AUDIT TEAM
Jim Williamson, CPA, CIA, City Auditor
Janet McWilliams, CPA, Audit Manager
Tim, Alvarez, CICA, Senior Auditor

INFORMATION TECHNOLOGY DEPARTMENT

TECHNOLOGY ASSET INVENTORY

OCTOBER 24, 2017

October 24, 2017

The Mayor and City Council:

The Office of the City Auditor has completed an audit of technology asset (computers, laptops, and tablets) and cellular equipment (cell phones, tablets, and modems) inventory procedures. We also assessed the status of recommendations and related management responses included in the report on our Review of Selected Non-Capitalized Asset Inventories dated June 3, 2014.

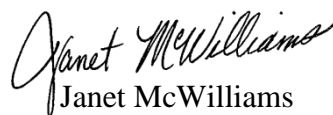Based on the results of our work, as of January 31, 2017, we believe:

- Adequate controls over technology asset and cellular equipment inventories have not been established.

- Recommendations included in our report on the Review of Selected Non-Capitalized Asset Inventories have been implemented.

Related recommendations, discussed in more detail in the attached report, are summarized as follows:

- The Information Technology Department should expand existing policies to include responsibility for maintaining technology asset and cellular equipment inventories, procedures for annual physical verification of assets, and procedures for asset disposal. See Recommendations 1 and 12.

- The Information Technology Department should maintain a reliable inventory of replacement program technology assets. See Recommendation 4.

The content and emphasis of items in this report have been discussed in detail with appropriate representatives from management. These discussions were held to assure a complete understanding of the recommendations and observations arising from our audit. Management's responses are attached to this report in their entirety.

Jim Williamson
City Auditor

Janet McWilliams
Audit Manager

INFORMATION TECHNOLOGY DEPARTMENT
TECHNOLOGY ASSET INVENTORY

AUDIT OBJECTIVE, BACKGROUND, SCOPE AND METHODOLOGY

The objective of this audit was to, as of January 31, 2017:

- Assess the adequacy of controls over inventories of technology assets and cellular equipment.
- Evaluate the status of recommendations and related management responses included in the report on our Review of Selected Non-Capitalized Asset Inventories dated June 3, 2014.

The Information Technology Department (IT) is responsible for providing organizational support for technology-based communication and information systems. IT facilitates purchasing, installation and network connectivity of technology assets (e.g., computers, laptops, and tablets) for all departments except the Fire, Utilities, Police and Airport (FUPA) Departments. As of February 10, 2017, there were about 4,000 assets connected to the City's network, of which about 1,500 were under IT oversight and 2,500 were FUPA assets.

For those technology assets under its oversight, IT operates a replacement program whereby IT acquires and installs a new technology asset while simultaneously removing and disposing of the old one. IT budgeted about $225,000 in fiscal year 2017 to replace approximately 150 technology assets in the replacement program. Occasionally, departments may acquire technology assets that do not become part of the replacement program. The number of these assets included in the 1,500 attributed to IT above is unknown.

IT also facilitates the purchasing and distribution of cellular equipment (e.g., cell phones, tablets, and modems) for all departments except the Police Department. In January 2017, IT was invoiced by the City's cellular provider for all cellular devices totaling just over 3,500; about 3,200 were approved for payment by IT and 300 were approved by other departments.

IT and Finance Department policies governing purchase, deployment, inventory records and disposal responsibilities for technology assets and cellular equipment include:

- IT's Technology Equipment; Software Purchasing; Equipment Disposal Procedures:
    - Purchasing computers and laptops
    - Purchasing cell-based data services and equipment
    - Computer and related equipment disposal procedures

- Finance Department's Purchasing Policies and Procedures:
    - Purchasing technology assets and cellular equipment
    - Disposal of surplus property
    - Record keeping

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- Finance Department's Capital Asset Manual (including Management Bulletin 15-1):
  - Inventory of non-consumable items under $7,500 and over $500
  - Inventory of small and attractive items under $500
  - Disposal and transfer of surplus assets
  - Inventory record retention requirements

Procedures performed during this audit included interviewing management; reviewing documentation supporting inventory procedures; observing work processes; and examining other financial and operational records. We did not physically inspect technology assets or cellular equipment and we did not evaluate payments for cellular service.

