Property Control IT Scope Review Audit
No. A2023-06

Issued by the
Internal Audit Department
April 10, 2024

EXECUTIVE SUMMARY

The Internal Audit Department has concluded the Property Control IT Scope Review Audit. Based on the results of the audit, one finding was identified. The finding is considered positive and is not an internal control breakdown nor violation of City Ordinances.

Listed below is a summary of the finding identified in this report:

1. The Department of Information Technology Services (DoITS) has Policies and Procedures in place to ensure that City of El Paso assets are properly safeguarded when purchased. When IT assets reach their end-of-life, their hard drives are removed and destroyed while phones and tablets are wiped of their data. Lastly, they are sent to Property Control for disposal.

For a detailed explanation of the findings, please refer to the body of the Audit Report.

BACKGROUND

The Department of Information Technology Services (DoITS) provides "innovation and technology implementation management and support services to all City departments so they can transform the service experience for our community." DoITS helps assist over 30 City Departments and over 6,000 City employees. DoITS conducts annual inventories of their physical IT assets and is responsible for almost 7,000 IT assets across the City of El Paso. These assets help the City provide the best possible support for its citizens across various City functions.

DoITS uses the Cherwell Configuration Management Database (CMDB) to manage the City of El Paso's technology assets across every department. IT asset descriptions are entered into the Cherwell Database and tagged with a unique tag number which is used to tie the device to its respective department throughout its life-cycle. Devices are "scrubbed" of City data and information before sent to Property Control for disposal at auction once they have reached end-of-life. IT assets generally have a "lifespan" of five (5) years. Before a device is sent to Property Control for disposal, its status is updated on the Cherwell Database to ensure that information can no longer be retrieved. Hard disk drives (HDDs) are removed from computers and processed for destruction. HDDs are destroyed every calendar year quarter and hard drive-less assets are sent to Property Control where they are sold at auction. Destruction Certificates listing destroyed hard drives are provided to DoITS staff by the hard drive destruction vendor 24-48 hours after destruction.

As part of the U.S Department of Commerce, the National Institute of Standards and Technology (NIST) helps businesses better understand, manage, and reduce their cybersecurity risk and protect their networks and data. The NIST Cybersecurity Framework provides an outline of cybersecurity best practices to help businesses decide where to focus their time and money. The Framework provides guidance on identifying and maintaining an inventory list of hardware and software. The Framework encourages businesses to create formal policies for safely disposing of data files and devices that have reached end-of-life.

AUDIT OBJECTIVES

The objective for the Property Control IT Scope Review Audit was to confirm the physical existence and proper disposition of IT assets purchased by and belonging to the City of El Paso. To achieve the audit objectives, the Internal Audit Department determined if:
- DoITS has Asset Management Policies that are compliant with National Institute of Standards and Technology (NIST) regarding:
  - o Proper inventory records for City DoITS assets,
  - o Internal controls that ensure City DoITS assets are properly safeguarded,
  - o Proper procedures for end-of-life disposal of computers, hard drives, phones, etc.

AUDIT SCOPE

The audit period covered DoITS asset inventoried, safeguarded, and decommissioned during Fiscal Year 2023.

AUDIT METHODOLOGY

To achieve our audit objectives, we:
- Reviewed DoITS Policies and Procedures.
- Reviewed NIST Guidelines.
- Conducted interviews and observations with Department of Information Technology Services (DoITS) staff.
- Obtained an understanding of the DoITS inventory receiving process.
- Obtained an understanding of the DoITS inventory removal process.
- Obtained an understanding of DoITS asset end-of-life process.
- Conducted a review of the storage area where new DoITS assets are located.
- Reviewed Departmental Transfer of Property forms completed by DoITS and approved by Property Control.

We conducted this audit in accordance with *Generally Accepted Government Auditing Standards* and the *International Standards for the Professional Practice of Internal Auditing*. 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.

SIGNIFICANT FINDINGS, RECOMMENDATIONS,
AND MANAGEMENT'S RESPONSES

The definition of a "Significant Finding" is one that has a material effect on the City of El Paso's financial statements, identifies an internal control breakdown, is a violation of a City procedure, or a violation of a law and/or regulation, which the City is required to follow. Any finding not meeting these criteria will be classified as a "Regular Finding".

