



Destruction of IT equipment 2020/21

FINAL REPORT

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Contents	Page
1) Executive Summary:	
i) Introduction	3
ii) Overall audit opinion	4
iii) Summary of findings	4 - 7
2) Exceptions raised	
i) Key for risk rating of exceptions	8
ii) Detailed exceptions	9 - 13

1) Executive Summary

i) Introduction

This audit was carried out as part of the agreed audit plan for the 2020/21 financial year. Audit testing has been restricted to areas that have been assessed as high risk by Internal Audit.

As at November 2020 the total IT inventory comprised 4033 items of equipment which includes monitors, laptops, mobile phones, printers, servers and other ancillary items. The Authority does not have a high level of IT items requiring disposal on an annual basis. Between September 2018 and October 2019 134 items of IT equipment were sent to an approved contractor for recycling.

During the past 2 years the IT Manager has implemented a new initiative whereby IT equipment that is due for replacement can be sold to members of staff to generate some income for the Authority. In the period September 2018 to October 2019 one batch of IT equipment was sold, in July 2019, which resulted in an income of £2,000 for CDC.

Audit testing has been carried out on the following objectives to ensure that:

- Policies and procedures relating to destruction of laptops are in place and have been approved
- Disposal of equipment is in compliance with the policies and procedures
- Equipment awaiting destruction is held securely and all data is fully removed
- Equipment is destroyed by the contractor in line with the terms of the contract and is certificated by the contractor

ii) Overall audit opinion

The overall audit opinion is based solely on testing carried out and discussions held during the course of the audit.

	Levels	Description/Examples
	No Assurance (Critical Risk Exceptions)	Major individual issues identified or collectively a number of issues raised which could significantly impact the overall objectives of the activity that was subject to the Audit
→	Limited Assurance (High Risk Exceptions)	Control weaknesses or risks were identified which pose a more significant risk to the Authority
	Reasonable Assurance (High or Medium Risk Exceptions)	Control weaknesses or risks were identified but overall the activities do not pose significant risks to the Authority
	Assurance (Low Risk/Improvement Exceptions)	No issues or minor improvements noted within the audit but based on the testing conducted, assurance can be placed that the activity is of low risk to the Authority

iii) Summary of findings

Objective 1: To ensure that policies and procedures relating to destruction of laptops are in place and have been approved – Assurance

No exceptions were raised as a result of testing under this objective.

The Asset Replacement Programme 20/21 to 24/25 sets out the annual laptop budget for the 5 year period. The ICT Development Manager confirmed that equipment is replaced on a 5 year rolling schedule. Equipment is under warranty for 3 years and can be made to last through upgrades and replacement parts until the 5 year stage.

The ICT Infrastructure Policy paragraph 6.7 sets out that 'equipment that is to be reused or disposed of must have all of its data and software erased/destroyed'. The policy is dated June 2018. The Information Security Officer confirmed that the policy is currently under review.

A copy of the Equipment Disposal Workflow 2018 was provided by the ICT Development Manager. Although this covers the process at a high level, a review of the workflow confirmed that there is no detailed procedure in place setting out the steps for decommissioning equipment. This was discussed with ICT Desktop Support Assistant who confirmed that the workflow is to be expanded into a detailed procedure by the end of 2020/21.

Objective 2: To ensure that disposal of equipment is in compliance with the policies and procedures - Limited Assurance

1 high risk and 2 medium risk exceptions were raised as a result of audit testing under this objective.

As noted above the Equipment Disposal Workflow document does not set out the detailed steps or a checklist to be followed when decommissioning an item of IT equipment and no records are kept to confirm that data has been wiped from the equipment. See EX 2.1 for the detailed findings.

The Equipment Disposal Workflow document shows that an external company approved under the Waste Electrical & Electronic Equipment Regulations 2013 (WEEE) should be contacted to take equipment away. The ICT Development Manager and the ICT Desktop Assistant also confirmed that they are aware that an approved company has to be used to dispose of WEEE.

The ICT Development Manager and the ICT Desktop Support Assistant confirmed that the ICT Service Desk Assistant provides cover for disposal of equipment. Ultimately there are no set deadlines within which IT equipment has to be disposed of. The only pressure is if the storage facility is getting too full. The ICT Desktop Development Manager can also provide cover for the ICT Desktop Support Assistant in the absence of the ICT Service Desk Assistant.

