IT Audit:

IT Asset Management across

Government Ministries and Departments

November 2021

IT Asset Management across Government Ministries and Departments

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List of Abbreviations

AMS	Asset Management System
API	Application Programming Interface
BPR	Business Process Reengineering
CentOS	Community Enterprise Operating System
CFMS	Corporate Financial Management Solution
CIO	Chief Information Officer
CoBit	Control Objectives for Information and related Technology
DAS	Departmental Accounting System
DCS	Director Corporate Services
EU	European Union
GIS	Geographic Information System
GMICT	Government of Malta Information and Communications Technology
IASB	International Accounting Standards Board
ICT	Information and Communications Technology
IFAC	International Federation of Accountants
IFRS	International Financial Reporting Standard
IMU	Information Management Unit
IPS	Institute for the Public Services
IPSAS	International Public Sector Accounting Standards
IPSASB	IPSAS Board
IT	Information Technology
ITIL	IT Infrastructure Library Service Management Practices
MAGNET	Malta Government Network
MEPA	Malta Environment and Planning Authority
MF	Ministry for Finance
MITA	Malta Information Technology Agency
MS	Microsoft
MySQL	My Structured Query Language
NAO	National Audit Office
NSSSD	National School Support Services Directorate
OS	Operating System
PC	Personal Computer
PHP	Hypertext Pre-processor
QR	Quick Response Code
SaaS	Software Subscriptions as a Service
SME	Small to Medium-sized Enterprises
VM	Virtual Machine

Glossary

Asset Custodian	The current user of the asset or the person in charge of that asset in case of assets with multiple users.
Data Wiping	The process of removing data from a read/write medium so that it is rendered unreadable.
Entities	The Government Ministries and Departments audited as part of this exercise.
IPSAS	A set of accounting standards issued by the IPSAS Board for use by public sector entities around the world in the preparation of financial statements.
MAGNET	The Malta Government secure and private wide area network that interconnects all Government Ministries, Departments, Entities and Embassies, and provides connectivity to the Core Network within MITA Data Centre.
Public Service	All Government Ministries and Departments.
Third Party	Any person who is not employed with the Ministry/Department or any organisation that does not form part of the Public Sector. Third Parties include: suppliers; sub-contractors; service providers etc.

Executive Summary

The National Audit Office (NAO) embarked on the Information Technology (IT) audit *'IT Asset Management across Government Ministries and Departments'* to analyse the process and procedures regulating the management of IT assets across the Public Service. In this context, this audit essentially sought to:

- Evaluate the Government policies and standards in place, which regulate IT asset management and their alignment with Information and Communications Technology (ICT) best practices and International Public Sector Accounting Standards (IPSAS).

- Review the processes adopted for IT asset management and their alignment to the above-mentioned policies and standards.

- Conduct a high-level review of the different systems being used for IT asset management and the level of integration between these systems.

- Determine the use of IT inventories for decision making purposes.

- Examine the processes used to verify the IT inventories and ensure these are kept up to date.

Key Findings and Recommendations

This IT audit report is based on the extensive review of a sample of five public entities, all having different characteristics and work processes, chosen at random, namely:

- Ministry for Economy and Industry;
- Ministry for Health;
- Ministry for Justice, Equality and Governance;
- Department of Fisheries and Aquaculture; and
- Government Printing Press.

Chapter two deals with the IT inventory processes and governance. The following are the main recommendations included in the above-mentioned Chapter:

a. Setting up of a task force in order to draw up an IT asset management strategy in line with any current or proposed asset management framework.

b. Use of a single integrated Asset Management System (AMS), accessible to all key stakeholders of the process, rather than placing the data on different systems, which are not integrated.

c. Updating of the MF Circular No. 14/1999, which covers inventory management for Government owned assets, to ensure alignment with the definitions listed in the draft IPSAS documents and the Government of Malta Information and Communications Technology (GMICT) Information Security policy.

The following are the main recommendations included in Chapter three, which includes a review of the IT inventories:

a. Physical stock takes need to be done regularly to reduce the possibility of discrepancies found in some of the audited sites.

b. Updating of the MF Circular No. 14/99 to clearly define the inventory procedure to be adopted for inventoried third-party IT assets, as there was a lack of unified approach at the audited sites.

c. Adoption of one unique asset identification number that is to be used by all stakeholders, as opposed to the current situation where an IT asset may be given different asset numbers depending on the inventory it is registered in.

d. The proposed integrated asset management system should interface with the Corporate Financial Management Solution (CFMS) to ensure compliance from a Government accounting perspective.

e. The inclusion of additional data fields in the proposed asset management system (as outlined in Section 3.7), given the movement of IT assets resulting from the increased adoption of remote working across Government.

f. The revamp of the related MF Circular should ensure that required IT asset details of a sensitive nature should only be viewed through authorised access to the proposed integrated IT asset management system.

g. The NAO opines that a physical room list showing IT assets may not be required once the IT asset management system is in place.

h. The proposed IT asset management strategy should outline clearly when the IT asset should be inventoried to avoid the differing procedures noted in some audited sites.

