



Mechanicville City School District

IT Asset Management

S9-22-16 | March 2023

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Report Highlights

Mechanicville City School District

Audit Objective

Determine whether Mechanicville City 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 40 IT assets to confirm their location and that they were inventoried, and 15 additional IT assets to confirm they were inventoried. We found 36 percent of the sampled assets were not properly accounted for. Specifically:

- Four desktops (\$535 each) and one television (\$948) could not be located and were not inventoried.
- Five Chromebooks (estimated combined costs of \$1,355 using recent purchase prices) could not be located but were inventoried.
- Ten IT assets, with combined purchase prices of approximately \$7,300 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 details necessary to adequately track and locate IT assets.
- Perform annual and complete physical inventories and compare results to inventory records.

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

Background

The District serves the City of Mechanicville and the Towns of Halfmoon and Stillwater in Saratoga County and the Town of Schaghticoke in Rensselaer 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 Network Technician is responsible for maintaining IT asset lists and inventory.

Quick Facts

District IT Assets

Enrollment	1,356
Staff	364
Approximate Cost of IT Assets Purchased or Leased in Our Audit Period	\$843,000

Audit Period

July 1, 2019 – March 31, 2022. We expanded our audit period through July 28, 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 Accounting of Fixed Assets 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 with a minimum value established by the Board, are defined as having a useful life of one year or more and physical characteristics not appreciably affected by use or consumption and include equipment. Although the Board did not establish a minimum value, the Business Official told us they use a \$500 threshold. Based on this definition and the unwritten \$500 threshold, some IT assets would be subject to this policy guidance. The Policy also states that inventory records, where possible, will contain:

- Date of acquisition,
- Description,
- Cost or value,
- Location,
- Asset type,
- Estimated useful life,
- Replacement cost,
- Current value
- Salvage value
- Date and method of disposition, and
- Responsible official.

The Policy further states that the School Business Official shall arrange for the periodic inventory and appraisal of District property, equipment and material.

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 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 a spreadsheet with four tabs containing inventory lists for each building or department to track IT assets. We reviewed the inventory lists and found they did not contain adequate information to sufficiently track and/or identify the District's IT assets. Further, the lists did

¹ Policy 5621, adopted on March 22, 2007 and last revised May 9, 2017.

not contain all information required by the District’s Policy including date of acquisition, cost or value, estimated useful life, replacement cost, current value, salvage value, and date and method of disposition (Figure 1).

Figure 1: Board-Required Inventory List Attributes

IT Inventory Spreadsheets					
Acquisition Date	Description	Cost or Value	Location	Asset Type	Estimated Useful Life
X	✓	X	✓	✓	X
Replacement Cost	Current Value	Salvage Value	Date & Method of Disposal	Responsible Official	
X	X	X	X	✓	

Additionally, the information that was recorded was not always accurate or was incomplete. Specifically:

- Serial numbers were missing for 1,038 out of 1,206 items on the inventory list, and model information was missing for all 1,206 items.
- Duplicate asset tag numbers were found for 21 out of 1,206 items on the inventory list.

According to the Network Technician, there was no system in place to track IT assets at the time he began working for the District in January 2019. He told us that when he started tracking IT asset inventory, he was unaware of the Policy requirements, so only information he thought was relevant was included, most often recording asset tag numbers instead of serial numbers.

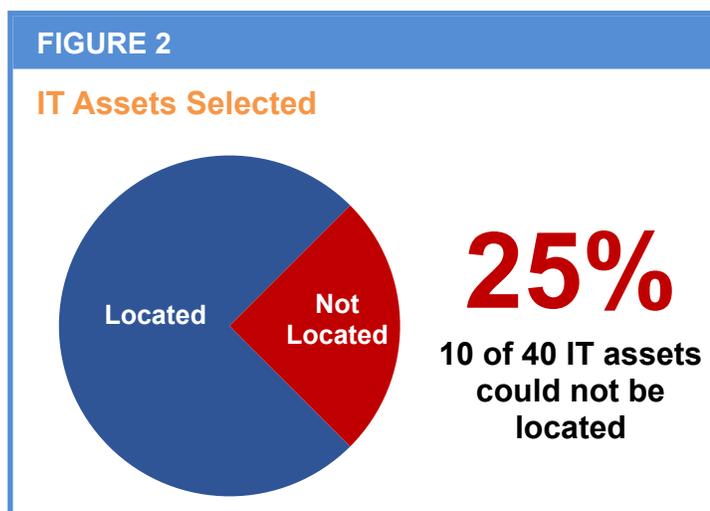
The Network Technician told us the inventory lists had duplicate asset tag numbers due to employee input error; when the inventory records were last updated, some assets were erroneously added to the list more than once because multiple employees were entering information. Additionally, we observed some asset tags used the same numbers for different assets. For example, the same four-digit number was used for an iPad and a printer, and another four-digit number was used for both a desktop and a printer. After we pointed out the duplicated tag numbers, the Network Technician told us they must have mistakenly ordered asset tags with the same number sequence that was used previously.

