

CITY AUDITOR'S OFFICE



AUDIT OF THE DEPARTMENT OF INFORMATION TECHNOLOGIES – COMPUTER HARDWARE INVENTORY

Report IT003-1920-03

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CITY AUDITOR

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AUDIT OF THE DEPARTMENT OF INFORMATION TECHNOLOGIES COMPUTER HARDWARE INVENTORY

Report IT003-1920-03

BACKGROUND

The Department of Information Technologies (IT) provides services and support for City employees' information technology needs. IT is responsible for maintaining and tracking IT inventory city-wide. IT inventory consists of computer hardware such as laptops, desktop computers, printers, servers, Wi-Fi equipment, and other related items.

City departments contact IT for all hardware inventory requests. When inventory is needed, City departments contact IT and submit a request. A purchase order is created and then approved by IT management. Items are typically shipped to the IT inventory room and are received by the IT Materials Management Technician. Inventory items such as printers may also be delivered straight to the department for which the purchase was made. However, IT is still responsible for tagging and updating the IT inventory listing for the inventory item delivered. IT is also responsible for reporting inventory items that qualify as a capital asset to the Department of Finance (Finance).

As of fiscal year end 2018, IT Inventory On Hand, which is comprised of all IT inventory items physically located in the IT inventory room, totaled approximately \$324,000. IT is also responsible for maintaining and tracking IT inventory for the entire city including IT capital assets and sensitive items such as laptops and other portable devices. As of December 2018, the total cost of all tracked city-wide IT inventory items dating back to 2013 is approximately \$11.5 million.

OBJECTIVES

Our objectives in completing the audit of IT inventory controls and procedures were:

- To determine whether adequate and effective IT inventory management processes and controls are in place in order to ensure the integrity of IT inventory.
- To ensure IT compliance with city policies and procedures and related regulation.

SCOPE AND METHODOLOGY

The scope of the audit was limited to transactions and activity that occurred during the calendar year ended December 31, 2018. The scope was also limited to IT inventory maintained, deployed, and tracked via the IT inventory room. Audit testing excluded the following:

- Mobile devices such as cellphones and tablets
- Low value (less than \$100) items such as keyboards/mice/connection cables
- IT software inventory

Cellphones and tablets are maintained and inventoried by IT staff located in the 5th floor of City Hall. As the IT inventory room is not involved in the receipt and deployment of these items, mobile devices are excluded from testing. Additionally, although mice, keyboards, connection cables, and other peripheral hardware are maintained in the IT inventory room, IT does not keep an inventory of these items as they are low value. As such, we did not test these items. The audit methodology included:

- Conducting interviews with managers and staff
- Reviewing relevant regulations, IT standards, and city policies
- Performing tests on the accuracy and completeness of IT's inventory records

We conducted this performance audit in accordance with generally accepted government auditing standards except for the requirement for an external peer review every three years. 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. The exception to full compliance is because the City Auditor's Office has not yet undergone an external peer review. However, this exception has no effect on the audit or the assurances provided. The last fieldwork date of this audit was August 13, 2019.

FINDINGS AND RECOMMENDATIONS

The audit found that there was a lack of adequate and effective IT inventory management processes and controls necessary to maintain the integrity of IT inventory. Although IT inventory management policies and procedures exist, the policies and procedures have not been updated in years and are no longer followed. Our audit found that improvements are needed as follows:

- ***Inappropriate badge access*** – Certain employees with access to the IT inventory room were found to not have job duties requiring access to the IT inventory room. Employees requesting access to the IT inventory room should be reviewed appropriately to determine whether their job duties would require them to have access to the IT inventory room. See finding #1.
- ***Inadequate policies and procedures for purchases of new IT inventory*** – Improvements are needed in the IT inventory purchase process including how items are received, tagged, and recorded in the IT inventory listing and reported to Finance as needed. See finding #2.
- ***Improvements needed in city-wide IT inventory tracking*** – Improvements are needed in the process for tracking city-wide IT inventory and how the IT inventory listing is maintained. See finding #3.

- ***Inaccurate IT inventory listing*** – An inventory count of a sample of items in the IT inventory room found missing IT inventory items. Items were either physically missing from the IT inventory room or were located in the IT inventory room but were not documented on the IT inventory listing. See finding #4.
- ***Lack of policies and procedures for the tracking and destruction of hard drives*** – Computer hard drives are not being tracked and monitored appropriately. There are no policies or procedures for the tracking and destruction of hard drives. See finding #5.