The ICT Desktop Support Assistant confirmed that the inventory is updated whenever there is movement in equipment e.g. leaver, new equipment, recycling. The ICT Desktop Support Assistant provided details of items collected for recycling between September 2018 and October 2019 and the ICT Development Manager provided a Track-it report of all retired equipment. A sample of equipment collected for recycling was taken and tested to the retired equipment spreadsheet to confirm that the equipment has

been updated as retired. Of the 15 items tested, 2 were not shown in the inventory as having been retired. See EX 2.2 for full details.

The ICT Desktop Support Assistant confirmed that himself, the ICT Development Manager and the ICT Manager take payment from staff for laptop sales. No receipts are given for the money taken. Testing of the 2019 sale of laptops found some issues relating to the amount taken and management checks of the income recorded. See EX 2.3 for full details.

Objective 3: To ensure that equipment awaiting destruction is held securely and all data is fully removed- Limited Assurance

1 high risk exception was raised as a result of audit testing under this objective.

The ICT Desktop Support Assistant confirmed that items to be recycled are relocated to the paper store. The Facilities Manager confirmed that the only officers with access to the space are the 5 caretakers. ICT also have a key which is kept in a key safe and only ICT staff know the code to this. Equipment to be reused or sold is held in the ICT store room. The ICT room is locked at the end of each working day and a metal door is bolted shut over it. Metal shutters are pulled down over the external office windows and the server room is bolted shut too.

The ICT Desktop Support Assistant confirmed that he checks items in the paper store every 2 months to ensure that no items have gone missing. No evidence is retained to confirm this as any discrepancies are looked into and locations updated directly into Track-it.

Discussion with the ICT Development Manager confirmed that there is no real separation of duties within the decommissioning process. See EX 3.1 for full details.

Objective 4: To ensure that equipment is destroyed by the contractor in line with the terms of the contract and is certificated by the contractor- Reasonable Assurance

1 medium risk exception was raised as a result of audit testing under this area.

A copy of the most recent agreement with Stone group was obtained from the ICT Development Manager. A review of this confirmed that it had been signed by both parties.

Testing confirmed that a WEEE certificate of disposal was provided by Stone group for all 3 collections since September 2018.

The ICT Desktop Support Assistant confirmed that the majority of equipment sent for recycling is damaged or faulty. Stone group carry out tests on the equipment and give them a quality rating which determines whether CDC is eligible for a payment for the equipment. Stone group have a Fair Market Value document which sets out how much the rebates are for different types of equipment depending on their quality rating. Of the last 3 collections only 1 had equipment of sufficient quality to attract a rebate of £205. It was confirmed by Finance that this rebate had not in fact been reclaimed by CDC. See EX 4.1 for full details.

Overall assurance level – Limited Assurance

2 high risk and 3 medium risk exceptions were raised as a result of the audit testing carried out. Therefore Internal Audit can give limited assurance that the area is of low risk to the Authority.

Key for risk rating of exceptions:

Priority Level	Description
Critical Risk	<p>Control weakness that could have a significant impact upon not only the system function or process objectives but also the achievement of the organisation's objectives in relation to:</p> <ul style="list-style-type: none">▪ The efficient and effective use of resources▪ The safeguarding of assets▪ The preparation of reliable financial and operational information▪ Compliance with laws and regulations <p>And corrective action needs to be taken immediately.</p>
High Risk	<p>Action needs to be taken to address significant control weaknesses but over a reasonable timeframe rather than immediately. These issues are not "show stopping" but are still important to ensure that controls can be relied upon for the effective performance of the service or function. If not addressed, they can, over time, become critical. An example of an important exception would be the introduction of controls to detect and prevent fraud.</p>
Medium Risk	<p>These are control weaknesses that may expose the system function or process to a key risk but the likelihood of the risk occurring is low.</p>
Low Risk - Improvement	<p>Very low risk exceptions or recommendations that are classed as improvements that are intended to help the service fine tune its control framework or improve service effectiveness and efficiency. An example of an improvement recommendation would be making changes to a filing system to improve the quality of the management trail.</p>

EX 2.1 – Sign off of decommissioned laptops	
Risk rating: High	
Findings	
<p>The Equipment Disposal Workflow document does not set out the detailed steps or a checklist to be followed when decommissioning an item of IT equipment. The ICT Desktop Support Assistant confirmed that all equipment is taken back to factory settings and data wiped before being transferred to the paper store or the IT store. However, there are no records kept to confirm the process that has been followed for each decommissioned piece of IT equipment. Therefore it was not possible to test whether decommissioned equipment had been wiped before being recycled or reused.</p>	
Risks and consequences	
<p>If there are no detailed procedures setting out how to decommission equipment then there is a risk that a key step is missed and the data is not removed from the laptop.</p> <p>If there is no checklist or document to complete confirming that data has been wiped from the laptop then there is a risk that laptops are overlooked and data is not removed.</p> <p>This could mean that personal and sensitive information could get into the public domain and breach data protection legislation. This could result in the Authority being fined by the ICO. There could also be an impact on CDC's reputation.</p>	
Agreed action	Officer responsible and by when
<ol style="list-style-type: none"> 1. Introduction of 'end-of-life' checklist & improved asset full lifecycle recording in new TrackIt system. 2. Introduction of independent verification process to confirm data wipe on all end of life assets. 3. Explore options for more secure 'warehousing' of end of life assets prior to disposal. 	ICT Development Manager – April 6 th 2021

