

Audit Committee Report

DATE: Monday, November 25, 2024

WARD(S): ALL

TITLE: INFORMATION TECHNOLOGY (IT) ASSET MANAGEMENT AND CONTRACTS AUDIT

FROM:

Kevin Shapiro, Director of Internal Audit

ACTION: FOR INFORMATION

Purpose

To communicate the findings from the Information Technology (IT) Asset Management and Contracts Audit.

Report Highlights

- The IT Asset & Contract (ITAC) team within the Office of the Chief Information Officer (OCIO) is responsible for IT Asset Management (ITAM) at the City.
- ITAM is the continuous process of maintaining an updated inventory of IT assets, both tangible and intangible.
- A robust ITAM process ensures assets are being deployed, maintained, and disposed of in a timely and cost-effective manner.
- Although the department has taken steps to mature the ITAM process, improvements are required to efficiently and effectively mitigate risks associated with ITAM activities.
- Management has developed action plans which will mitigate the identified risks and address the recommendations outlined in the report.
- Internal Audit will follow up with management and report on the status of management action plans at a future committee meeting.
- This audit was conducted in conformance with the *International Standards for the Professional Practice of Internal Auditing*.

Recommendations

1. That the Internal Audit Report on Information Technology (IT) Asset Management and Contracts be received.

Background

The objective of the audit was to evaluate the adequacy and effectiveness of the internal controls, processes and procedures in place related to IT Asset Management (ITAM) and Contracts, and that they are adequately designed and operating as intended to mitigate business risks.

The audit approach included assessing that policies and procedures exist, are regularly reviewed, updated and applied consistently; governance, management, control and oversight of IT assets exist; asset contracts are appropriate to satisfy the needs of the City; appropriate processes for the budgeting, acquisition, usage, maintenance, decommissioning and disposal of IT assets exists; and IT assets are adequately safeguarded.

The scope of the audit covered the period of September 2023 to September 2024.

This audit was conducted in conformance with the *International Standards for the Professional Practice of Internal Auditing*.

Previous Reports/Authority

Not applicable.

Analysis and Options

Asset management involves analyzing and tracking the lifecycle of an asset to maximize its value. At a high level, the process begins with acquiring the asset, using the asset, supporting and maintaining the asset, then disposing the asset at the conclusion of its useful life. Asset management programs help ensure informed decisions can be made as to when to retire and/or replace an asset.

The City continues to experience substantial growth in new technology projects and increased utilization of existing and new technology. There has also been a continued increase in licensing through vendor service agreements.

The City operates many types of IT assets, including hardware, software, and business applications, to support service delivery. It is vital that the City tracks its IT asset inventory and maximizes the usefulness of its IT assets to ensure their continued reliability and availability. If IT asset lifecycles are not managed efficiently and effectively, there is a greater risk of these assets becoming outdated, not meeting the needs of the City, and potentially increasing IT security risks.

Financial Impact

There are no direct economic impacts associated with this report.

Broader Regional Impacts/Considerations

Not applicable.

Conclusion

Although the department has taken steps to mature the ITAM process, improvements are required to efficiently and effectively mitigate risks associated with ITAM activities. The following opportunities were identified:

- Continue to mature the ITAM program and governance process.
- Track IT asset inventory in a centralized repository and regularly monitor ongoing asset usage.
- Incorporate enhanced status tracking of assets during the decommissioning and disposal lifecycle phase.
- Capture all IT asset contracts in the contract tracking dashboard.

For more information, please contact: Kevin Shapiro, Director of Internal Audit, ext. 8293.

Attachments

1. Internal Audit Report – Information Technology (IT) Asset Management and Contracts.
2. Presentation Materials.

Prepared by

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