Office of the Chief Internal Auditor

Audit Report

South Carolina Department of Transportation
Audit of Laptop Computers Findings and Recommendations

March 21, 2013

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Audit of SCDOT's Laptop Computers

March 21, 2013

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SCDOT
Commission

Office of the Chief Internal Auditor

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Commission of the South Carolina Department of Transportation

The Honorable Lawrence K. Grooms, Chairman
South Carolina Senate Transportation Committee

The Honorable Hugh K. Leatherman, Sr., Chairman
South Carolina Senate Finance Committee

The Honorable Phillip D. Owens, Chairman
South Carolina House Education and Public Works Committee

The Honorable W. Brian White, Chairman
South Carolina House Ways and Means Committee

Dear Gentlemen:

RE: SCDOT Audit of Laptop Computers

The office of the Chief Internal Auditor has completed an audit of the SCDOT Laptop Computer in accordance with Section 57-1-360. On August 29, 2012, we communicated our preliminary review results with the Division of Support Services. Based on our draft report dated December 19, 2012, the Division submitted its response to our office regarding the audit findings. The response is accompanied to the attached draft report.

We conducted this audit in accordance with Generally Accepted Governmental 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 responsible basis for these findings and conclusions.

We appreciate your support to our office. If you have any questions or comments regarding this report or this review process, please don't hesitate to contact me at (803)737-1151 or via email: townespb@scdot.org.

Respectfully submitted,

Paul B. Townes, CPA
Chief Internal Auditor
Office of the Chief Internal Auditor

Executive Summary

EXECUTIVE SUMMARY

The Audit of Laptop Computers was approved as part of The Office of the Chief Internal Auditor (OCIA)'s FY2011-2012 internal audit plan.

According to the information supplied by the Headquarters Custodian and District Office Information Resource Consultant (IRC) as of August 31, 2011, the Agency had 939 laptop computers (decentralized).   However, information supplied by Information Technology Services (IT Services) from the Agency's Equipment Management System (centralized) as of October 21, 2011, the Agency had 1,177 laptops.

Laptop computers are purchased centrally by Information Technology Services (IT Services). The use, day-to-day maintenance, and management of the laptops are the responsibility of the Headquarters Custodian, Accounting Office, and each individual District Office. Laptops are commonly used by employees who conduct business activities in the field.

The Office of the Chief Internal Auditor (OCIA) reviewed the security of laptop computers to determine whether practices are in compliance with applicable laws and regulations. We conducted this 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. We evaluated the policy and guidance, business need and procurement, inventory, loan, disposal, and lost/theft of laptops.   Our objectives were as follow:
- Ensure adequate controls to manage SCDOT's laptop computers are in place and operating effectively.
- Ensure that laptops are properly secured and managed in an efficient and effective manner.

We interviewed employees and performed tests of controls. Our audit was conducted prior to the implementation of the South Carolina Enterprise Information System (SCEIS). Certain procedures and internal controls may and have probably been changed. Additionally, certain procedures may have been delayed during the implementation process. The information in this audit report represents the prior system, and management should address the changes and possible improvements made upon implementation of SCEIS. We have developed twelve recommendations.

Audit Conclusion

Although certain policies are in place, the lack of enforcement has caused key controls to not be effective in the management of laptop computers such as the accountability of laptops under $1,000. Key controls were not in place for the initial recording in the agency inventory of the acquisition of laptops under $1,000 and the periodic physical verification of laptop inventory. These fixed assets were not administered in an effective and efficient manner due to the lack of enforcement of *Departmental Directive 8, Property Control* (as well as *Fiscal Procedure Memorandum 69/70*), absence of pertinent Agency IT Policy and Procedures, and the lack of a uniform laptop inventory.

Audit Findings and Recommendations

AUDIT FINDINGS AND RECOMMENDATIONS

Background

Laptop computers are used by Agency personnel primarily to perform business activities in the field and while on travel status. Also, they are used to make presentations and for mobile computing of SCDOT applications.

The Headquarters/District Office Custodian and the Agency use separate systems for the inventory of laptop computers. According to the information supplied by the Headquarters Custodian and District Office Information Resource Consultant (IRC) as of August 31, 2011, the Agency had 939 laptop computers (decentralized) distributed by organizational unit. However, information from the Agency's Equipment Management System (centralized) as of October 21, 2011, documented that the Agency had 1,177 laptops.

