FINAL INTERNAL AUDIT REPORT

CHIEF EXECUTIVES DEPARTMENT

REVIEW OF IT LICENSES AND ASSET REGISTER AUDIT FOR 2014-15

Issued to: **Stuart Elsey, Interim Head of ICT**

Cc: **Mark Bowen, Director of Corporate Services**

Prepared by: **Principle Auditor**

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Report No.:   **CX/051/01/2014**

REVIEW OF IT LICENSES AND ASSET REGISTER AUDIT FOR 2014-15

1. This report sets out the results of our systems based audit of IT Licenses and Asset register Audit for 2014-15. The audit was carried out in quarter Q1 as part of the programmed work specified in the 2014-15 Internal Audit Plan agreed by the Section 151 Officer and Audit Sub-Committee.

2. The controls we expect to see in place are designed to minimise the department's exposure to a range of risks. Weaknesses in controls that have been highlighted will increase the associated risks and should therefore be corrected to assist overall effective operations.

3. The original scope of the audit was outlined in the Terms of Reference issued on the 16/04/14. The period covered by this report is from 01/01/13 to 01/05/14.

4. Approximately £8,864,546, has been spent on IT licenses across the authority in the last 3 years.

AUDIT SCOPE

5. The scope of the audit is detailed in the Terms of Reference.

AUDIT OPINION

6. Overall, the conclusion of this audit was that due to the issue of overpayments on key fobs and licenses for remote working only limited assurance can be placed on the effectiveness of the overall controls. Definitions of the audit opinions can be found in Appendix C.

MANAGEMENT SUMMARY

7. During the audit the following areas were reviewed: Contract performance of the main ICT contact, the largest 25 systems (in terms of spend) were reviewed to ensure excess licenses than were required, were not being held. Adequate records of IT

assets and licenses are held, arrangements of carrying out maintenance of systems and hardware, policies and procedures for mobile IT working were reviewed, other controls around mobile devices were reviewed. Additionally the review incorporated following up a recent audit investigation into the misuse of mobile phones.

8.   Controls were found to be working well in the areas of:
- The ICT Contractual requirements are being monitored and meet.
- Sufficient arrangements are in place to ensure maintenance is carried out on IT assets on a regular basis and as required.
- Accurate asset registers are kept for all types of ICT equipment and contain detailed information of the assets. Processes are also in place to update the asset register and ensure that all newly procured assets are placed on the register and obsolete assets are removed, though it is acknowledged that departments do procure IT equipment outside of the agreement with the IT Contractor and that these are not supported by the contract.
- Procedures and policy documents highlight security requirements when using mobile devices.

9.   However we would like to draw to Management's attention the following issues:
- Bromley hardware is not security marked
- The contracts for a number of IT licenses are not listed on the authority's contract register
- Excess key fobs are being paid for, that are not being used by staff.

SIGNIFICANT FINDINGS (PRIORITY 1)

10.   It was identified during the audit that the authority is paying for key fobs and licenses for remote working, which are no longer being utilised. The authority paid for 2810 fobs at £12.06 when invoiced last year, when in effect it only utilises 1696. 1114 of them were not being used which equates to £13,434. 84. It is likely that we have overpaid for key fobs and licences in the previous year i.e. 2012/13 but Audit has not calculated an amount.

DETAILED FINDINGS / MANAGEMENT ACTION PLAN

11.   The findings of this report, together with an assessment of the risk associated with any control weaknesses identified, are detailed in Appendix A. Any recommendations to management are raised and prioritised at Appendix B.

ACKNOWLEDGEMENT

12.   Internal Audit would like to thank all staff contacted during this review for their help and co-operation.

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DETAILED FINDINGS

No.	Findings	Risk	Recommendation
1	Testing of a sample of 18 IT systems found that in one instance more licenses were held than required, with the result that it would cost Bromley money. This was for the mobile working key fobs, of which Bromley paid for 2810, despite the fact that only 1696 were assigned to staff on the 27/01/14. This equates to approximately £13,400 for 2013/14 , with the contract having been in place for 2 years.	Licences are not managed effectively.	**Excess licenses for key fobs that are not assigned and not required should be reconciled and cancelled.** **[Priority 1]**
2	Discussed with the Interim Head of ICT that Bromley devices are no longer tagged. This was formerly carried out by Facilities Service's staff and consisted of tagging each device with a label, which could be removed. He expressed his opinion, that this was not very effective and that this method would most likely not result in a device being recovered. As part of the record of assets held serial numbers are recorded. All Bromley built PCs have it inbuilt that they belong to Bromley and will set up to log on via this method. Additionally PC's require network access to amend the software. However this does not cover items such as monitors/IPADs etc.	Controls aren't in place to ensure missing items are not secure or can be identified as Bromley's.	**Consideration should be given to security marking mobile items so should they be lost/stolen, they can be identified as Bromley assets.** **[Priority 3]**

