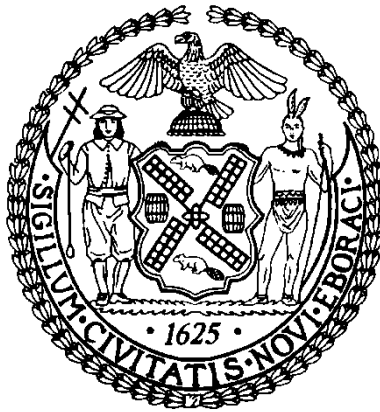


**CITY OF NEW YORK  
OFFICE OF THE COMPTROLLER**

**John C. Liu  
COMPTROLLER**

**MANAGEMENT AUDIT**

**Tina Kim  
Deputy Comptroller for Audit**



**Audit Report on the Controls of the  
Kings County District Attorney's Office  
Over Its Computer and  
Electronic Equipment**

*MJ11-122A*

**March 9, 2012**



THE CITY OF NEW YORK  
OFFICE OF THE COMPTROLLER  
1 CENTRE STREET  
NEW YORK, N.Y. 10007-2341

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John C. Liu  
COMPTROLLER

March 9, 2012

**Dear Residents of the City of New York:**

My office has audited the King's County District Attorney's Office (KCDA) controls over its computer and electronic equipment inventory. We audit City agencies' inventory practices as a means of ensuring that the agencies effectively track and safeguard valuable assets procured with City funds.

The audit concluded that KCDA needs to improve its controls over its computer and electronic equipment assets to ensure that they are adequately tracked and accounted for in its inventory records. In order to enhance controls, the audit made four recommendations, including that KCDA should continue with the development and implementation of its perpetual inventory database and ensure that property identification tags are affixed to all computer and computer-related equipment items.

The results of the audit have been discussed with KCDA officials, and their comments have been considered in preparing this report. Their complete written response is attached to this report.

If you have any questions concerning this report, please email my Audit Bureau at [audit@comptroller.nyc.gov](mailto:audit@comptroller.nyc.gov).

Sincerely,

A handwritten signature in black ink, appearing to read "JCL".

John C. Liu

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*The City of New York  
Office of the Comptroller  
Management Audit*

**Audit Report on the Controls of the  
Kings County District Attorney's Office  
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Electronic Equipment**

**MJ11-122A**

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**AUDIT REPORT IN BRIEF**

This audit determined whether the King's County District Attorney's Office (KCDA) maintains adequate controls over its computer and electronic equipment inventory.

KCDA is responsible for protecting the public by investigating and prosecuting criminal conduct in Kings County, enforcing the provisions of the penal law and all other statutes,<sup>1</sup> screening new cases, and preparing and presenting cases in court for hearing, trial, or appeal.

As of June 30, 2011, KCDA had 2,836 items in its computer and electronic equipment assets inventory (desktop computers, laptops, printers, copiers, smart phones, etc.) valued at approximately \$4.3 million (based on original purchase or replacement cost as provided by KCDA). An accurate and reliable inventory system for computer and electronic equipment assets is essential to track and safeguard the assets.

**Audit Findings and Conclusions**

The audit concluded that KCDA needs to improve its controls over its computer and electronic equipment assets to ensure that they are adequately tracked and accounted for in its inventory records. The audit showed that 30 (16 percent) of the 191 tested equipment items were either not found or properly accounted for or not at the locations indicated in KCDA's inventory records. The audit also disclosed that KCDA did not consistently use property identification tags to identify and track its equipment inventory. Equipment valued at \$3.3 million (77 percent) of the total value of \$4.3 million of KCDA's equipment inventory were not identified, tagged, or tracked with a property asset identification tagging system. Further, the audit disclosed that KCDA did not maintain a perpetual inventory system, did not update its inventory records as changes occurred, did not adequately segregate duties within its inventory processes, and did not

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<sup>1</sup> New York State County Law 24, §927

have formal policies and procedures governing inventory of its computer and electronic equipment assets.

