TECHNOLOGY & INNOVATION
BUSINESS AND LOGISTICS MANAGEMENT
HARDWARE INVENTORY AND
ASSET MANAGEMENT
AUDIT 24-17
NOVEMBER 21, 2024

City of Tampa
Jane Castor, Mayor

November 21, 2024

Honorable Jane Castor
Mayor, City of Tampa
1 City Hall Plaza
Tampa, Florida

RE: Technology & Innovation – Hardware Inventory and Asset Management, Audit 24-17

Dear Mayor Castor:

Attached is the Internal Audit Department's report on Technology & Innovation (T&I) – Hardware Inventory and Asset Management.

The Business and Logistics Management Division (BL) of T&I has already taken positive actions in response to our recommendations. We thank the management and staff of BL for their cooperation and assistance during this audit.

Sincerely,

/s/ Christine Glover

Christine Glover
Internal Audit Director

cc: John Bennett, Chief of Staff
    Eric Hayden, Chief Technology Officer
    Dennis Rogero, Chief Financial Officer
    DeAnna Faggart, Purchasing Director
    David Baird, Lead Systems Analyst
    Megan Birnholz-Couture, Assistant City Attorney

TECHNOLOGY & INNOVATION
BUSINESS AND LOGISTICS MANAGMENT
HARDWARE INVENTORY AND
ASSET MANAGEMENT
AUDIT 24-17

/s/ Vivian Walker

_____

Lead Senior Auditor

/s/ Christine Glover

_____

Audit Director

TECHNOLOGY & INNOVATION
BUSINESS AND LOGISTICS MANAGEMENT
HARDWARE INVENTORY AND
ASSET MANAGEMENT
AUDIT 24-17

BACKGROUND

The Business and Logistics Management Division (BL) area of Technology & Innovation (T&I) is responsible for the procurement, receipt, and recordkeeping for all computer related hardware used by City of Tampa (COT) employees. In addition to laptops and desktop computers, the list of items being tracked includes monitors, cameras, headsets, batteries, hard drives, routers, and printers. As of June 2024, the inventory listed more than 590 different types of hardware items. At the time of this review, BL had an authorized staff level of seven, with one current vacancy. This audit did not include hardware being administered by the Radio and Electronics area of T&I or software as these are separate audits within the Internal Audit universe.

STATEMENT OF OBJECTIVES

This audit was conducted in accordance with the Internal Audit Department's FY 2024 Audit Agenda. The objectives of this audit were to ensure that:

1. The system of internal controls related to the acquisition and destruction of hardware technology was adequate.

2. Hardware related to technology is properly procured and accurately tracked.

3. Documentation is maintained to support the proper destruction of computer related hardware.

STATEMENT OF SCOPE

The audit period covered BL activity that occurred from January 2023 to June 2024. Tests were performed to determine whether BL personnel were fulfilling their stated duties and responsibilities in an effective and efficient manner. Source information was generated from three different software: Oracle Cloud, WASP, and Snow. Oracle Cloud and Snow have been previously evaluated and determined to be reliable. WASP was evaluated during this audit and has been determined to be reliable. Samples were selected using an Excel generated random number generator and the criteria of 90% confidence and 10% error rate. Original records as well as copies were used as evidence and verified through observation and physical examination.

STATEMENT OF METHODOLOGY

The following steps were taken to complete the stated objectives:

- Reviewed the internal controls related to the procurement and receipt of hardware inventory for proper separation of duties.

- Observed warehouse security for storage of technology related hardware acquired and scheduled for destruction.

- Reviewed documentation for technological hardware purchases for proper approval by T&I.

- Reviewed purchase card activity to determine if technology related items were approved by T&I.

- Reviewed Snow software and other documentation for technological hardware that had been archived for proper destruction.

- BL Management does not currently report performance metrics related to hardware inventory and asset management. However, research identified relevant metrics that were provided to BL Management for consideration.

STATEMENT OF AUDITING STANDARDS
We conducted this performance audit in accordance with generally accepted government auditing standards. 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.

AUDIT CONCLUSIONS
Based upon the test work performed and the audit findings noted below, we conclude that:

1. The system of internal controls related to the acquisition and destruction of hardware technology is adequate.

2. Hardware related to technology is properly procured in most instances. However, the approval of purchases with the purchasing card and recordkeeping needs to be improved.

3. Documentation to support the proper destruction of computer related hardware needs to be improved.

DESTRUCTION DOCUMENTATION

STATEMENT OF CONDITION: Recordkeeping for the destruction of equipment needs to be improved. A discussion with T&I Management indicated that prior to July 2024, the last time hardware equipment was destroyed was 2023. However, for the 2023 activity, there was no documentation to indicate exactly when or what equipment was destroyed.

For the items destroyed starting in July 2024, a sample of 25 items was selected to determine if the process was witnessed by two employees. These items were classified as archived in Snow. A review of activity in Snow identified that seven of the items had been re-assigned to a different employee. For the remaining 18, the following was noted:

- Sixteen items were not listed as active in Snow, indicating disposal. However, they were not listed on either the July or August 2024 destruction lists.

- Two items were listed on the destruction list for August 2024. However, they were archived more than six months earlier and the destruction was not witnessed by two employees.

CRITERIA: BL's current practice is to evaluate computer units that are less than five years old for future use. If a unit is more than five years old or less than five years but considered unable to be used, they are stored in a secured location for 30 days. After 30 days, the unit is destroyed in the presence of two employees, according to its "Hard Drive Shredder Usage" policy.

