CBSL

Compliance Review of the Asset Management Arrangements

Police and Crime Commissioner for Wiltshire and Chief Constable of Wiltshire Police

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Compliance Review of the Asset Management Arrangements

- EXECUTIVE SUMMARY -

INTRODUCTION

1.   The Asset Management arrangements at the then Wiltshire Police Authority were subject to a system review in December 2009, a compliance review in November 2010, a compliance review in 2011/12 finalised in March 2012 and a compliance review in September 2012. This compliance review was carried out as part of the planned internal audit work for 2013/14.

2.   One Key Risk Control Objective was tested and based on the findings from this work an overall evaluation of the overall compliance with the core internal controls was established. The (C) after the evaluation indicates that the assessment is from the compliance work only and not from a review of the system (figure 1 below). The assessment has been downgraded to No Assurance as despite the previous management actions assets are still unaccounted for.

Figure 1 - Evaluation of the Effectiveness of the Internal Controls

Evaluation
No Assurance (C)

KEY FINDINGS

3.   The key control and operational practice findings that need to be addressed in order to strengthen the control environment are set out in the Management and Operational Effectiveness Action Plans. Recommendations for improvements should be assessed for their full impact before they are implemented. The priorities of the recommendations are summarised below (figure 2):

Figure 2 - Summary of Priorities of Recommendations

Urgent	Important	Routine	Operational
2	4	1	-

RELEASE OF REPORT

4.   The table below sets out the history of this report.

Date draft report issued:	6th August 2013
Date management responses recd:	
Date final report issued:	

DRAFT

MANAGEMENT ACTION PLAN

PRIORITY 1, 2 AND 3 RECOMMENDATIONS

Rec.	Finding	Recommendation	Priority	Management Comments (Force & PCC)	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
2	A report from the Hardcat system was obtained during the review and a random sample of 55 assets, located at HQ in Devizes was selected to confirm their existence and location details. The review revealed that 15 items were not found in the correct location. There are obviously still issues with ensuring that the Hardcat system is accurately updated when items are moved.	Assets unaccounted for be investigated independently and the Hardcat system updated to reflect the results of the investigation.	1			
4	A review of the file of audits undertaken and sent to Budget holders was undertaken. The review revealed that the reports are sent to the Budget Holders in a timely manner after the audit has occurred and each report signed off by the Senior Accounting Technician. It was also noted that there are **eleven** reports from Business Strategy & Improvement (BSI) where no responses have been received.	If no response is received by the deadline set regarding the items not found in the 11 BSI audits where no response has been received for Asset Management audits carried out in 2012 then this be reported to Senior Management to resolve.	1			

PRIORITY GRADINGS

1	URGENT	Fundamental control issue on which action should be taken immediately.	2	IMPORTANT	Control issue on which action should be taken at the earliest opportunity.	3	ROUTINE	Control issue on which action should be taken.

Rec.	Finding	Recommendation	Priority	Management Comments (Force & PCC)	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
1	The ITAM policy sets out that IT are responsible for all the movement of IT equipment including updating Hardcat. An annex to the ITAM Policy sets out the IT Terms and Reference for Office Moves, which includes the timescales for each step of the process, however there is no timescale set out for how long after any move when the Hardcat system must be updated to reflect any movements. It was noted that IT have now been provided with a scanner to easily update Hardcat (paragraphs 10.6 and 10.7 refer).	The IT Asset Management Policy (ITAM) section within the main Asset Management Policy be updated to include a reasonable timescale for Hardcat to be updated after IT has moved any IT equipment.	2			
3	There are currently 1800 assets, (excluding mobile phones, mobile peripherals and items created in the last 12 month), that are showing a 'last audit date' prior to 2012. The Finance Assistant confirmed that all assets and locations have been checked in the last 12 months (except for a few where access could not be obtained), therefore the 1800 items relate to items not found.	A Management decision be obtained on assets showing 'last audit date' prior to 2012 that have therefore not been found so that these can be disposed of and recorded as such on Hardcat.	2			

PRIORITY GRADINGS

1	URGENT	Fundamental control issue on which action should be taken immediately.		2	IMPORTANT	Control issue on which action should be taken at the earliest opportunity.		3	ROUTINE	Control issue on which action should be taken.