As noted in this audit report, the accuracy of these listings or inventories could not be accepted as accurate without substantial reconciliations.

Laptop computers are purchased exclusively by Information Technology Services (IT Services) using the *Procurement Policies and Procedures*, and the related costs are paid out of IT Services Electronic Equipment Allotment. The laptops owned by headquarters and by the organizational units are assigned, either short-term or long-term, to employees for business purposes.

When the laptop becomes obsolete, paperwork is submitted to the Supply and Equipment Office for disposal to the Computers for Schools Program or the SC Surplus Property Office.

Audit Objective, Scope, and Approach

Audit Objective

The objective of this audit is to provide assurance that adequate control to manage SCDOT's laptop computers are in place and operating effectively, and that these assets are properly secured and managed in an efficient and effective manner.

Audit Scope

The audit covers the overall management of laptop computers at both SCDOT headquarters and District Office locations. The audit examined inventories existing at August 31, 2011 and October 21, 2011, considering the decentralization and centralization of inventories respectively.

Audit Approach

The audit included interviews with personnel involved in the purchase of laptops (IT Services), personnel involved in the disposal of laptops (Supply and Equipment Office), and those involved in the management of laptops in headquarters (Information Resource Consultants) and in the

organizational units (Information Resource Consultants). Also, the audit examined documentation on the purchase of a selection of laptops, inventory records, and physical existence of the laptops. A sample of 259 laptops was randomly selected for detailed testing, and all organizational units were selected for examination of related procedures.

Audit Criteria

The audit criteria (Appendix 1) are based on the expected key controls as the result of the risk and control assessment. The audit criteria were discussed with the Chief Information Officer.

MAIN AUDIT FINDINGS AND RECOMMENDATIONS

The Audit of Laptop Computers was subdivided in the following areas to determine effectiveness and efficiency: policy and guidance, business need and procurement, inventory, loans, disposal, and lost/theft of laptops. The findings and recommendations for each area are referenced in detail below.

Policy and Guidance

The Agency has a policy for Information Technology procurement as documented in the *SCDOT Procurement Policies and Procedures* and *SCDOT Information Technology End User Policies and Standards*, dated January 2006. All acquisitions are centralized and funneled through the Systems Manager and approved by the Data Processing Manager. All laptop computers are ordered by the Headquarter End User Services Manager. The District Offices establish their own inventory and loan control systems, and ensure that the laptops continue to function.

The Accounting Office is responsible for year-end accountability procedures on fixed assets, including laptop computers. The Accounting staff distributed to the custodian the instructions on how to prepare a list of electronic equipment for inventory verification purposes. Upon receipt of the signed electronic equipment inventory list from the custodian, the Accounting Office makes any corrections to the equipment inventory system.

While there is a *SCDOT Information Technology End User Policies and Standards* document, it lacks guidance on the use of laptops. This document does not include use of IT resources, acceptable use for portable computers and mobile devices, and implementation guidelines.

Disposals for the Agency are processed based on the Supply and Equipment Procedure F-3 and in accordance with the Budget and Control Board, SC Surplus Property Agency Users Guide. The custodian completes an *SCDOT Form 3024, Request for Authority to Dispose of Accountable Property* with signatures from approving authority. The hard drives are sanitized to ensure the removal of sensitive information. The certification form is sent to the Supply and Equipment Office accompanying the Form 3024. This is in compliance with Section 2.7 in the South Carolina Hardware Sanitization Policy.

Recommendation 1:

The Chief Information Officer should update *Information Technology Policies and Standards* or develop IT Policies and Procedures that pertain to information technology (IT), to include information technology (IT) authority, use of IT resources, acceptable use for portable computers and mobile devices, and ensure timely and adequate implementation of laptops.

Business Need and Procurement

The standard process for the procurement of laptops begins with the Data Processing Office developing a three-year IT plan. Data Processing Manager sends planning documents to departments and districts prior to the annual budget planning process. Department heads and District Engineering Administrators (DEA) disburse planning documents to individuals for forecasting IT needs. Documents (requests) are returned to the Data Processing Manager for compilation and review. The Data Processing Manager reviews requests and makes recommendations to Deputy Secretaries for Engineering, Intermodal and Freight Programs, and Finance and Administration. The IT plan is sent to the Budget Office for review. The Budget Office forwards the approved IT Plan to the Secretary of Transportation and Deputy Secretary for Finance and Administration. A copy is distributed to the Procurement Officer.

