

# **St. Lawrence-Lewis Board of Cooperative Educational Services**

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## Capital Assets

**2023M-99 | December 2023**

# Contents

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- Report Highlights . . . . . 1**
  
- Information Technology Capital Assets . . . . . 2**
  - How Should BOCES Officials Monitor and Account for IT Assets? . . 2
  - BOCES Officials Did Not Properly Monitor and Account for IT Assets. 3
  - What Do We Recommend? . . . . . 5
  
- Appendix A – Response From BOCES Officials . . . . . 7**
  
- Appendix B – Audit Methodology and Standards . . . . . 8**
  
- Appendix C – Resources and Services. . . . .10**

# Report Highlights

## Audit Objective

Determine whether the St. Lawrence-Lewis Board of Cooperative Educational Services (BOCES) officials properly monitored and accounted for Information Technology (IT) assets.

## Key Findings

BOCES officials did not properly monitor and account for IT assets. As a result, officials cannot ensure that assets are in BOCES' possession and protected against loss or unauthorized use.

- Officials did not maintain accurate and up-to-date inventory records, affix identification tags to all assets, periodically conduct physical inventories, and ensure sensitive data was erased before assets with hard drives were disposed of.
- Sixty-nine out of 140 recorded IT assets could not be located. These assets cost \$128,102 and included computers, projectors, interactive displays and cameras. Also, 30 out of 95 assets on hand were not listed in the inventory records.
- None of the 39 IT assets (totaling \$50,018) purchased and placed in service during the 2022-23 school year were added to the inventory records.
- None of the 25 computer disposals tested had evidence that the hard drives were sanitized prior to disposal, and 11 other computers were sanitized and disposed of but were still active in the inventory records.
- The inventory records did not always show the proper location of IT assets and sometimes were missing key information such as serial numbers, locations, purchase dates and costs.

## Key Recommendations

- Establish written procedures to ensure accurate and up-to-date inventory records are maintained; assets are tagged; physical inventories are conducted and discrepancies are investigated; and hard drives are sanitized when disposed of, and monitor for compliance.

BOCES officials generally agreed with our recommendations and indicated they will take or have taken corrective action.

## Background

BOCES is composed of 18 component school districts and is governed by a nine-member Board of Education (Board) elected by the boards of the component school districts.

The Board is responsible for the general management and control of financial and educational affairs. The District Superintendent is the chief executive officer and is responsible, along with other administrative staff, for the day-to-day management and regional planning and coordination.

The Director of Financial Affairs (Director), Purchasing Agent and designated staff are responsible for maintaining an up-to-date inventory of BOCES' IT assets.

### Quick Facts

#### IT Assets as of January 24, 2023

|                   |               |
|-------------------|---------------|
| Number in Service | 3,591         |
| Original Cost     | \$4.7 million |

#### IT Assets

#### July 1, 2022 through January 24, 2023

|                    |     |           |
|--------------------|-----|-----------|
| Purchases          | 43  | \$53,159  |
| Recorded Disposals | 268 | \$265,246 |

## Audit Period

July 1, 2021 – February 24, 2023

# Information Technology Capital Assets

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IT capital assets represent a significant investment of resources for any institution. In addition to servers, user computers, laptops and tablets, IT assets can include monitors, printers, cameras, cellular phones, and other hand-held devices that have capabilities such as connecting to the network, processing or storing data and being used in a computing environment.

## How Should BOCES Officials Monitor and Account for IT Assets?

BOCES officials should maintain detailed, up-to-date inventory records for IT assets and conduct periodic physical inventories. Officials should comply with the BOCES' personal property accountability policy (policy) that requires: certain IT assets to be entered into the perpetual inventory records, periodic physical inventories to be conducted, disposals to be approved and that the Director develops, in writing, the basic rules and regulations to be followed.

Officials should ensure the detailed, perpetual inventory records are continually updated when IT assets are purchased, relocated to new departments or buildings, assigned or reassigned to an individual and disposed of.

At a minimum, the inventory records should include:

- A description of each item, including make, model, and serial number;
- The physical location of the asset;
- Relevant purchase information including acquisition date and original cost; and
- If applicable, the name of the person to whom the equipment is assigned, which helps identify users who may be responsible for the IT asset.

Each individual asset should be affixed with an identification tag and entered into the inventory records upon receipt by BOCES.