EX 2.2 – Maintaining the IT inventory	
Risk rating: Medium	
Findings	
Of the 15 items tested from the recycling documents to the Track-it retired equipment report, 2 were not shown as having been retired. This was queried with the ICT Desktop Support Assistant who confirmed that one of the items had not been updated on the inventory at the point of collection and one item he was unable to account for.	
Risks and consequences	
If the inventory is not kept fully up to date then it is not possible to know the total IT assets, whether they are active or retired, who they have been allocated to or where they are located.	
This could lead to items going missing or being misappropriated which could have an impact on the Authority's finances.	
Agreed action	Officer responsible and by when
<ol style="list-style-type: none"> 1. Introduction of improved asset full lifecycle recording. 2. Introduction of independent verification process to confirm data wipe on all end of life assets. 	ICT Development Manager – April 6 th 2021

EX 2.3 – Recording income for sold IT equipment	
Risk rating: Medium	
Findings	
<p>The ICT Desktop Support Assistant confirmed that himself, the ICT Development Manager and the ICT Manager take payment from staff for laptop sales. No receipts are given for the money taken although a spreadsheet is kept by the ICT Desktop Support Assistant showing who has purchased a laptop or other item of equipment, but this record does not show how much has been paid.</p> <p>Income from the laptop sales are handed over to Finance, who provide a receipt. A copy of the receipt for laptops sold in 2019 was obtained. Based on the sale value of items there should have been £1,840 worth of sales but the receipt is for £2,000.</p> <p>There is also no check carried out by an officer outside of the process to confirm that the income taken to Finance matches the sale spreadsheet.</p>	
Risks and consequences	
<p>If there is not a clear record of how much income has been taken then there is no way for a reconciliation to be undertaken to ensure that the amount paid to Finance is the entire income received.</p> <p>Income could be misappropriated or lost and without a reconciliation this would not be identified.</p>	
Agreed action	Officer responsible and by when
<ol style="list-style-type: none"> 1. New TrackIt system 'retired' list to be used as stock record. 2. Introduction of improved asset full lifecycle tracking & recording. 	ICT Development Manager – April 6 th 2021

EX 3.1 – Separation of duties	
Risk rating: High	
Findings	
Separation of duties within the decommissioning process was discussed with the ICT Development Manager. He confirmed that currently there is no real separation of duties as mostly it is one officer who deals with the process from start to finish.	
Risks and consequences	
Items could be taken out of active use and misappropriated for the officer's own private use or they could be sold onto a non-CDC officer without it being noticed.	
Agreed action	Officer responsible and by when
Introduction of new separation of duties process.	ICT Development Manager – April 6th 2021

EX 4.1 – Claiming of rebates for recycled IT equipment	
Risk rating: Medium	
Findings	
<p>Of the last 3 collections only 1 had equipment of sufficient quality to attract a rebate. The value of this rebate was £205. It was confirmed by Finance that this rebate had not in fact been reclaimed by CDC. This was discussed with the ICT Development Manager who stated that CDC did send over a completed rebate form to Stone group but omitted to put the bank account details on the form. Time passed and the rebate was not followed up by either party. The deadline for claiming was 4/12/2019. The ICT Development Manager has spoken to Stone group about this rebate and they have agreed to honour the payment amount so CDC can still reclaim it.</p> <p>The Equipment Workflow procedure also currently does not cover the process for claiming for a rebate.</p>	
Risks and consequences	
If rebates are missed or not claimed then this will have an impact on the Authority's finances.	
Agreed action	Officer responsible and by when
<p>The rebate process is going to be included in the new workflow procedure.</p> <p>The ICT Development Manager will monitor to make sure that any rebates claimed are received.</p> <p>The ICT Development Manager has spoken to Stone group about this rebate and they have agreed to honour the payment amount so CDC can still reclaim it.</p>	ICT Development Manager – From the beginning of April 2021