TO: Final Report Distribution

FROM: Mark Pinsley, County Controller

DATE: June 30, 2023

RE: Compliance Audit – Administrative Notice 2019-01
             Computer Equipment Inventory as of August 1, 2022

The Controller's office has completed an audit of compliance with Administrative Notice 2019-01. Our audit testing was based on the county computer equipment inventory listing as of August 1, 2022. Our audit report number 23-13 is attached.

The results of our audit are:

- The Office of Information Technology's (IT) management did comply, in all material respects, with the requirements of Administrative Notice 2019-01.
- Failure by departments to consistently monitor and adequately track their inventory resulted in 16 missing devices noted during the audit.
- IT performs random "spot checks" only when responding to help desk requests. Consideration should be given to adopting a spot check schedule and performing on-site visits of all departments to assure compliance with Administrative Notice 2019-01.

AUDITS/AMINISTRATIVE NOTICE 2019-01 – INFORMATION TECHNOLOGY

(610) 782-3082
FAX: (610) 871-2897
http://controller.lehighcounty.org

Lehigh County Government Center. 17 South Seventh Street. Allentown. PA 18101-2400

COUNTY OF LEHIGH, PENNSYLVANIA

COMPLIANCE TO ADMINISTRATIVE NOTICE 2019-01

Computer Equipment Inventory
Dated August 1, 2022

REPORT NO. 23-13

COUNTY OF LEHIGH, PENNSYLVANIA
COMPLIANCE TO ADMINISTRATIVE NOTICE 2019-01
COMPUTER EQUIPMENT INVENTORY DATED AUGUST 1, 2022

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Background

Administrative Notice 2019-01, issued on September 1, 2019, outlines computer equipment and software responsibilities assigned to the Office of Information Technology management, to department managers, and to individual users.

According to Administrative Notice 2019-01, "Information Technology will conduct an annual audit of computer equipment within all County offices which will allow for enhanced control of these resources and improve accuracy in tracking all County computer equipment. In addition to this audit, Information Technology personnel will perform random "spot checks" to assure compliance with this Administrative Notice."

Other Administrative Notices referred to in 2019-01 include:

- 2004-2 Use of Computer Systems and Facilities;
- 2001-4 Reporting Missing Personal and County Property

The Information Technology Office management also issued Administrative Notice 2003-1 – Internet Policy, and Administrative Notice 2010-1, Technology Procurement and Project Implementation Policy.

County employees can access the above Administrative Notices on the county intranet under Forms and Documents, Administrative Notices.

Robert Kennedy, 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 2019-01. Our audit testing was based on the County computer equipment inventory listing as of August 1, 2022. 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 2019-01. An audit includes examining, on a test basis, evidence about the management of the 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 Office of Information Technology's compliance with those requirements.

In our opinion, the Office of Information Technology complied, in all material respects, with the requirements referred to above that are applicable to Administrative Notice 2019-01 based on our audit of the August 1, 2022 County computer equipment inventory. **However, we noted compliance deficiencies and 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 compliance 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.
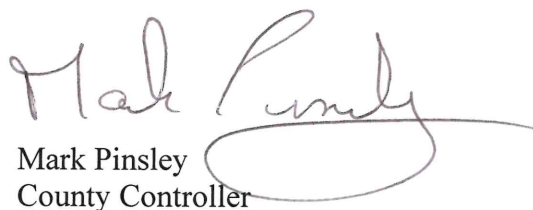
A deficiency in internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance on a timely basis. A material weakness in internal control over compliance 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 did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Management's Response to the Audit
If provided, the Office of Information Technology's response to our audit is included in this report. We did not audit the Office of Information Technology's response and, accordingly, we do not express an opinion on it.

This report is intended solely for the information and use of management; Phillips Armstrong, County Executive; Edward Hozza, County Administrator; Timothy Reeves, Chief Fiscal Officer; and the Board of Commissioners 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.

