



TEXAS REAL ESTATE COMMISSION

Internal Audit Services

A REVIEW OF

Information Technology Asset Management

Report No. 2022-01

February 07, 2022



McConnell Jones
Diverse Thinking | Unique Perspectives

This report provides management with information about the condition of risks and internal controls at a specific point in time. Future changes in environmental factors and actions by personnel will impact these risks and internal controls in ways that this report cannot anticipate.

Internal Memorandum Information Technology Asset Management Advisory Project

Why Was This Review Conducted?

McConnell Jones (MJ), serving as the outsourced internal audit function (Internal Audit) for the Texas Real Estate Commission (TREC), performed this advisory project as part of the approved FY 2022 Annual Internal Audit Plan.

Review Objectives and Scope

We provided advisory services to the Finance Department in the following areas:

1. Review Information Technology (IT) Asset Management policies and procedures to identify potential gaps.
2. Review IT asset management data collected to determine if it is sufficient to meet the Agency's needs including identification and tracking.
3. Work with the Information Technology Department to assess their role and responsibilities in IT asset management processes going forward.

Background

During the FY2021 Asset Management Audit we were unable to complete the audit at that time due to major changes to asset management policies and procedures and the scheduled return of a large number of leased items during the audit. TREC management agreed that we would conduct the following activities in the first quarter of FY2022:

1. Review the updated physical inventory.
2. Review the updated policies and procedures to verify they are sufficient to safeguard assets and comply with state regulations.

In the fourth quarter of FY2021, TREC implemented an electronic asset management system called Snipe-IT. This is a cloud-based service that is specifically built for IT asset management and inventory.

Review Conclusions

IT Asset Management Policy and Procedures

Based on a review of the *Asset Management Guides, Instructions & Procedures (SOP)* against *Government Code 403 Subchapter L, Texas Administrative Code (TAC) Title 34, Rule 5.200*, and ITIL Asset Management best practices we identified 15 areas of improvement. The key areas of improvement include:

1. Updating the SOP to include new changes to the regulations.
2. Create one (1) new process (which covers two requirements), that the agency does not currently perform, as a precautionary measure in the event they are needed.
3. Update the SOP to reflect the current processes and interactions between asset management and IT personnel responsibilities.

See: Attachment1 – Recommendations one (1) through four (4) for full details.

Review of IT Asset Management Data

Our review of the Snipe-IT data determined there are:

940 IT Assets including **224** Leased IT Assets

216 Assets with Deployable/IT Storage status

523 Assets with Deployed status

164 Assets with Returned to Vendor status

4 Assets with Damaged status

17 Assets with Missing status

10 Assets with Maintenance status

3 Assets with Surplus status

We recommend Snipe-IT be updated with additional information as required by the SOP. These areas of improvement include:

1. Assign assets to a location and not a person.
2. Assign assets to appropriate locations.
3. Update missing dates.
4. Update missing purchase types.

See: Attachment1 – Recommendation six (6) for full details.

IT Asset Management Process

We conducted an analysis of the current IT asset management process and identified several areas of improvement for both IT personnel and asset management personnel. Some process improvements include:

1. Create an internal Service Level Agreement with the Information Technology Department.
2. Determine the process for delivery of IT equipment after hours.

We also noted that the annual inventory scheduled for the first quarter of FY2022 has not been completed and has been postponed to the second quarter of FY2022.

See: Attachment 2 – IT Asset Management Process for detailed process flow.