Finding 1 (Positive Finding)

DoITS Inventory and Property Control

City of El Paso Strategic Plan:
- Goal 6.3 *Implement programs to reduce organizational risk*
- Goal 6.5 *Deliver services timely and effectively with focus on continual improvement*
- Goal 6.7 *Deliver effective and efficient processes to maximize value in obtaining goods and services*

Based on the results of our review of IT Property Control, we identified that the Department of Information Technology Services (DoITS):

1. Has established Policies and Procedures documenting the addition of newly purchased IT assets to inventory records.
2. Properly safeguards City of El Paso IT assets from damage or theft before being installed at the user's department.
3. Has implemented a process to identify IT assets at their end-of-life and mark them for decommission. The IT asset is then removed from service, wiped of data and sent to Property Control for disposal.
4. Updates IT asset inventories, keeping accurate records in the Cherwell Database.
5. Properly destroys hard disk drives (HDDs) reducing the risk of sensitive City of El Paso records and data being released.
6. Has established Policies and Procedures for deleting information from phones and tablets.
7. Properly wipes phones and tablets of sensitive data before being decommissioned.

We can provide reasonable assurance that the Department of Information Technology Services has processes in place to ensure that IT assets are properly safeguarded when purchased and disposed of when they reach their end-of-life.

Recommendation

The Department of Information Technology Services should continue to ensure that IT assets are properly safeguarded and disposed of.

Management's Response

The Department of Information Technology will continue to review and adjust processes as necessary. The department is committed to identifying process improvements to move asset management in the correct direction. The below outlines the upcoming tasks in this particular area for DoITS.

- This week (week of 6/3), the team will be receiving a mandatory refresher *Receiving Procedure* training.

- Working on integrating our asset and account management training resources into the learning system for both new employees and refresher mandatory training.

- Centralizing all asset management related *Standard Operating Procedures* into a single IT Asset Management SharePoint page for easy reference. Targeting completion by end of July 2024.

- Asset management procedures and training have been shared with departments having IT support staff. Departments to be included in the mandatory refresher training via the learning system, once ready.

- Creating a centralized Client Services calendar for the scheduling of monthly and quarterly asset procedure audit checks being/to-be performed.

Responsible Party

Department of Information Technology Services

Implementation Date

Various dates planned.

INHERENT LIMITATIONS

Because of the inherent limitations of internal controls, errors or irregularities may occur and not be detected. Also, projections of any evaluation of the internal control structure to future periods beyond the Audit Report date are subject to the risk that procedures may become inadequate due to changes in conditions, management override of internal controls, or that the degree of compliance with the procedures may deteriorate. This was a limited scope audit which only reviewed the areas stated in the Audit Objectives during the Audit Scope period. No representations of assurance are made to other areas or periods not covered by this audit.

CONCLUSION

We have concluded our work on the objectives of the Property Control IT Scope Review Audit. The audit evidence used in the analysis is sufficient and appropriate for addressing the objectives and supporting the findings and conclusion. In accordance with *Generally Accepted Government Auditing Standards,* we are required to conclude on whether the Department of Information Technology Services met the objectives of this audit. Based on our audit work, the Department of Information Technology Services met the audit objectives in the following areas:

1. Has established Policies and Procedures documenting the addition of newly purchased IT assets to inventory records.
2. Properly safeguards City of El Paso IT assets from damage or theft before being installed at the user's department.
3. Has implemented a process to identify IT assets at their end-of-life and mark them for decommission. The IT asset is then removed from service, wiped of data and sent to Property Control for disposal.
4. Updates IT asset inventories, keeping accurate records in the Cherwell Database.
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6. Has established Policies and Procedures for deleting information from phones and tablets.
7. Properly wipes phones and tablets of sensitive data before being decommissioned.

We wish to thank Department of Information Technology Services Staff for their assistance and numerous courtesies extended during the completion of this audit.

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