subsequently added to their respective inventory records.

Safeguarding Assets – The Director could not locate 11 assets of the 50 assets we selected (22 percent) to physically confirm were in the District's possession (Figure 2), including:

- Two document cameras costing approximately \$470 each, and
- Nine Chromebooks costing approximately \$2,600.

Further, of the 39 assets located, one laptop and three document cameras were not found until after the completion of our onsite fieldwork.

The Director told us the two document cameras were distributed to teachers for classroom use. However, the Director was unable to produce these items for us to verify or provide documentation that the cameras were distributed. The Director believed the Chromebooks could have been assigned to students but not used and/or were not returned when students left the District. However, there was no documentation to support these assertions.

In addition, during our building walk-through and inspection of assets, we observed unsecured laptops and document cameras in an unlocked IT office and an unsecured smart TV in the high school basement. We also observed a large, damaged, and discolored dirt floor with visible water seepage in the high school basement in and around the cage used to store unused IT assets (Figure 3).

Further, we could not locate security cameras, fire detection or working climate control devices in or near the storage cage.

According to the Director, there was no other place to store the IT assets and the storage area was only temporary as IT assets were generally put into use within a few months from when the District received them. However, water seepage in this IT asset storage area presents an immediate risk of damage or loss. Further, five desktops that were in this storage area were purchased in May 2021, over one year prior to our audit fieldwork.

FIGURE 2

IT Assets Selected

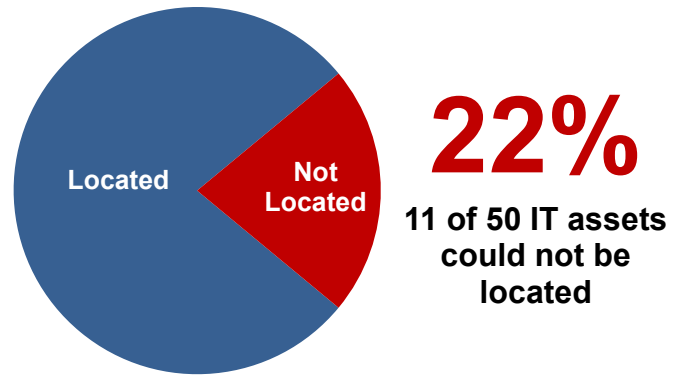


FIGURE 3

Basement IT Asset Storage Cage Dirt Floor & Water Seepage



The Superintendent told us the District had a large influx of IT assets when it began providing devices to each student five years ago, along with the additional devices for remote learning needs due to the COVID-19 pandemic. As a result, he said, District staff may have not known where to store the additional IT assets because space is limited in the District. He further stated he was unaware of the water issues we observed where the IT assets were stored.

The Director did not maintain complete up-to-date inventory records or conduct annual physical inventories. 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. 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. Finally, IT system components should always be in a locked and secured area to further safeguard them from damage or loss.

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 Director to perform a physical inventory of all IT equipment, locate missing and unaccounted-for equipment and update inventory records accordingly.
3. Develop a process to retrieve student-assigned devices that are not returned at the end of the school year.

The Director should:

4. Review and comply with applicable District policies.
5. 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.
6. Develop a single, master inventory list that includes all IT assets regardless of asset type or location.
7. Perform a complete, annual physical inventory and compare the results to the inventory records. Take appropriate action to follow up on any discrepancies.
8. Update inventory records to track the assets not currently in District records.
9. Ensure that District personnel keep IT asset storage areas secured and safe from environmental damage, such as water leakage.

Appendix A: Response From District Officials

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December 23, 2022

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

Re: Response to Freeport Union Free School District
IT Asset Management, Report of Examination
S9-22-10

Dear Ms. Thompson,

Freeport Schools is committed to providing a safe, secure, and reliable IT infrastructure in support of our students, faculty, staff, and community stakeholders. It appears Freeport Public Schools is the largest of the twenty districts audited by your office, with approximately 7,500 users at the time of the audit. The district remains committed to establishing best practices to meet the challenges of inventorying, tracking, and managing of the devices in an environment of our size.

We have reviewed the state's findings and recommendations and there were recommendations made in the report that were in the process of being implemented prior to and during the time of the audit. We have worked to incorporate other recommendations into our established practices for tracking and inventorying district IT assets.

The following details our response to the findings as well as improvements that have been made prior to, during, and since the completion of the audit. Additional information regarding any further measures taken will be included in the final Corrective Action Report. Audit findings appear below in italics and are followed by the district's response.

- *Fifty assets were chosen as part of the audit for us to confirm location and determine if they were inventoried. In addition, 10 items were selected for inspection during the walk throughs, 24 assets were not properly accounted for-*
Our IT assets are in the hands of the correct individuals and are being used as intended. Of the sixty items examined by the state, eight have not been used in several years and have since been removed from the inventory system. We were able to locate forty-eight of the other fifty-two devices (92%).

