



October 24, 2023

City of Fort Smith Board of Directors

SUBJECT: Information Technology Systems (ITS) Asset Audit

Board of Directors:

I am pleased to report the results of the ITS Asset Audit conducted as part of the FY2023 Audit Plan. The objective of the IT Assets Audit was to evaluate whether City policies and procedures were adhered to during the purchasing process, and that there are proper internal controls in place to oversee the City's IT assets. Typically, IT assets include every software license and device on and off the network, whether mobile or fixed, managed or unmanaged with risk profiles for each asset.

Through the initial assessment, we recognized that there were policies and procedures lacking for the process, in addition to internal controls not in place. A high-level review of IT purchases with p-cards for the year 2022 through May 2023 was performed as part of the initial assessment of the IT Asset process. We noted subscriptions to Office 365, laptop batteries, laptops, TV's, cell phone repairs, etc. were made and appears to not have been approved by ITS prior to purchasing. We met with ITS Management to discuss the items noted during our preliminary analysis and agreed that better internal controls were needed for this workflow and more education to the employees for proper approval through the IT Department.

At this time, we have noted the steps ITS Management is taking to implement a robust internal control structure for managing the City's IT assets. We will perform a follow-up audit at a later date to reassess the progress ITS Management has made to its internal control structure.

Respectfully submitted,

Tracey Shockley, CFE, CCA
Internal Audit Director

ITS Management Response:

The IT Department is requesting 2 new positions in budget year 2024, a Lifecycle Specialist and a Cybersecurity Analyst. Both positions will assist with developing robust procedure and policy regarding lifecycle management of all city technology, to include proper purchasing and secure disposal.