### **Audit Recommendations**

To address the above weaknesses, the audit made four recommendations, including that KCDA should:

- Continue with the development and implementation of its perpetual inventory database. The database should provide for accurate, detailed accounting of its equipment inventory. These records should be updated as needed to reflect the acquisition, disposal, reassignment, or relocation of assets and should be reconciled periodically to ensure accuracy and completeness. Variances (i.e., missing equipment) should be investigated and reported to appropriate channels.
- Ensure that property identification tags are affixed to all computer and electronic equipment items and include a sequential internal control number.

### **KCDA Response**

We received a written response from KCDA officials on February 24, 2012. In their response, KCDA officials generally agreed with three of the audit's four recommendations and did not address one other associated with the lack of adequate segregation of duties among those who handle the inventory, conduct the inventory count, and record inventory transactions.

## INTRODUCTION

### **Background**

The City's five District Attorneys are each publicly elected to a term of four years<sup>2</sup> to protect the public by investigating and prosecuting criminal conduct in their respective counties and enforcing the provisions of the penal law and all other statutes.<sup>3</sup> Their principal activities include screening new cases, preparing information, gathering resources for hearings, and presenting cases in court for trial or appeal.

The KCDA Office's Information Technology (IT) Unit is responsible for providing information technology services to the agency's administrative sites. The IT Unit orders, receives, inventories, safeguards, installs, repairs, and disposes of computer equipment. As of June 30, 2011, KCDA had 2,836 items in its computer and electronic equipment assets inventory valued at approximately \$4.3 million (based on original purchase or replacement cost as provided by KCDA).<sup>4</sup> Specifically, KCDA had 2,719 items, including desktop and laptop computers, monitors, printers, scanners, etc., recorded in its inventory of computer and electronic equipment inventory records, valued at \$2.7 million. In addition, KCDA had 117 other electronic equipment assets, including copiers and smart phones, valued at \$1.6 million that the agency either owns or leases for use in carrying out agency operations. KCDA's Operations Unit is responsible for overseeing and tracking this equipment. We included these additional assets in our review as they represent expensive assets for which the agency is responsible.

Information assets, such as microcomputer equipment (e.g., laptops) and related peripheral devices, are relatively small, portable and, therefore, susceptible to theft. An accurate and reliable inventory system for computer and electronic assets is essential to track and safeguard the information assets from loss or theft. It also assists in tracking the age, location, and status of such equipment.

In accordance with the City Charter, Administrative Code, and Rules of the City of New York, the Mayor, the Comptroller, and various oversight agencies have established rules and regulations to standardize administrative, financial, and management procedures across all City agencies. The City's Procurement Policy Board (PPB) promulgates rules governing City procurement and contracts. The Comptroller's Internal Control and Accountability Directives (Comptroller's Directives) contain rules and regulations that cover a broad array of management issues, internal controls, and procedures important to the efficient and effective operation of City agencies. The Department of Investigation (DOI) has established standards governing the control and management of inventory (DOI Inventory Standards), and the Department of Information Technology and Telecommunications (DOITT) has established Information Security Directives for information systems operated by City agencies and entities that utilize the City's information infrastructure and are supported by DOITT. All City agencies, elected officials, and

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<sup>2</sup> New York State Constitution, Article 13, §13

<sup>3</sup> New York State County Law 24, §927

<sup>4</sup> As reported in KCDA records.

other governmental entities<sup>5</sup> are expected to comply with these rules and regulations unless otherwise provided by law.

### **Objective**

To determine whether the KCDA maintains adequate controls over its computer and electronic equipment inventory.

### **Scope and Methodology Statement**

We conducted this performance audit in accordance with generally accepted government auditing standards. 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 objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions, based on our audit objectives. This audit was conducted in accordance with the audit responsibilities of the City Comptroller as set forth in Chapter 5, §93, of the New York City Charter.

The scope of our audit was July 1, 2010, through September 30, 2011. Please refer to the “Detailed Scope and Methodology” section at the end of this report for the specific procedures and tests that were conducted.

