Randolph Central School District

IT Asset Management

S9-22-22 | March 2023

Contents

Report Highlights

Audit Objective

Determine whether Randolph Central 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 43 IT assets to confirm their location and that they were inventoried, and 10 additional IT assets to confirm they were inventoried. We found 9 percent of the sampled assets were not properly accounted for. Specifically:

- Two iPads, with a total cost of approximately $600, could not be physically located.

- Two laptops (one costing $2,959 and one without costs recorded) and an uninterruptible power supply ($1,377) were 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 include the detail necessary to adequately track and locate IT assets.

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

District officials agreed with our recommendations and have initiated or indicated they planned to initiate corrective action.

Background

The District serves the Towns of Coldspring, Conewango, Leon, Napoli, Randolph, Red House and South Valley in Cattaraugus County and the Towns of Ellington and Poland in Chautauqua County.

An elected seven-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 Director of Technology (Director) is responsible for overseeing the IT Department, including IT asset inventory management.

Quick Facts	
District	
Enrollment	838
Staff	202
Approximate Cost of IT Assets Purchased or Leased in Our Audit Period	$782,000

Audit Period

July 1, 2019 – March 31, 2022. We expanded our audit period through June 30, 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 Inventories 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 generally long-term (i.e., lasting more than one year) 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 that inventory records, where possible, will contain:

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

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 vendor information 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 a master inventory list of IT assets. We reviewed the inventory list and although we found that it contained adequate information to sufficiently track the District's IT assets, we found several assets were not included or incorrectly listed on the inventory record.

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1 Policy 5620, adopted on Feb 5, 2003, and revised on Nov 18, 2015.

For example, in our physical test of 43 IT assets and an additional test of 10 assets identified during our walk-through of the District, we found:

- Three assets, including two laptops (one costing $2,959, one without costs recorded) and an uninterruptible power supply ($1,377), were not listed in the District's master inventory record. The Director could not explain why these three assets were not included in the master inventory list.

- Seven IT assets, including two iPads ($294 each), two desktops (one costing $510, one without its cost recorded), one interactive display ($751), one monitor ($234) and one smart tv (cost not recorded), were recorded with an incorrect location. The Director told us the IT Department did not update the inventory list when devices were relocated.

Additionally, the inventory list did not contain most of the information required by the District's Policy (Figure 1).

Figure 1: Board-Required Inventory List Attributes

IT Inventory List						
Acquisition Date	**Description**	**Serial or Other ID Number**	**Funding Source**	**Vendor**	**Cost or Value**	**Location and Use**
✓	✓	✓	X	X	✓	✓
Asset Type	**Condition & Useful Life**	**Replacement Cost**	**Current Value**	**Salvage Value**	**Sale Price**	**Responsible Official**
✓	X	X	X	X	X	X

The Director told us he was not aware of the Policy and the required inventory list attributes, but he and the IT Department staff try to document as much information as possible for each IT asset.

Annual Inventories – The IT Department did not conduct an annual physical inventory during our audit period. Further, according to the Director it's been at least four years since the last inventory was conducted. Had the IT Department conducted an inventory, the 10 IT assets we identified as missing or incorrectly recorded in the inventory list should have been identified and the inventory list updated accordingly. When we brought these issues to the attention of the Director, he indicated the IT Department was in the process of conducting an inventory of IT assets and will update their inventory records accordingly.

Safeguarding Assets – Although we found storage locations for the IT assets were adequately secured, District officials could not locate two iPads, costing approximately $294 each, of the 43 assets we selected to physically confirm they were in the District's possession.

The Director told us the iPads were assigned to students who subsequently lost the devices. He explained that he maintained the iPads in the inventory list and kept them active in the management system to eventually locate them and to track who the devices were last assigned to.

The Director did not maintain detailed up-to-date inventory records, conduct adequate annual inventories, or ensure District assets were adequately safeguarded. 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 Director to perform a physical inventory of all IT equipment, locate missing and unaccounted-for equipment and update inventory records accordingly.

The Director should:

3. Review and comply with applicable District policies.

4. 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.

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

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

Randolph Central School District
Learning with Passion, Innovation & Leadership

18 Main Street, Randolph, New York 14772 · Telephone 716/358-6161

January 6, 2023

Dina M.L. Thompson
Chief of Municipal Audits
State Office Building, Suite 1702
44 Hawley Street
Binghamton, New York 13901-4417

Re: Randolph Central School District Response to IT Asset Management Report of Examination for the Period July 1, 2019 through June 30, 2022.

Dear Ms. Thompson:

This letter is in response to the New York State Comptroller's IT Asset Management Report of Examination for the period July 1, 2019, through June 30, 2022. The Randolph Central School District is in receipt of the report and has reviewed it at an exit interview with our auditor███████████████████████████. On behalf of the Randolph Central School District, I would like to thank ████████████████████ as well as all of the staff at the NYS Comptroller's Office that we had the pleasure of interacting with as we found them to be thorough, prompt and professional throughout the entire audit process. The District welcomed the audit process and the constructive feedback it provides us. We have already reflected on the process, and will continue to in order to better refine our practices to enable us to deliver the highest quality service to our community.

The key findings of this audit relate to the district's tracking and recording of IT inventory. The audit findings are not in contention and the district will take the key recommendations into consideration when developing a corrective action plan.   With that said, the district would like to provide context to the specific findings in the report. Two iPads that could not be physically located were misplaced by students but are kept on our inventory and mobile management records in order to track the device if it eventually comes back online to provide us locational GPS information. There were also three items that were physically present but not recorded in the inventory system as a result of a year-end clerical error.   This audit was conducted as part of a global audit including 19 other districts from across New York State and we are very pleased with our performance comparatively speaking.

In summary, we appreciate the time and effort put into assisting us with this thorough review of our IT asset management. We also greatly appreciate the candor and demeanor of our auditors ████████████████████. This process will serve to make our school district stronger as we continue to strive to provide the stakeholders of the Randolph Central School District with the best educational experience possible for their children.

Sincerely,

Kaine M. Kelly – Superintendent of Schools

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 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 and building IT asset records provided by the District to determine if the records contained sufficient information to identify IT assets.

- We selected a sample of 38 IT asset purchases, 31 representing assets acquired through the Board of Cooperative Education (BOCES) and seven representing direct District purchases. For 31 assets acquired through BOCES, we obtained a listing of all devices supplied by BOCES and selected between one and two devices from each purchase. For seven direct District purchases, we obtained a list of all invoices relating to accounts to which IT asset purchases are charged. We selected the largest invoice(s) from each IT vendor and selected IT assets over $175. 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 selected a sample of five Apple devices from network reports to determine if the devices were properly recorded and physically located within the District. We judgmentally selected the five devices based on the devices' last activity date, ranging from March 2020 through October 2020.

- 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 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

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