



Ticonderoga Central School District

IT Asset Management

S9-22-23 | February 2023

Contents

- Report Highlights 1**

- IT Asset Management 2**
 - How Should District Officials Inventory and Safeguard IT Assets? . . . 2
 - Officials Did Not Appropriately Inventory or Safeguard IT Assets . . . 3
 - What Do We Recommend? 5

- Appendix A – Response From District Officials 6**

- Appendix B – Audit Methodology and Standards 7**

- Appendix C – Resources and Services 9**

Report Highlights

Ticonderoga Central School District

Audit Objective

Determine whether Ticonderoga 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 30 IT assets to confirm their location and that they were inventoried, and 10 additional IT assets to confirm they were inventoried. We found 15 percent of the sampled assets were not properly accounted for. Specifically:

- Two Chromebooks with a total cost of approximately \$240 could not be located and were not inventoried.
- Three document cameras and one camcorder with combined purchase prices of approximately \$2,300 were not inventoried.

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

Key Recommendations

- Ensure District inventory records are complete and 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 Ticonderoga in Essex County and Hague in Warren 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	713
Staff Count	161
Approximate Cost of IT Assets Purchased or Leased in Our Audit Period	\$233,000

Audit Period

July 1, 2019 – March 31, 2022. We expanded our audit period through July 19, 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 Inventories 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 an inventory of only those fixed assets and other equipment and property valued over \$5,000 shall be maintained by the business office with the cooperation of all building and department administrators. Furthermore, the Policy does not stipulate what information should be tracked. Due to the Policy's \$5,000 value threshold, most, if not all, of the IT assets we reviewed were not required to be inventoried, placing the District's IT assets at a significantly increased risk of loss. Further, while the IT Department has its own procedures in place to record and track assets, those procedures are not based on clear policy guidance, including what, if any, attributes should be recorded.

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

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

Certain attributes should be recorded that do not necessarily aid in tracking and inventorying IT assets but are important for other operational needs. For example, the initial cost, depreciation and acquisition date information does not aid in tracking an asset but is useful for determining overall cost or age of assets, which in turn, could ensure appropriate insurance coverages are maintained and assist in planning for replacement of assets reaching the end of their useful life. 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 five inventory lists by asset type to track assets through a master IT asset software: a Chromebooks list, a document cameras list, an iMacs list, an iPads list and a projectors list.

¹ Policy 6640– Inventories – No adoption date recorded.

We reviewed these five inventory lists and found that the Chromebooks and iMacs lists did not always contain adequate information to sufficiently track and/or identify the District's IT assets. Further, the information that was recorded in the Chromebooks and iMacs lists was not always accurate. Specifically:

- Serial numbers were missing for 45 out of 1,131 items on the two lists. The Technology Coordinator told us some serial numbers were erroneously omitted, while the older devices did not include serial numbers because the District first started tracking serial numbers in the inventory lists in the 2017-18 school year.

In addition, although all 10 assets identified during our walk-through and inspection of the District were appropriately recorded in the inventory list, in our physical test of 30 IT assets, six assets with a total purchase price of approximately \$2,500 were not recorded in District inventory records. Specifically:

- Two Chromebooks with a total cost of approximately \$240. Although the Technology Coordinator believed they were recorded, the invoice for the Chromebooks did not have serial numbers listed. Therefore, we could not corroborate that these were the IT assets we selected as part of our sample.
- Four assets including one camcorder and three document cameras, with a total cost of approximately \$2,300. According to the Technology Coordinator, these four assets were erroneously not entered in the system when they were purchased in September 2019 and September 2020.

Annual Inventories –The Technology Coordinator told us updates to the inventory lists are made when the IT Department conducts an annual physical inventory each summer. However, there was no documentation maintained showing the results of the physical inventory, rather he told us the records are updated as they perform the physical inventory. Had the IT Department conducted an adequate annual inventory, the four assets purchased in September 2019 and September 2020 that were not entered into the system should have been identified and subsequently added to their respective inventory records.

