



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:** September 18, 2017  
**RE:** Compliance Audit – Administrative Notice 2006-1  
Examination of Computer Equipment Inventory

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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 August 23, 2016. Our audit report number 17-14 is attached.

The results of our audit is the Office of Information Technology's management did not comply, in all material respects, with the requirement of Administrative Notice 2006-1.

Attachment

AUDITS/INFORMATION TECHNOLOGY

**COUNTY OF LEHIGH, PENNSYLVANIA**  
**COMPLIANCE TO ADMINISTRATIVE NOTICE 2006-1**  
**COMPUTER EQUIPMENT INVENTORY DATED AUGUST 23, 2016**

REPORT NO. 17-14

COUNTY OF LEHIGH, PENNSYLVANIA  
COMPLIANCE TO ADMINISTRATIVE NOTICE 2006-1  
COMPUTER EQUIPMENT INVENTORY DATED AUGUST 23, 2016

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COUNTY OF LEHIGH, PENNSYLVANIA  
COMPLIANCE TO ADMINISTRATIVE NOTICE 2006-1  
COMPUTER EQUIPMENT INVENTORY DATED AUGUST 23, 2016

**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.



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GLENN ECKHART  
COUNTY CONTROLLER

JOHN A. FALK  
DEPUTY CONTROLLER

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 2006-1. Our audit testing was based on the county computer equipment inventory listing as of August 23, 2016. 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 August 23, 2016 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; 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.

A handwritten signature in dark ink, appearing to read 'GLENN ECKHART', with a stylized, cursive script.

GLENN ECKHART  
County Controller

September 11, 2017  
Allentown, Pennsylvania

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

COUNTY OF LEHIGH, PENNSYLVANIA  
COMPLIANCE TO ADMINISTRATIVE NOTICE 2006-1  
COMPUTER EQUIPMENT INVENTORY DATED AUGUST 23, 2016

*Schedule of Audit Findings and Recommendations*

(The following issues were included in audit report #13-47 issued August 13, 2013 and #14-30 issued December 3, 2014):

1. Inventory Lists Not Completed and Returned (9 out of 55 inventory lists)

**Condition:** In our two prior audits and current audit we have noted office managers that did not complete and return inventory listings. According to the Information Technology (I.T.) inventory procedure when an inventory is not returned, office managers will be notified and extensions given if necessary. This procedure was not followed. 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. 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. The office managers with the missing inventory returns need to be contacted to complete an inventory.

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

**Condition:** The inventories for 2010, 2011, 2012, 2013, 2014, 2015 & 2016 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. I.T. has a draft to revise the notice and change the inventory to an annual process.

**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.

3. 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 or use the help desk form and get a ticket number. Computer equipment movement documentation is an essential requirement for proper safeguarding of county assets. I.T. has a draft to revise the notice which eliminates the use of the movement form and updates the process of equipment movements.

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

4. 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. Update the Administrative Notice to reflect the change in policy.





TO: Glenn Eckhart, County Controller

FROM: Robert F. Kennedy, Chief Information Officer

A handwritten signature in black ink, appearing to be "RFK", is written over the name Robert F. Kennedy.

DATE: September 11, 2017

RE: Compliance Audit - Administrative Notice 2006-1 Computer Equipment Inventory as of August 23, 2016

In acknowledgement of your audit report dated 8/25/17, please find listed below my response to each of your "Schedule of Audit Findings and Recommendations". Please be assured that, as always, this office will continue to make every effort to comply with your audit recommendations.

1. Inventory Lists Not Completed and Returned (9 out of 55 inventory lists)

**Condition:** In our two prior audits and current audit we have noted office managers that did not complete and return inventory listings. According to the Information Technology (I.T.) inventory procedure when an inventory is not returned, office managers will be notified and extensions given if necessary. This procedure was not followed. 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. 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. The office managers with the missing inventory returns need to be contacted to complete an inventory.

**I.T. Response:** I.T. staff will make every effort to contact Office Managers with missing inventory returns and escalate to Department Heads when necessary.

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

**Condition:** The inventories for 2010, 2011, 2012, 2013, 2014, 2015 & 2016 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. I.T. has a draft to revise the notice and change the inventory to an annual process.

**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.

**I.T. Response:** I.T. Management is currently working on Administrative Notice 2006-1 updates including, but not limited to, changing from semi-annual Inventory audits to an annual Inventory audit.

3. 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 or use the help desk form and get a ticket number. Computer equipment movement documentation is an essential requirement for proper safeguarding of county assets. I.T. has a draft to revise the notice which eliminates the use of the movement form and updates the process of equipment movements.

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

**I.T. Response:** I.T. Management is currently working on Administrative Notice 2006-1 updates including, but not limited to, changing Computer Equipment Movement policy.

4. 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. Update the Administrative Notice to reflect the change in policy.

**I.T. Response:** I.T. Management is currently working on Administrative Notice 2006.1 updates including, but not limited to, changing current Computer Equipment Movement policy to ensure stronger internal control over any changes in the location of computer equipment.