



# Saugerties Central School District

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## IT Asset Management

**S9-22-5 | February 2023**

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# Report Highlights

## Saugerties Central School District

### Audit Objective

Determine whether Saugerties 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 50 IT assets to confirm their location and that they were inventoried, and 10 additional IT assets to confirm they were inventoried. We found 33 percent of the sampled assets were not properly accounted for. Specifically:

- A projector costing \$599 and two Chromebooks with an approximate cost of \$500 based on recent purchases), could not be located.
- Seventeen 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 agreed with our recommendations and have initiated or indicated they planned to initiate corrective action.

### Background

The District serves the Towns of Saugerties, Ulster and Woodstock in Ulster 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 Technology Coordinator is responsible for overseeing the IT department, including IT asset inventory management.

#### Quick Facts

District	
Enrollment	2,363
Staff	520
Approximate Cost of IT Assets Purchased or Leased in Our Audit Period	\$422,000

### Audit Period

July 1, 2019 – March 31, 2022. We expanded our audit period through May 12, 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 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 guidance. The Policy states assets should be labeled and inventory records for each asset should be maintained. These inventory records, where possible, should contain:

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

The Policy requires certain attributes to be recorded that do not necessarily aid in tracking and inventorying IT assets but are important for other operational needs. For example, cost, acquisition date or estimated 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 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 – Each of the six school buildings has an assigned Teacher Assistant (TA) responsible for maintaining a building list of student-assigned devices in their respective building. The Technology Coordinator and his staff also maintain 17 inventory lists that include devices per building, as well as other IT assets across the District. The Technology Coordinator would rely on the building lists for individual asset assignment information, when needed.

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<sup>1</sup> Policy 5620, adopted on July 9, 2013 and last revised May 9, 2017.

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We reviewed three IT Department lists and all six TA-maintained building lists. We found that the lists did not always contain adequate information to sufficiently track and/or identify the District's IT assets. Each list had numerous missing information for individual entries, such as an IT asset's make, model, serial number, assigned user, or location. Further, the information that was recorded was not always accurate or was incomplete. Specifically:

- Serial numbers were missing for 27 out of 863 items on three IT lists and one TA list had no serial numbers or the total number of devices. The Technology Coordinator also told us these inventory lists had missing information because his department was busy distributing student devices and other IT assets during the COVID-19 pandemic and did not have time to update the lists. However, during this period, the District made significant investments in IT assets and resources for the District to shift to a hybrid and remote environment. As a result, the need to properly account for IT investments required sufficient controls to track and safeguard these IT assets.
- Duplicate serial numbers were found in all three of the IT department lists and four of the building lists. For example, a list of student devices in the high school had 31 duplicated serial numbers out of 792 devices recorded on a list. The Technology Coordinator believed inventory lists had duplicate serial numbers because assets were moved and the new location was added without deleting the original entry.

Further, none of the lists we reviewed contained most attributes required by the District's Policy. (Figure 1).

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

Building Lists							
	Date of Acquisition	Description	Serial Number	Funding Source	Vendor	Cost or Value	Location & Use
Cahill Elementary	X	✓	X	X	X	X	✓
Morse Elementary	✓	✓	✓	X	X	X	✓
Mt. Marion Elementary	X	✓	✓	X	X	X	✓
Riccardi Elementary	X	✓	✓	X	X	X	✓
Junior High School	X	✓	✓	X	X	X	✓
High School	X	✓	✓	X	X	X	✓
	Asset Type	Condition & Useful Life	Replacement Cost	Current Value	Salvage Value	Disposition Info	Responsible Official
Cahill Elementary	✓	X	X	X	X	X	✓
Morse Elementary	✓	X	X	X	X	X	✓
Mt. Marion Elementary	✓	X	X	X	X	X	✓
Riccardi Elementary	✓	X	X	X	X	X	✓
Junior High School	✓	X	X	X	X	X	✓
High School	✓	X	X	X	X	X	✓
IT Department Lists							
	Date of Acquisition	Description	Serial Number	Funding Source	Vendor	Cost or Value	Location & Use
Cahill Elementary	X	✓	✓	X	X	X	✓
Junior High School	X	✓	✓	X	X	X	✓
High School	X	✓	✓	X	X	X	✓
	Asset Type	Condition & Useful Life	Replacement Cost	Current Value	Salvage Value	Disposition Info	Responsible Official
Cahill Elementary	✓	X	X	X	X	X	X
Junior High School	✓	X	X	X	X	X	X
High School	✓	X	X	X	X	X	X

The Technology Coordinator told us he was unaware of the Policy and had not changed the inventory tracking process since he took over in 2018. He also stated he did not think to provide guidance on how the TAs should create and maintain their student device inventory lists.