Officials should schedule and conduct periodic physical inventories to ensure that all assets listed as being under their control are still located in their proper locations or with the assigned individual. Any discrepancies between the physical inventory and the inventory records should be investigated and the records should be updated for any identified changes. BOCES' policy indicates that physical inventory for assets over \$500 should be conducted annually and every two years for assets under \$500.

In addition, BOCES officials should establish procedures for sanitizing IT assets that may contain sensitive and confidential information before disposing or transferring assets. Sanitizing completely erases data from a computer's hard drive. BOCES' policy requires the Director to authorize the disposal of assets prior to disposing the items and removing from inventory records.

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...[O]fficials  
should maintain  
detailed, up-to-  
date inventory  
records... .

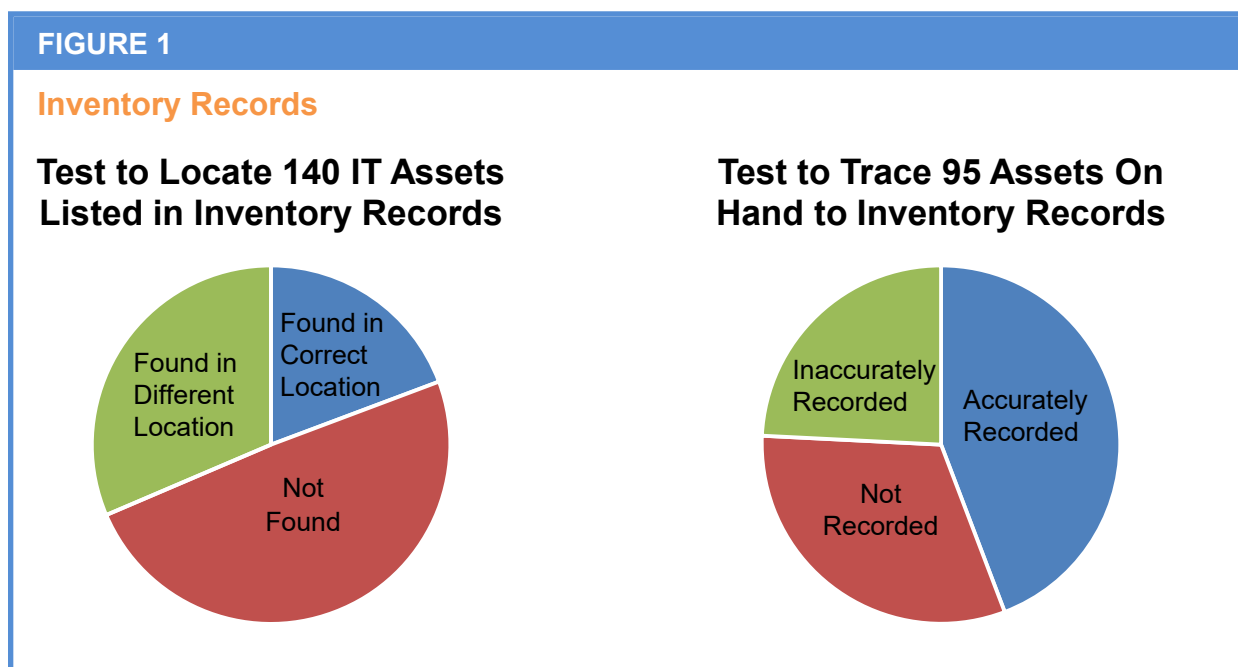
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## BOCES Officials Did Not Properly Monitor and Account for IT Assets

We attempted to locate a total of 140 IT assets, with a total original cost of \$212,781, that were listed in the inventory records as active at the BOCES' main campus or one of the three career and technical education (CTE) centers.<sup>1</sup> Sixty-nine IT assets (49 percent) could not be located (Figure 1). The cost of these assets totaled more than \$128,000. Examples include the following:

- Laptops,
- Computers,
- Projectors,
- Tablets,
- Televisions,
- Interactive displays, and
- Cameras.

Additionally, 44 assets (31 percent) were found but were not in the location or with the person indicated in the inventory records. In some instances, key information was not included in the records, such as serial number, location, purchase date and cost. This makes it more difficult to identify and track the assets.



<sup>1</sup> Refer to Appendix B for sampling methodology.

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We also traced 95 actively used IT assets observed at the BOCES' main campus and CTE centers to the inventory records to determine whether the assets were accounted for properly. Thirty assets (32 percent) were not listed in the inventory records and 23 assets (24 percent) had incorrect locations listed in the records (Figure 1). In addition, 19 assets did not have a BOCES asset tag.

