



Walton Central School District

IT Asset Management

S9-22-24 | February 2023

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Report Highlights

Walton Central School District

Audit Objective

Determine whether Walton 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 57 IT assets to confirm their location and that they were inventoried, and 10 additional IT assets to confirm they were inventoried. We found 51 percent of the sampled assets were not properly accounted for. Specifically:

- Ten Chromebooks could not be physically located (one with a purchase price of \$228 and nine with combined estimated costs of \$2,052 based on recent purchase prices).
- Twenty-four IT assets (20 with a combined purchase/lease price of \$107,183 and four without recorded costs) were not inventoried.

In addition, annual inventories were not conducted and officials did not adopt a comprehensive written policy for establishing and maintaining 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 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 Towns of Franklin, Hamden, Masonville, Sidney, Tompkins and Walton in Delaware County.

The 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 District Director of Technology (Director) is responsible for overseeing the IT department, including IT asset inventory management.

Quick Facts

District	
Enrollment	847
Staff	121
Approximate Cost of IT Assets Purchased or Leased in Our Audit Period	\$1.12 million

Audit Period

July 1, 2019 – March 31, 2022.
We expanded our audit period through June 29, 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 is responsible for adopting 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 Computer Resources and Data Management 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, the Superintendent, working with the Director and others, was to establish procedures governing the inventory of computer resources. Although no written procedures have been established, the Policy states all computer assets should be inventoried.

Absent procedures or specific policy requirements, inventory records should include a description of each asset that at a minimum includes:

- Make, model and serial number,
- Name of the individual to whom the device is assigned, if applicable,
- Physical location of the asset, and
- Relevant purchase or lease information including the initial cost, depreciation and acquisition date.

Certain attributes should be recorded that do not necessarily aid in tracking and inventorying IT assets but are important for other operational needs. For example, the initial cost, depreciation and acquisition date information does not aid in tracking an asset but is 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.

Inventory Records – The Director and his staff maintain the inventory list that includes IT assets. We reviewed the master IT inventory list and although it contained adequate information to sufficiently track the District’s IT assets, not all assets were accurately recorded.

For example, in our physical test of 57 IT assets, and an additional test of 10 IT assets identified during our walk-through and inspection of the District, we found:

- Twenty-four assets (20 with a total purchase/lease price of \$107,183 and four without recorded costs) were not recorded in District inventory records.
- Three assets were on a disposal list but had an incorrect status as “ready to deploy” on the inventory list.

The Director told us that 19 of the 24 assets were not recorded in the inventory records because they are leased from Boards of Cooperative Educational Services (BOCES). The Director said he tracks portable leased IT assets but

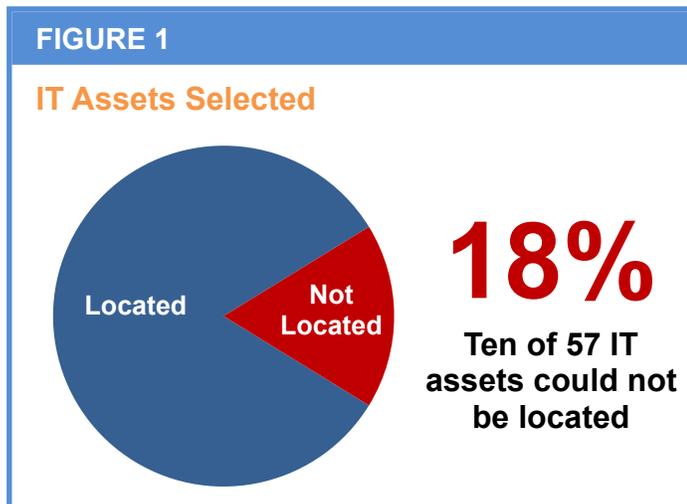
1 Policy 8630, amended January 1, 2020.

relies on BOCES to track non-portable IT assets. However, the District has a financial responsibility for these assets and should track all leased assets regardless of asset type to ensure they are not lost, damaged or misused during the lease period. He attributed the incorrect status of previously disposed assets to employee oversight.

Annual Inventories – There is no process at the District to conduct annual inventories. The Director told us his staff collects and inventories all Chromebooks and laptops at the end of each school year and updates the inventory records at that time. The Director told us he did not annually inventory IT assets other than the Chromebooks and laptops because they do not normally change location. However, he added that when servicing the asset, they will update the asset list, if necessary. The Superintendent told us they are working on establishing procedures to inventory all IT assets.

Safeguarding Assets – Although we found storage locations for IT assets were adequately secured, the District could not locate 10 Chromebooks (18 percent of assets tested) of the 57 IT assets we selected to physically confirm were in the District’s possession (Figure 1).

The Director told us one of the Chromebooks (with purchase price of \$228) had been deployed to a student and, subsequently, reported as lost in a house fire. This Chromebook was deleted from the District’s system access to prevent potential unauthorized, future use.