### **Discussion of Audit Results**

The matters in this report were discussed with KCDA officials during and at the conclusion of this audit. A preliminary draft report was sent to KCDA officials and discussed at an exit conference held on January 25, 2012. On January 30, 2012, we submitted a draft report to KCDA officials with a request for comments. We received a written response from KCDA officials on February 24, 2012. In their response, KCDA officials generally agreed with three of the audit’s four recommendations and did not address one other associated with the lack of adequate segregation of duties among those who handle the inventory, conduct the inventory count, and record inventory transactions. The full text of the KCDA response is included as an addendum to this report.

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<sup>5</sup> As defined by Chapter 52, §1150 of the City Charter, an agency is any department, office, commission, board, etc. of the City whose operations are paid for out of the City treasury or out of monies assessed or collected by the City. This definition also includes entities in which the majority of the members are City officials or are appointed by City officials.

## **FINDINGS AND RECOMMENDATIONS**

KCDA needs to improve its controls over its computer and electronic equipment assets to ensure that they are adequately tracked and accounted for in its inventory records. The audit results showed that 30 (16 percent) of the 191 tested equipment items were either not found or properly accounted for or not at the locations indicated in KCDA's inventory records. These 30 items were valued at \$14,101 (10 percent) of the \$141,391 total value of the sampled equipment. In addition, we found that KCDA did not consistently use property identification tags to identify and track its equipment inventory. Specifically, we determined that equipment valued at \$3.3 million (77 percent) of the total value of \$4.3 million of KCDA's equipment inventory were not identified, tagged, or tracked with a property asset identification tagging system.

During the audit, we observed that KCDA generally maintained adequate physical security in its offices to deter the theft of equipment. However, in addition to the above weaknesses, we found that KCDA:

- did not maintain a perpetual inventory system,
- did not update its inventory records as changes occurred,
- lacked adequate segregation of duties within its inventory processes, and
- did not have formal policies and procedures governing inventory of its computer and electronic equipment assets.

These matters are discussed in greater detail below.

### **Equipment Not Adequately Controlled and Tracked**

We found that 30 (16 percent) of the 191 tested computer and electronic equipment items were either not found or properly accounted for or not at the locations indicated in KCDA's inventory records. These 30 items accounted for \$14,101 (10 percent) of the \$141,391 tested. Specifically, we noted the following discrepancies:

- Three (3 percent) of the 91 items randomly selected from the KCDA inventory records could not be located. These items included one desktop CPU and two monitors (with an original cost of \$1,181). KCDA officials acknowledged that these items could not be found. However, they had no explanation for why the equipment could not be located.

***KCDA Response:*** “We take serious issue with the statement in the report that one of our desktop computers and two of our monitors were missing. We disagree. The desktop computer reported as missing was in place. Although it was clear that there was a typographical error on our inventory sheet with respect to the serial number (an 8 was substituted for a 9), your team chose instead to declare the asset missing. Moreover, the two missing monitors were located by an I.T. staffer and disclosed to your team prior to the issuance of your report. None of these items should have been listed as missing, and we feel that this should be made clear in your report, as to leave it otherwise would be misleading.”



**Auditor Comment:** During our inventory observations, we were accompanied by a KCDA IT staff member, who observed and verified all of our observations. With regard to the desktop CPU, at the time, the IT staff person suggested the possibility that KCDA staff made an error in recording the equipment's serial number when the inventory was counted. However, she was not certain. Further, KCDA provided no evidence to support this assertion, such as the original documentation used to record the Fiscal Year 2011 ending inventory count. Regarding the two missing monitors, the IT staffer signed off and agreed that the two monitors were not located. We performed follow-up and provided KCDA more than sufficient time to locate the equipment in question. However, we received no further information or communication from KCDA on this matter until we received the above response. Accordingly, in the absence of sufficient evidence to the contrary, we stand by our finding.

- Eight (9 percent) of the 91 items selected from KCDA's inventory records were found in KCDA's offices, but at locations other than the locations listed in the inventory record. These items included one desktop CPU, five monitors, and two printers (with an original cost of 4,835).
- Nineteen (19 percent) of the 100 equipment items that we sampled within KCDA offices were not recorded in KCDA's inventory record. These items included seven desktop CPUs and 12 monitors (with an original purchase cost of \$8,085).