Further information on these areas is contained in the sections below. While other issues were identified and discussed with management, they were not deemed appropriate for reporting purposes.

1. Inappropriate Badge Access

Criteria

City IT Physical Security policies and procedures should be followed to ensure proper controls over IT inventory:

- **IT Physical Security Policy (IT161) Procedures:**
“Physical access to protected areas, systems, networks and data will be limited to those authorized personnel who require such access to perform assigned duties. When protected systems are located in areas where controls may not completely restrict access to only authorized personnel, monitoring controls will be deployed to identify unauthorized access.”

Condition

A review of the badge access listing for the IT inventory room identified 10 out of 35 personnel who did not require access to the room. Based on discussions with IT management, these personnel included transferred employees, Operations and Maintenance (O&M) staff and management, and IT staff who did not require access to the IT inventory room.

Cause

Although a periodic review of employees with access to the inventory room is performed by IT, additional procedures are needed to ensure employees have the necessary job duties required to maintain access to the inventory room.

Effect

- Non-compliance with IT Physical Security Policy

- Lack of accountability in case of inventory loss
- Increased risk of theft

Recommendations

- 1.1 IT management should document and implement policies and procedures which include a periodic review of the appropriateness of employees' job duties in relation to their access to the IT inventory room. Employees who have been terminated or transferred to new positions where IT inventory access is not needed should be reviewed to ensure access was appropriately removed in a timely manner. IT management should limit access to the IT inventory room to only essential personnel who require access to the inventory items within the room.
- 1.2 IT management should consider installing a cage within the inventory room to further restrict access to the IT inventory items located inside.

2. Improved Policies and Procedures Needed Over Purchases of New IT Inventory

Criteria

State and City IT and Finance policies and procedures should be followed to ensure proper controls over IT inventory:

- **IT Computer Asset Management Procedure—Newly Purchased Equipment:**
“Equipment that is received as the result of a purchase order will be verified with the packing list. Once verified those assets will be:
 - *Tagged with the proper IT tracking number.*
 - *Moved to a secure storage location.*
 - *Entered into the IT inventory management system”*
- **IT Computer Hardware Policy – Acquisition of Computer Hardware:**
 - *“All computer hardware acquired by the City of Las Vegas must be procured through IT. Hardware acquisition channels are restricted to ensure that the City has a complete record of all hardware that has been procured and that the hardware procured conforms to IT standards for performance and compatibility.”*
- **NRS 354.625:** *“Records relating to property and equipment; control of inventory. The governing body of every local government shall:*
 - *Cause to be established and maintained adequate property and equipment records and, where appropriate, adequate inventory controls.”*

- **Fixed Asset Policy/Procedure—Department Roles and Responsibilities**
*“The Department of Information Technologies is responsible for:
Establishing and maintaining machinery and equipment records and adequate inventory controls for the following regardless of the purchase cost:*
 - *Mobile devices;*
 - *Computers, both purchases and upgrades to existing equipment;*
 - *Printers;*
 - *Hand-held radios not assigned to a department; and*
 - *Desktop phones.”*

- **Fixed Asset Policy/Procedure—Policy:** *“Fixed assets acquired by the city must be properly accounted for when procured; inventoried and safeguarded throughout their useful life; and properly accounted for at the time of disposal.*
 - *The department designee is responsible for:*
 - *Overseeing the department/division fixed asset inventory;*
 - *Requesting and affixing city of Las Vegas fixed asset and sensitive item inventory tags (Attachment 2);”*

Condition

The Materials Management Technician is responsible for receiving IT inventory deliveries, verifying the items against purchase orders, and receipting the inventory items in the Oracle system. Once receipted, inventory items are tagged and documented in the IT inventory listing. If an IT inventory item’s cost is greater than \$5,000, the item must be reported as a capital asset to Finance. During our audit we noted the following control deficiencies in this process:

- City computer hardware policy regarding purchases of new IT hardware requires all departments to request their hardware directly from IT. However, various departments are not aware of the policy and send their requests directly to Purchasing instead. This results in IT being unaware of new purchases of IT inventory. Additionally, there is no central receiving location for IT inventory items. Inventory is sent to either the main loading dock, mail room, IT offices, or elsewhere. The Materials Management Technician is not always notified of IT inventory deliveries. This results in inventory items going untagged and unlisted in the IT inventory listing. This can also result in capital assets not being reported to Finance as the Materials Management Technician may not be notified of the purchase or delivery of the item and not report the asset to Finance.