Chapter four of this report covers the IT asset management software used at the auditee sites. The following is a list of the key recommendations included in the above-mentioned Chapter of this IT audit report:

a. The NAO recommended that the proposed task force mentioned in Chapter two should:

- Investigate the possibility of integrating the functionality of Malta Information Technology Agency's (MITA) AMS within the asset management solution to be selected. This would ensure that the proposed integrated asset management system retains the current functionality of MITA's AMS and builds on it.

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- Consider the viability of importing data from the Solar Winds system and the Software Licensing Tool used by MITA into the new asset management system. This would kick off the process of updating Ministry/Department inventories with records related to networking equipment and Microsoft (MS) software licences, which was found lacking in the IT inventories of some of the audited sites.

- Evaluate the possibility of extending the current CFMS functionality, which caters for accrual accounting requirements, to include IT operational needs. If this is the selected option, then the inventory module would be considered as the new asset management solution, and therefore, the Treasury Department should consider integrating it with the Solar Winds system and the Software Licensing Tool used by MITA as mentioned above.

b. If the task force opts to go for a new asset management software solution rather than using the CFMS inventory module, the NAO recommends that the CFMS is integrated with the selected system, which will cater for the needs of all stakeholders and captures the IT fixed asset details from procurement to disposal.

The following is a list of the key findings and recommendations included in this Chapter five, which deals with the use of IT inventories for decision making purposes:

a. The NAO noted that Chief Information Officers (CIOs) and Information Management Units (IMUs) were collating IT asset data from different sources and using it to assess future needs, identify IT hardware that needs replacing, and help determine the best use of certain IT assets.

b. The NAO recommended that once there is a single asset management system in place for all the Ministries and Departments, the task force can then assess how the public sector can capitalise on this data to optimise daily operations, extend the life cycle of IT assets, optimise maintenance costs, monitor the accuracy of the related inventory and ease the process of recording the movement of assets across Departments and Ministries.

Chapter six covers the verification of inventories and related training at the audited sites.

a. The NAO noted that physical verification of the IT asset inventory was being carried out and suggested that once the new asset management system is up and running, the Ministries/Departments hold a full verification of all IT assets against the inventory list at least once a year.

b. The NAO suggested that new asset management system should include the necessary functionality for the periodic fixed asset confirmation by the asset custodian.

Key Recommendations

Establish Stakeholders

Set up a Taskforce

Draw up an IT Asset Management Strategy

Update Circular and issue a set of policies and procedures

Implement a single Asset Management System across all Ministries and Departments

Use the Asset Management data for decision making purposes related to IT operational needs

Training

Periodic Asset Verification by Asset Management Officers

Periodic Asset Verification by Asset Custodians

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Chapter 1 | Overview

This Chapter provides background information about the Information Technology (IT) audit. It also lists the audited entities reviewed as part of this horizontal audit and details their business processes and the type of IT fixed assets owned by each entity.

Furthermore, this Chapter includes the audit scope and objectives and describes the methodology used in attaining the audit objectives.

1.1   Background

The following paragraphs describe the context in which this audit was conducted:

IT Asset Management System - Before the start of this audit, most Ministries made use of Malta Information Technology Agency's (MITA) Asset Management System (AMS) system to keep track of their IT asset inventories. The MITA AMS system was rolled out circa 15 years ago and therefore issues like continued availability of support, the need for a technology refresh and updating of the system functionality come into play. Apart from this system, some Ministries resorted to purchase their own asset management systems or made use of spreadsheets to maintain their IT asset registers. Furthermore, the Corporate Financial Management Solution (CFMS), which was implemented as part of the move to accrual accounting, has its own inventory module.

IT Asset Management Policy - The Government circular[1], which outlines the policies and procedures related to the management of inventories of all types of assets, was issued 22 years ago, therefore it would need to be revised to reflect changes in technology and related IT asset management practices. Furthermore, upon the implementation of accrual accounting, the Treasury Department issued a circular[2] regarding the Intangible assets. Apart from this circular, the Treasury has published a set of draft guidelines and standards showing how accruals based International Public Sector Accounting Standards (IPSAS) are being adopted by the Maltese Government. These include draft standards and guidelines related to the Government's adoption of IPSAS 17 and 31 related to the accounting treatment for property, plant, equipment and intangible assets, which include asset recognition, determination of the asset value and depreciation.