In addition, we noted that 1,566 equipment items (55 percent of all equipment items recorded in KCDA's inventory record) with an original or replacement value of \$3.3 million were not identified or tracked with a property asset identification tagging system.

**KCDA Response:** "It is unclear whether you valued our equipment using original purchase price or replacement cost. . . . An itemization and valuation for each group of items you audited would have been helpful in determining how you reached your conclusion that all of the equipment was valued at \$4.3 million."

**Auditor Comment:** The valuation of KCDA's inventory of computer and electronic equipment was based primarily on original purchase cost and, in some instances, replacement cost. However, KCDA provided the actual valuation amounts of its equipment. Accordingly, our analysis of inventory pricing was based on information provided to us by the agency.

**KCDA Response:** "Since nearly all the desktop computer systems you audited were in excess of six years old, we think that *cost of replacement* should be the valuation method used for at least these items."

**Auditor Comment:** Our audit addressed KCDA's controls over its inventory, not the valuation of its inventory. As noted above, more than half of the items recorded in KCDA's inventory record were not identified or tracked with a property asset tagging system. Additionally, KCDA's inventory records did not contain information about the

configuration of each equipment item (e.g., memory, storage, chipsets, software, etc.), which can vary widely and affect the value of equipment.

Comptroller's Directive #1 states that all inventory items (supplies, non-capital assets, and capital assets) require strong controls to ensure accurate recordkeeping and good security. Failure to adequately control and manage agency assets increases the risk that such assets could go missing without being detected.

### **Perpetual Inventory Not Maintained**

KCDA did not maintain perpetual inventory records for its equipment inventory. Also, modifications to inventory (i.e., additions, deletions, changes in equipment location, etc.) are not promptly updated in the agency's inventory records as they occur.

Directive 18 states, "Agencies must maintain detailed inventory and accountability reports for all physical assets in the information processing environment. . . . Maintaining an accurate inventory requires that agencies insure that inventory data is kept updated on an ongoing basis by carefully controlling additions, deletions and changes to installed equipment, particularly PCs. Additions, deletions and changes must be promptly posted to the inventory records. The disposition of all equipment removed from service must be recorded. Physical inventories should, at a minimum, be conducted annually to insure that actual equipment matches the inventory records. All discrepancies must be resolved."

At the start of the audit in May 2011, KCDA provided us with copies of various electronic spreadsheet files that comprised its computer and electronic equipment inventory record. We reviewed these files to assess the type and quality of information contained therein. However, KCDA officials stated that the records did not reflect an up-to-date picture of the agency's inventory. Consequently, KCDA initiated its Fiscal 2011 year-end physical inventory count.

Later in June 2011, KCDA officials provided us with new files representing the computer and electronic equipment inventory record that was compiled from its Fiscal 2011 year-end physical count. We were also provided with a file listing changes that occurred from the time of the physical count to the beginning of our testing on August 31, 2011. Our tests involving sampled equipment selected from the Fiscal 2011 year-end inventory record disclosed discrepancies as previously reported.

Given the volume of equipment maintained by the agency, the lack of a perpetual inventory system increases the difficulty and creates inefficiencies in accounting for and tracking its equipment assets. It also makes it difficult to ensure that all modifications are promptly updated. Further, it precludes the reconciliation of the physical count to the inventory records as well as the identification and investigation of inventory discrepancies.

During the audit, KCDA officials stated, and provided evidence to show, that they were in the process of re-developing an inventory management database. However, since the work was ongoing and the database not yet in use by the end of our fieldwork, we were precluded from evaluating its functionality.

## **Pre-Numbered Agency Property Tags Not Assigned to All Equipment**

KCDA does not identify all of its computer and electronic equipment with agency property identification tags.

Comptroller's Directives #1 and #18, establish that expensive noncapital assets should be "marked with, or identified by the Agency Asset Identification number." In addition, DOI Inventory Standards state: "Readable, sturdy property identification tags with a sequential internal control number are assigned and affixed to valuable items."