Safeguarding Assets – Although we found storage locations for IT assets were adequately secured, the Technology Coordinator could not locate two Chromebooks of the 30 IT assets we selected to physically confirm were in the District's possession. The two Chromebooks were the previously mentioned assets missing serial numbers on their invoices. Although the Technology Coordinator believed the Chromebooks were in the District's possession, because the invoice did not have serial numbers listed and the Technology Coordinator was unable to obtain them from the vendor, we could not confirm the Chromebooks purchased were in the District's possession.

The Technology Coordinator did not maintain detailed up-to-date inventory records, conduct annual inventories or always safeguard IT assets. As a result, District officials cannot be assured that IT assets are adequately accounted for and would be detected if lost, stolen, or misused. Further, complete, accurate, and up-to-date inventory records help District officials ensure that IT assets are properly insured, tracked through their life cycle and replaced as necessary. Finally, when inventory records are incomplete, and assets are not properly accounted for, District officials cannot ensure taxpayers that money invested in IT assets has been appropriately spent or safeguarded.

What Do We Recommend?

The Board and District officials should:

1. Develop and adopt policies and procedures for inventorying of IT assets with a value lower than \$5,000, and that IT asset inventory records include the minimum details necessary to adequately track and locate them including:
 - Date of purchase and original cost,
 - Make, model and serial number,
 - Name of the person to whom the equipment is assigned (if applicable), and
 - Physical location of the asset.
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.

The Technology Coordinator should:

3. Update inventory records to track the assets not currently in District records.
4. 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

TICONDEROGA CENTRAL SCHOOL DISTRICT

5 CALKINS PLACE
TICONDEROGA, NEW YORK 12883

M. Mark Russell
President, Board of Education

Erin E. Hamel
Clerk, Board of Education



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Interim Superintendent of Schools
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cjohnston@ticonderogak12.org

"SENTINELS FOR EXCELLENCE"

January 9, 2023

Dina M. Thompson, Chief of Municipal Audits
State Office Building, Suite 1702
Binghamton, NY 13901-4417

Re: District's Response to IT Asset Management Audit S9-22-23

Dear Ms. Thompson:

The District accepts the recommendations resulting from the IT audit conducted. In response the District has begun the process of amending our current fixed asset policy (Inventories, Policy 6640) to reflect lower values for instructional technology assets. Current procedures for tracking these assets will also be expanded in reflection of the updates to the fixed asset policy.

The District thanks the audit team for their insight and cooperation during the review.

Sincerely,

Cynthia Ford-Johnston
Interim Superintendent of Schools

CFJ:eh

pc: Laurie Cossey, Business Administrator
Mathew Cossev, Technology Coordinator

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 District 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 30 IT asset purchases including 26 from District invoices and four from a report of inactivity since January 2022. We selected the largest invoice(s) from each IT vendor and selected IT assets over \$100. 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 walkthrough of District facilities and judgmentally selected 10 assets to determine whether the assets were accurately recorded on the inventory record. During our visual inspection of District IT assets, we assessed the general condition of their locations for the potential risk of damage or loss.

We conducted this performance audit in accordance with generally accepted government auditing standards (GAGAS). Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

Unless otherwise indicated in this report, samples for testing were selected based on professional judgment, as it was not the intent to project the results onto the entire population. Where applicable, information is presented concerning the value and/or size of the relevant population and the sample selected for examination.

The Board has the responsibility to initiate corrective action. A written corrective action plan (CAP) that addresses the findings and recommendations in this report must be prepared and provided to our office within 90 days, pursuant to Section 35 of General Municipal Law, Section 2116-a (3)(c) of New York State Education Law and Section 170.12 of the Regulations of the Commissioner of Education. To the extent practicable, implementation of the CAP must begin by the end of the next fiscal year. For more information on preparing and filing your CAP, please refer to our brochure, *Responding to an OSC Audit Report*, which you received with the draft audit report. The CAP should be posted on the District's website for public review.

Appendix 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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Division of Local Government and School Accountability
110 State Street, 12th Floor, Albany, New York 12236

Tel: (518) 474-4037 • Fax: (518) 486-6479 • Email: localgov@osc.ny.gov

www.osc.state.ny.us/local-government

Local Government and School Accountability Help Line: (866) 321-8503

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