The absence of one integrated solution, which addresses the IT asset management needs of the Government Ministries/Departments, the consequential introduction of other interim solutions leading to fragmentation, and an inventory management circular, which requires updating, fuelled the need for an urgent review of the current situation both from a system and overall policy perspective.

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[1] MF Circular 14/99
[2] Treasury Circular 11/2016

1.2   Audit Objectives

IT asset management is key to proper administration and accounting. It can have a direct impact in lowering both the Information and Communications Technology (ICT) recurrent expenditure and mitigating the risks associated with information security and data management. The aim of this audit would therefore be to draw up recommendations, which ultimately assist in the realisation of savings in recurrent expenditure and reduction of related operational risks through improved:

- asset tracking (especially in view of the movement of the entity's IT assets resulting from remote working);
- monitoring of unutilised assets and associated recurrent costs;
- IT asset lifecycle management (to identify the economic point when best to replace an asset and avoid escalating maintenance fees); and
- reporting to ensure the secure disposal of IT assets.

Furthermore, this audit also aimed to assess the current overall situation with a view to make the required recommendations for:

- the adoption of a more integrated approach to IT asset management through the implementation of a new centralised inventory of IT assets owned by Government;
- increased use of IT asset inventory data when:
  - assessing IT risks and IT security vulnerabilities;
  - making IT related operational decisions; and
- the revamp of the current Government inventory circular, to reflect IT asset management requirements, as well as adherence to current IPSAS (Annex C).

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1.3   Audit Coverage

In line with the above, the National Audit Office (NAO) conducted a horizontal IT audit to review the approach adopted to IT asset management at Ministry and Departmental level. The review was carried across three Ministries and two Departments which included:

Ministries
  a. Ministry for Economy and Industry.
  b. Ministry for Health.
  c. Ministry for Justice, Equality and Governance.

Departments
  a. Department of Fisheries and Aquaculture.
  b. Government Printing Press.

Following the completion of the audit testing and drafting of the report, the NAO received feedback from the National School Support Services Directorate (NSSSD), which covered the same items included in the submissions made by the Department of Fisheries and Aquaculture and the Government Printing Press. Though the analysis of field data and drafting of the report were already completed, the audit team reviewed the feedback provided by NSSSD, and noted that the feedback was very similar to that provided by the other five audited entities, and therefore did not change in any way the conclusions and recommendations drawn up from the analysis of the feedback of the five audited entities mentioned above. Therefore, this report contains the analysis done on the feedback received from five audited entities. The NAO opines that the recommendations made vis-à-vis the other five entities are applicable to NSSSD in the same way.

1.3.1   Ministry for Economy and Industry

The Ministry for the Economy and Industry has a legislative, administrative and coordinating role to enhance and maintain a growing and stable local economy. The portfolio of the Ministry can be accessed from https://economy.gov.mt/en/ministry/Pages/portfolio.aspx. The Ministry strives to create an environment that attracts investment through several initiatives related to:

- prioritisation of diversification of the economy;
- support for the established sectors of the industry as well as small to medium-sized enterprises (SMEs) and family businesses;
- reduction of the impact of bureaucratic processes; and
- introduction of new products/services through innovation in the interaction between the key stakeholders (i.e., Government, regulators and operators).

The Ministry operates from the following two locations:

- 197, Palazzo Zondadari, Merchants Street, Valletta; and
- Millennia Building, Level 1, Aldo Moro Road, Marsa.

1.3.2   Ministry for Health

The Ministry for Health is responsible for providing a broad spectrum of health services to Maltese citizens and foreign nationals who are entitled to benefit from such services by virtue of the related applicability of such legal provisions as those emanating from the Social Security Act (Chapter 318), the Health Act (XI of 2013), the Mental Health Act (XXII of 2012), the Public Health Act (XIII of 2003), the Occupational Health and Safety Authority Act (XXVII of 2000) and the Patient's Charter.

The Ministry and its constituent Departments mainly operate from the Head Office, which is situated at Palazzo Castellania, 15, Merchants Street, Valletta. The Departments and hospitals listed below operate from an alternative site:

- Information Management Unit – Unit 17, St Luke's Hospital, St Luke's Square, Pieta`;
- Commissioner for Mental Health – Office of the Commissioner for Mental Health, St Luke's Square, Pieta`;
- Central Procurement and Supplies Unit – Head Office – UB002, Industrial Estate, San Gwann;
- Public Health Regulation Department – St Luke's Hospital, Ex-OPD (Level 1), St Luke's Square, Pieta`;
- Primary Health Care – 7, Harper Lane, Floriana;
- Dar Kenn għal Saħħtek – Dar il-Kaptan, Imtarfa;
- Mater Dei Hospital – Msida;
- Sir Anthony Mamo Oncology Centre – Msida;
- Sir Paul Boffa Hospital – Harper Lane, Floriana; and
- Mount Carmel Hospital – Notabile Road, Attard.