Rec.	Finding	Recommendation	Priority	Management Comments (Force & PCC)	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
5	Testing revealed that six of the items not found are laptops. A report from Hardcat revealed that there are 93 laptops that have not been recorded as allocated to a specific/personal user in accordance with the ITAM policy. The Policy also states that "assets will need to be sent to a servicing department for upgrade or maintenance. When this happens, the asset register must be updated to reflect the change of location and the responsibility for ownership of the asset during this period. When laptops currently allocated to a department are returned for maintenance IT will amend Hardcat to record who has personal responsibility for the asset" Testing revealed that this is not occurring.	All laptops and other similar type of equipment identified as used by remote users be amended as such on Hardcat as planned in accordance with the ITAM Policy.	2			

PRIORITY GRADINGS

1	**URGENT**	Fundamental control issue on which action should be taken immediately.
2	**IMPORTANT**	Control issue on which action should be taken at the earliest opportunity.
3	**ROUTINE**	Control issue on which action should be taken.

Rec.	Finding	Recommendation	Priority	Management Comments (Force & PCC)	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
6	A sample of 10 items in room HQ MAIN/G 019A, which is an IT storage room (now IT Service Delivery Store 1) and HQ MAIN/G/041 (Service Delivery Store 2), where assets were not found were selected as part of the audit as previous reviews had identified errors. Seven items could not be located. It was noted that an audit was completed the week prior to this audit by a Finance Assistant and a total of 20 items were not found. It was noted that the person responsible for the room has been on long term sick, returned and now back on sick leave. Both rooms were found to be untidy and somewhat disorganised. It is apparent that control over these rooms has deteriorated whilst this person has been on sick leave. There have been various issues with these rooms over the last few audits.	Appropriate resources be temporary delegated to cover sick leave for responsibility for rooms HQ MAIN/G 019A, which is an IT storage room (now IT Service Delivery Store 1) and HQ MAIN/G/041 (Service Delivery Store 2) in order that control is restored over the movement of assets.	2			
7	It was noted that the Finance Department have not updated the Hardcat system for some disposals forms provide by the IST department as the asset numbers do not concur with the disposal list supplied by Stone Computers who are responsible for disposing obsolete IT equipment.	The Disposal form used by IST to record all IT equipment given to Stone Computers Limited to dispose of be signed by Stone Computers as evidence of the actual assets disposed of to avoid any discrepancies.	3			

PRIORITY GRADINGS

| 1 | URGENT | Fundamental control issue on which action should be taken immediately. | 2 | IMPORTANT | Control issue on which action should be taken at the earliest opportunity. | 3 | ROUTINE | Control issue on which action should be taken. |

OPERATIONAL EFFECTIVENESS MATTERS

Ref	Item	Management Comments
	There were no Operational Effectiveness Matters identified.	

ADVISORY NOTE

Operational Effectiveness Matters need to be considered as part of management review of procedures, rather than on a one-by-one basis

- DETAILED REPORT -

SCOPE AND LIMITATIONS OF THE REVIEW

5.   The review considers identification of any significant changes to the system and assesses the implications of these changes on the effectiveness of the control framework. The review concentrates on testing to assess whether the controls are operating continuously and effectively. The review does not consider identification of system controls other than where there have been significant operational changes since the previous system review.

6.   The review has been carried out by TIAA Ltd as the nominated sub-contractor of Capita Business Services Ltd ('CBSL'). The limitations and the responsibilities of management in regard to this review are set out in the Annual Plan.

7.   The matters raised in this report are only those that came to the attention of the auditor during the course of the internal audit review and are not necessarily a comprehensive statement of all the weaknesses that exist or all the improvements that might be made. This report has been prepared solely for management's use and must not be recited or referred to in whole or in part to third parties without our prior written consent. No responsibility to any third party is accepted as the report has not been prepared, and is not intended, for any other purpose. CBSL and TIAA neither owe nor accept any duty of care to any other party who may receive this report and specifically disclaims any liability for loss, damage or expense of whatsoever nature, which is caused by their reliance on our report.

