Arlington Central School District

Cooperative Services Computer Inventory

Report of Examination

Period Covered:

July 1, 2014 – July 21, 2015

2015M-317

Thomas P. DiNapoli

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State of New York
Office of the State Comptroller

**Division of Local Government
and School Accountability**

February 2016

Dear School District Officials:

A top priority of the Office of the State Comptroller is to help school district officials manage their districts efficiently and effectively and, by so doing, provide accountability for tax dollars spent to support district operations. The Comptroller oversees the fiscal affairs of districts statewide, as well as districts' compliance with relevant statutes and observance of good business practices. This fiscal oversight is accomplished, in part, through our audits, which identify opportunities for improving district operations and Board of Education governance. Audits also can identify strategies to reduce district costs and to strengthen controls intended to safeguard district assets.

Following is a report of our audit of the Arlington Central School District, entitled Cooperative Services Computer Inventory. This audit was conducted 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.

This audit's results are resources for district officials to use in effectively managing operations and in meeting the expectations of their constituents. If you have questions about this report, please feel free to contact the local regional office for your county, as listed at the end of this report.

Respectfully submitted,

*Office of the State Comptroller
Division of Local Government
and School Accountability*

Introduction

Background

The Arlington Central School District (District) is located in the Towns of LaGrange, Pleasant Valley, Beekman and Union Vale and portions of the Towns of Hyde Park, Wappinger and Pawling in Dutchess County. The District is governed by the Board of Education (Board), which is composed of nine elected members. The Board is responsible for the general management and control of the District's financial and educational affairs. The Superintendent of Schools is the District's chief executive officer and is responsible, along with other administrative staff, for the District's day-to-day management under the Board's direction.

The District operates 11 schools with approximately 9,000 students and 1,700 employees. The District's budget for the 2014-15 fiscal year was $194 million, which was funded primarily with State aid, real property taxes and grants.

The District uses a Cooperative Service (CoSer) agreement with the Dutchess Board of Cooperative Educational Services (BOCES) for computer rental and information technology services. The Information Technology (IT) Director is responsible for recommending electronics purchases and maintaining the District's electronics inventory. The District has approximately 3,200 desktop computers, 1,100 laptops and 300 tablets. Approximately 1,400 electronic devices are rented through the CoSer with BOCES.

Objective

The objective of our audit was to review the District's controls over the CoSer computer inventory. Our audit addressed the following related question:

- Does the District adequately account for computer hardware leased from BOCES?

Scope and Methodology

We examined the District's CoSer computer inventory for the period July 1, 2014 through July 21, 2015. We extended our scope back to July 1, 2013 to verify the receipt of certain computers.

We conducted our audit in accordance with generally accepted government auditing standards (GAGAS). More information on such standards and the methodology used in performing this audit are included in Appendix B of this report. 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.

Comments of District Officials

The results of our audit have been discussed with District officials, and their comments, which appear in Appendix A, have been considered in preparing this report. District officials agreed with our report.

CoSer Computer Inventory

CoSer computer inventories represent a significant investment of District resources. District officials are responsible for ensuring computers are protected from loss and inventory records are current and accurate. Officials can fulfill this responsibility by adopting an asset policy that describes the duties, records and control procedures needed to safeguard such assets. District officials should ensure that computer assets are located in the departments indicated in inventory records. Asset tags improve the ability of officials to differentiate between computers and provide a deterrent for theft.

The IT Department receives electronic devices, verifies the accuracy of shipments, scans and tags the computers, imports all data regarding the computers into an electronic database and updates the inventory list each time the computers are moved, including from receiving dock to school deployment, repair, reassignment and disposal. Although both the District and BOCES maintain inventory lists for the computers, the IT Department also conducts an annual physical inventory of all electronic devices from January through March by scanning each device in the District. Computers from BOCES generally arrive during the summer and are deployed to school buildings before the beginning of the school year.

During the 2014-15 school year, the District paid BOCES $852,129 for 1,404 computers obtained through BOCES CoSer agreements, which consisted of 874 desktops, 508 laptops and 22 tablets. We traced and identified all but 28 computers (2 percent) on the BOCES inventory to the District's inventory list. However, these errors are related to errors on the BOCES inventory list.

Overall, we found that District officials have established adequate controls over the computer inventory that allows computer equipment to be tracked efficiently. Except for minor issues which we discussed with District officials, we found that the District's computer inventory is reliable. We commend District officials for establishing and implementing an effective system of controls over computer equipment.

APPENDIX A

RESPONSE FROM DISTRICT OFFICIALS

The District officials' response to this audit can be found on the following page.

ARLINGTON CENTRAL SCHOOL DISTRICT

KEVIN M. SHELDON, ASSISTANT SUPERINTENDENT FOR BUSINESS

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February 1, 2016

Ms. Tenneh Blamah
Chief Examiner of Local Government and School Accountability
Newburgh Regional Office
33 Airport Center Drive, Suite 103
New Windsor, NY 12553

Re: Letter responding to the preliminary draft findings and Corrective Action Plan (CAP)

Dear Ms. Blamah:

Please accept this letter as our official response to the draft audit report titled Cooperative Services Computer Inventory Report of Examination Period Covered:
July 1, 2014 – July 21, 2015. The Arlington Central School District agrees and accepts this report. No modifications are needed at this time.

Since the District is currently using an effective system of controls over computer equipment and there is no need for a Corrective Action Plan (CAP). We request that this response also be used for CAP.

We wish to thank the members of the State of New York Office of the State Comptroller for performing this audit. If you have any questions regarding this response, please feel free to contact me at the above address or phone.

Sincerely,

Kevin M. Sheldon
Assistant Superintendent for Business

cc: Dr. Brendan Lyons, Superintendent of Schools

APPENDIX B

AUDIT METHODOLOGY AND STANDARDS

To achieve our audit objective and obtain valid evidence, we performed the following procedures:

- We reviewed District policies, procedures and records pertaining to computer inventories.

- We interviewed District personnel to obtain an understanding of computer and electronics inventory processes and procedures.

- We electronically compared the BOCES inventory list of all 1,404 computers for the 2011-12 through 2014-15 school years to the District's computer inventory list.

- We sorted our list of computers by type and location. We randomly selected 61 computers from five locations to determine whether the computers were properly identified and were in the District's possession by tracing each computer to the location indicated on an updated inventory list.

- We chose to review a judgmental sample of 64 other computers that were located in the same buildings as our original sample of 61 computers and traced the computers to the District and BOCES inventory lists.

- We chose a random sample of 10 desktop computers purchased during the 2013-14 school year and 10 laptop computers purchased during the 2014-15 school year from our sample of 61 computers to determine whether recent computer purchases were located at the District.

We conducted this performance audit in accordance with 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.

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