



Harborfields Central School District

Information Technology Asset Management

2024M-9 | June 2024

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Report Highlights

Harborfields Central School District

Audit Objective

Determine whether Harborfields 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 always ensure that IT assets were appropriately tracked, inventoried and safeguarded. 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. As a result, when inventory records are incomplete and assets are not properly accounted for, District officials cannot assure taxpayers that the \$3.9 million invested in IT assets has been appropriately safeguarded. For example, we selected 50 of the District's IT assets to locate the assets and confirm they were accounted for and determined that:

- 13 IT assets, including laptops and tablets, that cost \$4,300 could not be located.
- Five Wi-Fi access point devices that cost \$4,100 were not listed in the District's inventory records.

Further, an additional 13 desktop computers that officials indicated were 10 years old were also not properly reported in the District's official inventory records. Officials were unable to provide acquisition information for the computers; therefore, we could not confirm their age or determine their cost.

Key Recommendations

- Maintain complete, current and accurate inventory records.

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

Audit Period

July 1, 2022 – June 30, 2023. We expanded our audit period through September 14, 2023, to conduct a walkthrough at the District.

Background

The District is located in the Town of Huntington in Suffolk County and is governed by an elected seven-member Board of Education (Board) responsible for the general management of the District.

The Superintendent of Schools (Superintendent) is the chief executive officer and is responsible, along with other administrative staff, for the District's day-to-day management.

The Interim Director of Technology and Security Systems is responsible for overseeing the IT Department, including the Senior Systems Engineer who manages most of the IT asset inventory. The Business Office, under the direction of the Assistant Superintendent for Business (Assistant Superintendent), and a Business Manager, is responsible for maintaining the District's perpetual inventory.

Quick Facts

Enrollment	2,781
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IT Assets per District Records (as of July 1, 2022)

Number of IT Assets	7,408
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Approximate Acquisition Value of IT Assets	\$3.9 million
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Information Technology Asset Management

School districts (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. 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 Track, 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. 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, district officials should establish a well-defined policy that includes guidance for officials to maintain detailed, up-to-date inventory records for all IT assets, including:

- Adding new equipment to the inventory,
- Notifying the business office and 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. Certain attributes should be recorded to aid in tracking IT assets, while others 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 could ensure appropriate insurance coverages are maintained and assist in planning for replacement of assets reaching the end of their useful life.

In addition, 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.

District Officials Did Not Always Appropriately Track, Inventory and Safeguard IT Assets

Although the Board adopted a Computer Resources and Data Management Policy (Policy), it did not address the attributes necessary for tracking IT assets. According to the Policy, the Superintendent, working with IT Department and Business Office officials, should establish procedures governing the inventory of computer resources. However, the Superintendent and IT Department and Business Office officials did not develop written procedures for tracking IT assets.

Inventory Records – IT Department and Business Office officials did not maintain detailed, up-to-date inventory records to reduce the risk of loss or misuse of IT assets. Collectively, IT Department and Business Office staff maintained four inventory lists:

- The District uses a third-party vendor to maintain their perpetual inventory record. This record consisted of an accounting detail report, an additions list and a deletions list. The accounting detail report, which is a perpetual inventory record, was updated at the close of each fiscal year by the vendor with the purchase and disposal of assets information entered by District staff on the additions and deletions lists.
 - The additions list was maintained by the District's claims auditor and IT Department staff. When an IT asset was purchased, the claims auditor added the asset to an additions sheet, including the assigned asset tag number, a description of the asset and other pertinent information, including the model number of the asset. The claims auditor then provided the physical asset tags to IT Department staff to be affixed on the asset. IT Department staff then updated the additions inventory list with the asset's serial number, location and the name of the individual assigned to the asset (if applicable).
 - The deletions list was maintained by IT Department staff with a list of assets ready for disposal, including an explanation why the asset is ready to be disposed. This list was provided to the Assistant Superintendent, and then presented to the Board for approval.
- The building inventory list was maintained by IT Department staff and listed all IT assets that are located within the District's buildings.
- Two inventory lists that were maintained by IT Department staff that are generated from the District's two management applications with inventory tracking capabilities. These two applications were used to track specific types of devices, including student computers, staff computers and tablets.