ASSESSMENT OF THE KEY RISK CONTROL OBJECTIVE

8.   This review identified and tested the controls that are being operated by the Organisation and an assessment of the combined effectiveness of the controls in mitigating the key control risks is provided. The assessments are:

Substantial Assurance	**robust series of internal controls in place designed to achieve the system objectives and which are being consistently applied.**
Reasonable Assurance	**series of internal controls in place, however there are some control improvements that would assist in which ensuring the continuous and effective achievement of the system objectives.**
Limited Assurance	**the controls in place are not sufficient to ensure the continuous and effective achievement of the system objectives.**
No Assurance	**fundamental breakdown or absence of core internal controls.**

MATERIALITY

9.   At the time of the review in November 2011 the Hardcat system contained 19,115 assets with a total book value of £9,203,753 and in March 2012 the system contained 16,988 assets amounting to £9,089,281. In September 2012 there were 14,200 assets with a book value of £7,533,696 and during the current review there were 13,310 assets amounting to £6,962,127. The reasons given for this decrease are attributable to the increased scrutiny of the system and increased disposals.

DRAFT

AUDIT FINDINGS

Risk	Losses arising in the process from unauthorised action.
Risk Control Objective	**Arrangements in place for the process provide for compliance with the procedures designed to safeguard the organisation's assets and interests from avoidable losses.**
Evaluation	**No Assurance**

10. The following matters were identified in reviewing the Key Risk Control Objective:

Risk: Previous internal audit recommendations have not been actioned fully leading to inappropriate transactions being processed.

10.1 The previous compliance review identified 6 recommendations. These recommendations were followed up as part of the annual follow up in March 2013. All 6 recommendations were implemented.

10.2 The Force uses the Hardcat electronic asset management system for accounting for Force assets. The IT based inventory system is based on barcode technology that records asset movements from purchase to final disposal. The Finance Department is the business owner of the Hardcat system, with the Finance Assistants responsible for undertaking rolling audits of assets over a year using a scanner whereby barcodes are scanned and the data is automatically downloaded into Hardcat.

10.3 The revised Asset Management Policy was finalised in September 2012. The Policy includes the IT Asset Management Policy (ITAM) as an annex to the Asset Management Policy due to the complexities of the Organisations IT platform.

10.4 The ITAM policy sets out that the IST team is responsible for all the movement of IT equipment including updating Hardcat. An annex to the ITAM Policy sets out the IST Terms and Reference for Office Moves, which includes the timescales for each step of the process, however there is no timescale set out for how long after any move when the Hardcat system must be updated to reflect any movements. It was noted that IST have now been provided with a scanner to easily update Hardcat (paragraphs 10.6 and 10.7 refer).

Recommendation: 1	Priority: 2
The IT Asset Management Policy (ITAM) section within the main Asset Management Policy be updated to include a reasonable timescale for Hardcat to be updated after IT have moved any IT equipment.	

10.5 The Finance Department has made significant improvements to address issues with the Asset Management process. These include the following:

- Finance has launched a communications campaign to promote the Asset Management and the revised policy.

DRAFT

- An asset management website is available to the Force with the policy and other details/contacts etc and an advertising campaign with posters (which are still up) and several e-briefings and manager's briefings sent out.

- A cleanup of Hardcat data and analysis of assets in line with the policy has been carried out.

- Meetings now occur between Finance and IST to resolve issues surrounding the Asset Management process. An action Matrix was developed in July 2013 with actions delegated to individuals to be completed by July and August 2013.

- An audit timetable and plan for asset management auditing, including the outcomes has been developed.