BOCES' policy requires the Purchasing Agent to ensure capital assets with a purchase price of more than \$500 are entered into the inventory records; property between \$100 and \$500 may also be included. According to the Director, these responsibilities have been assigned to a clerk over the years and due to employee turnover, the records have not been kept up to date.

The process for tagging IT assets acquisitions involves multiple departments. A clerk reviews purchase order reports to identify asset purchases, then prints asset tags prior to the receipt of the assets. The IT Director also uses this report to ensure that the IT department staff can identify the assets when received, tag the assets and deploy them in a timely manner. The IT Director and Computer Center Supervisor (a former BOCES technician) told us that they have had issues in receiving inventory tags from the BOCES' main campus. Sometimes, the tags did not show up for weeks, months or longer. The Director and the IT Director told us that this occurred because there was a specific part on the tag printer that was broken, and it took a while to repair. As a result, IT department staff deployed some IT assets to classrooms and offices without asset tags. When the tags did come in, they were supposed to tag the asset already placed in service; however, they acknowledged this did not always happen.

Officials did not ensure IT asset purchases were recorded in the inventory. From July 1, 2022 through January 24, 2023, BOCES purchased 43 IT assets costing \$53,159, of which 39 have been received and placed in service. However, none of these assets were added to the inventory records.

In addition, officials did not update the inventory records for IT asset disposals or maintain documentation that hard drives were sanitized to remove data when the assets were disposed of. We identified 268 IT assets with hard drives that were recorded as disposed in the inventory records from BOCES' main campus and CTE centers between July 1, 2022 and January 24, 2023. The Director told us that in order to bring the inventory records up to date, she had instructed the clerk to remove IT assets from the records with purchase dates older than 10 years, because they were likely no longer on hand and in use. However, it is unknown when or if these 268 assets were actually removed from service and disposed of. We selected 25 of these IT assets to determine whether the hard drives were sanitized when they were disposed of.<sup>2</sup> Officials were unable to provide evidence that the hard drives had been sanitized. As a result, we could not confirm that

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...[O]fficials did not update the inventory records for IT asset disposals or maintain documentation that hard drives were sanitized to remove data when the assets were disposed of.

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2 See Appendix B for sampling methodology.

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data stored on the devices was removed and officials lack any assurance the hard drives were sanitized before they left BOCES' possession.

BOCES uses a third-party vendor who provides data destruction and recycling services. The vendor provides BOCES with a data destruction certificate that lists the IT assets that have been sanitized and recycled. We selected 20 IT assets<sup>3</sup> out of 168 listed on the most recent data destruction certificates<sup>4</sup> and reviewed the inventory records to determine whether the IT assets were removed from the records. We found 11 IT assets (55 percent of the sample) had been sanitized and recycled by the vendor but were still listed as active in the inventory records.

The Director also told us that she was unsure of the last time a periodic physical inventory had been conducted. She told us that they were going to perform a physical inventory in the spring of 2020, but were busy with a capital project. However, as of March 2023, the physical inventory had still not been completed. If BOCES officials had performed annual physical inventories of IT assets as required by BOCES' policy, they may have identified that the inventory records were not accurate and that not all assets were on hand.

Inventory records were not updated because officials did not ensure physical inventories were conducted, assets were tagged, added to and removed from the inventory records in a timely manner and updates were made to the inventory records when assets were moved or reassigned. In addition, officials did not develop written inventory procedures to convey their inventory control expectations.

Without officials ensuring IT assets are tagged, inventory records are accurate and up to date, periodic inventories are conducted, and sensitive data is removed before assets are disposed of, BOCES officials cannot be sure that IT assets are in BOCES' possession and that the assets and data are protected against loss or unauthorized use. Additionally, in the event of a disaster, BOCES officials would be unable to provide BOCES' insurance company with an accurate list of assets for replacement.

## What Do We Recommend?

The Director should:

1. Ensure up-to-date and accurate IT inventory records are maintained. This includes adding IT asset purchases to the records, removing disposals, and indicating IT asset locations. The records should include key information such as serial number, location, purchase date and cost.

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<sup>3</sup> Ibid.

<sup>4</sup> The most recent data destruction certificates for the main campus and two CTE centers were in July and August 2022; one CTE center certificate was in October 2021.