Of the four inventory lists maintained by District officials, the accounting detail report was the only list that included all the attributes necessary to sufficiently inventory, track and/or identify the District’s IT assets if the report was adequately maintained. The building inventory and management application lists were useful for tracking location, but did not include other necessary information (Figure 1).

Figure 1: Inventory Lists

	Date of Acquisition	Cost or Value	Location	Model	Serial Number	Manufacturer	Description
Accounting Detail Report	✓	✓	✓	✓	✓	✓	✓
Building Inventory List	X	X	✓	✓	✓	X	✓
Management Application 1	X	X	✓	✓	✓	X	✓
Management Application 2	X	X	✓	✓	✓	✓	✓

Accounting Detail Report – We reviewed the accounting detail report as of July 1, 2022 and identified 7,408 IT assets with an approximate acquisition value of \$3.9 million. We determined that the accounting detail report did not include adequate information to sufficiently track or identify the District’s IT assets, as follows:

- 1,349 assets with an acquired value of \$1.1 million did not have a serial number.
- 870 assets with an acquired value of \$528,778 did not have a description of the asset.
- 243 assets with an acquired value of \$772,928 did not indicate where the asset was located in the District. These assets included desktop computers, projectors and printers.
- 161 assets with an acquired value of \$201,348 did not include the manufacturer of the asset.
- 115 assets were listed with an acquisition value of \$1.

The Business Manager stated the information was missing from the accounting detail report due to human error, and the timing of when the items were purchased in conjunction with the third-party vendor’s request for the updates to the records. The Business Manager explained that when an asset’s acquisition value was inadvertently not listed, the third-party vendor assigned a value of \$1 to the assets.

Furthermore, the terms of service with the third-party vendor that maintained the District’s perpetual inventory changed during the audit period. The third-party vendor provided a consolidated accounting detail report generated after the close of 2022-23 fiscal year that only listed assets that were capitalized in accordance with the District’s fixed asset inventory policy. The assets that did not meet the

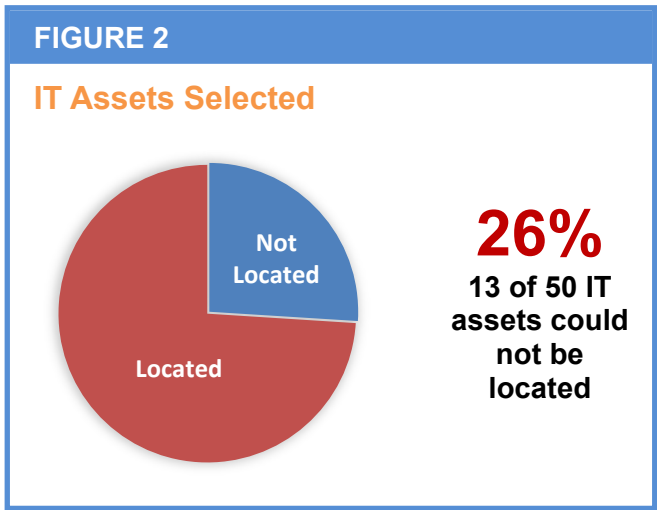
specific requirements of the fixed asset inventory policy, which included IT assets, were consolidated into generalized asset groups. The consolidated report did not contain detailed information on individual IT assets, and we could not determine the total amount of IT assets that were consolidated into these generalized asset groups. As a result, the accounting detail report can no longer be used to track, inventory and safeguard IT assets.

Annual Inventories – IT Department staff performs an annual inventory of IT assets in the District’s buildings while the buildings are closed during the summer. However, the building inventory list they prepared and maintained was not reconciled to the District’s perpetual inventory. We reviewed the 592 desktop computers listed in the building inventory list for the summer of 2022 to determine whether they were listed on the District’s perpetual inventory as of July 1, 2022. We determined that 13 desktop computers listed on the building inventory report were not listed in the perpetual inventory. Because the building inventory list did not include the acquisition date or cost of assets, we could not determine the age and value of the 13 desktop computers. The Senior Systems Engineer said the 13 desktop computers were over ten years old and purchased prior to him working for the District. The Senior Systems Engineer was not sure whether prior IT Department staff was entering data into the perpetual inventory when the computers were purchased, or if the 13 desktop computers were mistakenly not tagged.