10.6 A report from the Hardcat system was obtained during the review and a random sample of 55 assets, located at HQ in Devizes, was selected to confirm their existence and location details. The review revealed that 15 items were not found in the correct location. This indicates that there are still issues with ensuring that the Hardcat system is accurately updated when items are moved. Although the recommendation has been completed by addressing the issues noted in the previous audit the recommendation has been reiterated based on the results of the testing as part of the review. The following table lists the assets not located as part of this review:

Asset Number	Asset Type	Hardcat Location	Comment
007750	Laptop	HQ MAIN/1/117	**Not found**
014597	Laptop	HQ MAIN/1/127	**Not found**
011487	Projector	HQ MAIN/3/301	**Not found**
011566	Monitor	HQ MAIN/3/301	**Not found**
011410	Tower system	HQ MAIN/3/301	**Not found**
014883	Monitor	HQ MAIN/3/301	**Not found**
030829	Projector	HQ MAIN/3/301	**Not found**
030485	Laptop	HQ MAIN/G/019A	**Not found**
036602	Terminal – Thin Client	HQ MAIN/G/019A	**Not found**
036623	Terminal – Thin Client	HQ MAIN/G/019A	**Not found**
038526	Laser Printer	HQ MAIN/G/019A	**Not found**
038539	Tower system	HQ MAIN/G/019A	**Not found**
002787	Laptop	HQ MAIN/G/041	**Not found**
008974	Laptop	HQ MAIN/G/041	**Not found**
013085	Laptop	HQ TRAIN/634	**Not found**

Recommendation: 2	**Priority: 1**
Assets unaccounted for be investigated independently and the Hardcat system updated to reflect the results of the investigation.	

DRAFT

10.7 A visit was made to Melksham where a sample of 60 items was selected. The visit coincided with the Finance Assistants' annual audit visit. The testing revealed that 17 items were not in the correct location as stated on Hardcat. Testing also revealed that 8 items were actually found in the sample locations that were not recorded on Hardcat for those rooms. The anomalies found have been updated on Hardcat as part of the routine audit.

Asset Number	Asset Type	Hardcat Location	Comment
030185	Tower system	ED F012	**Not found**
010115	Monitor	ED F016	**Not found**
032616	Terminal	ED F016	**Not found**
037337	Monitor	ED F016	**Not found**
014071	Inkjet Printer	ED F028	**Not found**
032293	Tower system	ED F028	**Not found**
011721	Tower system	ED F030	**Not found**
037959	Monitors	ED F030	**Not found**
012229	Monitors	ED F034B	**Not found**
013647	Monitors	ED F034B	**Not found**
033931	Monitors	ED F044A	**Not found**
036281	Tower system	ED F044A	**Not found**
018330	Video Production	ED F050	**Not found**
018331	Video Recorder (VR)	ED F050	**Not found**
018332	Video Recorder (VR)	ED F050	**Not found**
018333	TV/Monitor	ED F050	**Not found**
030927	TV Combi	ED F050	**Not found**

It was noted that various office movements have occurred at Melksham in the last few months, however the testing conducted as part of this review and that undertaken by the Finance Assistant revealed that the updating of Hardcat by IST is not undertaken in a timely manner and in some cases not all (Paragraph 10.4 refers).

10.8 There are currently 1,800 assets, (excluding mobile phones, mobile peripherals and items created in the last 12 months), that are showing a 'last audit date' prior to 2012. The Finance Assistant confirmed that all assets and locations have been checked in the last 12 months (except for a few where access could not be obtained), therefore the 1,800 items relate to items not found.

Recommendation: 3	**Priority: 2**
A Management decision be obtained on assets showing 'last audit date' prior to 2012 that have therefore not been found so that these can be disposed of and recorded as such on Hardcat.	

10.9 The outcomes of audits conducted by the Finance Assistants are sent directly to the departmental Budget Holder and Budget Accounting Technician. The reports are also submitted for review at the quarterly Budget Monitoring meetings which are chaired by the Head of Finance & Logistics. The responsible Budget Holder is expected to

DRAFT

resolve any discrepancies highlighted within the report and inform the Finance Assistants within 2 weeks of the audit. The Senior Accounting Technician is now more involved in the process by reviewing all reports and responses received and signs of the reports.