KCDA's practice is to affix property identification tags bearing unique, agency control numbers to desktop CPUs and laptop computers only. All other equipment in the KCDA's offices and data center were not identified, tagged, or tracked with agency, property asset identification tags, or labels. We confirmed this condition during our observations of tested equipment items. Specifically, we found that 96 items (valued at \$38,219) or 50 percent of the 191 sampled equipment items in KCDA's offices did not have pre-numbered, property identification tags affixed to them. Of the sampled equipment, we observed that two desktop CPUs assigned to different locations were assigned the same asset number.

Upon reviewing KCDA's inventory records, we determined that 1,566 (55 percent) of 2,769 equipment items (exclusive of smart phones) reflected therein were not assigned or identified with property identification tag numbers.<sup>6</sup> The equipment not identified with property identification tags represented \$3.3 million (or 77 percent of the value) of all listed equipment in KCDA's Fiscal 2011 year-end equipment inventory.

KCDA officials stated that equipment in their data center were highly secured and therefore not required to be identified with property identification tags. Instead, the KCDA uses the equipment manufacturer's serial numbers to identify and track this and other equipment (i.e., monitors, printers, etc.) situated throughout its offices. The standardized use of a sequential-numbered agency tagging system would provide KCDA greater consistency and control in identifying and tracking equipment.

### **Recommendations**

KCDA should:

1. Continue with the development and implementation of its perpetual inventory database. The database should provide for accurate, detailed accounting of its equipment inventory. These records should be updated as needed to reflect the acquisition, disposal, reassignment, or relocation of assets, and should be reconciled periodically to ensure accuracy and completeness. Variances (i.e., missing equipment) should be investigated and reported to appropriate channels.

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<sup>6</sup> Sixty-seven smart phones valued at \$27,273 were excluded from this analysis because they are directly assigned to KCDA personnel who are responsible for safeguarding them.

**KCDA Response:** KCDA tacitly agreed, stating: “[W]e accept your findings concerning the maintenance of a perpetual inventory and are taking all needed steps to remediate this condition.”

2. Ensure that property identification tags are affixed to all computer and electronic equipment items and include a sequential internal control number.

**KCDA Response:** KCDA agreed, stating: “[W]e have undertaken asset tagging the new monitors. They will all have serialized aluminum sticker asset tags when the task is completed in the coming days. Nearly every other computer, server, printer or network components has [sic] recently been tagged with the same such serialized stickers.”

### **Lack of Segregation of Duties**

KCDA did not ensure that the conflicting functions of performing the physical equipment inventory and maintaining the inventory records were adequately segregated.

Comptroller’s Directive #1 establishes that physical inventories should be “conducted and supervised by individuals independent of the department that maintain the assets.” Further, it states that the responsibility for supervising the use of physical inventories should be segregated from that for the maintenance of detailed records. DOI Inventory Standards state: “where possible, there is a separation of duties between those who handle the inventory and those who record inventory transactions.”

During the audit, we learned that the person in the IT Unit person responsible for updating and maintaining the inventory records for KCDA’s computer equipment was also assigned to participate in the Fiscal 2011 year-end physical inventory count.

Proper segregation of functions helps to mitigate the risk of personnel conducting a fraudulent count to conceal evidence of missing or stolen items.

### **Recommendation**

3. KCDA should ensure that there is adequate segregation of duties among those who handle the inventory, conduct the inventory count, and record inventory transactions. If staffing limitations prevent adequate separation, to mitigate the risk, KCDA should assign an unrelated staff member to observe the physical inventory of equipment and require that changes (i.e., additions, deletions, changes in location, and dispositions of equipment) to the inventory record and the reconciliation and valuation of its ending inventory be reviewed by a second, independent staff member.

**KCDA Response:** KCDA did not address this recommendation in its response.

## **No Written Policies and Procedures for Inventory Control**

KCDA did not maintain written policies and procedures for the control and management of its equipment inventory.