Attachments

1 - Recommendations

2 – IT Asset Management Process Flow Charts



We wish to thank all employees for their openness and cooperation. Without this, we would not have been able to complete our review

Attachment 1 - Recommendations

Number	Area of Improvement	Recommendation
1	The Asset Management Guides, Instructions & Procedures (SOP) does not meet all of the requirements of the Texas Government Code 403 Subchapter L.	<p><u>Update the SOP to address the missing controls of Government Code 403 Subchapter L:</u></p> <ol style="list-style-type: none"> 1. Update Section VIII of the SOP in the event that TREC lends property to another agency. This will ensure a process exists in the event that the agency needs to loan assets to another agency. (403.273d) 2. Add a process for the changing of the agency head and/or property manager. This process should include the following: (404.274) <ol style="list-style-type: none"> a. The outgoing head of the agency or property manager shall complete the form required by the comptroller about property in the agency's possession. b. The outgoing head of the agency or property manager shall deliver the form to the incoming head of the agency or property manager. c. After verifying the information on and signing the form, the incoming head of the agency or property manager shall submit a copy of the form to the comptroller.
2	The Asset Management Guides, Instructions & Procedures (SOP) does not meet all of the requirements of the <i>Texas Administrative Code (TAC) Title 34, Rule 5.200</i>	<p><u>Update the SOP to address the missing controls of TAC Title 34§5.200:</u></p> <ol style="list-style-type: none"> 1. Update Section II.A & II.C to include the requirement that the agency must inform the comptroller of the designation not later than the 15th day after making the designation by properly completing and submitting the form required by the comptroller (34§5.200(c)(1)(A)(ii)) 2. Add a process for the changing of the agency head and/or property manager. See above for detail recommendations. (34§5.200(c)(3)) 3. Add a reference/pointer to the Disaster Recovery plan for Snipe-IT and/or the asset management process. (34§5.200(e)(2)(C)) 4. Add a requirement that library books, library reference materials, e-books, and software are tracked on a group basis. While all other assets are tracked on a unit basis. (34§5.200(e)(3)) 5. Add a statement on how agency users are accessing SPA and that this access is in accordance with the procedures and security limitations prescribed by the Texas Comptroller. (34§5.200(e)(4)) 6. Update Section II.E and Section IX to include the process of reconciliation between USAS, Snipe-IT, and SPA data. (34§5.200(g)(3)(C)) 7. Update Section VIII of the SOP in the event that TREC lends property to another agency. This will ensure a process exists in the event that the agency needs to loan assets to another agency. (34§5.200(k))

Number	Area of Improvement	Recommendation
		<ul style="list-style-type: none"> 8. Update Section XIII.A to indicate that lost, destroyed, or damaged property be reported to the Attorney General within five (5) days of discovery (reasonable belief) that the property is lost, destroyed or damaged. The SOP currently states that this occurs after 2 years. (34§5.200(m)(3)(B)) 9. Add reference/pointer to the TREC SPA Accounting Procedures so that assets can be valued appropriately. (34§5.200(f)) and (34§5.200(g)(1))
3	<p>While reviewing the Asset Management SOP it was found that the TREC SPA Accounting Procedures document has not been updated/reviewed since 2017.</p>	<ul style="list-style-type: none"> 1. Update the TREC SPA Accounting Procedures to match current processes. These include: <ul style="list-style-type: none"> a. Changes to <i>Texas Administrative Code (TAC) Title 34, Rule 5.200</i> b. Changes to the Asset Management processes (Asset Management SOP)
4	<p>The Asset Management Guides, Instructions & Procedures (SOP) should be updated to reflect current processes and/or best practices.</p>	<ul style="list-style-type: none"> 1. Update Appendix C: Receiving Process to include the IT Department (ITD) and any new processes that are now occurring. These include but not limited to: <ul style="list-style-type: none"> a. Property Specialist delivering property to ITD. b. ITD updating Snipe-IT. c. ITD assigning the property to users. 2. Whenever ITD is involved in the asset management process there should be procedures or Service Level Agreements (SLAs) created to indicate how long they have to complete data entry/notification to property management personnel. These should be very clear and concise. Some areas include: <ul style="list-style-type: none"> a. The respective property must be received in Snipe-IT within eight (8) hours of receipt from property management. b. Snipe-it must be updated within one (1) business day of issuing a device. c. Snipe-IT must be updated within one (1) business day of items being sent for repair. 3. Work with ITD to determine the dollar limit for consumable IT equipment. This will ensure the correct assets are tracked in Snipe-IT. 4. Create a well-defined process for leased item tracking in Snipe-IT. This should include the following at a minimum: <ul style="list-style-type: none"> a. Tracking of serial numbers, contract numbers, model numbers. These should be correlated to the lease end date. This is so that the equipment that was leased is what is returned at the end of the lease.
5	<p>It was noted that deliveries to the agency are not always left with the mail room. There have been instance of packages/mail left in hallways, the elevators and in front of doors.</p>	<p>Work with Texas Facilities Commission, building security, and the agency mailroom personnel to determine the best way for high value assets to be delivered. Some ideas include:</p> <ul style="list-style-type: none"> 1. Better signage. 2. Have a drop box placed so that packages can be delivered. 3. Allow security desk personnel to sign for packages, or escort delivery personnel to the Agency.

