



COUNTY OF LEHIGH
OFFICE OF THE CONTROLLER

LEHIGH COUNTY GOVERNMENT CENTER
17 SOUTH SEVENTH STREET
ALLENTOWN, PA 18101-2400
(610) 782-3082 FAX: (610) 871-2897

GLENN ECKHART
COUNTY CONTROLLER

JOHN A. FALK
DEPUTY CONTROLLER

TO: Final Distribution
FROM: Glenn Eckhart, County Controller G.E.
DATE: December 3, 2014
RE: Compliance Audit – Administrative Notice 2006-1
Examination of Computer Equipment Inventory

The controller's office has completed an audit of compliance with Administrative Notice 2006-1. Our audit testing was based on the county computer equipment inventory listing as of February 3, 2014. Our audit report number 14-30 is attached.

The results of our audit are:

- The county computer equipment inventory policy (Administrative Notice 2006-1) needs to be updated to reflect current practices:
 - Change in policy for movement form use; and
 - Change from semiannual to annual IT asset physical inventory

- Also, the policy needs improvement to assure adequate administrative control:
 - IT management should provide adequate follow-up to ensure a full physical inventory is completed by all county managers; and
 - IT asset movement needs full inclusion recordkeeping and documentation provided by using a sequential movement control number on IT asset movement forms.

Attachment

COUNTY OF LEHIGH, PENNSYLVANIA
COMPLIANCE TO ADMINISTRATIVE NOTICE 2006-1
COMPUTER EQUIPMENT INVENTORY DATED FEBRUARY 3, 2014

REPORT NO. 14-30

COUNTY OF LEHIGH, PENNSYLVANIA
COMPLIANCE TO ADMINISTRATIVE NOTICE 2006-1
COMPUTER EQUIPMENT INVENTORY DATED FEBRUARY 3, 2014

Table of Contents

| | Page(s) |
|---|---------|
| Background – County of Lehigh, Administrative Notice #2006-1 Computer Equipment and Software | 1 |
| OPINION OF GLENN ECKHART, LEHIGH COUNTY CONTROLLER | 2-3 |
| Schedule of Audit Findings and Recommendations | 4-5 |
| Management Response - Office of Information Technology..... | 6-7 |

COUNTY OF LEHIGH, PENNSYLVANIA
COMPLIANCE TO ADMINISTRATIVE NOTICE 2006-1
COMPUTER EQUIPMENT INVENTORY DATED FEBRUARY 3, 2014

Background

Administrative Notice 2006-01, issued on December 15, 2006, outlines computer equipment and software responsibilities assigned to the Office of Information Technology management, to Department/Office/Bureau managers, and to individual users. Other Administrative Notices, referred to in 2006-01 include:

- 2004-2 Use of Computer Systems and Facilities;
- 2010-1 Technology Procurement and Project Implementation Policy.

The Information Technology Office management also issued Administrative Notice 2003-1 – Internet Policy.

County employees can access the above Administrative Notices on the county intranet under Human Resources Department, Administrative Notices.



COUNTY OF LEHIGH
OFFICE OF THE CONTROLLER

LEHIGH COUNTY GOVERNMENT CENTER
17 SOUTH SEVENTH STREET
ALLENTOWN, PA 18101-2400
(610) 782-3082 FAX: (610) 871-2897

GLENN ECKHART
COUNTY CONTROLLER

JOHN A. FALK
DEPUTY CONTROLLER

Robert Lawhorn, Acting Chief Information Officer
Office of Information Technology
Lehigh County Government Center
17 South Seventh Street
Allentown, PA 18101-2400

Compliance

We have audited the Office of Information Technology's compliance with Administrative Code 2006-1. Our audit testing was based on the county computer equipment inventory listing as of February 3, 2014. Compliance with the requirements referred to above is the responsibility of the Office of Information Technology's management. Our responsibility is to express an opinion on the Office of Information Technology's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America and the generally accepted government auditing standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a material effect on Administrative Notice 2006-1. An audit includes examining, on a test basis, evidence about Office of Information Technology's compliance with those requirements and performing such other procedures as we consider necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Office of Information Technology's compliance with those requirements.