- There is no formal procedure for deploying new purchases of IT inventory located in the IT inventory room. Access to the IT inventory room is available to a variety of IT and O&M staff. Employees with access are able to enter the room and walk out with IT inventory. There is no formal procedure requiring the IT Materials Management

Technician be notified of the removal. If the item is removed prior to being tagged, the item would not be recorded in the IT inventory listing.

- The Materials Management Technician is the only person who receives, receipts, and documents new IT inventory into the IT inventory listing. Errors can occur when recording new IT inventory as there is no secondary reviewer.

The deficiencies noted above have contributed to inaccuracies between new IT purchases and the IT inventory listing, resulting in inaccurate inventory records. See our audit testing results below. Our audit procedures included reviewing the Oracle system's listing of new IT hardware purchases to verify the items were tagged and included in the IT inventory listing. Additionally, we verified whether purchases that were reportable capital assets were communicated to Finance. For the calendar year 2018, over \$300,000 of IT inventory purchases were made. We selected a sample of purchased IT inventory items which amounted to a total cost of \$126,000. We identified the following exceptions:

- A total of 7 out of 25 purchased IT inventory items were not tagged and recorded in the IT inventory listing. The total cost of the untagged items was approximately \$36,000.
- A total of 1 out of 25 purchased IT inventory items was incorrectly recorded multiple times into the IT inventory listing. The purchase consisted of one inventory item with a cost over \$5,000.
- A total of 2 out of 25 purchased IT inventory items qualified as reportable capital assets, however, they were not reported to Finance. The purchases consisted of two inventory items with a combined cost of approximately \$14,000.

Cause

The IT Policies and Procedures that exist on the management of IT inventory have not been updated and are not being followed.

Effect

- Non-compliance with NRS 354.625, with the city's IT Computer Asset Management Procedures, Computer Hardware Policy, and the Fixed Asset Policy/Procedures
- Risk of misappropriation of IT inventory
- Incomplete and inaccurate IT inventory records

Recommendation

- 2.1 IT Management should work with Purchasing in developing and documenting procedures to help identify and prevent city departments from making IT purchases without IT management approval. Procedures should include a process to periodically remind city departments that IT purchases must receive IT approval.
- 2.2 IT Management should document and implement controls and procedures to ensure all new purchases of IT inventory are tagged upon receipt and are recorded in the IT inventory listing. These policies should include a process that would require notifying the IT Materials Management Technician when inventory is delivered elsewhere and when inventory is removed from the IT inventory room. A secondary review process of purchases received and entered into the IT inventory listing should also be developed and implemented.

3. Improved Policies and Procedures Needed Over City-Wide IT Inventory

Criteria

State and city IT and Finance policies and procedures should be followed to ensure proper controls over IT inventory:

- **Fixed Asset Policy/Procedure—Department Roles and Responsibilities**
*“The Department of Information Technologies is responsible for:
Establishing and maintaining machinery and equipment records and adequate inventory controls for the following regardless of the purchase cost:*
 - *Mobile devices;*
 - *Computers, both purchases and upgrades to existing equipment;*
 - *Printers;*
 - *Hand-held radios not assigned to a department; and*
 - *Desktop phones.”*
- **NRS 354.625:** *“Records relating to property and equipment; control of inventory. The governing body of every local government shall:*
 - *Cause to be established and maintained adequate property and equipment records and, where appropriate, adequate inventory controls.”*

Condition

IT is responsible for maintaining records of IT inventory deployed throughout the city. However, during the course of our audit we noted the following:

- A city-wide physical inventory count has not been performed in over 2 years.

- The new location of inventory items removed from the IT inventory room is not always communicated to the IT Materials Management Technician and recorded in the IT inventory listing.

To test the accuracy of the IT inventory listing in comparison to IT inventory items deployed city-wide, we tested a total of 25 active IT inventory items and verified whether the items tested were part of the IT inventory listing and the location details were accurate. We noted the following:

- The location of 8 IT inventory items was incorrectly listed as the “IT Inventory Room.”
- Six of the active IT inventory items tested were not tagged and were not included in the IT inventory listing.
- One of the tested items was listed as a “Surplus” (sold or donated) item in the IT inventory listing, however, the item was still in use by active city employees.

Cause

The IT policies and procedures that exist on the management of IT inventory have not been updated and are not being followed.