Additionally, in our physical test of 40 IT assets and an additional test of 15 assets identified during our walk-through of the District, we could not trace 15 assets with combined purchase prices of approximately \$10,350 from invoices to inventory records because of the inadequacy of the inventory records including:

- Ten desktops with a total purchase price of \$5,350,
- Two televisions (\$948 and \$524), and
- One laptop (\$2,199), one iPad (\$1,000) and one iPad keyboard (\$329).

Annual Inventories – The Network Technician did not perform any physical inventories during our audit period because he was unaware of the requirement to do one and did not receive guidance from the School Business Official to do so. Additionally, he was unaware of when the last inventory was done as he was not part of any inventory process since joining the District in 2019. Had the Department conducted an annual inventory, the 15 assets we identified that were not recorded in District inventory records should have been identified and subsequently added to the inventory records.

Safeguarding Assets – The Network Technician could not locate 10 of the 40 assets we selected (25 percent) to physically confirm were in the District's possession (Figure 2).



These assets included:

- Four desktops costing \$535 each,
- One television costing \$948, and
- Five Chromebooks with estimated combined costs of \$1,355 using recent purchase prices.

The Network Technician was not aware that five Chromebooks, inactive since at least December 2018, were still listed as active on the inventory records. It is unlikely that these devices, last used almost four years ago, are still present in the District. He said he was not sure of their location because they were last used prior to his start in July 2019.

The Network Technician did not have an explanation for the four missing desktops or the television (previously mentioned in the Inventory Records section) however, the Superintendent told us assets were moved throughout the District during our audit period and inventory records were not updated accordingly.

In addition, during our building walk-through and inspection of assets, we observed network hardware located in an unlocked and open storage area in the elementary school, leaving the hardware susceptible to possible loss, misuse or damage (Figure 3).

The Network Technician did not maintain detailed up-to-date inventory records, and was not directed to perform a physical inventory by the Business Official. 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.

FIGURE 3

Network Hardware in Unlocked and Open Storage Area



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 Network Technician to perform a physical inventory of all IT equipment, locate missing and unaccounted-for equipment and update inventory records accordingly.

The Network Technician and Business Official should:

3. 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.
4. Review and comply with applicable District policies.
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.
7. Ensure that District personnel keep IT asset storage areas locked and secured.

Appendix A: Response From District Officials



Mechanicville City School District

One School • One Community • One Mechanicville

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District Office

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District Clerk
Ext. 1103

Kevin W. Kolakowski
Superintendent

Jodi A. Birch
Business Manager
Ext. 1102

January 6, 2023

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Statewide Audit Unit
110 State Street
Albany, NY 12236
Muni-Statewide@osc.ny.gov

Re: Mechanicville City School District IT Asset Management Report of Examination (S9-22-16)

We acknowledge receipt of the findings and recommendations outlined in the Office of the State Comptroller (OSC) IT asset management report of examination, S9-22-16 of the Mechanicville City School District for the audit of July 1, 2019 through March 31, 2022.

Our district takes this report seriously, and will continue to improve our IT asset management practices based on the feedback provided.

Within the findings of the report, we provide context to the findings with the understanding we are not making excuses or evading responsibility.