In our opinion, Office of Information Technology did not comply, in all material respects, with the requirements referred to above that are applicable to Administrative Notice 2006-1 based on our audit of the February 3, 2014 county computer equipment inventory. We noted compliance deficiencies or other management issues that are described in the accompanying "*Schedule of Audit Findings and Recommendations*".

Internal Control Over Compliance

Management of the Office of Information Technology is responsible for establishing and maintaining effective internal control over compliance with the requirements referred to above. In planning and performing our audit, we considered the Office of Information Technology's internal control over compliance to determine the auditing procedures for the purposes of expressing an opinion on compliance, but not for the purposes of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Office of Information Technology's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance on a timely basis. A material weakness in internal control over compliance is a deficiency or combination of deficiencies in internal control over compliance, such that there is reasonable possibility that a material noncompliance with a compliance requirement will not be prevented or detected and corrected on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be deficiencies or material weaknesses in internal control over compliance. We identified deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of county management; Thomas Muller, County Executive; Daniel McCarthy, Director of Administration; Board of Commissioners; and Timothy Reeves, Fiscal Officer and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.



GLENN ECKHART
County Controller

November 17, 2014
Allentown, Pennsylvania

xc: Board of Commissioners
Susan Kaiser, Purchasing Liaison
Daniel McCarthy, Director of Administration
Thomas Muller, County Executive
Timothy Reeves, Fiscal Officer

COUNTY OF LEHIGH, PENNSYLVANIA
COMPLIANCE TO ADMINISTRATIVE NOTICE 2006-1
COMPUTER EQUIPMENT INVENTORY DATED FEBRUARY 3, 2014

Schedule of Audit Findings and Recommendations

(The following issues were included in audit report #13-47 issued August 13, 2013):

Inventory Lists Not Completed and Returned

Condition: In our prior audit of the February 8, 2012 computer inventory, we noted six office managers did not complete and return inventory listings. In the February 3, 2014 computer inventory, the Office of the Prison did not complete and return the inventory list to Information Technology (I.T.). As indicated by I.T. the prison was unable to complete the inventory due to personnel retirements. It is the responsibility of I.T. for the tracking of all county computer equipment and the responsibility of each office manager to maintain records of all computer equipment (assigned to a primary employee and location). Without mandating periodic physical inventories, I.T. management is unable to maintain an accurate computer equipment inventory.

Recommendation: I.T. management should ensure all managers complete the inventory issued by I.T.

Inventories Were Not Completed Semi-Annually as per Administrative Notice 2006-1

Condition: The inventories for 2010, 2011, 2012, 2013 & 2014 were done annually and not semi-annually as per Administrative Notice 2006-1. The notice says I.T. will conduct semi-annual inventory update mailings to all county offices.

Recommendation: Update Administrative Notice 2006-1 to reflect the current process of inventorying the computer equipment from semi-annual to annual. The Controller's Office position has been that we believe in an annual effort rather than a semi-annual physical inventory effort is sufficient.

Computer Equipment Movement Form is not used as per Administrative Notice 2006-1

Condition: The movement form supporting the placement of computer equipment was unable to be accessed and used as per Administrative Notice 2006-1. The movement form didn't work as intended and the process was changed to call the helpdesk and get a ticket number. Computer equipment movement documentation is an essential requirement for proper safeguarding of county assets.

Recommendation: Update the Administrative Notice to reflect the change in policy.

Internal Control - Inventory Control and Movement Forms

Condition: The movement forms supporting the placement of computer equipment could be missing or possibly not processed by Information Technology. Documentation control for the disposal, movement and change of computer equipment is inadequate. Inadequate control over computer related inventory documentation could result in lost or stolen county property.

