



COUNTY OF LEHIGH
OFFICE OF THE CONTROLLER

LEHIGH COUNTY GOVERNMENT CENTER
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GLENN ECKHART
COUNTY CONTROLLER

THOMAS GROGAN
DEPUTY CONTROLLER

TO: Final Distribution
FROM: Glenn Eckhart, County Controller **G.E.**
DATE: November 7, 2019
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 December 12, 2018. Our audit report number 19-25 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 DECEMBER 12, 2018

REPORT NO. 19-25

COUNTY OF LEHIGH, PENNSYLVANIA
COMPLIANCE TO ADMINISTRATIVE NOTICE 2006-1
COMPUTER EQUIPMENT INVENTORY DATED DECEMBER 12, 2018

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COUNTY OF LEHIGH, PENNSYLVANIA
COMPLIANCE TO ADMINISTRATIVE NOTICE 2006-1
COMPUTER EQUIPMENT INVENTORY DATED DECEMBER 12, 2018

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;
- 2001-4 Report Missing – Personal and County Property

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

THOMAS GROGAN
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 December 12, 2018. 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 December 12, 2018 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; Phillips Armstrong, County Executive; Edward Hozza, 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

Audited by: Daniel Aquilino

November 1, 2019
Allentown, Pennsylvania

xc: Phillips Armstrong, County Executive
Board of Commissioners
Susan Hermany, Purchasing Liaison
Edward Hozza, Director of Administration
Timothy Reeves, Fiscal Officer

COUNTY OF LEHIGH, PENNSYLVANIA
COMPLIANCE TO ADMINISTRATIVE NOTICE 2006-1
COMPUTER EQUIPMENT INVENTORY DATED DECEMBER 12, 2018

Schedule of Audit Findings and Recommendations

1. Items Noted As “Missing” in Current Inventory

Condition: Upon review of the items that were removed from the active inventory listings, there were 26 items that were noted as missing. Also, while performing a test of random equipment, the Controller’s Office noted a laptop that was marked as present but was actually missing. To date, 14 of these items have been located, or noted as recycled, moved to storage and sent to auction.

Recommendation: IT management should contact the respective departments, and have them submit a “Supervisor’s Report of Lost / Stolen Property” form to the Controller’s Office for follow-up, after they have confirmed that the item is missing.

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

Condition: The inventories for 2010, 2011, 2012, 2013, 2014, 2015, 2016, 2017 and 2018 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: Resolved. As of September 2019, Administrative Notice 2006-1 has been revised and replaced with Administrative Notice 2019-1. As such, the Information Technology office will conduct an annual audit of the computer equipment within all County offices. This will allow for enhanced control of these resources and improve the accuracy in tracking all County computer equipment.

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: Resolved. As of September 2019, Administrative Notice 2006-1 has been revised and replaced with Administrative Notice 2019-1. As such, if a computer item needs to be removed or relocated, the department will contact the Information Technology Help Desk by phone, email or by filling out the Help Desk Request form.

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: Resolved. As of September 2019, Administrative Notice 2006-1 has been revised and replaced with Administrative Notice 2019-1. As such, if a computer item needs to be removed or relocated, the department will contact the Information Technology Help Desk by phone, email or by filling out the Help Desk Request form. Additionally, Help Desk ticket requests are assigned sequential control numbers when they are received.

COUNTY OF LEHIGH, PENNSYLVANIA
COMPLIANCE TO ADMINISTRATIVE NOTICE 2006-1
COMPUTER EQUIPMENT INVENTORY DATED DECEMBER 12, 2018

Schedule of Prior Audit Findings and Recommendations

(The following issues were included in audit reports #13-47 issued August 13, 2013, #14-30 issued December 3, 2014, and #17-14 issued September 18, 2017):

1. Inventory Lists Not Completed and Returned

Condition: In our three prior audits, we have noted office managers that did not complete and return inventory listings. According to the I.T. (Information Technology) 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 and complete an inventory or if close to the next annual inventory extra consideration should be given to the missed inventories.

Current Status: Resolved. All of the inventory lists were returned to IT prior to the start of the audit.

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

Condition: The inventories for 2010, 2011, 2012, 2013, 2014, 2015, 2016, 2017 and 2018 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.

Current Status: Resolved. See *Schedule of Audit Findings and Recommendations – Finding #2*.

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.

Current Status: Resolved. See *Schedule of Audit Findings and Recommendations – Finding #3.*

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.

Current Status: Resolved. See *Schedule of Audit Findings and Recommendations – Finding #4.*



TO: Glenn Eckhart, County Controller

FROM: Robert F. Kennedy, Chief Information Officer 

DATE: November 1, 2019

RE: Compliance Audit - Administrative Notice 2006-1 Computer Equipment Inventory as of December 12, 2018

Regarding your letter dated 10/18/19, please find listed below the current status 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. Items Noted As "Missing" in Current Inventory

Condition: Upon review of the items that were removed from the active inventory listings, there were 26 items that were noted as missing. Also, while performing a test of random equipment, the Controller's Office noted a laptop that was marked as present but was actually missing. To date, 14 of these items have been located, or noted as recycled, moved to storage and sent to auction.

Recommendation: IT management should contact the respective departments, and have them submit a "Supervisor's Report of Lost / Stolen Property" form to the Controller's Office for follow-up, after they have confirmed that the item is missing.

IT Response: IT staff has notified respective departments and "Supervisor's Report of Lost / Stolen Property" forms were submitted to the Controller's office. Regarding the "Supervisor's Report of Lost / Stolen Property" form, IT is respectfully requesting a countywide email be sent by the Controller's office as a reminder that this form must be processed if any equipment is missing, lost, or stolen.

In addition, IT staff strives to improve internal processes to enhance control of tracking all Computer equipment.

Note: Administrative Notice 2006-1 has been replaced with Administrative Notice 2019-1.