IT requisitions must have specific supervisory approval and are then sent to the Data Processing Department for review and approval.

Purchase procedure for headquarters
- Business need identified in request – none identified
- Systems Manager uses Microsoft Configurations Manager (model #, warranty status, CPU, memory, age) to provide an inventory of all laptops statewide (laptops/PCs connected to the network within 90 days of request)
- Request discussed with Data Processing Manager
- Systems Manager forwards approved request to End User Services Manager to order
- Order shipped directly to Headquarter (HQ)

Purchase procedure for District Offices
- Business need identified in request - Not mandatory but included on some
- Systems Manager uses Microsoft Configurations Manager (model #, warranty status, CPU, memory, age) to provide an inventory of all laptops statewide (laptops/PCs connected to the network within 90 days of request)
- Requests are submitted into the IT Equipment Budget System (ITEBS). These inputs are then approved or modified through the application by the DEA, then by IT Services, and then by the DOT Budget Committee
- Request discussed with Data Processing Manager
- Systems Manager forwards approved request to End User Services Manager to order
- HQ End User Services Manager will order for all districts before the end of the fiscal year
- Order shipped directly to the District Offices

There is evidence of electronic discussion between the End User Services Manager and the IRC. There was electronic evidence of the Systems Manager forwarding the approved request to End User Services Manager to create the purchase order. Also, there was written documentation ('blue' slip) that the Systems Manager, End User Services Manager, and IT Services Manager approved the equipment before the purchase order was sent to Procurement. Personnel functions are adequately segregated throughout the acquisition process.

The Systems Manager's report uses Microsoft Configurations Manager to determine which laptops need to be replaced based on age, warranty status, CPU, and memory. The report appears to be an adequate tool to benchmark laptop purchases.

The District Office requests had DEA, IT Services, and the SCDOT Budget Committees approvals. The DEA approval is noted in the "approving authority" section of ITEBS. IT Services approval is indicated by understanding the process and the System Manager involvement. The Budget Committee's written approval is received within the first month of the fiscal year.

In reviewing laptops purchasing records for the last five fiscal years (FY July 2006 – June 2011), the records indicated that approximately 511 laptops were purchased. Of the 511, 128 were not found on Headquarters Custodian or District Office laptop inventory. Of the 128 not found, 60 were located on the Agency's Equipment Management System. The remaining 68 noted as laptops were actually desktops.

The purchase documentation examined for the laptops selected for testing was found to be in order.

Recommendation 2:

We recommend that equipment descriptions entered into the inventory systems are verified. We recommend that the End User Services Manager verify that each laptop ordered is entered into the Agency's Equipment Management System to ensure an inventory of all laptops purchased.

Inventory

The Agency does not have a complete and accurate inventory of laptop computers at the Headquarters or District Office levels.

Section 11-35-1580 of the *South Carolina Consolidated Procurement Code* requires that the Agency have a comprehensive inventory and accounting reporting system for information technology. This will enable the collection and generation of complete and accurate data on assets. In the case of laptops, it was expected that the Agency would have a complete and accurate inventory of its laptop computers at the Agency and District Office levels.

We interviewed personnel and found that centralized and decentralized inventories of laptops exist for headquarters and District Offices respectively.

For centralized inventory of laptops, headquarters utilizes the SCDOT Accounting and Reporting System as the agency's official inventory records. Upon completion of the procurement process, the receiver of the equipment submits property receipts (for each item), *Acknowledgement of Delivery*, and invoice to the Asset Accountant for payment. The property receipt and/or fixed asset receipt displays the fixed asset (FA) number (CA # issued for IT equip under $1,000, D08 record), description, model, serial number, manufacturer, P. O. number, P. O. date, vendor information, and account distribution for the laptop purchased. The Asset Accountant is responsible for establishing the D04 record. Field personnel are not responsible for establishing the D04 record, as indicated in *Fiscal Procedure Memorandum 69, Purchase of Equipment and Fixed Assets exceeding $1,000.00*. IT SERVICES is responsible for establishing the D08 record for Headquarters, as indicated in *Fiscal Procedure Memorandum 70, Electronic Equipment*. Per headquarters, field personnel are responsible for establishing their respective D08 record. Also, each year the Accounting Office is responsible for preparing and distributing a list of computer/electronic equipment from the D04 and D08 tables to the custodian for inventory verification purposes (Year End Accountability Procedure). The Accounting Office only performed Year End Accountability Procedures on computer/electronic equipment from the D04 table and not the D08 table (See Appendix 2). Accountability concerns were only given to those laptops that were greater than a $1,000.