We conducted this performance audit in accordance with generally accepted government auditing standards (GAGAS). GAGAS requires that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our audit 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.

The following section of this report includes recommendations intended to provide constructive suggestions for improving management of technology asset and cellular equipment inventories. Each recommendation is immediately followed by management's response. Responses from management are attached to this report in their entirety.

INVENTORY CONTROLS

Adequate controls over technology asset and cellular equipment inventories have not been established.

Technology Asset Inventory Policies

Comment (1)

Policies governing technology asset inventories are not comprehensive. As discussed above, IT has issued policies primarily governing purchase and disposal of technology assets. However, these policies do not address inventory record keeping responsibilities.

Management Bulletin 15-1 (MB 15-1) indicated above was issued in April 2015. In response to requirements in this policy, IT began distributing listings of technology assets authorized to access the City's network (Active Directory) and assets connected to the network (System Center Configuration Manager or SCCM) to user departments. How these listings are to be used in verifying technology asset inventories is not addressed in MB 15-1 or in IT policies.

Additionally, in September 2016, IT verbally notified the Fire, Utilities and Airport Departments that IT would no longer provide asset tags for technology assets.[1] The Active Directory and SCCM asset listings distributed by IT in March 2017 included FUPA Department assets and were distributed to these departments.

Without clear, comprehensive guidance, there is increased risk that asset inventories are incomplete or inaccurate; departments may not have equipment needed for operations; and missing assets may not be identified and/or investigated.

Multiple policies governing technology asset inventories could create confusion, increasing risks for misunderstanding inventory responsibilities and/or inaccurate inventory records.

Recommendation (1)

IT should expand existing policies to include:
- Responsibility for maintaining technology asset inventories by group (replacement program assets, non-replacement program assets, and FUPA Department assets).
- Responsibilities and/or procedures for annual physical verification of technology assets in each group (generating Active Directory and SCCM listings, physically inspecting assets, and updating inventory records).
- Department Head signoff when replacement program assets are reported missing.
- Procedures for disposal/surplus of technology assets in each group.

To ensure consistency in technology asset inventory guidance, the Finance Department should reference IT's policies governing technology assets in the Capital Asset Manual.

IT Response (1)

Agree. IT has already created a "LOST/STOLEN/DAMAGED EQUIPMENT FORM" which requires department head signature. IT Policies will be updated before 6/30/2018 to define responsibility for maintaining technology asset inventories, any physical verification of technology assets, and procedures for disposal/surplus of technology assets.

Finance Department Response (1)

The Finance Department agrees with the recommendation. The Finance Department will reference the Information Technology Department's policies governing technology assets in the Capital Asset Manual. This will be updated with the next update of the Capital Asset Manual by January 1, 2018.

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[1] IT had not been distributing asset tags to the Police Department for several years prior to September 2016.

Comment (2)

Technology asset disposal guidance is not consistent. IT Technology Equipment Disposal Procedures require all replacement program assets to be turned in to IT for disposal. The Finance Department's Purchasing Policies and Procedures Manual allows technology assets to be disposed in multiple ways and does not differentiate between IT replacement and non-replacement program assets.

Conflicting guidance may create confusion, increasing risks for disposal of assets containing confidential information; negative impact on the IT replacement program; and/or inaccurate inventory records.

Recommendation (2)

To ensure consistency in technology asset disposal guidance, the Finance Department should omit detailed guidance from the Purchasing Policies and Procedures Manual and simply reference IT's policies governing technology assets discussed in Recommendation 1.

IT Response (2)

Agree. See IT Response 1.