Had District officials reconciled the building inventory list each year to the perpetual inventory, the 13 computers may have been identified and subsequently added to the perpetual inventory records. Furthermore, the last physical inventory of all District capital assets conducted by an outside firm as of June 30, 2022, which is conducted on a five-year cycle, did not identify these discrepancies. As a result, District officials cannot be assured that all IT assets are properly accounted for and would be detected if lost, stolen or misused.

Safeguarding Assets – District officials did not properly safeguard assets. We selected 50 assets¹ to determine whether they were in the District’s possession, and determined that IT Department staff could not locate 13 of the 50 assets (26 percent) totaling \$4,300 (Figure 2). These assets included laptops and tablets. The Senior Systems Engineer said the 13 assets had been disposed of; however, the Board only approved one of the 13 assets for disposal. Officials provided documentation that two tablets were damaged and to be disposed, but were unable to provide documentation to support that the remaining missing assets were disposed of and not lost.

¹ See Appendix B for information on our sampling methodology.



Furthermore, five of the 50 assets selected from invoices, while in the District’s possession, were not listed in the inventory records. These five assets were Wi-Fi access point devices totaling \$4,100. The Senior Systems Engineer stated the five Wi-Fi items were not listed in inventory because they were not placed into service until the 2023-2024 school year. However, the inventory should be updated upon the acquisition of the IT assets to ensure they are properly accounted for. Otherwise, IT assets that go missing may not be identified or investigated.

District officials did not ensure that IT assets were appropriately tracked, inventoried and safeguarded. 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. As a result, 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 safeguarded.

What Do We Recommend?

The Board and District officials should:

1. Develop and adopt a comprehensive written policy to appropriately track and inventory IT assets. 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 when purchased,

-
- Updating inventory records when equipment is reassigned, lost or stolen,
 - Documenting and updating the inventory for equipment disposal, and
 - Annually reviewing and reconciling the physical inventory.

District officials should:

2. Ensure District inventory records include the necessary details to adequately track and locate an IT asset, 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.

Appendix A: Response From District Officials



Harborfields Central School District

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Rory J. Manning, Ed.D.
Superintendent of Schools

Gina Inglese
District Clerk

BOARD OF EDUCATION
Christopher Kelly, President
Susan Broderick, Vice President
Hansen Lee
Suzie Lustig
Eve Meltzer-Krief, M.D.
David Steinberg
Colleen Wolcott

May 20, 2024

Ira McCracken
Chief of Municipal Audits
Hauppauge Regional Office
NYS Office Building, Room 3A10
250 Veterans Memorial Highway
Hauppauge, New York 11788-5533

Dear Ira McCracken,

The Harborfields Central School District is in receipt of the Draft Information Technology Asset Management Audit Report of Examination for the period of July 1, 2022, through June 30, 2023, which was subsequently extended to September 14, 2023. On behalf of the Board of Education and the District administrative team, we would like to thank the Comptroller's staff for their professionalism and courtesy in conducting their duties associated with this audit.

The Harborfields Central School District is committed to providing an innovative educational program where all students are empowered to realize their unique potential while striving for academic excellence. The District welcomes the opportunity to review and strengthen our policies, practices, and protocols in all aspects of our operation, especially our obligation to safeguard precious assets. To that end, the Board of Education has developed and adopted a number of policies and regulations to safeguard district assets which include, but are not limited to the following;

- Policy 6000 – Fiscal Management Goals
- Policy 6600 – Fiscal Accounting and Reporting
- Policy 6640 – Inventories
- Policy 6650 – Claims Auditor
- Policy 6654 – Capital Assets Accounting
- Policy 6660 – Independent/External Audits
- Policy 6680 – Internal Audit Function
- Policy 6690 – Audit Committee
- Policy 6700 – Purchasing
- Regulation 6700-R – Purchasing
- Policy 6710 – Purchasing Authority

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- Policy 6740 – Purchasing Procedures
 - Regulation 6740-R – Purchasing Procedures
 - Policy 6900 – Disposal of District Property

The audit report focused on the District’s obligation to appropriately track, inventory, and safeguard Information Technology (IT) assets. As stated in the draft audit report, the District did not always appropriately track, inventory, and safeguard IT assets. More specifically, the audit report revealed the following findings;

- 13 desktops that were listed in the building inventory list, were not listed in the perpetual inventory list. Because the building inventory list did not include the acquisition date or costs of the assets, the age and value of the desktops could not be determined.
- 13 laptops and tablets included in the district’s inventory lists could not be located. It was discovered that one of the 13 assets had been approved by the Board of Education for disposal, but the asset was not removed from the inventory list. Documentation was also provided that 2 tablets were damaged and disposed of.
- 5 Wi-Fi access points found on invoice records were not listed in the District’s inventory records. These 5 assets were physically located.

