



# **Gloversville Enlarged School District**

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## **IT Asset Management**

**S9-22-12 | March 2023**

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# Report Highlights

## Gloversville Enlarged School District

### Audit Objective

Determine whether Gloversville Enlarged 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 45 IT assets to confirm their location and that they were inventoried, and 15 additional IT assets to confirm they were inventoried. We found 37 percent of the sampled assets were not properly accounted for. Specifically:

- Nine Chromebooks, including, four with a total cost of \$856 and five with an estimated total cost of \$1,070 based on recent purchases could not be located but were inventoried.
- One laptop costing \$760 could not be located and was not inventoried.
- Twelve IT assets with combined purchase prices or cost estimates of approximately \$18,740 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

- 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 City of Gloversville and the Towns of Bleecker, Caroga, Johnstown and Mayfield in Fulton County.

The elected nine-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

Enrollment	2,460
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Staff	480
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Approximate Cost of IT Assets Purchased or Leased in Our Audit Period	\$1 million
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### Audit Period

July 1, 2019 – March 31, 2022. We expanded our audit period through July 7, 2022 to observe inventory at the District.

# IT Asset Management

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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 Asset 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 long-term, tangible resources intended to be continuously held or used and may include equipment. Based on this definition, some IT assets would be subject to this policy guidance.

The Policy states that property records, where possible, will contain:

- Date of acquisition,
- Description,
- Serial or other identification number,
- Vendor,
- Cost or value,
- Location and use,
- Funding source and percentage contributed by the source,
- Asset type,
- Condition and estimated useful life,
- Replacement cost,
- Current value,
- Salvage value,
- Disposition 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, acquisition date or condition and useful life do not aid in tracking an asset but are useful for determining overall cost or age of assets, which in turn, could ensure appropriate insurance coverages are maintained and assist in planning for replacement of assets reaching the end of their useful life. Although the District's accounting records have the costs, acquisition date and vendor information for IT assets, this information is not easily compiled for inclusion in the District's IT asset inventory records and cannot easily aid in planning for future IT asset investments. Therefore, the cost and age of all IT assets currently in use by the District was undetermined at the conclusion of our fieldwork.

Inventory Records –The IT Department maintains 12 inventory lists to track IT assets. We reviewed three of these inventory lists: the printers list, the Chromebooks list and the interactive TVs and displays list. We found they did not contain adequate information to sufficiently track and/or identify the District's IT assets. Each list had missing information for individual entries, and the information that was recorded was not always accurate or was incomplete.

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<sup>1</sup> Policy 5620 Fixed Asset Inventories, Accounting, and Tracking, adopted on June 10, 2019.

Specifically:

- Serial numbers were missing for 473 out of 1,500 items on two inventory lists. The Director explained that he inherited the inventory tracking process (lists) when he was hired as Director in March 2019. He was unaware of the Policy requirements, and because the inherited inventory lists did not already include information like cost and purchase date, he did not think to include them.
- Duplicate serial numbers were found for 38 out of 1,500 items on two of the inventory lists. The Director told us the inventory lists had duplicate serial numbers due to human error when assets were moved and the new location was added without deleting the original entry.

Further, none of the three lists contained most information required by the District’s Policy, including acquisition date, funding source and percentage contributed by the source, vendor, cost or value, condition and estimated useful life, replacement cost, current value, salvage value, disposition information (Figure 1).

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

Attributes	Inventory Lists		
	Chromebooks	Interactive TVs & Displays	Printers
Acquisition Date	X	X	X
Description	✓	✓	✓
Serial or Other ID Number	✓	✓	✓
Funding Source & Percentage	X	X	X
Vendor	X	X	X
Cost or Value	X	X	X
Location & Use	✓	✓	✓
Asset Type	✓	✓	✓
Condition & Useful Life	X	X	X
Replacement Cost	X	X	X
Current Value	X	X	X
Salvage Value	X	X	X
Disposition Information	X	X	X
Responsible Official	✓	✓	✓

Additionally, in our physical test of 45 IT assets and an additional test of 15 assets identified during our walk-through of the District, we found 13 assets were not recorded in District inventory records including:

- Ten laptops with a total purchase price of \$7,600,
- One server, one interactive display and one copier (approximate costs \$5,000, \$2,400 and \$4,500 respectively).

The Director told us he remembered receiving and entering the 10 laptops into an inventory list and could not explain why they were not on an inventory list. The Director also told us the interactive display and the copier were purchased before he began working for the District. Finally, according to the Director, because the District purchased the server from the Capital Region Board of Cooperative Educational Services (BOCES), it should be inventoried by BOCES per the District's service agreement. However, the Director was unable to provide documentation to support that BOCES was responsible for inventory of the server.