For decentralized inventory of laptops, IT Services utilizes WASP MobileAsset Enterprise – Asset Tracking Software to track and control the laptop inventory. The WASP is password protected and idle users are automatically logged out. WASP allows IT Services to capture important information about each asset, including location, check-in and check-out, maintenance schedules and cost, warranty contracts, and depreciation. Also, WASP gives IT Services the ability to save time and money, end asset loss, and improve equipment maintenance. The District Office utilizes Microsoft Excel spreadsheets or Microsoft Access database to manage the laptop inventory.

Headquarters Custodian and District Office Information Resource Consultant (IRC) reported 939 laptops on August 31, 2011 and IT Services reported 1,177 laptops on October 21, 2011. Although the accuracy of these numbers could not be confirmed, all laptops during the physical check (a sample of the inventory) were located. An examination of the supporting information indicated that Headquarters and some District Offices are not maintaining inventories in a consistent manner.

A sample of 259 laptops was randomly selected. We conducted a physical check of laptops (See Figure 1) in headquarters and in the District Offices. Only one location did not have the laptops securely stored behind a locked door. We discovered one location had a theft (38 laptops ultimately identified as stolen) nearly three weeks prior to the site visit and did not follow Supply and Equipment Management Procedure, *F-4 Salvaged, Lost, Stolen, or Destroyed Property*. Of the stolen 38 laptops, 31 (82%) were new stock with an acquisition date of April 30, 2009, January 31, 2010, and May 17, 2011. The Headquarters Supply and Equipment Office and Headquarters Chief Information Officer were not notified prior to the discovery during the audit.

	Sample Size	Inventory Total	Percentage	Mainframe Not on inventory	Mainframe Not on inventory - Located	Mainframe Not on inventory - Explanation	Total Physical Check	Results	Laptop Storage Location Secured
HQ	56	**344**	16%	7	4	2-in radio shop; 2-surplus; 3-disposed	63	9 - location was incorrect; all others verified	One IRC Not locked; HQ generally not secured
MRE	35	**74**	47%	0			35	23 verified; 10 disposed; 2 identified as desktops	Secured
CADD	25	**48**	52%	0			25	located 23 on HQ inventory; 2 lost;	Secured
District 1	14	**69**	20%	3	3	In locked room; 2-for training; 1-new loaner	17	All verified	Secured
District 2	26	**44**	59%	0			26	All verified	Secured
District 3	12	**54**	22%	14	14	13-disposed; 1-stolen (police report given)	26	All verified	Secured
District 4	35	**83**	42%	0			35	All verified	Secured
District 5	35	**95**	37%	7	7	3-desktops; 1-pending disposal; 3-(Verified by e-mail)	42	17 of 35 sampled stolen (49%) - no police report available; all others verified; 3 of 35 sampled weren't where initially stated (9%)	Secured
District 6	11	**109**	10%	0			11	All verified	Secured
District 7	10	**19**	53%	3		All desktops	13	All verified	Secured

Figure 1: Laptop Physical Check Results

Recommendation 3:

We recommend the installation of a Secure Card Reader be installed on the office door to limit access for the unsecured location in Headquarters. This will ensure that laptops are secured during the repair and the deployment preparations.

Recommendation 4:

We recommend that the Accounting Office perform year–end accountability procedures for all laptops. Costs of laptop should not be a deciding factor of enforcing accountability.

Recommendation 5:

We recommend that each laptop be assigned to the user or at a minimum the user's respective unit instead of assigning laptops to IT Services. This would provide an accurate record of the custodian for each laptop.

Recommendation 6:

We recommend that the Headquarters Custodian and the District Offices use the agency's Equipment Management System as their official inventory. Having one inventory source would eliminate discrepancies of maintaining centralized and decentralized inventories.