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2. Ensure IT assets are tagged to identify them as BOCES property.
  3. Require that periodic physical inventories be conducted, and appropriate action taken to follow up on any discrepancies and update the records as appropriate.
  4. Ensure hard drives are sanitized when disposing IT assets.
  5. Establish written procedures to provide guidance on maintaining the inventory records and performing physical inventories and monitor for compliance. The procedures should address the detailed information that should be recorded in the records, the process for tagging assets when received and for recording purchases and disposals.



# Appendix A: Response From BOCES Officials



November 16, 2023

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Rebecca Wilcox  
Chief of Municipal Audits  
Office of the State Comptroller  
State Office Building, Room 409  
333 East Washington Street  
Syracuse, New York 13202-1428

Dear Ms. Wilcox,

Please accept this letter as the St. Lawrence-Lewis BOCES' official response to the draft audit report entitled Capital Assets, 2023-M-99. On behalf of the Board of Education and Administration, I would like to commend the audit team for their professionalism, communication and in-depth review of our Capital Asset policies and procedures. We have reviewed the audit and generally agree with the audit findings and recommendations.


District officials recognize the importance of monitoring and accounting for Information Technology assets. During the COVID-19 pandemic, the BOCES prioritized supporting our component districts and their needs. We shifted all 18 component districts and BOCES to remote instruction in less than a week. We also coordinated the serving of meals to students and families within hours of the start of the pandemic. As the regional leader, we administered all St. Lawrence County and New York State COVID protocols from March 2020 until the end of the 2022-23 school year, including serving as the COVID test reception and district site. We also experienced staffing shortages during this time which led to gaps in inventory tracking.

In addition to our pandemic efforts, we underwent a major capital project at all three technical centers. This made it difficult to perform a physical inventory audit. Items were moved in and out of spaces during construction and work was often delayed due to material shortages.

Now that the COVID-19 emergency and capital project are behind us, we are committed to implementing the audit recommendations provided. We have already implemented corrective action on many of the recommendations. A physical inventory audit of all three technical centers was done in summer 2023, and the inventory software is currently being reconciled to the physical audit. We have also trained the Assistant Purchasing Agent on the software and are in the process of cross training a back-up. We will continue to revise our Board of Education policies and administrative procedures to ensure that we are properly monitoring and accounting for IT assets.

We appreciate the opportunity to respond to the findings and recommendations of this report. A comprehensive corrective action plan will be submitted to your office and the New York State Education Department.

Respectfully,

  
Thomas R. Burns  
District Superintendent

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## 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 interviewed BOCES officials and reviewed relevant policies and procedures to gain an understanding of and evaluate the internal controls over IT asset inventory records.
- We used our professional judgment to select 140 out of 3,591 IT assets located on the inventory records at the BOCES' main campus and each of the three CTE centers (35 for each location). We selected assets to include a wide variety (laptops, cameras, monitors, etc.) including some that were added to the inventory relatively recently and some that were older but still listed as active. We attempted to trace the assets to their physical location and review the accuracy of the records (e.g., location, responsible user).
- During our walkthrough of the main campus and three CTE centers, we used our professional judgment to select IT assets found in several classrooms, offices, and computer labs, which amounted to 95 IT assets. This included all IT assets observed in these locations that, based on our experience, would likely have had a purchase cost of \$300 or more. We determined whether the assets had BOCES asset tags and reviewed the inventory records to determine whether the IT assets were being tracked in the inventory records, and their location and responsible user was correct in the records.
- We selected all 39 IT assets that were purchased and placed in service from July 1, 2022 through January 24, 2023 at the main campus and three CTE centers to determine whether the inventory records were updated to include the new IT assets after they were received.
- We obtained the most recent vendor data destruction certificates (one for each location) for the main campus and three CTE centers and selected 20 IT assets out of 168 total. Our sample consisted of selecting, without any known bias, one or two computers from each page of the report until we had five for each location. We compared them to the inventory records to determine whether the assets disposed of by the vendor had been classified as disposed of in the records.
- We identified 268 IT assets with hard drives that were recorded as disposed of from the BOCES' main campus and three CTE centers from July 1, 2022 through January 24, 2023. We used our professional judgement to select a sample of 25 of these IT assets and requested documentation showing sanitization of these IT assets from officials. We selected computers purchased during 2012 from those that were most recently disposed of as of December 31, 2022.

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- We interviewed BOCES officials to determine whether physical inventories were conducted, how often and by whom.

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 BOCES' 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

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

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[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

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