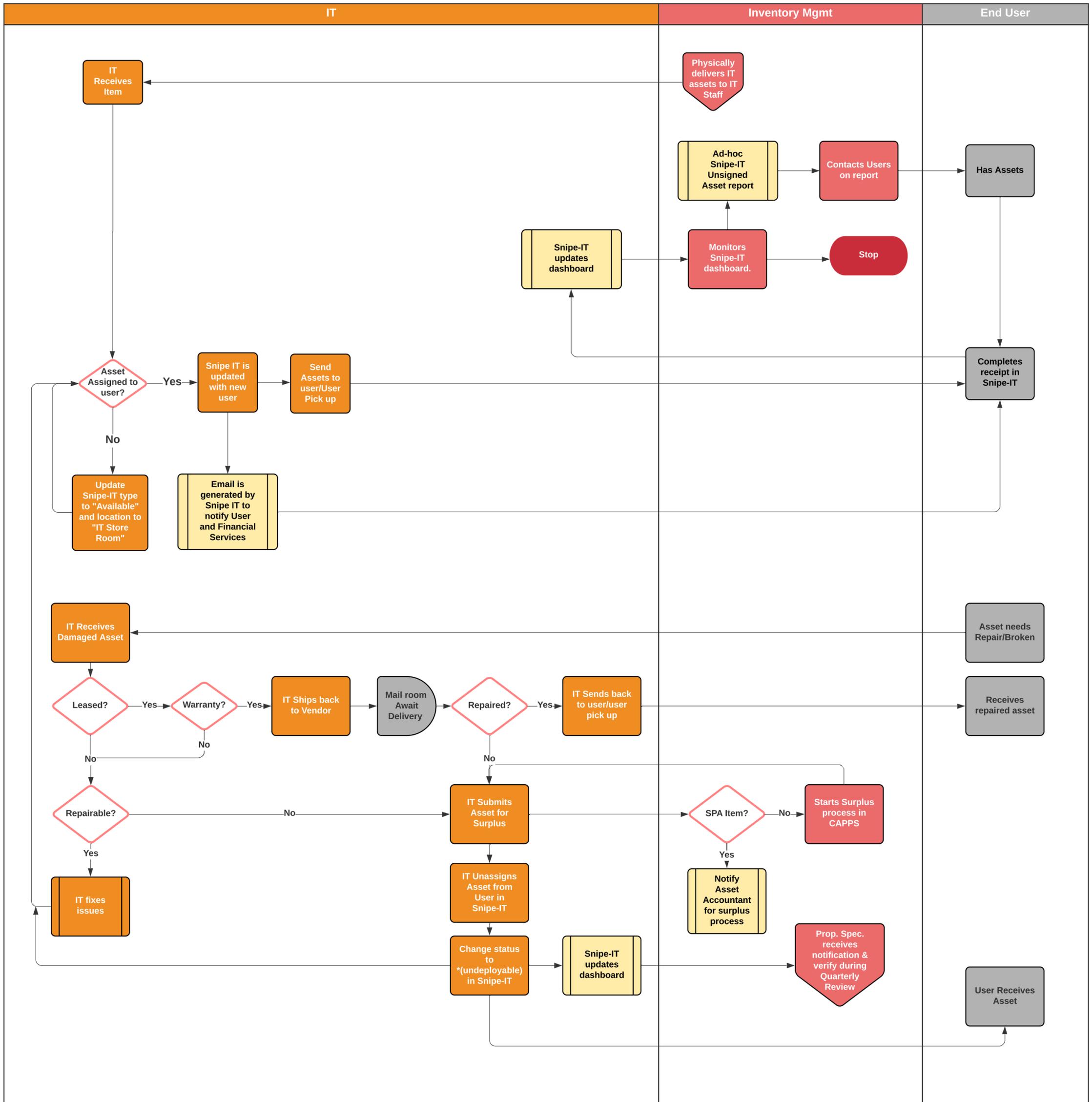
Number	Area of Improvement	Recommendation
		<ol style="list-style-type: none"> 4. Update Purchase Orders to include instructions for vendor delivery personnel to contact the Agency to arrange for a drop-off time. This ensures that someone is onsite to accept the delivery. 5. Set a dollar amount for items that will require a signature at time of delivery.
6	<p>Snipe-IT needs to be updated with complete information as required in the Asset Management Guides, Instructions & Procedures (SOP). We found the following:</p> <ul style="list-style-type: none"> • 72 deployed assets are not assigned to a person (they assigned to a location instead); • 134 assets are deployable but are not located in the IT Storeroom; • 21 leased assets do not have a start or end lease date entered; • 447 assets do not have purchase type indicated; • 700 assets do not have an inventory date indicated; and • 671 assets do not have an audit date indicated. 	<ol style="list-style-type: none"> 1. Complete the 2022 Inventory and update Snipe-IT with current information. Ensure the following are updated: <ol style="list-style-type: none"> a. Inventory date for all assets. The inventory field could be updated quarterly when the asset manager conducts their review. For new items this should match the date they were entered into the system and the Inventory Type should be indicated in a way to indicate this. b. Audit date for all assets. The audit field should be updated annually when the annual inventory is completed. This date should be when then full and complete inventory is completed. 2. Update Snipe-it with the following information: <ol style="list-style-type: none"> a. Change all deployable assets to indicate they are in IT Storage. b. Enter the lease start and end date for all leased assets. c. Enter the purchase type for all assets. 