Effect

- Non-compliance with NRS 354.625 and the city’s Fixed Asset Policy/Procedures
- Risk of misappropriation of IT inventory
- Incomplete and inaccurate records of IT inventory deployed to city departments

Recommendations

- 3.1 IT Management should document and implement controls and procedures to ensure a periodic inventory count of city-wide inventory items is regularly conducted to ensure the accuracy of the IT inventory listing.
- 3.2 IT Management should document and implement controls and procedures to ensure movement of all IT inventory items from out of the IT inventory room is communicated to the Materials Management Technician and their new locations are updated in the IT inventory listing.

4. Inaccurate Inventory Listing – IT Inventory Room

Criteria

State and City IT and Finance policies and procedures should be followed to ensure proper controls over IT inventory:

- **Fixed Asset Policy/Procedure—Department Roles and Responsibilities**
*“The Department of Information Technologies is responsible for:
Establishing and maintaining machinery and equipment records and adequate inventory controls for the following regardless of the purchase cost:*
 - *Mobile devices;*
 - *Computers, both purchases and upgrades to existing equipment;*
 - *Printers;*
 - *Hand-held radios not assigned to a department; and*
 - *Desktop phones.”*

- **NRS 354.625:** *“Records relating to property and equipment; control of inventory. The governing body of every local government shall:*
 - *Cause to be established and maintained adequate property and equipment records and, where appropriate, adequate inventory controls.”*

Condition

IT is responsible for maintaining IT inventory records including tag numbers, locations, cost, and more. This includes maintaining records of the items physically located in the IT inventory room. However, as we noted in our prior findings, there is no formal process for releasing inventory from the room. Typically, the Materials Management Technician must rely on staff to inform him of an inventory item’s removal and deployment. However, as there are no current policies regarding the movement of inventory, an inventory item may be removed from the IT inventory room and deployed without notifying the Materials Management Technician. This results in missing inventory from the IT inventory room.

Additionally, we noted that an inventory count for the inventory room is performed annually. However, the count is only to report costs to Finance and not for verifying the accuracy of IT inventory records. IT does not perform any type of reconciliation between the physical count and the IT inventory listing. A reconciliation between the two would help identify missing, excess, damaged, or unused items in the IT inventory room.

Our audit procedures included conducting a count of a sample of items in the IT inventory room. We selected 15 inventory items physically located in the IT inventory room and attempted to trace the items back to the IT inventory listing. We noted the following:

- 4 of the 15 items physically located in the IT inventory room were found in the IT inventory listing. However, the location noted in the listing was incorrect. The total cost of these items was over \$11,000.
- 4 of the 15 items physically located in the IT inventory room could not be traced back to the IT inventory listing. Although the items had inventory tags, the items were not documented in the IT inventory listing. The total cost of these items was over \$1,000.

We also selected 15 items documented in the IT inventory listing whose physical location was noted as the “IT inventory room.” We noted the following:

- 14 of the 15 items selected from the IT inventory listing could not be located in the IT inventory room. Subsequently, IT management located the items in other areas throughout the city including City Hall, Switch server facilities, and other city buildings. The items had been deployed, however, inventory records were not updated to reflect where the items were deployed to. The total cost of the items was approximately \$301,000.

Cause

The IT Policies and Procedures that exist on the management of IT inventory have not been updated and are not being followed.

Effect

- Non-compliance with NRS 354.625, the city’s IT Computer Asset Management Procedures, and the city’s Fixed Asset Policy/Procedures
- Risk of misappropriation of IT inventory
- Inaccurate and incomplete inventory records
- Lack of accountability for inventory

Recommendations

- 4.1 IT Management should document and implement controls and procedures to ensure all IT inventory items are accurately tracked. A process should be implemented that would require notifying the IT Materials Management Technician when items are removed from the IT inventory room for deployment and identification of the item’s new location.
- 4.2 IT Management should document and implement procedures requiring a reconciliation between the IT inventory located in the IT inventory room and the items in the IT inventory listing in conjunction with the annual physical inventory count.