CAUSE: Management indicated staffing issues created the delay in destruction of hardware received.

EFFECT OF CONDITION: Noncompliance with the policy that requires two individuals witness the destruction of the hardware. Without proper recordkeeping, determining if an asset has been lost or stolen may not be detected in a timely manner.

RECOMMENDATION 1: Management should develop a process that allows destruction of hardware timely. Additionally, there should be documentation to support the hardware that is destroyed, including the date and names of employees participating in the process.

MANAGEMENT RESPONSE: We have reviewed and updated our policy and procedures. We have also recently hired a replacement for the previous supervisor, and they will be enforcing and properly adhering to the established guidelines and policies in place.

TARGET IMPLEMENTATION DATE: Immediate (Implemented October 25, 2024)

RECORDKEEPING FOR ACQUISTIONS

STATEMENT OF CONDITION: The documentation for tracking hardware inventory needs to be improved. BL has two separate software systems in place for hardware and software acquisitions and deployment – WASP and Snow. All hardware items (excludes monitors and tablets) are recorded in the WASP system. Once deployed to the user or requestor, the Snow system is updated (this includes tablets and some monitors).

A sample of 21 purchases was selected, using a random number generator, to review for documented support that the hardware had been recorded in WASP and Snow. There were seven items that did not apply to this test because it was software or not required to be tracked, for example cables. Additionally, documentation for one item could not be located by the department; therefore, it was not determined if any hardware was purchased that would require tracking. For the remaining 13 items, the following exceptions were identified:

- Six could not be traced to WASP or Snow. One item was purchased by a department and BL was not notified. Also, a router could not be traced because of an inadequate description on the purchase order.

- Seven were listed in Snow (desktop, laptops), but not in WASP.

CRITERIA: BL uses the WASP system to capture hardware acquisitions before deployment to the requestor. If an item will connect to the COT's network or is some other type of accessory (for example monitor), once deployed, it is recorded in the Snow system.

CAUSE: BL Management indicated that WASP was determined to have inaccuracies and as a result was wiped clean. Management also indicated that items may not be listed because departments make purchase without involving BL. Some items are considered more of an accessory and is usually for a small dollar amount, which become inefficient to track.

EFFECT OF CONDITION: Without accurate recordkeeping, COT becomes vulnerable to increased expenses due to costs incurred to replace a lost item.

RECOMMENDATION 2: Management should continue the process of updating WASP to capture accurate information related to hardware acquisitions. Additionally, consideration should be given to including in WASP, when an asset is deployed along with adding those items currently not included, specifically tablets and monitors.

As a means of ensuring no items have been lost or stolen and the potential that sensitive data has been exposed, there should be a period comparison between Snow and WASP. Any items removed from WASP and not in Snow should be researched.

MANAGEMENT RESPONSE: We concur with these findings and are making improvements with the intake and issue system process for WASP and within our ticketing system. These issues are being addressed and are a result of a new software switch to cloud-based system and our move from Lemon St. to the new City Center.

TARGET IMPLEMENTATION DATE: August 2025

PURCHASING CARD USE

STATEMENT OF CONDITION: There is currently no monitoring of purchasing card (Pcard) transactions for technology and/or technology related hardware. A sample of transactions posting to the general ledger account 552007 – Computers Bulk Purchases Hardware/Software and Pcard transactions for selected merchant category codes was reviewed for technology related hardware. Six (19%) of 31 transactions reviewed identified Pcard purchases that violate the T&I Technology Purchasing Procedure (Procedure). The following items were purchased:

    4K Smart TV with HDR
    iPad mini WIFI
    Replacement battery for laptop*
    Mobile battery charger*
    Laptop power cord*

*These items can be considered office supplies but are typically offered through the T&I TechStore, which may result in cost savings to the department.

CRITERIA: The Procedure requires that "all computers, devices, software, related peripherals, and other city-issued technology are purchased through the T&I department using the T&I Purchasing Procedure." The Procedure also states that anything that can be purchased at BestBuy should be obtained through T&I.

CAUSE: The current Pcard Policy issued by the Purchasing Department (Purchasing) does not require any periodic review of Pcard transaction for these types of purchases. However, T&I was relying on Purchasing to monitor Pcard activity for any violations.

EFFECT OF CONDITION: Purchasing computer related items that have not been approved through T&I could expose the City of Tampa to increased security issues. Additionally, T&I ensures compliance with applicable laws and regulations, for example warranties and the disposal of hardware. There is also the potential for increased expenses due to higher priced items being purchased through outside vendors instead of the TechStore.

RECOMMENDATION 3: T&I and the Purchasing Department should determine how the monitoring of Pcard purchases for technology can best be accomplished. In the interim, all Pcard holders should be reminded of the requirement to purchase any technology and technology related hardware through T&I.

MANAGEMENT RESPONSE (T&I): T&I has no oversite of the p-card program for real-time purchases. We already work with Purchasing after the fact when Purchasing observes technology purchases and remind departments at that time. We will send out an immediate reminder to all departments on behalf of Purchasing and T&I stating, p-cards are not authorized to purchase Software or Technology without express purchasing authorization (emergent need).

TARGET IMPLEMENTATION DATE: Immediate (Implemented October 25, 2024)

MANAGEMENT RESPONSE (Purchasing): Purchasing will update the Pcard Policy to reflect these additional restrictions.

TARGET IMPLEMENTATION DATE: Immediate upon finalization of audit