Recommendation 7:

We recommend that custodians deploy the new stock (inventory) within a reasonable time. Also, we recommend that headquarters and District Office Custodians perform physical checks of a sample of laptops on a regular basis.

Recommendation 8:

We recommend that all custodians follow Supply and Equipment Management Procedure, *F-4 Salvaged, Lost, Stolen, or Destroyed Property* when any laptop is salvaged, lost, stolen, or destroyed. We recommend that the Supply and Equipment Office ensure laptops reported lost or stolen have a Form 3024 and if stolen, a police report.

Loans

Short-term loans of laptop computers were generally well controlled, but systems used to control the loans lacked the needed consistency.

In order to ensure that the inventory of laptops is adequately controlled, Headquarters and District Offices should have a standard system to record and control the loans to employees and ensure their timely return. We interviewed personnel and found that separate processes exist for short-term laptop loans within headquarters and District Offices respectively.

Headquarters employees contact IT Services' Help Desk to request a laptop. The request is forwarded to the Systems Manager who then forwards the request to IT Services. IT Services configures the laptop and distributes to the employee. The employee is not required to sign the laptop out.

The District Office employees sign-out and sign-in the laptop from the IRC. Also, some District Offices use *Form 524, Property Transfer*, to issue short-term loans of computers. This form is destroyed upon return of the equipment.

Recommendation 9:

We recommend that for each short-term loan laptop, the user (employee) be required to sign-out and sign-in the laptop. This will assist with the accountability of laptops.

Disposal of Laptops

While the Agency is in accordance with the State Budget and Control Board, *SC Surplus Property Agency Users Guide*, the Agency is not following *SCDOT Supply and Equipment Management Procedure F-3, Property Disposal*.

We analyzed the process for the laptop disposal after interviewing Headquarters and District Office personnel. We found that the custodian is not notified that he/she is fully relieved of accountability. The procedure indicates that Surplus Property Management Office (SPMO) coordinates with the Organization Party Head (OrgPH) custodian to dispose of the equipment. The Supply and Equipment Office (S&E) actually coordinates with SPMO on disposals for headquarters not the District Offices. The District Offices are responsible for coordinating their respective disposals with SPMO, but the distinction is not referenced in the procedure.

A sample of 31 disposal laptops was selected from July, 1 2009 to June 30, 2011. The majority of the Headquarters and District Offices appear to follow *Procedure F-3*. Approximately seventeen (55%) of the thirty-one sampled were correctly disposed. Fourteen (45%) didn't have required documentation submitted for disposal. Five of fourteen may have been delayed (August/September disposal date) due to SCEIS implementation. The remaining nine (29%) didn't have a *Form 3024* nor a certification form submitted to the S&E Office to initiate the disposal process.

Recommendation 10:

We recommend that the *Procedure F-3* indicate a process for notifying the custodian that he/she is fully relieved of accountability. This can be done by direct notifications or by teaching the custodian how to verify that the requested action has taken place. We recommend that *Procedure F-3* be revised to indicate Headquarters process for disposing laptops since the process differs from the District Offices.

Recommendation 11:

We recommend that all laptops pending disposal due to SCEIS implementation be processed as soon as possible.

Lost or Theft of laptops

We interviewed headquarter and District Office personnel to discuss the process for reporting lost/stolen laptops. When interviewing headquarters, we found that the custodian is not notified that he/she is fully relieved of accountability. The majority of the District Offices appear to follow *SCDOT Supply and Equipment Management Procedure F-4, Salvaged, Lost, Stolen, or Destroyed Property*. Two District Offices did not complete the required *Form 3024, Request for Authority to Dispose of Accountable Property*. They submitted a memo of explanation and a police report to either SCDOT Claims Department and/or to District Engineering Administrator. Headquarters appears to follow *Procedure F-4*.

After analyzing the report of lost/stolen laptops generated by IT Services from the Equipment Management System from the last two fiscal years (July 1, 2009 – June 30, 2011), we determined approximately thirteen laptops were lost and two were stolen. This does not include the 38 laptops previously noted that were not reported to the Supply & Equipment Office. Of the fifteen laptops, five (33.3%) were in compliance with *Procedure F-4*. One of the stolen laptops did not have a police report but did have the Form 3024. A Form 3024 or memo of explanation was not found for the remaining nine (60%) laptops.