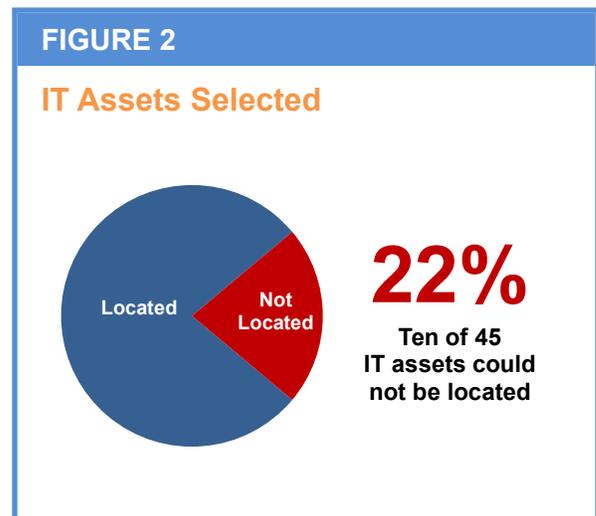
Further, four assets were recorded in the inventory with an incorrect location. The Director explained three assets (laptops) were assigned to individuals, not specific room numbers or locations, however, the inventory list did not have the assigned user recorded. The Director had no explanation for why the assigned user was not added. The other asset, an interactive display had been moved and due to human error, the updated location was not recorded.

Annual Inventories –The Director told us that due to limited staffing resources, the IT Department has not performed a full physical inventory of all IT assets since he became Director. Had the Department conducted an adequate annual inventory, the 13 assets we identified that were not recorded in District inventory records, as well as the four assets that were recorded with an incorrect location should have been identified and subsequently added to the inventory record.

Safeguarding Assets – Although we found storage locations for IT assets were adequately secured, District officials could not locate 10 of the 45 assets we selected (22 percent) to physically confirm were in the District's possession (Figure 2).

These assets included:

- One laptop costing \$760,
- Four Chromebooks with a total cost of \$856, and
- Five Chromebooks with an estimated total cost of \$1,070 based on other Chromebook purchases made in our audit period.



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The Director told us one Chromebook is considered stolen. However, he said the Chromebook was not disabled in order to help track the device if someone attempted to use it. The remaining eight Chromebooks and one laptop (previously mentioned in the Inventory Records section) could not be located.

The Director did not maintain detailed up-to-date inventory records or a single master inventory list or conduct annual 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 assure 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

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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. Develop a single, master inventory list that includes all IT assets regardless of asset type or location.
6. Update inventory records to track the assets not currently in District records.
7. Perform a complete, annual physical inventory and compare the results to the inventory records. Take appropriate action to follow up on any discrepancies.

# Appendix A: Response From District Officials

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## GLOVERSVILLE ENLARGED SCHOOL DISTRICT

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David Halloran  
Superintendent

January 9, 2023

[REDACTED]  
[REDACTED]  
Division of Local Government and School Accountability

Dear [REDACTED]:

I am writing in response to the 2022 IT Asset Management Audit. Upon reviewing the Key Findings and Key Recommendations, here are our plans for asset management going forward.

We will consolidate all of our IT assets inventory into one application.

1. We will review our current Asset Tracking policy and layout responsibilities to buildings, departments, and individuals. After reviewing the policy and making the appropriate changes we will send this to the Board of Education for approval.
2. We have already begun the process of moving all IT assets into a new program and will attempt to find all information including but not limited to the following: the make, model and serial number; the name of the individual to whom the device is assigned when applicable, location, cost, acquisition date, asset retirement and disposal.
3. We will conduct an annual inventory review as well as an annual manual inventory for all non-infrastructure assets.

We have set a target to have the new policy updated and approved by the end of this fiscal school year. We will continue to migrate our current and any newly acquired equipment to our new platform. The next complete IT Inventory will be conducted during the summer break or 2023.

Please feel free to reach out to us with any questions or comments you may have.

Sincerely,

David Halloran  
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 used our professional judgment to select a sample of three 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 two of nine lists provided during our initial request for IT asset lists and one of three lists provided at a later date, including varied IT asset types to review a range of different IT assets.
- We selected a sample of 45 IT asset purchases, 40 from District invoices, and five from student device reports. For 40 assets, we selected the largest invoice(s) from each IT vendor and selected IT assets over \$175. Five student devices were selected based on four-month school access inactivity reports. 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 used our professional judgment to select 15 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

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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)

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