Priority 1
Required to address major weaknesses and should be implemented as soon as possible

Priority 2
Required to address issues which do not represent good practice

Priority 3
Identification of suggested areas for improvement

No.	Findings	Risk	Recommendation
3	Testing of a sample of 25 items with the highest spend on the IT license subjective code found that 18 were actual IT licenses. Of these 18, 12 were over £100,000. Of these 12, 5 are on Bromley's contracts register, one has ceased to be used, 2 would not be on there (as the systems are shared with other authorities) and 4 are not listed, where they would be expected to be.	Licences are not managed effectively.	**The contracts listed in the finding should be placed on the Corporate Contracts register. [Priority 2]**

Priority 1
Required to address major weaknesses and should be implemented as soon as possible

Priority 2
Required to address issues which do not represent good practice

Priority 3
Identification of suggested areas for improvement

Finding No.	Recommendation	Priority *Raised in Previous Audit	Management Comment	Responsibility	Agreed Timescale
1	Excess licenses for key fobs that are not assigned and not required should be reconciled and cancelled.	1	Once reports have been provided from the IT Contractor a reminder will be sent to Management to request them to confirm active / redundant accounts, where known, and the decision will be taken on the number of tokens required across the council. It is proposed to maintain an additional number of accounts for new starters or 3rd parties as we commission more services, as once the token is removed from the support contract it cannot be added and a complete new token, license and support need to be purchased. Any surplus accounts Above this contingency will be discontinued. ICT are reliant on the leavers process being followed to maintain the correct number of tokens and accounts.	Head of ICT	March 2015

Priority 1
Required to address major weaknesses and should be implemented as soon as possible

Priority 2
Required to address issues which do not represent good practice

Priority 3
Identification of suggested areas for improvement

Finding No.	Recommendation	Priority *Raised in Previous Audit	Management Comment	Responsibility	Agreed Timescale
2	Consideration should be given to security marking mobile items so should they be lost/stolen, they can be identified as Bromley assets.	3	Security marking provides limited assurance and there are very few that cannot be easily removed without causing damage to the device. therefore we will evaluate the cost for marking, but funding will need to be identified. It should be noted that LBB devices are asset tagged with the Bromley logo and a reference number.	Recommendation not accepted	NA
3	The contracts listed in the finding should be placed on the Corporate Contracts register.	2	ICT are not responsible for several of the contracts, however we will confirm any that we are responsible for and add them to the asset register. Agreement from Managers responsible for systems to add to the contracts register.	Head of ICT Head of Asset Management and Strategic Projects and Environmental	March 2015 November 2014

Priority 1
Required to address major weaknesses and should be implemented as soon as possible

Priority 2
Required to address issues which do not represent good practice

Priority 3
Identification of suggested areas for improvement

MANAGEMENT ACTION PLAN

Finding No.	Recommendation	Priority *Raised in Previous Audit	Management Comment	Responsibility	Agreed Timescale
				Development Manager	

Priority 1
Required to address major weaknesses and should be implemented as soon as possible

Priority 2
Required to address issues which do not represent good practice

Priority 3
Identification of suggested areas for improvement

As a result of their audit work auditors should form an overall opinion on the extent that actual controls in existence provide assurance that significant risks are being managed. They grade the control system accordingly. Absolute assurance cannot be given as internal control systems, no matter how sophisticated, cannot prevent or detect all errors or irregularities.

Assurance Level	Definition
Full Assurance	There is a sound system of control designed to achieve all the objectives tested.
Substantial Assurance	While there is a basically sound systems and procedures in place, there are weaknesses, which put some of these objectives at risk. It is possible to give substantial assurance even in circumstances where there may be a priority one recommendation that is not considered to be a fundamental control system weakness. Fundamental control systems are considered to be crucial to the overall integrity of the system under review. Examples would include no regular bank reconciliation, non-compliance with legislation, substantial lack of documentation to support expenditure, inaccurate and untimely reporting to management, material income losses and material inaccurate data collection or recording.
Limited Assurance	Weaknesses in the system of controls and procedures are such as to put the objectives at risk. This opinion is given in circumstances where there are priority one recommendations considered to be fundamental control system weaknesses and/or several priority two recommendations relating to control and procedural weaknesses.
No Assurance	Control is generally weak leaving the systems and procedures open to significant error or abuse. There will be a number of fundamental control weaknesses highlighted.