Recommendation 12:

We recommend *Procedure F-4, Salvaged, Lost, Stolen, or Destroyed Property* be revised to include the Office of the Chief Internal Auditor and Document Management (for Claims/Insurance reporting of IT equipment) as part of the process. We recommend that the procedure identify who is responsible for adjusting the fixed asset records once Supply and Equipment Office records the lost or stolen equipment in the Equipment Management System. Also, we recommend that the procedure indicate a process for notifying the custodian that he/she is fully relieved of accountability.

Appendix 1: Audit Criteria and Summary of Findings

Audit Criteria	Met	Substantially Met	Partially Met	Not Met
There are policies or guidelines developed for the management of laptop computers.			■	
The purchase of laptop computers is based on approved and documented business need.			■	
There is a complete and accurate inventory of laptop computers.			■	
Loans of laptops to users are properly recorded and monitored.			■	
Lost, stolen or damage laptops are reported in an appropriate manner.			■	
The use of laptops is monitored to ensure efficient and effective use and the laptop was used in accordance with SCDOT directives on the use of electronic media.			■	
Disposal of laptops is done in accordance with government policies, after all data and SCDOT owned software have been removed.		■		
Laptops are managed as an asset with a lifecycle.				■

Appendix 2: Year-End Accountability Completed

Org PH	Location	Unit Title	No. Laptops	FY2011	FY2010	FY2009
1701	1	Information Technology Services	296	N	N	Y
1701	4	Information Technology Services	15	N	N	Y
1702	1	CADD Management	47	Y	N	Y
1702	5	CADD Management	1	Y	N	Y
4001	1	PreConstruction Support	3	Y	Y	Y
6120	1	Materials & Research Engineer - Columbia	66	Y	Y	Y
6125	1	Materials & Research Engineer - District 5	1	Y	Y	Y
6201	1	Director of Maintenance	1	N	Y	Y
6207	1	Radio Maintenance	2	N	Y	Y
6303	2	Surveys Engineer	1	Y	Y	Y
6501	1	Director of Traffic Engineering	12	N	Y	N
6502	1	Road Data Services	2	N	N	Y
8101	16	District 1 Engineering Administration	120	Y	Y	Y
8201	1	District 2 Engineering Administration	70	Y	Y	Y
8301	1	District 3 Engineering Administration	101	Y	Y	Y
8401	1	District 4 Engineering Administration	112	Y	Y	Y
8501	1	District 5 Engineering Administration	1	Y	Y	Y
8501	4	District 5 Engineering Administration	1	Y	Y	N
8501	6	District 5 Engineering Administration	1	Y	Y	Y
8501	7	District 5 Engineering Administration	1	N	Y	Y
8501	8	District 5 Engineering Administration	1	Y	Y	Y
8501	10	District 5 Engineering Administration	1	Y	Y	Y
8501	11	District 5 Engineering Administration	1	Y	Y	Y
8501	12	District 5 Engineering Administration	2	Y	Y	Y
8501	18	District 5 Engineering Administration	4	N	Y	Y
8501	26	District 5 Engineering Administration	2	Y	Y	Y
8501	27	District 5 Engineering Administration	1	Y	Y	Y
8501	29	District 5 Engineering Administration	1	Y	Y	Y
8501	30	District 5 Engineering Administration	2	Y	Y	Y
8501	31	District 5 Engineering Administration	7	Y	Y	Y
8501	32	District 5 Engineering Administration	2	Y	Y	Y
8501	33	District 5 Engineering Administration	1	Y	Y	N
8501	34	District 5 Engineering Administration	2	Y	Y	Y
8501	50	District 5 Engineering Administration	10	N	Y	Y
8501	51	District 5 Engineering Administration	5	N	Y	Y
8501	52	District 5 Engineering Administration	19	N	Y	Y
8501	53	District 5 Engineering Administration	2	N	Y	Y
8601	1	District 6 Engineering Administration	23	Y	Y	Y

