



City of Arts & Innovation

City Council Memorandum

TO: HONORABLE MAYOR AND CITY COUNCIL **DATE: MAY 3, 2016**
FROM: CITY MANAGER'S OFFICE **WARDS: ALL**
**SUBJECT: INTERNAL AUDIT REPORT – INNOVATION AND TECHNOLOGY
DEPARTMENT INVENTORY ASSET MANAGEMENT**

ISSUES:

The issue for City Council is to receive, review, and provide input on the Internal Audit report concerning Innovation and Technology Department's Inventory Asset Management.

RECOMMENDATIONS:

That the City Council receive, review and provide input on the Internal Audit report concerning Innovation and Technology Department's Inventory Asset Management.

COMMITTEE RECOMMENDATION:

The Governmental Affairs Committee met on April 6, 2016, with Chair Andy Melendrez, Vice Chair Gardner and Member Paul Davis unanimously recommending to City Council the Innovation and Technology (IT) Department Inventory Asset Management internal audit report.

BACKGROUND:

In accordance with the Fiscal Year 2015-16 Internal Audit Workplan, a performance audit of IT's Inventory Asset Management functions was conducted. The scope of work was to:

1. Determine if IT inventory purchases are recorded and managed timely and accurately;
2. Determine whether IT assets are appropriately safeguarded while in the physical control of IT; and
3. Confirm whether donation of surplus or obsolete IT assets complies with City policy.

The review was conducted from September through October 2015, and covered the day-to-day operational and administrative processes, along with a review of inventoried assets and physical security controls in place.

After discussions with the Chief Innovation Officer and Deputy Chief Innovation Officer, we concluded that the department had already undertaken several process improvement actions, including:

1. Developing a new mobile device policy and beginning an audit of mobile assets;

2. Insourcing several division manager positions, tasking each with inventory of their respective areas;
3. Amending the Xerox managed print services (MPS) process to include specific forms for asset tracking;
4. Adjusting the camera and room access for all IT and City employees to better safeguard assets;
5. Developing the IT Online Ordering Portal to better track IT purchases and inventory; and
6. Assisting the Finance Department in developing a policy for donation of technology assets.

Audit Recommendations

The audit report includes the following recommendations. The last two recommendations will require additional resources and budgetary allowances, to further strengthen IT's inventory management:

1. Utilize the existing IT Online Ordering procedure as a guide to develop a Citywide policy for technology purchases;
2. Develop a procedural document that provides IT sections with instructions on conducting physical inventories;
3. Conduct a Citywide physical inventory of current IT assets; and
4. Consider further enhancing the efficiency of operations by automating the inventory tracking process.

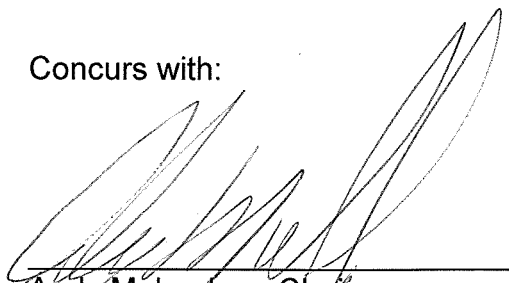
A draft of the audit report was provided to the Department for clarification, comment and feedback prior to finalization. The response to the recommendations is included in the final report released January 11, 2016. Internal Audit will follow-up with the Department in approximately 12 months on the status of implementing the agreed to action plans.

FISCAL IMPACT:

There is no fiscal impact associated with this report. Recommendations noted in the report will require additional IT resources, absence of which will impact the progress of implementing the recommendations.

Prepared by:	Cheryl Johannes, Internal Audit Manager
Certified as to	
availability of funds:	Scott Miller, Interim Finance Director/Treasurer
Approved by:	Marianna Marysheva-Martinez, Assistant City Manager
Approved as to form:	Gary G. Geuss, City Attorney

Concurs with:

A large, stylized handwritten signature in black ink, appearing to read 'Andy Melendrez', is written over a horizontal line.

Andy Melendrez, Chair
Governmental Affairs Committee

Attachments:

1. Innovation and Technology Inventory Asset Management Audit Report
2. Presentation