Finance Department Response (2)

The Finance Department agrees with the recommendation. The Finance Department will omit detailed guidance from the Purchasing Policies and Procedures Manual and simply reference the Information Technology Department's policies governing technology assets discussed in Recommendation 1. The Purchasing Policies and Procedures Manual will be updated with this change by November 1, 2017 or when the Information Technology Department issues the updated IT Technology Equipment Disposal Procedures.

Comment (3)

Record retention guidance is not consistent. MB 15-1 requires inventory records be retained for five years while the Purchasing Policies and Procedures Manual requires retention of disposal information for two years.

Conflicting record retention guidance may result in incomplete inventory records.

Recommendation (3)

The Finance Department should determine the correct time period for retaining inventory records and update MB 15-1 and/or the Purchasing Policies and Procedures Manual as appropriate.

Finance Department Response (3)

The Finance Department agrees with the recommendation. The Finance Department will update the Purchasing Policies and Procedures Manual and require a retention period of five years for surplus property disposal record to be consistent with other policies. The Purchasing Policies and Procedures Manual will be updated with this change by November 1, 2017

Replacement Program Technology Asset Inventory

Comment (4)

IT does not have a reliable inventory of replacement program technology assets. IT has an asset management system that is primarily maintained by the Inventory Technician[2] and Customer Support program personnel.

We identified the following variances between the asset management system and the City's network:

- Of the 4,000 assets in SCCM, about 1,500 (250 replacement program assets and 1,250 FUPA Department assets) could not be located in the asset management system.

- Of the 6,950 assets in the asset management system, about 4,300 could not be matched to assets in Active Directory or SCCM.[3]

Due to the lack of a reliable inventory, IT uses purchase order information obtained from the City's technology asset vendor to identify assets for replacement.

Without complete and accurate inventory records to manage the technology asset replacement program, departments may not have equipment needed for operations and missing assets may not be identified and/or investigated.

Recommendation (4)

IT should maintain a reliable inventory of replacement program technology assets.

IT Response (4)

Agree. The current system (System Manager) and resource capacity (a single 307 level Inventory Technician) are not sufficient to meet the recommendations for asset management and inventory tracking in this report. After completion of the following related queued higher priority projects - #71877 "Work Tracking System (Service Manager) Business Analysis" and

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[2] Inventory Technician position was added to the IT Administration program in fiscal year 2015.
[3] Many of the unmatched assets in the asset management system appear to have been brought forward during conversion to the current system in 2015.

#71878 "RFP & Contract for Work Tracking System (System Manager) Replacement" – IT will complete an RFP for an external consultant and implementer for a technology asset management system. This CIP will be requested in FY19 with an expected project start date of 12/1/2018 depending on project prioritization criteria. Additionally, IT will request a PIR in FY19 for a Business Manager and additional personnel resources focused on asset management.

Comment (5)

Important data fields are not consistently updated in the asset management system.
Customer Support program personnel are responsible for updating the asset management system with location and identification information for new technology assets placed in service.

We assessed asset management system records for assets purchased after addition of the Inventory Technician; we identified the following incomplete records:

- The location was not entered for 280 of 529 assets

- Identification information was not entered for 318 of 529 assets

Incomplete data in the asset management system negatively affects reliability of inventory records; matching inventory records to technology assets connected to the network; and physically verifying technology assets.

Recommendation (5)

Customer Support personnel should provide location and identification information to the Inventory Technician when replacement program assets are deployed. The Inventory Technician should be responsible for updating the asset management system with this information. Additionally, location and identification information should be updated for current inventory in the asset management system.

IT Response (5)

Agree. See IT Response 4.

Comment (6)

Excessive asset management system data entry is required. More than 15 fields are supposed to be updated by the Inventory Technician or Customer Support personnel for each asset deployed in the technology asset replacement program. During our review we noted numerous data fields that had not been consistently updated in the asset management system. Many of these data fields do not seem necessary and are not used in managing the replacement program and/or technology asset inventories.