Org PH	Location	Unit Title	No. Laptops	FY2011	FY2010	FY2009
8601	2	District 6 Engineering Administration	25	Y	Y	Y
8701	1	District 7 Engineering Administration	10	Y	Y	Y
12801	1	Kershaw Maintenance Crew 01	2	N	N	N
13101	1	Lee Maintenance Crew 01	2	Y	N	N
14001	1	Richland Maintenance Crew 01	1	N	N	N
14301	1	Sumter Maintenance Crew 01	2	N	N	N
15001	1	District 1 Electrical Shop	8	N	N	N
16103	1	Richland Construction	3	Y	Y	Y
16104	1	Sumter Construction	3	Y	Y	Y
16105	1	Richland Construction	3	Y	Y	Y
16106	1	Lexington Construction	9	Y	N	Y
16108	1	Lexington Construction	7	N	Y	Y
32301	1	Greenville Maintenance Crew HQ	2	N	Y	N
34201	1	Spartanburg Mainenance Crew 01	5	N	N	Y
35001	1	District 3 Signal Shop	1	N	N	N
36106	1	Greenville Construction	7	N	N	Y
36107	1	Greenville Construction	12	N	N	Y
36110	1	Spartanburg Construction	7	Y	Y	Y
36112	1	Pickens Construction	5	N	N	Y
51601	1	Darlington Mainenance Crew 01	3	Y	Y	N
51701	1	Dillion Maintenance Crew 01	2	Y	Y	Y
52101	1	Florence Mainenance Crew 01	7	Y	Y	Y
52201	1	Georgetown Maintenance Crew 01	5	Y	N	N
52601	1	Horry 1 Maintenance Crew 01	4	Y	Y	N
53401	1	Marion Maintenance Crew 01	4	Y	N	N
53501	1	Marlboro Maintenance Crew 01	1	N	N	N
54501	1	Williamsburg Maintenance Crew 01	1	Y	Y	N
55001	1	District 5 Signal Shop	10	N	Y	Y
56101	1	Marion Construction	3	Y	N	Y
56102	1	Georgetown Construction	1	Y	Y	Y
56103	1	Williamsburg Construction	1	Y	N	Y
56103	3	Williamsburg Construction	1	Y	N	Y
56103	4	Williamsburg Construction	1	Y	N	Y
56103	6	Williamsburg Construction	1	Y	N	Y
56103	7	Williamsburg Construction	1	Y	N	Y
56105	1	Horry Construction	2	Y	Y	Y
56106	1	Dillion Construction	8	Y	Y	Y
56110	1	Florence Construction	5	N	Y	Y
56111	1	Florence Construction	2	Y	Y	Y
60701	11	Beaufort Maintenance Crew 01	1	Y	N	N

Org PH	Location	Unit Title	No. Laptops	FY2011	FY2010	FY2009
60801	11	Berkeley Mainenance Crew 01	1	Y	Y	N
61001	11	Charleston Maintenance Crew 01	3	Y	N	N
61501	11	Colleton Maintenance Crew 01	3	Y	Y	N
61801	11	Dorchester Maintenance Crew 01	1	Y	N	N
62701	11	Jasper Maintenance Crew 01	1	N	Y	N
65001	11	District 6 Signal Shop (Administrative)	4	Y	Y	Y
65501	11	District 6 Bridge Management Office	2	Y	Y	Y
66101	11	Dorchester Construction	2	Y	Y	Y
66102	11	Charleston Constr. - Bridge Constr	3	Y	Y	Y
66104	11	Jasper Construction	2	Y	Y	Y
66105	11	Special Project Construction	3	Y	Y	Y
66107	11	Charleston Construction	2	Y	Y	Y
66109	11	Charleston Construction	3	Y	Y	Y
66111	11	Colleton Bridge Construction	3	Y	Y	Y
70501	1	Bamberg Maintenance Crew HQ	2	Y	Y	N
70601	1	Barnwell Maintenance Crew 01	3	N	Y	N
70901	1	calhoun Mainenance Crew HQ	3	Y	N	N
72501	1	Hampton Maintenance Crew 01	3	Y	Y	N
73801	1	Orangeburg Mainenance Crew 01	7	N	N	N
74901	1	Holly Hill Maintenance Crew HQ	3	Y	Y	N
76101	1	Aiken Construction	2	Y	N	Y
76104	1	Clarendon Construction	2	Y	N	Y
76108	1	Bamberg Construction	1	Y	Y	Y
Annual Accountable Property Inventory Reporting for laptops over $1,000 ONLY			1177	729	69	73
				62%	68%	72%
				Accountability	**Responded**	**Responded**

