



# Brighton Central School District

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## IT Asset Management

**S9-22-6 | March 2023**

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# Report Highlights

## Brighton Central School District

### Audit Objective

Determine whether Brighton 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 54 IT assets to confirm their location and that they were inventoried, and 10 additional IT assets to confirm they were inventoried. We found 6 percent of the sampled assets were not properly accounted for. Specifically:

- Three iPads costing approximately \$1,260 total could not be physically located.
- One copier (unknown cost) was not inventoried.

In addition, annual inventories were not conducted 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 inventories.

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

### Background

The District serves the Towns of Brighton and Pittsford in Monroe 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 Services (Director) is responsible for overseeing the IT Department, including IT asset inventory management.

#### Quick Facts

Enrollment	3,378
Staff	770
Approximate Cost of IT Assets Purchased or Leased in Our Audit Period	\$3.37 million

### Audit Period

July 1, 2019 – March 31, 2022. We expanded our audit period through July 11, 2022, to observe inventory at the District.

# IT Asset Management

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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.

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## Officials Did Not Appropriately Inventory or Safeguard IT Assets

Although the Board-adopted Fixed Assets Inventories, Accounting and Tracking Policy<sup>1</sup> (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's guidance without a comprehensive policy specifically for IT assets.

The Policy states that assets should be labeled and inventory records for each asset should be maintained. These inventory records, where possible, should contain:

- Date of acquisition,
- Description,
- Cost or value,
- Location,
- Serial or other identification number,
- Vendor,
- Funding source,
- Asset type,
- Condition and useful life,
- Replacement cost,
- Current value,
- Salvage value,
- Date and method of disposition, 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, acquisition date or condition and useful life 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 containing 14,420 active IT assets and found that it did not always contain adequate information to sufficiently track and/or identify the District's IT assets. For example, a specific location identifier to track the asset was not assigned to 1,228 devices. Further, 353 tablets, 220

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1 Policy 5621, adopted June 12, 2016, last revised June 2020

iPads and 125 laptops were recorded as located in a school building but did not specifically have a room number and/or an employee or student to whom the devices were assigned to. Incomplete or imprecise location information could make tracking these highly portable IT assets difficult and unnecessarily time consuming.

Furthermore, there was numerous missing, incomplete and/or inaccurate information for individual entries, such as an IT asset’s acquisition date, cost or value, vendor, funding source and location and/or responsible official. Specifically:

- Acquisition dates were missing for 6,189 assets,
- Cost or value was missing for 7,443 assets,
- Vendors were missing for 6,287 assets, and
- Funding source was missing for all 14,420 assets.

Additionally, the list did not contain all the information required by the Policy, including condition and useful life, replacement cost, current value, salvage value or disposal information (Figure 1).

**Figure 1: Board-Required Inventory List Attributes**

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

In addition, in our physical test of 54 IT assets and 10 additional IT assets identified during our walk-through of the District we found:

- One copier (unknown cost) was not listed in the District’s inventory record.
- Five assets, including two desktops (\$1,274 each), one laptop (\$657), one server switch (\$2,700) and one projector (unknown cost) were recorded with an incorrect location.

When we brought these issues to the attention of District officials, they promptly updated their inventory records. Further, the Director told us they were not tracking copiers in the inventory records prior to our audit but will begin doing so.

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Annual Inventories – There were no annual inventories performed as required by the Policy. The Director told us annual inventories were conducted prior to the COVID-19 pandemic, but due to the significant number of devices purchased to accommodate remote learning, annual inventories would be too time consuming for the IT Department staff to conduct. He further explained that, except for non-returning students, the District does not require students or staff to return their assigned devices at year-end. However, had the IT Department conducted adequate annual inventories, the errors we found in our testing should have been identified and the inventory records should have been updated to reflect the status of the IT assets.