Unnecessary data entry is inefficient and may influence employees to disregard meaningful data entry. Inconsistent data in the asset management system could negatively affect accuracy of replacement program inventory records.

Recommendation (6)

IT should review fields in the asset management system and limit required data entry to only those fields needed to manage the replacement program.

IT Response (6)

Agree. See IT Response 4.

Comment (7)

Custody of replacement program technology assets is not evidenced by user departments. Customer Support personnel deploy new assets to and remove replaced assets from user departments. However, evidence of user department acceptance and relinquishment of these assets is not obtained.

Without sufficient evidence of asset custody, responsibility for safeguarding assets may not be established and the risk of theft is increased.

Recommendation (7)

Customer Support personnel should obtain evidence of user department acceptance of new technology assets and relinquishment of replaced assets during asset deployments.

IT Response (7)

Agree. IT will create a "chain of custody" form as part of the policy update referenced in IT Response 1.

Comment (8)

Responsibilities over surplus asset disposals have not been adequately segregated. Replacement program technology assets to be disposed are received, placed in storage, and listed for auction by the Inventory Technician. The Inventory Technician also updates the related record in the asset management system. The Property Officer reviews and approves, but does not have the means to verify, surplus asset listings prepared by the Inventory Technician.

A single employee with responsibilities for custody of assets and maintaining inventory records increases the risk of theft.

Recommendation (8)

Customer Support should provide evidence of changes in custody, as discussed in Recommendation 7, to the Inventory Technician to ensure the accuracy of inventory updates.

The Property Officer should receive a copy for use in verifying the completeness of assets listed for auction.

IT Response (8)

Agree. See IT Response 4 and 7.

Comment (9)

The asset management system search function is not comprehensive. The ability to search for assets in the asset management system is not available when the asset status field is blank. The status field for over 5,000 records[4] in the asset management system is blank. Because of this search limitation, the Inventory Technician was unable to locate and update asset management system records for 7 of 18 surplus assets selected for testing.

The inability to locate and/or update asset records negatively impacts the reliability of inventory records and safeguarding of assets.

Recommendation (9)
IT should assess whether the asset management system can be cost-effectively modified to search records with blank status fields. Additionally, the status field should be updated for current inventory in the asset management system.

IT Response (9)

Agree. See IT Response 4.

Equipment Purchases

Comment (10)

The disposition of purchased assets is not recorded. IT utilizes SharePoint to track purchases of technology equipment. Purchases are initiated by IT for internal needs, the technology asset replacement program, or to fulfill needs in other departments. Purchases are entered into SharePoint and the status of the purchase is updated when the order is received. Quantities received and asset disposition is not recorded in SharePoint. Additionally, when assets are delivered to other departments, evidence of custody transfer is not obtained.

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[4] Many of the incomplete records in the asset management system appear to have been brought forward during conversion to the current system in 2015.

Without documenting quantities received, disposition of assets, and acceptance of custody by other departments; purchased assets may not be used for business purposes.

Recommendation (10)

Quantities received and asset disposition should be recorded in Sharepoint. Additionally, acceptance of asset custody by other departments should be evidenced.

IT Response (10)

Agree. See IT Response 1 and 4.

Comment (11)

Responsibilities over new replacement program technology assets have not been adequately segregated. Technology assets purchases for the replacement program are tracked in SharePoint. These assets are received by the Inventory Technician, who creates a corresponding asset record in the asset management system.

A single employee with responsibilities for custody of assets and maintaining inventory records increases the risk of theft.

Recommendation (11)

IT personnel other than those with custody of new technology assets should periodically verify that new technology assets have been added to the asset management system.

IT Response (11)

Agree. See IT Response 1 and 4.

Cellular Equipment Inventory

Comment (12)

Policies are unclear regarding cellular equipment inventory. Departments may request new or upgraded cellular equipment through IT. IT initiates the purchase and notifies the department when equipment has been received. IT also processes monthly service billings from the City's cellular provider. Annually, IT provides departments a listing of cellular equipment currently active on a recent billing received from the City's cellular provider.