-
- *Fifteen items were located but not inventoried-* These assets were primarily located in areas utilized by the IT department in areas that are used for storage or device configuration.
 - *Two document cameras and two Chromebooks were not located and not in inventory-* Document cameras and Chromebooks were deployed to staff and students throughout the pandemic as quickly as possible to ensure there was minimal loss of instructional opportunities for our students. We are confident these devices are being utilized by district personnel.
 - *Several of the devices sought by the state were found being used as intended by members of the school community including a laptop that was not found until after the completion of our onsite fieldwork.* Due to its location, this device could not be immediately produced for inspection at the time of the audit. Since the completion of the field work, this device has been confirmed. Three of the five document cameras referenced in the report were located in classrooms and they are being appropriately utilized for the benefit of our students.

Freeport Public Schools had purchased and was in the process of implementing [REDACTED] to track and manage district IT assets prior to the start of the audit. This system has now been fully implemented throughout the district.

- When new assets are brought into the district, they are tagged and entered into the system. Asset status is updated when the location or condition of an item is changed. The new inventory system is currently being utilized to record asset information such as models, serial numbers, the names of the individuals to whom devices are assigned, physical locations, relevant purchase information including initial costs, and depreciation and acquisition dates.
- The IT department will review and consider creating protocols for physically inventorying items that are accurate and appropriate for a district of our size. Any changes in the status of IT assets throughout the district are updated as soon as they are discovered.
- The existence of multiple inventory lists throughout the district which is mentioned in the audit report is the primary reason [REDACTED] was purchased by the district prior to the audit. The usage of [REDACTED] which is currently in place, eliminates the need for multiple inventory lists.

- *The Board does not have a comprehensive written policy specifically for IT equipment inventory-* The district works in coordination with Erie 1 BOCES and our district legal counsel on our Board Policies that are reviewed and updated on an ongoing basis. To date there has not been a recommended policy on IT assets from Erie 1 BOCES and they have advised that they are not aware of any such requirement or any New York State Districts that have an IT specific policy at this time. The district has further consulted with our annual policy review provider ERIE BOCES and was told it is not advisable for a policy stating how the district protects its computer systems and devices to be made public. In coordination with our legal counsel and Erie 1 BOCES, we will review our Fixed Asset Inventories, Accounting, and Tracking policy (Policy 5620) to determine whether changes or an additional policy is needed to ensure we are following best practices in securing our IT assets.

- *Unsecured assets were observed in an unlocked office; An area with visible seepage is used to store unused IT assets; Unable to locate security cameras, fire detection or working climate control devices near our storage area*
 - The office in question was left unlocked as the technicians were informed that the auditors were coming down to inspect the area. They do not ever leave the office unlocked. This was discussed and explained during the audit.
 - Upon arrival at Freeport Public Schools, assets are delivered to Freeport High School for configuration by district technicians before deployment to our users. Our basement contains a large, secure storage area for the majority of our technology assets. Due to the COVID-19 pandemic, IT assets along with other supplies and equipment were temporarily removed from classrooms to allow for the adherence of health department protocols such as social distancing. This practice, in conjunction with an influx of devices for the district 1:1 Chromebook initiative, necessitated the usage of a temporary storage area. This area has been emptied of all equipment, both technology-related and otherwise. IT assets have never been lost or stolen in the basement. No IT assets stored temporarily in the basement of Freeport High School have ever been damaged by water. As previously noted, plans are already in place for a capital project to address water table issues in the basement of the high school.

See Note 1 Page 14

- o Fire detection, climate control systems, and fire extinguishers were always in place and functioning in this area including during the audit. An air purification system has been added since the audit occurred. Additional security cameras as proposed are also being considered for the said areas. The images below are photos of our basement storage area, fire systems, and climate control systems.

See
Note 2
Page 14

The following equipment was in place at the time of the audit:

Heat sensors for fire detection:



A Steam heat blower coil for climate control:



An exhaust fan for ventilation:



A fire extinguisher:

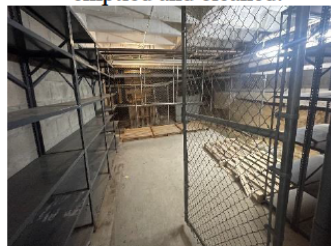


The following changes have been made since the completing of the audit:

A HEPA Air Purifier had been added:



The temporary storage facility has been emptied and cleaned:



In closing, the Freeport Public Schools acknowledges the audit findings of the IT Asset and Inventory Audit. We will continue to meet the challenges unique to effectively managing the inventory of an organization of our size utilizing a variety of strategies and resources. Furthermore, we are committed to expanding our department and conducting reviews of our inventory to ensure that we are providing the best support possible to our community and stakeholders. We value the recommendations that will assist us in our endeavor and commitment to best practices in managing not only IT assets but all assets in the district.

Sincerely,

Kishore Kuncham, Ed.D.

Superintendent of Schools

Cc: [REDACTED]

Appendix B: OSC Comments on the District's Response

Note 1.

We did not give notice we would be inspecting the high school IT office. Therefore, the office was not left open for our convenience. Further, because access to the basement is not adequately monitored or secured, the office should have been locked and opened when necessary.

Note 2.

As stated in our report, we did not observe any such systems in or near the storage cage.

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 District IT Department IT asset records provided by the District to determine if the records contained sufficient information to identify IT assets.
- We selected a sample of 50 IT asset purchases from District invoices. 40 were from District invoices and 10 from student device reports. For 40 assets, we selected the largest invoice(s) from each IT vendor and selected IT assets over \$195. Ten student devices were selected based on a four-month school access inactivity report. 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 walk-through 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

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