Department Response

![SCDOT logo] **SCDOT**
South Carolina
Department of Transportation

MEMORANDUM

To: Paul Townes, Chief Internal Auditor

From: Andrew T. Leaphart, P.E., Director of Support Services *ATL*

Date: March 14, 2013

Subject: SCDOT Response to the Laptop Computer Audit

We have reviewed the findings and recommendations in the subject report dated December 19, 2012. We appreciate the efforts of the Office of the Chief Internal Auditor (OCIA) and the willingness of OCIA to work with IT Services, the Districts, and our Accounting office. We approached this audit as an opportunity to learn and improve, and are confident that our collaboration will ultimately yield an optimized process for all of our stakeholders and customers. Listed below are our responses to each of the twelve recommendations outlined in your report.

Recommendation 1 looked at the Agency's procedures for identifying and approving needed laptop purchases. It also recommended that the Information Technology Policies and Standards should be updated to include IT authority, use of IT resources, acceptable use for portable computers and mobile devices, and ensure timely and adequate implementation of laptops. Policies are available on the SCDOT intranet and are updated as requirements and procedures change. The current policy was published on September 4, 2012.

As noted in the report, all computers purchased were found. However, the need for consolidated inventory system was highlighted and has been addressed. Some planned purchases were ultimately changed to less expensive desktop units.

Recommendation 2 covers the need for a complete and accurate inventory of laptop computers across SCDOT. During the time of the inventory, SCDOT was transitioning to the South Carolina Enterprise Information System (SCEIS). This transition was cumbersome and time consuming for the Agency, and contributed to several of the findings in this audit. However, this transition has progressed to a point that SCDOT now uses SCEIS as its sole inventory system for laptop computers. The requirements of SCEIS address the need for entering all laptops purchased through its accounting of fixed assets. Laptop disposals postponed during the SCEIS implementation have been processed.

Recommendation 3 suggested a card reader be installed on the door of the laptop storage area at headquarters. This has been completed.

Recommendation 4 deals with the year-end accountability of laptops, regardless of costs. Procedures are in place to ensure accountability of laptops and consistency with managing all fixed assets.

Recommendation 5 states that each laptop should be assigned to each user or the user's unit. Currently, all headquarters computers are assigned to IT Services and practices in our field offices vary. We concur with the recommendation and are updating our practices.

Recommendation 6 advocates a single official inventory for laptops. This has been accomplished via SCEIS.

Recommendation 7 addresses the need for reasonable deployment times of new laptops and physical checks of laptops on a regular basis. We are working to identify additional resources that will improve deployment times and management of our IT resources.

Recommendation 8 covers the procedures for lost or stolen equipment. We concur and are following the procedures outlined in *Supply and Equipment Management Procedure F-4 Salvaged, Lost, Stolen, or Destroyed Property*. In addition, we are working to improve the consistency for loaning laptops within headquarters and the field.

Recommendation 9 similar to the response above, we are working to improve the procedures for loaning laptops, to include sign-out and sign-in requirements. In addition, we are following *Supply and Equipment Management Procedure F-3 Property Disposal.*

Recommendation 10 again addresses Procedure F-3 and inconsistencies between headquarters and field operations. We concur with the recommendation and are addressing through revised procedures and the use of SCEIS.

Recommendation 11 suggests that all pending laptop disposals be processed as soon as possible. This has been completed.

Recommendation 12 deals with procedures for lost or stolen laptops as outlined in Procedure F-4. The inconsistencies and accountability outlined in this recommendation will be addressed through improved communication and operation between headquarters and the field. SCDOT is evaluating its allocation of manpower resources across the Department and as adjustments are made, there will be increased focus on management of our IT resources.

Again, we appreciate the work of your office on this review. While we feel this report identified several inconsistencies in our operations, we are encouraged that the implementation of SCEIS and our manpower review will improve our operations and internal customer service. The timing of this review coincided with the deployment of SCEIS and a major paradigm shift for SCDOT and state government. Your staff was very helpful in identifying concerns and working with our employees to evaluate the impact of pending changes to our procedures.

Timely deployment and consistent management of our IT resources are important issues to our agency, and we continue to evaluate ways to improve our performance. If I can be of further assistance, please don't hesitate to call me at 803-737-1994.

ec: Robert J. St. Onge, Jr. Secretary of Transportation
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        Christy A. Hall, Deputy Secretary for Finance and Administration
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