Recommendation: Computer equipment movement forms need to be automatically assigned a sequential control number. This will provide a strong internal control and help insure the integrity of the movement from process. This change will assist I.T. in easily identifying missing documentation and movements which were not authorized and then discovered during the inventory process.



TO: Glenn Eckhart, County Controller

FROM: Robert A. Lawhorn, Chief Information Officer *RAL*

DATE: November 17, 2014

RE: Compliance Audit – Administrative Notice 2006-1
Computer Equipment Inventory as of February 3, 2013

In acknowledgement of your audit report dated 11/7/2014, please find listed below my response to each of your "Audit Findings and Recommendations". Please be assured that, as always, this office will continue to make every effort to comply with your audit recommendations.

Inventory Lists Not Completed and Returned

Condition: Six office managers did not complete and return the inventory list to Information Technology (I.T.). Three of the six managers as indicated by I.T. were unable to complete the inventory due to the office location was in the process of having the equipment being replaced. It is the responsibility of I.T. for the tracking of all county computer equipment and the responsibility of each office manager to maintain records of all computer equipment (assigned to a primary employee and location). Without mandating periodic physical inventories, I.T. management was unable to maintain an accurate computer equipment inventory listing.

Recommendation: I.T. management should ensure a full inventory is completed by county managers. All managers need to complete the inventory issued by I.T.

IT RESPONSE: *Addressed internally. If deadline to return updated inventory listing is missed, D/O/B Heads will be notified immediately. Extensions will be given if necessary, but IT staff must be notified in writing upon receipt of annual Inventory Update memo. This justification/documentation will then be shared with the Controller's office.*

Inventories Were Not Completed Semi-Annually as per Administrative Notice 2006-1

Condition: The inventories for 2010, 2011 & 2012 were done annually and not semi-annually as per Administrative Notice 2006-1. The notice says I.T. will conduct semi-annual inventory update mailings to all county offices.

Recommendation: Update Administrative Notice 2006-1 to reflect the current practice of inventorying the computer equipment on an annual basis. The Controller's Office position has been that we believe an annual effort rather than a semi-annual physical inventory effort is sufficient.

IT RESPONSE: *Currently working on addendum to Administrative Notice 2006-1, which will note the change from a semi-annual to annual physical inventory.*

Computer Equipment Movement Form is not used as per Administrative Notice 2006-1

Condition: The movement form supporting the placement of computer equipment was unable to be accessed and used as per Administrative Notice 2006-1. The helpdesk had to be contacted and the user is given a ticket number and told to use a fixed asset form. The movement form didn't work as intended and the process was changed to call the helpdesk and get a ticket number. Computer equipment movement documentation is an essential requirement for proper safeguarding of county assets.

Recommendation: Update the Administrative Notice to reflect the change in policy. Use sequentially numbered forms, signed-off by each individual involved in the chain of custody to ensure adequate safeguarding of computer inventory movement.

IT RESPONSE: IT staff is currently working on addendum to Administrative Notice 2006-1, which will include the IT change in policy regarding use of form that has been removed from the Intranet. New instructions will be added and will include notifying the Help Desk, which uses sequentially numbered tickets in our Sharepoint application. This method provides the necessary tracking of equipment as well as notes chain of custody, which will ensure adequate safeguarding of computer inventory movement.

Internal Control – Inventory Control and Movement Forms

Condition: The movement forms supporting the placement of computer equipment could be missing or possibly not processed by I.T. Documentation control for the disposal, movement and change of computer equipment is inadequate. Inadequate control over computer-related inventory documentation could result in lost or stolen county property.

Recommendation: Computer equipment movement forms need to be automatically assigned a sequential control number. This will provide a strong internal control and help insure the integrity of the movement form process. This change will assist I.T. in easily identifying missing documentation and movements which were not authorized and then discovered during the inventory process.

IT RESPONSE: As noted in the previous finding, the sequential numbering of forms has been addressed in the past and IT staff is now actively utilizing our Sharepoint application. This method provides the necessary tracking of equipment as well as notes chain of custody, which will ensure adequate safeguarding of computer inventory movement.