- Within this time period, districts were faced with the challenge of establishing mechanisms and resources to accommodate virtual and hybrid instruction due to the COVID-19 pandemic. We were responsible for ensuring that students, staff, and families not only had the hardware and connectivity resources needed to properly provide instruction, but that our district could troubleshoot issues in a safe, practical, expeditious, and hygienic way.
- Our district prioritized the acquisition and access of devices, along with the safety, and education of our students throughout the COVID-19 pandemic. We shuffled classrooms in unconventional ways due to social distancing requirements. Grade levels were moved to different buildings, where gymnasiums and common areas became classrooms. Students had device issues including damage, with loss of connectivity. We prioritized the instructional and mental health for our students before asset management processes.
- During the rush to create new spaces during COVID, instructional technology, computers, and devices were moved between classrooms and between buildings to ensure that students and staff had what was needed to move instruction forward for students both in person and online. Function and need was prioritized over systems and processes.
- There has been extensive staff turnover within the IT department, including our IT Director, making it challenging to develop and implement clear and consistent procedures with a stretched and understaffed department.
- There has been turnover in District leadership with three District Superintendent leaders within the time frame of the audit.

In addition, we wish to acknowledge that we recently completed an IT risk assessment with our new IT Director at the helm, and as of further evidence of our commitment to resolve these issues, we have successfully addressed most of the recommendations within this report. Our district has addressed each finding as described below:

Comptroller Recommendation #1:

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.

District Response #1:

The MCSD IT department is working with the Board of Education (BOE), and District Administration in creating and updating policies that reflect the recommendations listed above and aligning them with both the documentation for best practices listed on the OSC website as well as MS-ISAC and RIC best practices.

Implementation date: September 2022

Person Responsible for Implementation: Director of Technology

Comptroller Recommendation #2:

Require the Network Technician to perform a physical inventory of all IT equipment, locate missing and unaccounted-for equipment and update inventory records accordingly.

District Response #2:

The IT Department put a process in place to exhaustively document and locate all district assets on a room by room and system by system basis. It has created internal processes for lost and non-returned devices and granular documentation on equipment lifecycles to form a proper obsolescence plan.

Implementation date: September 2022

Person Responsible for Implementation: Director of Technology

Comptroller Recommendation #3:

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.

District Response #3:

The IT Department developed inventory records to 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. In addition, this information is audited on a regular basis by the IT department.

Implementation date: September 2022

Person Responsible for Implementation: Director of Technology

Comptroller Recommendation #4:

Review and comply with applicable District policies.

District Response #4:

The incoming Director of Technology independently also identified this need and is in constant contact with the District Office to verify the IT Department is compliant with all current District BOE policies. Where policies have not existed, referral to the OSC best practices have been used as a guideline for implementation. The Director of Technology is creating a working list of items for BOE awareness to help the District create updated/new IT policies for the post-COVID environment.

Implementation date: September 2022

Person Responsible for Implementation: Director of Technology

Comptroller Recommendation #5:

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

District Response #5: The IT department conducted a physical inventory and compared it against inventory records to ensure that assets not in District records were cataloged appropriately.

Implementation date: September 2022

Person Responsible for Implementation: Director of Technology

Comptroller Recommendation #6:

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

District Response #6: The IT department will complete an annual physical inventory and compare the results to the inventory record, determine any discrepancies, and follow up on them accordingly.

Implementation date: September 2022

Person Responsible for Implementation: Director of Technology

Comptroller Recommendation #7:

Ensure that District personnel keep IT asset storage areas locked and secured.

District Response #7:

On an annual basis the Director of IT will communicate to all staff the necessity of physical security asset management - the IT department will conduct periodic checks to ensure assets are physically secured.

Implementation date: September 2022

Person Responsible for Implementation: Director of Technology

The Mechanicville City School District would like to thank the New York State Office of the State Comptroller for the exemplary collegiality and professionalism displayed by their officials during this audit process. Our district is always looking to improve its practices, and we used this report as a guide for the changes we implemented in our asset management processes and procedures.

Kevin W. Kolakowski
Superintendent of Schools

Brian Gidley
*Director of
Technology*

Marlene Tierney
MCSD BOE President

Jodi Birch
Business Administrator

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 the District's 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 40 IT asset purchases, 35 from District invoices, and five from student device reports. For 35 assets, we selected the largest invoice(s) from each IT vendor and selected IT assets over \$175. Five student devices were selected based on inactivity since December 2018. 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 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 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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