The District fully supports the need for ongoing audits of policies and procedures related to tracking, inventorying, and safeguarding of all assets including the 7,408 IT assets identified on District inventory records during the audit period. The officials who were on site from the OSC had the opportunity to review all policies, procedures, and inventory records. We appreciate that the officials indicated in our exit meeting that district officials (Assistant Superintendent for Business, Director of Technology and Security Systems, District Purchasing Agent, Internal Auditor, and IT staff) involved in this audit were helpful and transparent throughout the audit period.

Comptroller Recommendation:

The Board and District officials should:

1. Develop and adopt a comprehensive written policy to appropriately track and inventory IT assets. 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 when purchased,
 - Updating inventory records when equipment is reassigned, lost or stolen,
 - Documenting and updating the inventory for equipment disposal, and
 - Annually reviewing and reconciling the physical inventory.

District officials should:

2. Ensure District inventory records include the necessary details to adequately track and locate an IT asset, including the make, model, and serial number; the name of the individual to whom

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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:

The District accepts the Comptroller's recommendation and will develop written procedures for tracking IT assets which will include the maintenance of the requisite identifying information and location of each asset in one single documentation repository.

Conclusion:

We would like to thank the Comptroller's Office for their thoroughness and professionalism over the course of the time they spent with the District administration of the Harborfields Central School District. Although the District has existing policies and procedures in place to track, inventory, and safeguard IT assets, the District is nonetheless in agreement with the Comptroller's recommendation, and, as such, the District is fully committed to improving internal procedures. We continue to take great pride in our history of being fiscally responsible and accountable to the residents of the Harborfields Central School District.

Sincerely,

Rory J. Manning, Ed.D.
Superintendent of Schools

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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. We obtained an understanding of internal controls that we deemed significant within the context of the audit objective and assessed those controls. Information related to the scope of our work on internal controls, as well as the work performed in our audit procedures to achieve the audit objective and obtain valid audit evidence, included the following:

- We interviewed District officials and reviewed policies and Board minutes to gain an understanding of the District's IT asset management.
- We reviewed the four District IT inventory records to determine whether the records contained sufficient information to identify, track and safeguard IT assets. We compared the various lists for discrepancies.
- We used our professional judgement to select a sample of 50 IT assets, including 30 assets from District invoices, 10 laptops from the management application report and 10 tablets from the accounting detail report, to determine whether IT assets were properly recorded in the District's inventory records, and conducted a walkthrough to determine if they were in the District's possession and properly tagged.

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.ny.gov/files/local-government/pdf/regional-directory.pdf

Cost-Saving Ideas – Resources, advice and assistance on cost-saving ideas

www.osc.ny.gov/local-government/publications

Fiscal Stress Monitoring – Resources for local government officials experiencing fiscal problems

www.osc.ny.gov/local-government/fiscal-monitoring

Local Government Management Guides – Series of publications that include technical information and suggested practices for local government management

www.osc.ny.gov/local-government/publications

Planning and Budgeting Guides – Resources for developing multiyear financial, capital, strategic and other plans

www.osc.ny.gov/local-government/resources/planning-resources

Protecting Sensitive Data and Other Local Government Assets – A non-technical cybersecurity guide for local government leaders

www.osc.ny.gov/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.ny.gov/local-government/required-reporting

Research Reports/Publications – Reports on major policy issues facing local governments and State policy-makers

www.osc.ny.gov/local-government/publications

Training – Resources for local government officials on in-person and online training opportunities on a wide range of topics

www.osc.ny.gov/local-government/academy

Contact

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<https://www.osc.ny.gov/local-government>

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

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