MB 15-1 is unclear that departments are responsible for cellular equipment inventories and IT policies do not address responsibilities and/or procedures for annual physical verification of cellular equipment.

Without clear, comprehensive guidance, there is increased risk that asset inventories are incomplete or inaccurate; departments may not have equipment needed for operations; and missing assets may not be identified and/or investigated.

Recommendation (12)

IT should include cellular equipment inventory procedures in the policies discussed in Recommendation 1.

The Finance Department should clarify in MB 15-1 that departments are responsible for maintaining cellular equipment inventories. Alternatively, the Finance Department could omit cellular equipment guidance from MB 15-1 and simply reference IT's policies discussed in Recommendation 1.

IT Response (12)

Agree. See IT Response 1.

Finance Department Response (12)

The Finance Department agrees with the recommendation. The Finance Department will clarify in MB 15-1 (the Non-Capitalized Inventory Policy) that departments are responsible for maintaining cellular equipment inventories. We will make this change by November 1, 2017

Comment (13)

Cellular equipment disposal is not adequately addressed in policies. IT typically removes sensitive data from cellular equipment prior to disposal. However, IT Equipment Disposal Procedures do not include instruction for disposal of cellular equipment. The Finance Department's Purchasing Policies and Procedures Manual requires sensitive data to be removed but allows technology assets to be disposed in multiple ways.

Without adequate guidance, cellular equipment may be disposed with confidential City information.

Recommendation (13)

IT should include cellular equipment disposal procedures in the policies discussed in Recommendation 1.

To avoid conflicting and/or confusing guidance, the Finance Department should omit detailed guidance from the Purchasing Policies and Procedures Manual and simply reference IT's policies discussed in Recommendation 1.

IT Response (13)

Agree. See IT Response 1.

Finance Department Response (13)

The Finance Department agrees with the recommendation. The Finance Department will omit detailed guidance from the Purchasing Policies and Procedures and simply reference the Information Technology Department's policies governing technology assets discussed in Recommendation 1. The Purchasing Policies and Procedures will be updated with this change by November 1, 2017 or when the Information Technology Department issues their updated IT Technology Equipment Disposal Procedures.

Comment (14)

Removal of deactivated cellular lines from monthly billing is not verified. IT reviews monthly cellular equipment activity reports provided by the cellular service provider. After three months without activity, IT notifies the cellular provider to remove cellular equipment from service. In processing the monthly cellular service invoice, IT verifies the validity of lines added in the past month and but does not verify that all deactivated lines were removed. We noted 11 lines (totaling $247) of 345 lines deactivated in December 2016 were included on the January 2017 invoice.

Without verification that deactivated lines are removed timely, the City may be overbilled for cellular service.

Recommendation (14)

IT should review cellular service provider billings to ensure deactivated lines are removed timely.

IT Response (14)

Agree. This cellular management is currently performed by a System Support Specialist. IT has requested by PIR additional resources with duties more in line with this management function. IT will continue to request PIR resources for cellular account management.

Comment (15)

Custody of cellular equipment is not consistently evidenced. Department personnel are required to sign for cellular equipment when received. During our review of the January 2017 cellular invoice we noted that department personnel did not sign for new equipment relating to 6 of the 8 added lines tested.

Without sufficient evidence of asset custody, responsibility for safeguarding assets may not be established and the risk of theft is increased.

Recommendation (15)

IT should ensure that department personnel sign for all cellular equipment upon receipt.

IT Response (15)

Agree. See IT Response 7.

Other Comments

Comment (16)

An inventory of CCTV equipment is not maintained. IT Security monitors connectivity of approximately 440 Closed Caption Television (CCTV) units, primarily assigned to the Police, Parks, and Utilities Departments. While these units meet the criteria set out in MB 15-1 requiring inventory records, responsibilities for inventorying CCTV equipment have not been assigned.