5. Improvements Needed in Tracking Computer Hard Drives

Criteria

City Fixed Asset Policy/Procedures, national standards, and best practices should be followed to ensure proper controls over the tracking and destruction of hard drive inventories:

- **Fixed Asset Policy/Procedure—Sensitive Items:** *“Due to their sensitive, portable, or theft-prone nature, certain property items with a cost of \$500 but less than \$5,000 must be subject to control as if they were fixed assets.”*
 - **NRS 354.625:** *“Records relating to property and equipment; control of inventory. The governing body of every local government shall:
 - Cause to be established and maintained adequate property and equipment records and, where appropriate, adequate inventory controls. Any local government created after July 1, 1975, shall establish such records and controls within 1 year after its creation unless the Department of Taxation grants an extension of time.”*
- **US Department of Commerce – National Institute of Standards and Technology – NIST Special Publication 800-53:**
*“The organization should have controls in place that:
 - Sanitizes organization-defined information system media prior to disposal, release out of organizational control, or release for reuse using organization defined sanitization techniques and procedures in accordance with applicable federal and organizational standards and policies; and...
 - Employs sanitization mechanisms with the strength and integrity commensurate with the security category or classification of the information.”*
- **Payment Card Industry Data Security Standards – Requirement 9.8:** *“Destroy media when it is no longer needed for business or legal reasons.”*
- **Health Insurance Portability and Accountability Act – Standard 4.13. Device and Media Controls (§ 164.310(d)(1)):** *“Implement policies and procedures that govern the receipt and removal of hardware and electronic media that contain electronic protected health information into and out of a facility, and the movement of these items within the facility.”*

Condition

We obtained the listing of hard drives maintained by the IT inventory room. We expected to be able to verify all information about the hard drives (such as prior location, the technician who returned the hard drive, whether the hard drives were destroyed, and more) were documented in the IT hard drive inventory listing. However, the hard drive inventory listing was missing much of this information. We found that IT staff often leaves hard drives at the Materials Management

Technician's desk with no information on where the hard drive came from, which tech removed it, and more. This results in an incomplete record of IT hard drive inventory.

Additionally, we obtained a listing of hard drives destroyed as of July 2017 by a third party vendor who was previously responsible for the destruction of the city's hard drives. We expected to be able to perform a reconciliation between the listing of destroyed hard drives from the vendor and the IT hard drive inventory listing. However, we were unable to verify that all hard drives that IT gave to the vendor were destroyed as IT only recently began to track and keep records of hard drives in August 2017. Thus, hard drive records prior to August 2017 were not available and we were unable to verify that all hard drives submitted for destruction in July 2017 had been destroyed by the vendor.

IT recently acquired a hard drive destruction machine. However, policies and procedures on the in-house destruction of hard drives have not been documented and implemented and no hard drives have been destroyed since August 2017.

Cause

IT management has not developed policies and procedures for tracking and destroying hard drives. There is no formal process for IT staff to follow when returning hard drives into the IT inventory room. This results in incomplete IT hard drive inventory records.

Effect

- Non-compliance with NRS 354.625, city's Fixed Asset Policy/Procedures, National Institute of Standards and Technology, PCI standards, and HIPPA standards
- Increased risk of loss or unauthorized access to private data

Recommendation

- 5.1 IT Management should document and implement policies and procedures to ensure hard drives returned to the IT inventory room are recorded in their hard drive inventory listing.
- 5.2 IT management should document and implement policies and procedures to ensure the proper destruction of hard drives and the recording of destroyed hard drives.

MANAGEMENT RESPONSES

1. Inappropriate Badge Access

- 1.1 IT management should document and implement policies and procedures which include a periodic review of the appropriateness of employees' job duties in relation to their access to the IT inventory room. Employees who have been terminated or transferred to new positions where IT inventory access is not needed should be reviewed to ensure access was appropriately removed in a timely manner. IT management should limit access to the IT inventory room to only essential personnel who require access to the inventory items within the room.

Management Action Plan:

IT management has provided copies of the badge access audit reports to the City Auditor's Office. These audits are performed quarterly by IT as a standard operating procedure.

As per the recommendation above, IT Management has completed the revision of the Badge and Badge Access Audit Procedure to only include employees' whose job duties require access to the IT inventory room. Per the revised procedure the access in the badge access system has been modified to reflect the changes. Over fifteen non-essential personnel were removed from the access list. IT management will supply the City Auditor's Office with the copies of the next quarterly badge access audit in October 2019 to validate adherence to the revised procedure.

Estimated Date of Completion: October 31, 2019

- 1.2 IT management should consider installing a cage within the inventory room to further restrict access to the IT inventory items located inside.

Management Action Plan:

IT Management is evaluating multiple options to restrict access to the inventory including the option of installing a wire cage as a way of controlling access to the high cost items.

Estimated Date of Completion: December 31, 2019

2. Improved Policies and Procedures Needed Over Purchases of New IT Inventory

- 2.1 IT Management should work with Purchasing in developing and documenting procedures to help identify and prevent city departments from making IT purchases without IT management approval. Procedures should include a process to periodically remind city departments that IT purchases must receive IT approval.

