



CITY OF HAMILTON
CITY MANAGER'S OFFICE
Audit Services

TO:	Chair and Members Audit, Finance and Administration Committee
COMMITTEE DATE:	September 14, 2015
SUBJECT/REPORT NO:	Audit Report 2014-18 – Corporate Services – IT Hardware Asset Management (AUD15024) (City Wide)
WARD(S) AFFECTED:	City Wide
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SUBMITTED BY:	Brigitte Minard CPA, CA, CIA, CGAP Acting Director, Audit Services City Manager's Office
SIGNATURE:	

Discussion of Private and Confidential Appendix “A” to Report AUD15024 in Closed Session is subject to the following requirement(s) of the City of Hamilton’s Procedural By-law and the Ontario Municipal Act, 2001:

- ◆ **The security of the property of the municipality or local board.**

RECOMMENDATION

- (a) That the Management Action Plans, as detailed in Private and Confidential Appendix “A” of Report AUD15024 be approved;
- (b) That the General Manager of Finance and Corporate Services be directed to instruct the appropriate staff to have the Management Action Plans (attached as Private and Confidential Appendix “A” to Report AUD15024) implemented; and
- (c) That Appendix “A” to Report AUD15024, respecting Audit Report 2014-18 – Corporate Services – IT Hardware Asset Management Audit, remain confidential.

EXECUTIVE SUMMARY

The 2014 Internal Audit work plan approved by Council included an audit of Information Technology Asset Management (Hardware). Information Technology (IT) hardware includes desktop and laptop computers, tablets, Internet Protocol (IP) telephones, cell phones, server equipment and various other items, all of which are a significant investment for the City.

The scope of this audit included the management of IT hardware asset inventories (including disposal and when an employee leaves the organization), as well all locations where City’s maintains IT server hardware assets.

This audit's objective was to evaluate the effectiveness of internal controls associated with processes for managing the inventory of IT hardware assets (from their issuance to a City employee—until the end of their useful life and disposal, when an employee leaves the organization or when in storage). The adequacy of physical security, restriction of access to appropriate staff and environmental controls to safeguard IT server assets was also evaluated.

The results of the audit are presented in a formal Audit Report (2014-18) containing observations, recommendations, and management responses. Audit Report 2014-18 is attached as Private and Confidential Appendix "A" to Report AUD15024.

Alternatives for Consideration – Not Applicable

FINANCIAL – STAFFING – LEGAL IMPLICATIONS (for recommendation(s) only)

Financial: Some of the recommendations included a capital budget submission as part of the 2017 budget process. The financial impact is therefore not known at this time.

Staffing: Some of the recommendations have staffing implications. The outcome of this will not be known until the 2017 budget process has been completed.

Legal: None.

HISTORICAL BACKGROUND (Chronology of events)

This audit was approved by Council as part of the 2013 Internal Audit work plan. It was carried forward into 2014 due to resourcing issues. Fieldwork was completed from January to February 2015. The results of this audit are attached as Private and Confidential Appendix "A" of Report AUD15024.

The Audit, Finance and Administration Committee receives and approves final audit and review reports as part of its responsibilities for the oversight of governance and control.

POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS

- City of Hamilton – Corporate Desktop and Mobile Computer Management Policy
- City of Hamilton By-law No. 13-317 (Procurement Policy) – Policy #16, Disposal of Surplus Goods

RELEVANT CONSULTATION

Private and Confidential Appendix “A” to Report AUD15024 includes action plans which reflect the responses of management responsible for the administration of IT hardware assets in the Information Technology Division of the Corporate Services Department.

ANALYSIS AND RATIONALE FOR RECOMMENDATION (Include Performance Measurement/Benchmarking Data if applicable)

At the date of fieldwork, the City of Hamilton’s IT hardware inventory included over 4,500 desktops, laptops and tablets, 5200 Internet Protocol (IP) telephones, close to 2,000 cell phones, and about 700 air cards. The City’s IT hardware inventory also includes routers, servers, modems, and switches.

The audit scope included the management of IT hardware asset inventories (including disposal and when an employee leaves the organization), as well all locations where City’s maintains IT server hardware assets. IT hardware assets are critical to the City of Hamilton’s operational success, the management of these assets is important to the overall functioning of the organization. Server hardware assets are even more critical to the organization—they are where the organization’s electronic data is stored and retrieved from.

The audit objectives were to evaluate the effectiveness of internal controls associated with processes for managing the inventory of IT hardware assets (from their issuance to a City employee—until the end of their useful life and disposal, when an employee leaves the organization or when in storage) and the adequacy of physical security, restriction of access to appropriate staff and environmental controls to safeguard IT server assets. Recommendations were made to strengthen management processes and improve internal controls.

A formal audit report containing observations, recommendations and management action plans was issued. Eleven recommendations were included in Audit Report 2014-18 (attached as Private and Confidential Appendix “A” to Report AUD15024). Management agreed with all recommendations made.

Audit Services conducted this audit in conformity with the *International Standards for the Professional Practice of Internal Auditing*. These standards require that Audit Services plan and perform the audit to obtain sufficient, appropriate evidence to support the findings and conclusions based on the audit objectives. Audit Services believes that the work performed provides a reasonable basis for the audit findings and conclusions.

ALTERNATIVES FOR CONSIDERATION

(Include Financial, Staffing, Legal and Policy Implications and Pros and Cons for each alternative)

Not applicable.

ALIGNMENT TO THE 2012 – 2015 STRATEGIC PLAN

Strategic Priority #2

Valued & Sustainable Services

WE deliver high quality services that meet citizen needs and expectations, in a cost effective and responsible manner.

Strategic Objective

- 2.1 Implement processes to improve services, leverage technology and validate cost effectiveness and efficiencies across the Corporation.

Strategic Priority #3

Leadership & Governance

WE work together to ensure we are a government that is respectful towards each other and that the community has confidence and trust in.

Strategic Objective

- 3.4 Enhance opportunities for administrative and operational efficiencies.

APPENDICES AND SCHEDULES ATTACHED

Private and Confidential Appendix “A” to Report AUD 15024

BM:dp