Without complete and accurate CCTV inventory records, departments may not have equipment needed for operations and missing assets may not be identified and/or investigated.

Recommendation (16)

IT should work with the Police, Parks, and Utilities Departments to establish responsibilities for CCTV equipment inventory management. IT should also address CCTV equipment inventory procedures in the policies discussed in Recommendation 1.

IT Response (16)

Agree. IT has re-assigned the CCTV management from Security program to Public Safety Communications program. Over the next year, CCTV equipment will be inventoried and added to the MCM asset management system.

Comment (17)

IT does not have an inventory of non-consumable items. MB 15-1 requires that departments maintain inventory records for non-consumable and small and attractive assets. IT's purchase tracking in SharePoint includes these items but, as currently configured, does not provide sufficient information to extract and physically verify these assets.

Adequate inventory records and periodic physical verification is important to ensuring departments have equipment needed for operations and missing assets are identified and/or investigated.

Recommendation (17)

IT should develop an inventory of non-consumable and small and attractive items in accordance with MB 15-1.

IT Response (17)

Agree. IT has created a department policy as required by MB 15-1 but has not yet developed an inventory of non-consumable and small and attractive items due to personnel resource constraints and higher priority projects and service request. We hope to have the inventory completed by 6/30/2018.

STATUS OF RECOMMENDATIONS FROM PREVIOUS REPORT

Recommendations included in our report on the Review of Selected Non-Capitalized Asset Inventories have been implemented.

Status 1 – Implemented

MB 15-1 was added to the Finance Department's Capital Asset Manual. MB 15-1 provides guidance to departments for inventories of assets with an original cost over $500 and less than $7,500, as well as small and attractive items with an original cost less than $500.

Finance Department Response (1)

The Finance Department's Capital Asset Manual was updated in October of 2015 to include MB15-1 and was distributed to all departments.

Status 2 - Implemented

The Finance Department's Purchasing Policies and Procedures were updated and now require consideration of carrying costs and diminishing market value to be included in surplus property assessments.

Finance Department Response (2)

The Purchasing Policies and Procedures were updated in September 2015 to require the consideration of carrying costs and diminishing market value to be included in surplus property assessments.
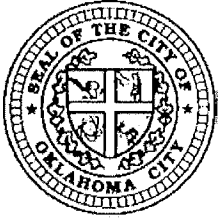
MEMORANDUM

The City of
OKLAHOMA CITY

TO: Jim Williamson, City Auditor

THROUGH: Jim Couch, City Manager

FROM: Schad Meldrum, Information Technology Director

DATE: October 13, 2017

SUBJECT: IT Response to Auditor's Report "Information Technology Department Technology Asset Inventory"

Recommendation (1)
Agree – IT has already created a "LOST/STOLEN/DAMAGED EQUIPMENT FORM" which requires department head signature. IT Policies will be updated before 6/30/2018 to define responsibility for maintaining technology asset inventories, annual physical verification of technology assets, and procedures for disposal/surplus of technology assets.

Recommendation (2)
Agree – see response 1.

Recommendation (4)
Agree – The current system (System Manager) and resource capacity (a single 307 level Inventory Technician) are not sufficient to meet the recommendations for asset management and inventory tracking in this report. After completion of the following related queued higher priority projects - #71877 "Work Tracking System (Service Manager) Business Analysis" and #71878 "RFP & Contract for Work Tracking System (Service Manager) Replacement" – IT will complete an RFP for an external consultant and implementer for a technology asset management system. This CIP will be requested in FY19 with an expected project start date of 12/1/2018 depending on project prioritization criteria. Additionally, IT will request a PIR in FY19 for a Business Manager and additional personnel resources focused on asset management.

Recommendation (5)
Agree – see response 4.

Recommendation (6)
Agree – see response 4.

Recommendation (7)
Agree –IT will create a "chain of custody" form as part of the policy update referenced in response 1.