Management Action Plan:

IT Management has initiated discussions with Purchasing to create a formal procedure to help identify and prevent city departments from making technology purchases without IT and Executive management approval. The finalized procedure will be communicated to all city departments regularly by their assigned IT Business Partners and made available on the Employee Portal for access on demand.

Estimated Date of Completion: October 31, 2019

- 2.2 IT Management should document and implement controls and procedures to ensure all new purchases of IT inventory are tagged upon receipt and are recorded in the IT inventory listing. These policies should include a process that would require notifying the IT Materials Management Technician when inventory is delivered elsewhere and when inventory is removed from the IT inventory room. A secondary review process of purchases received and entered into the IT inventory listing should also be developed and implemented.

Management Action Plan:

IT management will formalize its inventory receiving and tagging process into a policy and a desktop procedure. This procedure will require central receiving for all technology purchases at City Hall. The procedure will also include a secondary review process of such purchases. In addition, IT management has kicked off a project to implement a new asset and inventory tracking system that will ensure full chain of custody from the moment an item is ordered until it is decommissioned from use by the City.

**Estimated Date of Completion: Formal policy and procedure – October 31, 2019;
Implementation of new asset tracking system - February 28, 2020**

3. Improved Policies and Procedures Needed Over City-Wide IT inventory

- 3.1 IT Management should document and implement controls and procedures to ensure a periodic inventory count of city-wide inventory items is regularly conducted to ensure the accuracy of the IT inventory listing.

Management Action Plan:

IT Management will formalize its process and implement controls to ensure a period inventory count of city-wide inventory items. In addition, IT management has kicked off a project to implement a new asset and inventory tracking system. As part of the project a full city-wide physical inventory count will be performed and resulting data entered into the new system.

Estimated Date of Completion: Formal policy and procedure – October 31, 2019; Implementation of new asset tracking system with full inventory count – February 28, 2020

- 3.2 IT Management should document and implement controls and procedures to ensure movement of all IT inventory items from out of the IT inventory room is communicated to the Materials Management Technician and their new locations are updated in the IT inventory listing.

Management Action Plan:

IT Management will formalize its current process and implement controls to ensure movement of all IT inventory items out of the IT inventory room is communicated to the Material Manager Technician and their new locations are updated in the new asset and inventory tracking system.

Estimated Date of Completion: Formal policy and procedure – October 31, 2019; Implementation of new asset tracking system with full inventory count – February 28, 2020

4. Inaccurate Inventory Listing – IT Inventory Room

- 4.1 IT Management should document and implement controls and procedures to ensure all IT inventory items are accurately tracked. A process should be implemented that would require notifying the IT Materials Management Technician when items are removed from the IT inventory room for deployment and identification of the item's new location.

Management Action Plan:

IT management will formalize its inventory tracking process into a policy and a desktop procedure. In addition, IT management has kicked off a project to implement a new asset and inventory tracking system that will ensure full chain of custody from the moment an item is ordered until it is decommissioned from use by the City, including assets' current location and assigned user where appropriate.

**Estimated Date of Completion: Formal policy and procedure – October 31, 2019;
Implementation of new asset tracking system with full inventory count – February 28, 2020**

- 4.2 IT Management should document and implement procedures requiring a reconciliation between the IT inventory located in the IT inventory room and the items in the IT inventory listing in conjunction with the annual physical inventory count.

Management Action Plan:

IT Management will document and implement procedures requiring a reconciliation between the IT inventory located in the IT inventory room and the items in the asset and inventory tracking system in conjunction with the annual physical inventory count.

Estimated Date of Completion: October 31, 2019

5. Tracking and Destruction of Computer Hard Drives

- 5.1 IT Management should document and implement policies and procedures to ensure hard drives returned to the IT inventory room are recorded in their hard drive inventory listing.

Management Action Plan:

IT Management has formalized its policy and a procedure to ensure hard drives returned to the IT inventory room are recorded in the hard drive inventory listing. The finalized policy and procedure has been provided to the City Auditor's Office for review.

Estimated Date of Completion: October 31, 2019

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5.2 IT management should document and implement policies and procedures to ensure the proper destruction of hard drives and the recording of destroyed hard drives.

Management Action Plan:

IT Management has formalized its process to ensure proper destruction of hard drives and the recording of destroyed hard drives. In addition, IT management has hired a destruction company for certified destruction of the decommissioned hard drives currently on hand.

Estimated Date of Completion: October 31, 2019