Safeguarding Assets – Although we found storage locations for IT assets were adequately secured, the District could not locate three iPads with a total cost of approximately \$1,260 of the 54 assets we selected to physically confirm were in the District’s possession.

According to the Director, the three missing iPads were teacher-assigned devices that were not returned after being used for an educational program and attempts to retrieve the devices failed. As a result, he is unable to determine the current physical location of the devices, but the IT Department keeps them active in the inventory in an effort to eventually locate them and to track who the devices were last assigned to. However, District officials cannot properly protect their IT assets if they do not know what they have and where the assets are located.

The Director did not maintain detailed 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. 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:

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- 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.
  3. Develop a process to retrieve staff-assigned devices that are not returned.

The Director should:

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. Review and comply with applicable District policies.
6. Perform a complete, annual physical inventory and compare the results to the inventory records. Take appropriate action to follow up on any discrepancies.
7. Update inventory records to track the assets not currently in District records.

# Appendix A: Response From District Officials

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Kevin C. McGowan, Ed.D.  
Superintendent of Schools

January 3, 2023

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

RE: IT Asset Management Report S9-22-6

Dear Ms. Thompson,

The Brighton Central School District has received and reviewed the draft Report of Examination entitled IT Asset Management. On behalf of the Board of Education and administration, we appreciate the opportunity to respond to the findings and to provide our responses to the audit recommendations.

This letter includes both the District's response as well as the outline for the corrective action plan that will be formally reviewed by the District's Audit Committee and approved by the full Board of Education.

Response to Audit Recommendations:

- I. *Adopt a specific comprehensive written policy to appropriately track and inventory IT equipment. This policy should include guidance and processes for:*
  - a. *Maintaining detailed, up-to-date inventory records for all IT equipment,*
  - b. *Adding new equipment to the inventory,*
  - c. *Notifying the IT Department when equipment is reassigned, lost or stolen,*
  - d. *Documenting and updating the inventory for equipment disposal, and*
  - e. *Annually reviewing the physical inventory.*

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District Response

The District acknowledges the benefits of adopting a comprehensive policy and related regulation specific to the accounting and tracking of IT assets. The District will draft a policy for the Board's consideration that contains the elements recommended in the Report of Examination.

The policy and supplemental regulation will incorporate each recommendation proposed by the Comptroller in the Report of Examination. The policy and/or regulation will:

- I. Require the IT Director, or designee to perform a periodic physical inventory of all IT equipment, locate missing and unaccounted-for equipment and update inventory records accordingly.
- II. Document process to retrieve staff-assigned devices that are not returned.
- III. 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.

The Brighton Central School District appreciates the hard work, thorough effort and communication with the auditors throughout the process. We have great respect for our fiduciary responsibility to safeguard taxpayer resources and will act swiftly on your recommendations to continuously improve our internal controls and financial practices.

Sincerely,

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Larry Davis III  
President, Board of Education

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Kevin McGowan, Ed.D.  
Superintendent of Schools

## Appendix B: Audit Methodology and Standards

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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 IT inventory records provided by the IT Director, and the District's capital asset inventory provided by the District Clerk to determine if the records contained sufficient information to identify IT assets.
- We selected a sample of 49 IT assets, including 38 assets acquired through agreements with Monroe 1 BOCES and 11 assets purchased outright by IT staff. When selecting our sample for leased and/or purchased assets we prioritized walkable devices with the highest purchase price. We reviewed IT asset information from purchase orders, invoices, and packing slips and compared that information to the IT inventory records to determine if assets were properly recorded and physically located within 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 June 2019 and June 2020.
- We performed a walk-through of District facilities and judgmentally selected 10 assets to determine whether the assets were accurately recorded in the inventory records. 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

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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

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### **Regional Office Directory**

[www.osc.state.ny.us/files/local-government/pdf/regional-directory.pdf](http://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](http://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](http://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](http://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](http://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](http://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](http://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](http://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](http://www.osc.state.ny.us/local-government/academy)

## Contact

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