3. For the assets assigned to a location, asset management should work with ITD to determine who the asset owner is and then assign the assets to them. This is because a room cannot be responsible for equipment; there should always be a person responsible for all equipment. TREC should use the "Department" field of Snipe-IT to indicate the department that is responsible for the assets in these locations. For example, if the IT Department is the asset owner for all IT equipment, then the department head must be informed that they are responsible for all the equipment.
7	<p>The 2022 asset audit should be conducted in person (employees come to the office).</p>	<p>Require staff to bring their Agency assets used to work remotely to the office so that asset management personnel can perform a true physical inventory of equipment. This will also provide the opportunity to tag assets and assess the condition of equipment. Personnel that cannot come to the office will need to arrange to have their items inventoried in another manner. Some ideas on how to conduct this safely are:</p> <ol style="list-style-type: none"> 1. Use a drive-thru model. Personnel will put the equipment in their car and the asset management personnel will be able to scan/tag equipment in the car without interaction with the driver. 2. Assign appointments to small groups of personnel so that everyone is not in line at the same time.



Attachment 2 - IT Asset Management Process

See pages after this one for IT Asset Management Process as of December 2021.

TREC IT Asset Management
Daily Operations
December 2021



TREC IT Asset Management
 Quarterly Review/Annual Inventory
 December 2021

