



CITY OF HAMILTON
CORPORATE SERVICES DEPARTMENT
Information Technology Division

TO:	Chair and Members Audit, Finance and Administration Committee
COMMITTEE DATE:	September 12, 2016
SUBJECT/REPORT NO:	Capital and Sustainability Costs to Implement Management Action Plans as identified in Audit Reports AUD12001 and AUD15024 (FCS16067) (City Wide)
WARD(S) AFFECTED:	City Wide
PREPARED BY:	Glenn Binkosky (905) 546-2424 Ext. 7388
SUBMITTED BY:	Maria McChesney Director, Information Technology Division Corporate Services Department
SIGNATURE:	

RECOMMENDATION

That \$340,000 in capital funding and the associated annual operating impacts (one FTE with employee related expenses of \$102,000 and \$50,000 for software license maintenance) for continued execution of the Management Action Plans as documented in Council Reports AUD12001 and AUD15024 be referred to the 2017 capital budget process.

EXECUTIVE SUMMARY

The 2011 Audit Services Work Plan included an audit of the Information Technology (IT) Division's management of software assets. The results of the audit were presented in Audit Services Report AUD12001, and approved by Council March 28, 2012. Subsequently, the 2014 Audit Services Work Plan, included an audit of IT Hardware Asset Management. These assets include desktop and laptop computers, tablets, Internet Protocol (IP) telephones, cell phones, and server equipment, representing a significant investment for the City. The results of the audit were presented in Audit Services Report AUD15024, which was approved by Council September 23, 2015. There were a total of 25 recommendations, which are currently at various stages of completion. However, the recommendation for the acquisition and implementation of a comprehensive software / hardware asset management tool is dependent on capital funding. Additionally, in order to sustain this asset management tool and the related business processes and procedures, one additional FTE is required as well as \$50,000 for software license maintenance.

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OUR Mission: To provide high quality cost conscious public services that contribute to a healthy, safe and prosperous community, in a sustainable manner.

OUR Culture: Collective Ownership, Steadfast Integrity, Courageous Change, Sensational Service, Engaged Empowered Employees.

The additional FTE will have the following roles and responsibilities:

- Administer the use of the Asset Management configuration to modify permissions and functional roles;
- Create, track, and maintain assets information;
- Create, track and maintain hardware warranty and maintenance information;
- Create, track and maintain software contract and license information;
- Develops management reports; and,
- Ensure processes for asset management are enforced.

Alternatives for Consideration – See Page 3

FINANCIAL – STAFFING – LEGAL IMPLICATIONS

Financial: Capital Funds of \$340,000 is required in 2017 to implement the recommendation for acquisition of a software / hardware asset management tool as identified in Audit Reports AUD12001, and AUD15024.

An operating budget increase of \$152,000 is required in 2018 for employee related costs (\$100,000) and yearly maintenance agreements (\$52,000) for the software / hardware asset management tool.

Staffing: An increase of one FTE is required in 2018 to provide on-going sustainability of the asset management tool and related processes and procedures.

Legal: N/A

HISTORICAL BACKGROUND

The Software Asset Management Audit assessed the management of software assets by the IT Division. Audits objectives included evaluating the software asset management processes for their ability to ensure appropriate tracking and monitoring of assets, to ensure compliance with license agreements and to guide sound decision making. The compliance of practices with the IT Division's written procedures and the effectiveness and efficiency of current service delivery and internal controls were reviewed. Recommendations were made to IT Management regarding opportunities for strengthening controls and improving operational efficiencies.

A formal Audit Report, AUD12001 containing observations, recommendations and resulting Management Action Plans was issued.

The Hardware Asset Management audit scope included the management of IT hardware asset inventories, as well as all locations where the City maintains IT server hardware assets. IT hardware assets are critical to the City's operational success, and the management of these assets is important to the overall functioning of the organization. Server hardware assets are even more critical to the organization – as they are where the organization's data is stored.

The audit objectives were to evaluate the effectiveness of internal controls associated with processes for managing the inventory of IT hardware assets and the adequacy of physical security, restriction of access to appropriate staff and environmental controls to safeguard IT assets. Recommendations were made to strengthen management processes and improve internal controls.

POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS

N/A

RELEVANT CONSULTATION

City Manager's Office, Audit Services Division

ANALYSIS AND RATIONALE FOR RECOMMENDATION

N/A

ALTERNATIVES FOR CONSIDERATION

An alternative for consideration is to ignore or defer the recommendation made by the Audit Services Division to acquire a software / hardware asset management tool. An asset management tool, however, will provide more accurate tracking of inventory, and mitigates the risk of non-compliance with vendor software licensing agreements. Non-compliance may result in financial penalties. This alternative is, therefore, not recommended.

ALIGNMENT TO THE 2016 – 2025 STRATEGIC PLAN

Our People and Performance

Hamiltonians have a high level of trust and confidence in their City government.

APPENDICES AND SCHEDULES ATTACHED

N/A

GB/sn