Comptroller's Directive 18 states that management should establish agency-wide policies, procedures, and standards for computer equipment. These policies, procedures, and standards should address and provide appropriate controls over inventory of all computer hardware, software, and related functions.

KCDA's Network Manager stated that she periodically sends e-mails to instruct the IT hardware team. In addition, KCDA has a comprehensive computer network user policy that communicates to authorized users the permitted uses of the agency's information technology resources. However, neither the e-mails nor the network user policy take the place of formal policies and procedures for the inventory and control of the agency's computer and electronic assets.

Although KCDA's network user policy expressly prohibits the movement of equipment by agency personnel other than members of the IT Unit, during our observations of equipment, one KCDA staff member (unaffiliated with the IT Unit) told us about an instance where she personally swapped a monitor with one in an unused office because her monitor was not working. This movement of equipment was made without the knowledge of the IT Unit and went unrecorded in the inventory record.

By not maintaining clearly written operating procedures that define limits of authority and management policies, KCDA management has no assurance that each and every person involved in the management and control of agency assets understands the control mechanisms and related tasks established to safeguard those assets.

### **Recommendation**

4. KCDA should establish and communicate to its staff written policies and procedures for the control and management of its equipment assets. Additionally, on a periodic basis (e.g., annually), it should re-communicate the Office's network user policies.

***KCDA Response:*** KCDA tacitly agreed, stating: “[W]e appreciate that we must develop an inventory specific written directive concerning the full parameters of how the Agency manages its computer equipment inventory. This document will include all the protocols from receipt of the goods, to assignment, installation, and periodic audit.”

## DETAILED SCOPE AND METHODOLOGY

We conducted this performance audit in accordance with generally accepted government auditing standards. 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 objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions, based on our audit objectives. This audit was conducted in accordance with the audit responsibilities of the City Comptroller as set forth in Chapter 5, §93, of the New York City Charter.

The scope of our audit was July 1, 2010, through September 30, 2011. To accomplish our objective, we performed the audit procedures detailed below.

We reviewed various reports, publications, and other relevant materials obtained from the KCDA website and other sources to familiarize ourselves with KCDA's operation, structure, and its available resources.

To assess KCDA's internal controls over computer and electronic equipment inventory, we interviewed key agency officials and staff and conducted walk-throughs of equipment procurement and inventory processes, along with equipment recordkeeping and related functions. In the absence of formal policies and procedures, we reviewed KCDA's operating practices over its equipment inventory. We documented our assessment of these practices and processes in narratives and flow diagrams for which we obtained verification from KCDA officials. We ascertained whether there was sufficient segregation of duties over related functions. Further, we reviewed a previous audit of KCDA conducted by the Comptroller's Office and noted findings and conditions in that audit that addressed matters relevant to this audit.<sup>7</sup>

To assess the adequacy of KCDA's control and management over its computer and computer-related equipment inventory, we reviewed key provisions of applicable criteria, including: Comptroller's Directive #1, "Principals of Internal Control" and "Agency Self-Assessment Checklist," Directive #18, "*Guidelines for the Management, Protection, and Control of Agency Information and Information Processing System*," and Department of Investigation's "*Standards for Inventory Control and Management*." We assessed KCDA's compliance with cited criteria.

To test the accuracy and completeness of the KCDA computer and electronic equipment inventory records, we obtained electronic spreadsheet files detailing KCDA's June 30, 2011, computer and electronic equipment inventory. We ascertained the quantity and types of equipment and the information (i.e., equipment models, serial numbers, physical location, and asset tag numbers) used to identify the assets contained therein. We evaluated the inventory record for duplicate entries and missing information.

