



STAFF REPORT ACTION REQUIRED

Review of Disposal of Surplus IT Equipment – Security, Environmental and Financial Risks

Date:	May 4, 2009
To:	Audit Committee
From:	Auditor General
Wards:	All
Reference Number:	

SUMMARY

The objective of this review was to determine whether the City's management and oversight of the disposal of surplus Information Technology (IT) equipment adequately addresses potential risks such as:

- ensuring information residing on computer equipment such as hard drives is effectively erased or destroyed
- ensuring that surplus equipment is disposed of in an environmentally responsible manner, and
- ensuring the City receives its share of the funds from the disposal of the assets.

The review identified the need to address a number of important areas relating to contract compliance. The City needs to address these issues in order to mitigate the risks pertaining to the inappropriate disposal of surplus IT assets. There is also a need to ensure that the qualifications of the current third party vendor are re-evaluated.

Although recommendations in this report focus on improving controls over the disposal of surplus IT equipment at the City the recommendations may be relevant to the City's Agencies, Boards, Commissions and Corporations and should be reviewed, evaluated and implemented as deemed appropriate.

RECOMMENDATIONS

The Auditor General recommends that:

1. The Chief Information Officer re-evaluate the agreement with the vendor who is currently providing information technology asset disposal services. Such re-evaluation take into account the experience of the vendor particularly in the area of data security and environmental concerns and where appropriate ensure that the vendor is capable of providing the level of service required.
2. The Chief Information Officer review all provisions in the agreement with the third party information technology asset disposal vendor and direct the vendor to comply with all provisions in the agreement. Further policies, procedures be established to ensure that the City is able to confirm compliance. Regular audits including the development of audit programmes be conducted to confirm compliance. Documentary evidence of all such compliance audits be retained and approved by supervisory staff.
3. The Chief Information Officer, on a random basis, confirm that hard drives submitted to the auctioneer have been successfully erased. Specialized data recovery tools be used to determine whether or not hard drives have been successfully deleted.
4. The Chief Information Officer ensure that disposal processes for surplus information technology assets are in conformance with regulatory procedures and all such disposals are supported by an adequate audit trail for subsequent verification by City staff.
5. The Chief Information Officer ensure that receipts from the sale of equipment are reconciled to the actual equipment sold.

FINANCIAL IMPACT

There are no financial implications.

DECISION HISTORY

This review was added to the Auditor General's Annual Work Plan to ensure City practices for disposing of surplus IT equipment aligns with concerns regarding the disclosure of sensitive information and maintaining a safe environment. The need to address these concerns was expressed by Council in July 2007 when Council approved the Policy for the Disposal of Technology Assets. This report provides the results of the Auditor General's review of the management and oversight of the Disposal of Surplus IT Equipment.

COMMENTS

Results of the Auditor General's review

The Auditor General's report entitled "Review of Disposal of Surplus IT Equipment – Security, Environmental and Financial Risks" presents the results of a high level review of the processes surrounding the disposal of surplus IT equipment and contains five recommendations and is attached as Appendix 1.

CONTACT

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SIGNATURE

Jeffrey Griffiths, Auditor General

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ATTACHMENTS

- Appendix 1: Disposal of Surplus IT Equipment – Security, Environmental and Financial Risk
- Appendix 2: Management's Response to the Auditor General's Review of Disposal of Surplus Computer Equipment - Security, Environmental and Financial Risk