10.10 A review of the file of audits undertaken and sent to Budget holders was undertaken. The review revealed that the reports are sent to the Budget Holders in a timely manner after the audit has occurred and each report signed off by the Senior Accounting Technician. It was also noted that there are eleven reports from Business Strategy & Improvement (BSI) where no responses have been received. Examples include:

- Melksham BSI audited on 12.09.12 – 14 items not found

- HQ Main BSI audited on 28.09.12 – 16 items not found

- HQ BSI Store Room 2 audited on 11.10.12 – 21 items not found

- Trowbridge, Bradford-Upon-Avon, Westbury and Warminster BSI audited on 20.12.12 – 45 items not found

- HQ BSI audited on 11.02.13 – 58 items not found

These are noted in the Action Matrix as stated in paragraph 10.5 and a timescale of 31 July 2013 given as a due date for completion. Discussions with the Senior Accounting Technician revealed that most departments are responding to reports within the two week period given to respond.

Recommendation: 4	Priority: 1
If no response is received by the deadline set regarding the items not found in the 11 BSI audits where no response has been received for Asset Management audits carried out in 2012 then this be reported to Senior Management to resolve.	

10.11 Testing revealed that six of the items not found were laptops. The previous review showed the risks of the failure to be able to account for the whereabouts of laptops means that the Force may have difficulty in demonstrating it has robust information governance arrangements in place as there is no means of establishing what information may be held on these machines. In response to the previous review a new system for allocating laptops 'Remote Users' with the name in a separate field within the Hardcat system was to be implemented for tighter controls and an audit trail of the whereabouts of all items. A report from Hardcat revealed that there are 93 laptops that have not been recorded as allocated to a specific/personal user in accordance with the ITAM policy. The Policy also states that "assets will need to be sent to a servicing department for upgrade or maintenance. When this happens, the asset register must be updated to reflect the change of location and the responsibility for ownership of the asset during this period. When laptops currently allocated to a department are returned for maintenance IT will amend Hardcat to record who has personal responsibility for the asset". Testing revealed that this is not occurring.

Recommendation: 5	Priority: 2
All laptops and other similar type of equipment identified as used by remote	

DRAFT

users be amended as such on Hardcat as planned in accordance with the ITAM Policy.

10.12 A sample of 10 items in room HQ MAIN/G 019A, which is an IT Service Delivery Store 1) and HQ MAIN/G/041 (Service Delivery Store 2), where assets were not found were selected as part of the audit as previous reviews had identified errors. Seven items could not be located. It was noted that an audit was completed the week prior to this audit by a Finance Assistant and a total of 20 items were not found. It was noted that the person responsible for the room has been on long term sick, returned and now back on sick leave. Both rooms were found to be untidy and somewhat disorganised. It is apparent that control over these rooms has deteriorated whilst this person has been on sick leave. There have been various issues with these rooms over the last few audits.

Recommendation: 6	Priority: 2

Appropriate resources be temporary delegated to cover sick leave for responsibility for rooms HQ MAIN/G 019A, which is an IT storage room (now IT Service Delivery Store 1) and HQ MAIN/G/041 (Service Delivery Store 2) in order that control is restored over the movement of assets.

10.13 A sample of 10 Pava Sprays (CS Canisters) was undertaken and all were accounted for as present.

10.14 All Firearms are recorded on the Hardcat system. A sample of 10 items was selected for review and all were found as expected within the Armoury.

10.15 Disposals of assets must be recorded on a Disposal form that is authorised by Heads of Department. The forms are forwarded to the Finance Department for processing. A sample of 20 assets identified as disposed of on the Hardcat system were selected to confirm authorised disposal forms were present to support the entry. The review revealed all were present and authorised in accordance with procedures.

10.16 A sample of 10 disposal forms were checked to the Hardcat system to confirm the assets were recorded as disposed of. The review revealed that all disposal forms were authorised in accordance with procedure and the Hardcat system updated to reflect the disposal.

10.17 It was noted that the Finance Department has not updated the Hardcat system for some disposals forms provided by the IST department as the asset numbers do not concur with the disposal list supplied by Stone Computers who are responsible for disposing of obsolete IT equipment.

Recommendation: 7	Priority: 3

The Disposal form used by IST to record all IT equipment given to Stone Computers Limited to dispose of be signed by Stone Computers as evidence of the actual assets disposed of to avoid any discrepancies.

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