Recommendation (8)
Agree – see response 4 and 7.

Recommendation (9)
Agree – see response 4.

Recommendation (10)
Agree – see response 1 and 4.

Recommendation (11)
Agree – see response 1 and 4.

Recommendation (12)
Agree – see response 1.

Recommendation (13)
Agree – see response 1.

Recommendation (14)
Agree – This cellular management is currently performed by a System Support Specialist. IT has requested by PIR additional resources with duties more in line with this management function. IT will continue to request PIR resources for cellular account management.

Recommendation (15)
Agree – see response 7.

Recommendation (16)
Agree – IT has re-assigned the CCTV management from Security program to Public Safety Communications program. Over the next year, CCTV equipment will be inventoried and added to the MCM asset management system.

Recommendation (17)
Agree – IT has created a department policy as required by MB 15-1 but has not yet developed an inventory of non-consumable and small and attractive items due to personnel resource constraints and higher priority projects and service requests. We hope to have the inventory completed by 6/30/2018.

pc: Janet McWilliams, Auditor Manager
     IT Audits File
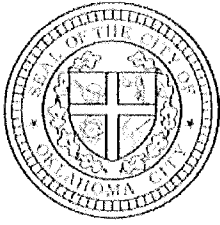
MEMORANDUM
The City of
OKLAHOMA CITY
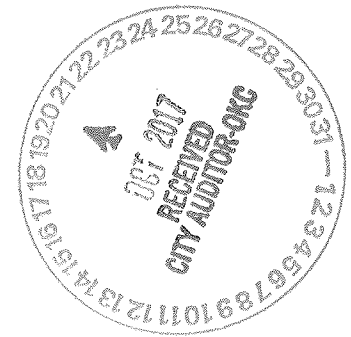
TO: Jim Williamson, City Auditor

THROUGH: James D. Couch, City Manager *for*

FROM: Craig A. Freeman, Finance Director

DATE: September 28, 2017

SUBJECT: Finance Department Response to Auditor's Report #17-02 "Information Technology Department Technology Asset Inventory"

Recommendation 1
The Finance Department agrees with the recommendation. The Finance Department will reference the Information Technology Department's policies governing technology assets in the Capital Asset Manual. This will be updated with the next update of the Capital Asset Manual by January 1, 2018.

Recommendation 2
The Finance Department agrees with the recommendation. The Finance Department will omit detailed guidance from the Purchasing Policies and Procedures Manual and simply reference the Information Technology Department's policies governing technology assets discussed in Recommendation (1). The Purchasing Policies and Procedures Manual will be updated with this change by November 1, 2017 or when the Information Technology Department issues the updated IT Technology Equipment Disposal Procedures.

Recommendation 3
The Finance Department agrees with the recommendation. The Finance Department will update the Purchasing Policies and Procedures Manual and require a retention period of five years for surplus property disposal records to be consistent with other policies. The Purchasing Policies and Procedures Manual will be updated with this change by November 1, 2017.

Recommendation 12
The Finance Department agrees with the recommendation. The Finance Department will clarify in MB 15-1 (the Non-Capitalized Inventory Policy) that departments are responsible for maintaining cellular equipment inventories. We will make this change by November 1, 2017.

Recommendation 13
The Finance Department agrees with the recommendation. The Finance Department will omit detailed guidance from the Purchasing Policies and Procedures and simply reference the Information Technology Department's policies governing technology assets discussed in Recommendation (1). The Purchasing Policies and Procedures will be updated with this change by November 1, 2017 or when the Information Technology Department issues their updated IT Technology Equipment Disposal Procedures.

Status of Recommendations from Previous Report

Finance Department Response (1)
The Finance Department's Capital Asset Manual was updated in October of 2015 to include MB15-1 and was distributed to all departments.

Finance Department Response (2)
The Purchasing Policies and Procedures were updated in September 2015 to require the consideration of carrying costs and diminishing market value to be included in surplus property assessments.