The Director could not locate the other nine Chromebooks (combined estimated costs of \$2,052 based on recent purchase price) and told us they had either been disposed of or were not returned. According to the Director, attempts are made to collect unreturned student- or staff-assigned assets, but officials are not always successful. He told us the District’s practice for disposed and unreturned assets is to remove them from the inventory lists and add them to the disposal lists. While one of the nine Chromebooks was removed from the inventory list, it did not appear on a disposal list. The other eight Chromebooks were not removed from the inventory lists and were not added to a disposal list. The Director explained

that all nine Chromebooks should all have been removed from the inventory list and added to the disposal lists but were not due to staff oversights. Had the IT Department conducted an annual inventory, these Chromebooks should have been identified and updated in the inventory records.

The Superintendent did not establish IT asset inventory procedures, and the Director did not maintain detailed up-to-date inventory records, conduct annual inventories or always safeguard IT assets. 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 all IT assets are inventoried and recorded.
4. Update inventory records to remove assets approved for disposal by the Board.

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

Appendix A: Response From District Officials



Walton Central School District

Michael A. MacDonald, Ed.D, Superintendent of Schools

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Corey Phraner
District Clerk

January 9th, 2023
Walton Central School District Response to New York State Comptroller's Office Audit
"IT Asset Inventory"

The Walton Central School District recently completed a comprehensive audit of "IT Asset Inventory" with the New York State Comptroller's Office. Walton CSD officials fully cooperated with the field auditors under the belief that the audit process could only serve to identify areas in which the district could improve operational controls through policy and procedure development and implementation. We take the audit process seriously and value any appropriate input to further assist the district in its fiscal responsibility.

Audit Report 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.

We selected 57 IT assets to confirm their location and that they were inventoried, and 10 additional IT assets to confirm they were inventoried. We found 51 percent of the sampled assets were not properly accounted for.

Specifically: Ten Chromebooks could not be physically located (one with a purchase price of \$228 and nine with combined estimated costs of \$2,052 based on recent purchase prices). Twenty-four IT assets (20 with combined purchase/lease prices of \$107,183 and four without recorded costs) were not on inventory records but were physically located.

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

DISTRICT RESPONSE: We disagree with this statement.

51% not properly accounted for includes the 24 items that were accurately represented on the BOCES Inventory records, the rightful owner of these devices. If the 24 items are removed due to being accurately accounted for on the BOCES inventory records and physically accounted for by the district, the actual percentage of unaccounted for assets when removing the BOCES owned and inventoried equipment is 15% (34 unaccounted for - 24 BOCES owned assets= 10/67 (total sample)).

See
Note 1
Page 9

The auditor picked the seventeen oldest Chromebooks in Walton's [REDACTED]. Thirteen of the seventeen student devices were purchased outside the scope dates the audit presents in their report and were not in use but still registered in the [REDACTED]. Out of the ten Chromebooks that could not be

See
Note 2
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located, seven were purchased outside of the scope of this audit and one was marked in the [REDACTED] as "lost in house fire".

Additionally, the district has had a Board of Education Policy 8630 titled Computer Resources and Data Management in place since adoption on November 19, 2019. A regulation to Policy 8630 was reviewed by the Board of Education on October 3 and November 15th, 2022. While a written procedure beyond 8630 had not been previously formally reviewed by the board, internal IT Asset procedures contained therein have been followed since 2017, and are now formally included with our internal regulations- Regulations 8630.4-R.

While the district has identified the areas above as disagreement with the audit report we value the recommendations received and will continue to strive for increased effectiveness in the area of IT Asset Inventory and Control. The district moved to a 100% 1-1 student device ratio in a matter of a few months to respond to the COVID 19 Pandemic and needed to provide our students with the highest level of remote and/or hybrid learning while following the established inventory procedures.

In closing, the District continues to be dedicated to transparency in all matters, especially relating to sound fiscal management. We are grateful for the New York State Comptroller for the audit process and assistance in the effective operation of our school district.

Michael A. MacDonald, EdD
Superintendent

Appendix B: OSC Comments on the District's Response

Note 1

Although the District leases BOCES assets, the District is responsible for safeguarding the assets and is financially responsible for leased assets. The BOCES inventory list did not contain assigned users or specific asset locations. In addition, 74 percent of the BOCES assets were recorded on the District's inventory list.

Note 2

The audit report's Appendix C states the 17 devices were judgmentally selected based on a prolonged period of inactivity, not the purchase date. All 17 devices were used during the audit period. The audit report states the Chromebook officials note as "lost in a house fire" was not one of the 17 devices tested based on inactivity, but rather from a purchase within the audit period. The Chromebook was recorded on the District's June 21, 2022 inventory list as "ready to deploy" not "lost in a house fire."

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 District IT Department IT asset record provided by the District to determine if it contained sufficient information to identify IT assets.
- We selected a sample of 57 IT asset, 25 representing assets acquired through BOCES, 15 representing direct District purchases, and 17 from student device reports. For 25 assets acquired through BOCES, we obtained a listing of all devices supplied by BOCES and selected between one and seven devices from each asset class. For 15 direct District purchases, we obtained a list of all invoices relating to an account to which IT asset purchases are charged. We reviewed purchase orders, invoices, and/or packing slips relating to charges in excess of \$3,000 and, if the invoices reflected IT asset purchases, we selected between one and five assets over \$195. The 17 student devices were selected because they were used during our audit period but had not accessed the school network since at least December 31, 2021.
- 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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