In addition, in our physical inspection of 50 IT assets and an additional test of 10 assets identified during our walk-through of the District, 17 assets with a total cost of approximately \$7,300 were not recorded in District inventory records and six assets were recorded with an incorrect location.

Annual Inventories – The Technology Coordinator was unable to support that the District conducted any annual physical inventory but said his staff conducted one in June 2021. However, he said they forgot to update the inventory records. Had the IT Department conducted an adequate annual inventory, three of the assets (two desktops and one laptop costing \$2,900) that were not recorded in District inventory records should have been identified and subsequently added to the records because they were purchased prior to June 2021.

Safeguarding Assets –The District could not locate one projector costing \$599 and two Chromebooks with an approximate cost of \$500 based on recent purchases of the 50 IT assets we selected to physically confirm were in the District’s possession.

The Technology Coordinator believed that the two Chromebooks were not returned when the students who last used them left the District. He further explained that there was no process in place to retrieve student-assigned devices that were not returned to the District at the end of a school year. According to the Technology Coordinator, in these cases the Chromebooks were last used prior to November 2019 or at the start of the Covid-19 pandemic (April 2020) and IT staff were focused on remote learning challenges and had not considered a process for retrieval. The Technology Coordinator also told us that the projector was likely misplaced or disposed of without the IT Department’s knowledge when the employee responsible for audiovisual equipment retired.

In addition, during our building walk-through and inspection of assets, we observed network hardware located in an unlocked and open janitorial storage area, leaving the hardware susceptible to possible damage (Figure 2).

The Technology Coordinator did not maintain complete up-to-date inventory records, oversee the building student-assigned devices lists or conduct annual physical inventories. As a result, District officials cannot be assured that

**FIGURE 2**

**Network Hardware Susceptible to Possible Damage**



a) Dust mop stored on battery backup system.

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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.

## 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 Technology Coordinator 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 student devices that are not returned at the end of the school year.

The Technology Coordinator should:

4. Review and comply with applicable District policies.
5. 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.

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6. Develop a single, master inventory list that includes all IT assets regardless of asset type or location.
  7. Perform a complete, annual physical inventory and compare the results to the inventory records. Take appropriate action to follow up on any discrepancies.
  8. Update inventory records to track the assets not currently in District records.
  9. Ensure that District personnel keep IT asset storage areas locked and secured and free from items that may cause damage.

# Appendix A: Response From District Officials

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January 4, 2023

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

Audit Report Title: IT Asset Management  
Audit Report Number: S9-22-05

Dear Ms. Thompson:

After reviewing the Draft Audit Report for the period July 1, 2019-May 12, 2022, Saugerties Central School District is in agreement with the steps that need to be taken to more accurately account for the District's IT equipment.

It is our goal to be as accurate as possible and know that the findings in the Draft Audit Report are issues that need to be addressed. Since the time of the audit, Saugerties Central School District has begun to address these issues with the following.

- IT has conducted a full inventory in all buildings
- A new inventory system is being used to track and keep records up to date
- All attributes included in Board Policy #5260 are being recorded for new equipment purchases and updated for existing equipment
- Responsibility contracts have been created for parents of students that are using Chromebooks. This has provided the district the ability to retrieve lost Chromebooks and request reimbursement for damages and replacements. The District has collected almost \$1,000 so far this fiscal year.

The same procedures used for capturing and maintaining depreciable assets over \$1,000, will be used for IT equipment.

Since the time of the audit the missing projector has been found in a different classroom than listed, as was mentioned as a possibility during the audit review. Also, since the audit, inventory of Chromebooks has been given to one person to oversee. This is to ensure that all adequate information is recorded consistently.



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Saugerties CSD is always looking to improve its practices and appreciates the input offered by this report.

The District thanks the Comptroller's Office for their time and professionalism in their review of our IT Asset Management.

Thank you.

Sincerely,

Kirk P. Reinhardt  
Superintendent

## 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 selected a judgmental sample of nine District IT Department and building IT asset records provided by the District to determine if the records contained sufficient information to identify IT assets.
- We selected a sample of 50 recently acquired IT asset purchases, 46 from District invoices and four from student device reports. For 46 assets, we selected the largest invoice(s) from each IT vendor and selected IT assets over \$195. Four student devices were selected based on four-month school access inactivity report. 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 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.

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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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