From a population of 2,836 equipment items consisting of 2,719 computer items and 117 expensive other electronic items (i.e., copiers and smart phones) with a value (original cost or

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<sup>7</sup> Office of the New York City Comptroller, *Audit Report On The Financial And Operating Practices Of The Kings County District Attorney's Office* (#MH05-054A, issued December 22, 2005).

replacement value as provided by KCDA) of \$4.3 million, we randomly selected a total of 191 equipment items to test. The sampled equipment items were valued at \$141,391 or 3 percent of the total value of KCDA's Fiscal 2011 year-end equipment inventory. Specifically, we selected two samples: (1) 91 items were randomly selected from the 2,836 items recorded in the inventory record to trace to the physical assets and (2) 100 equipment items were randomly selected from within KCDA offices to trace back to the inventory records. To alleviate redundancies in our selection for the second sample, we excluded items from the first sample. We conducted a walk-through of the KCDA offices to identify where equipment was located and the physical controls over those assets. We conducted our physical verification of equipment from August 31 through September 22, 2011.

The results of the above tests, while not projected to their respective populations, provided a reasonable basis for assessing and supporting our conclusions regarding the adequacy of KCDA's controls over its computers and electronic equipment inventory.

## OFFICE OF THE DISTRICT ATTORNEY, KINGS COUNTY

RENAISSANCE PLAZA at 350 JAY STREET  
BROOKLYN, N.Y. 11201-2908  
(718) 250-2000



**CHARLES J. HYNES**

*District Attorney*

February 23, 2012

Ms. Tina Kim  
Deputy Comptroller for Audit  
Office of the Comptroller  
Municipal Building  
One Centre Street  
New York, N.Y. 10007

Ms. Kim,

In reply to the Comptroller's Audit Report on the Controls of the Kings County District Attorney's Office Over its Computer and Electronic Equipment (Report # MJ11-122A), we have a few comments.

It is unclear whether you valued our equipment using original purchase price or replacement cost. Since nearly all the desktop computer systems you audited were in excess of six years old, we think that *cost of replacement* should be the valuation method used for at least these items. Accordingly, having just replaced them, the cost of the new desktop computers was \$1.1 Million, inclusive of imaging, delivery and installation. An itemization and valuation for each group of items you audited would have been helpful in determining how you reached your conclusion that all of the equipment was valued at \$4.3 Million.

Your audit report emphasized the need to asset tag our equipment. Please note that the option of asset tagging was not offered when we purchased the monitors that are part of the equipment that was the subject of your recent audit. Nevertheless, we have undertaken asset tagging the new monitors. They will all have serialized aluminum sticker asset tags when the task is completed in the coming days. Nearly every other computer, server, printer or network component has recently been tagged with the same such serialized stickers.

To the extent that your Audit details that certain items were moved, or were not found where the inventory sheet indicated, please appreciate the fact that these computers were installed approximately 6 years before your team made inspection. In an office packed with attorneys and other busy staffers, it is only natural that the movement of monitors and attendant reporting delinquencies exist and that this would be exacerbated by the fact that the equipment was old and in



disrepair. Notwithstanding this internal condition, we accept your findings concerning the maintenance of a perpetual inventory and are taking all needed steps to remediate this problem.

With respect to the Agency written directive, we appreciate that we must develop an inventory specific written directive concerning the full parameters of how the Agency manages its computer equipment inventory. This document will include all the protocols from receipt of the goods, to assignment, installation and periodic audit. We do, however, disagree with your assessment of our current written policies contained in our User License. We contend that this License contains all of the necessary prohibitions. To illustrate, your report states that one staffer *admitted* to the unauthorized movement of a computer monitor. This admission proves the point that the staff member knew the rules and chose to ignore them. We do not see how an express prohibition ignored in one document will become adhered to in a second. In any event we will create a second document and distribute it.

Finally, we take serious issue with the statement in the report that one of our desktop computers and two of our monitors were missing. We disagree. The desktop computer reported as missing was in place. Although it was clear that there was a typographical error on our inventory sheet with respect to the serial number (an 8 was substituted for a 9), your team chose instead to declare the asset missing. Moreover, the two missing monitors were located by an I.T. staffer and disclosed to your team prior to the issuance of your report. None of these items should have been listed as missing, and we feel that this should be made clear in your report, as to leave it otherwise would be misleading.

Thank you for your consideration of this matter.

Respectfully,



Adam Zion  
Director, Information Technology  
Office of the Kings County District Attorney  
(718) 250-4704