Mark Pinsley
County Controller

June 29, 2023
Allentown, Pennsylvania

Audited by Nam Tran

xc: Phillips Armstrong, County Executive
     Board of Commissioners
     Edward Hozza, Jr., County Administrator
     Timothy Reeves, Chief Fiscal Officer
     Amanda Edge, Information Technology
     Ed Youwakim, Information Technology
     Jason Cumello, Administrator, Cedarbrook Senior Care & Rehabilitation
     Richard Molchany, Director, Office of General Services

COUNTY OF LEHIGH, PENNSYLVANIA
COMPLIANCE TO ADMINISTRATIVE NOTICE 2019-01

COMPUTER EQUIPMENT INVENTORY DATED AUGUST 1, 2022

Schedule of Audit Findings and Recommendations

1. <u>Departments Not Adequately Tracking Inventory</u>

Conditions:

1) Departments often relocate, reassign, or transfer devices within the department without notifying IT and/or updating their own inventory lists. Failure to consistently monitor devices by both the department and IT, over time increases the likelihood of lost tracking. This control breakdown significantly increases the risk of loss or theft of devices.

   In our audit, we compared what was inventoried by IT to what was physically present at the department's location and found the following discrepancies:
   - 6 of 40 sampled devices were unable to be located at the 911 Center & EMS
   - 10 of 62 sampled devices were unable to be located at Cedarbrook – Fountain Hill.

2) Per Administrative Notice 2019-01, Information Technology personnel is required to perform random "spot checks" to assure compliance with this policy. Currently, random spot checks are only performed when departments seek IT's help with technical support.

Recommendations:

- To ensure effective implementation of inventory monitoring, theft prevention, and compliance with Administrative Notice 2019-01, it is crucial for management to consistently update their inventory lists and promptly notify the IT department of any relocations, reassignments, or transfers of devices. Departments should implement internal control procedures to increase monitoring and tracking efforts, such as quarterly or biannual inventory of devices where feasible.
- IT should consider adopting a spot check schedule and document on-site inventory verification of all departments. This can assist in identifying missing and misplaced IT equipment in a timely manner and facilitate their recovery. During on-site visits, departments should be reminded of their responsibilities and requirements per Administrative Notice 2019-01.

Management's Response: Management did not provide written comments in response to our report. However, as per discussions with Management, it is the intent of the Information Technology Department to follow the Administrative Notice 2019-01 and continue to perform random "spot checks" as they have done in the past. Performing checks on a schedule is not "random".

COUNTY OF LEHIGH, PENNSYLVANIA
COMPLIANCE TO ADMINISTRATIVE NOTICE 2019-01

COMPUTER EQUIPMENT INVENTORY DATED FEBRUARY 1, 2021

Schedule of Prior Audit Findings and Recommendations

(The following issues were included in audit report 21-31 issued December 17, 2021)

1.   Inventories Were Not Completed Annually as per Administrative Notice 2019-01

Condition: Computer equipment inventories were not performed annually as required by Administrative Notice 2019-01. Prior to the current inventory (as of February 1, 2021), the last inventory was performed in December of 2018.

Recommendation: To be compliant with Administrative Notice 2019-01, IT should conduct an annual inventory of all County computer equipment. Also, as per the Administrative Notice, IT should be performing "spot checks" to ensure that County departments are in compliance with the Administrative Notice as well. These spot checks can help to identify missing and misplaced IT equipment in a timely manner and facilitate their recovery.

Current Status: The annual computer equipment inventory was performed by IT on August 1, 2022 in compliance with Administrative Notice 2019-01. IT performs "spot checks" when they respond to departments' help desk requests.

2.   Inventory Lists Not Completed and Returned in a Timely Manner

Condition: IT had originally requested inventory lists to be returned from all County offices by the end of February, 2021. Most of the inventories were received in a timely manner, however, there were 11 of the 54 County offices who were at least six months late returning their inventories. Not only does this cause a delay in the audit process, but it makes it difficult for IT to maintain an accurate computer equipment inventory.

Recommendation: IT should develop a process by which to track which offices have returned their updated inventories. Regular review should identify the offices who have not returned their inventories. IT should then follow up with the department supervisor until the inventory is received.

Current Status: For the 2022 IT Inventory Audit, IT has implemented a process by which to track which offices have returned their updated inventories. In addition, IT has documented the dates of follow-up with departments who are late in returning their inventories.