Information related to the Ministry's organigram, services, resources and updated news may be accessed from https://deputyprimeminister.gov.mt/en/Pages/health.aspx.

1.3.3   Ministry for Justice, Equality and Governance

The Ministry for Justice, Equality and Governance supervises the sectors within its portfolio and provides direction through policies related to these sectors. The Information Management Unit (IMU within the Office of the Permanent Secretary, provides IT support to the Ministry Directorates and Units. Furthermore, the IMU also provides assistance and consultancy to the entities within the Ministry's portfolio. The Ministry organisational chart can be downloaded from the following URL: https://justice.gov.mt/en/ministry/Documents/common/OrganisationalStructure.pdf whereas the organogram of the IMU can be found in Annex D of this report.

The Ministry operates from the following two locations:

- Main Ministry: Auberge D'Aragon, Independence Square, Valletta; and
- Palazzo Spinola, Level 3, St. Christopher's Street, Valletta.

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1.3.4   Department of Fisheries and Aquaculture

The Department of Fisheries and Aquaculture aims to maintain the sustainability of the fisheries sector through its various units whose functions includes the regulation, monitoring and control of fisheries activities in line with national and European Union (EU) obligations. The Department's control function is supported by extensive biological, social and economic data, which is collected and analysed. The Department of Fisheries and Aquaculture informs and educates related stakeholders on current regulations and research being conducted by the Department.

The Department operates from the following locations:

- Department of Fisheries and Aquaculture Main Offices, Għammieri, Marsa;
- Fisheries Gozo Office, Mġarr, Gozo;
- Marsa Landing Facility;
- Veċċja Landing Facility; and
- Marsaxlokk Landing Facility.

1.3.5   Government Printing Press

The Government Printing Press processes printing requests from Government and its entities using current printing technology.

The Government Printing Press is located at A29, Industrial Estate, Marsa.

1.4   Survey of the Audited Sites

The NAO analysed the total workforce at the audited sites. The figures below depict the employee population in the three Ministries and the two Departments that were audited. As can be seen, the largest employee population was that of the Ministry for Health and the smallest number was that of the Government Printing Press.
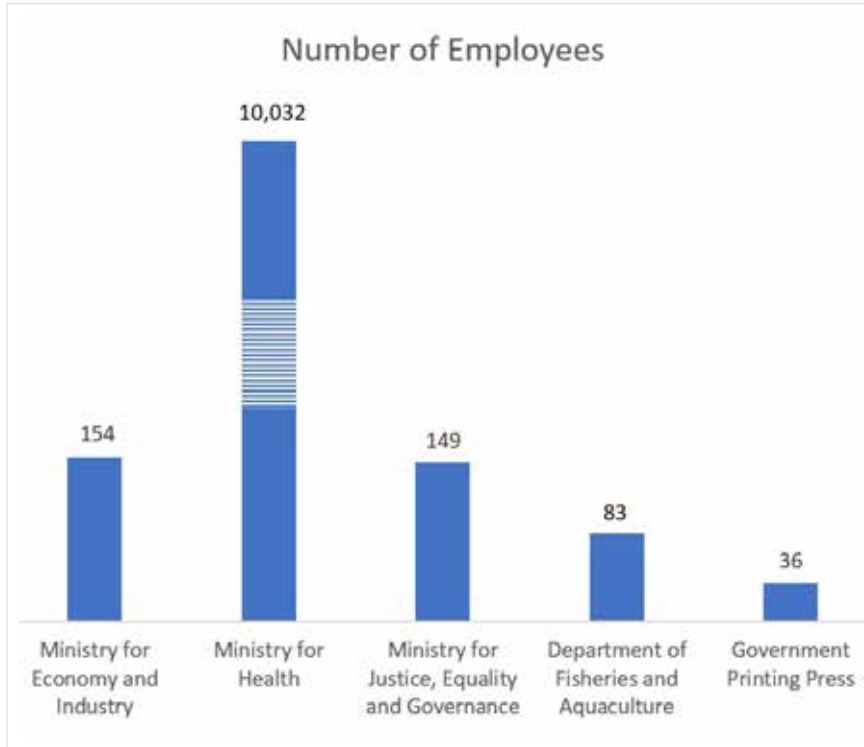
Figure 1: Number of Employees

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Figure two below shows the proportion of employees working on a full time / part time basis at the auditee sites, as well as the number of contractors working for the auditees.
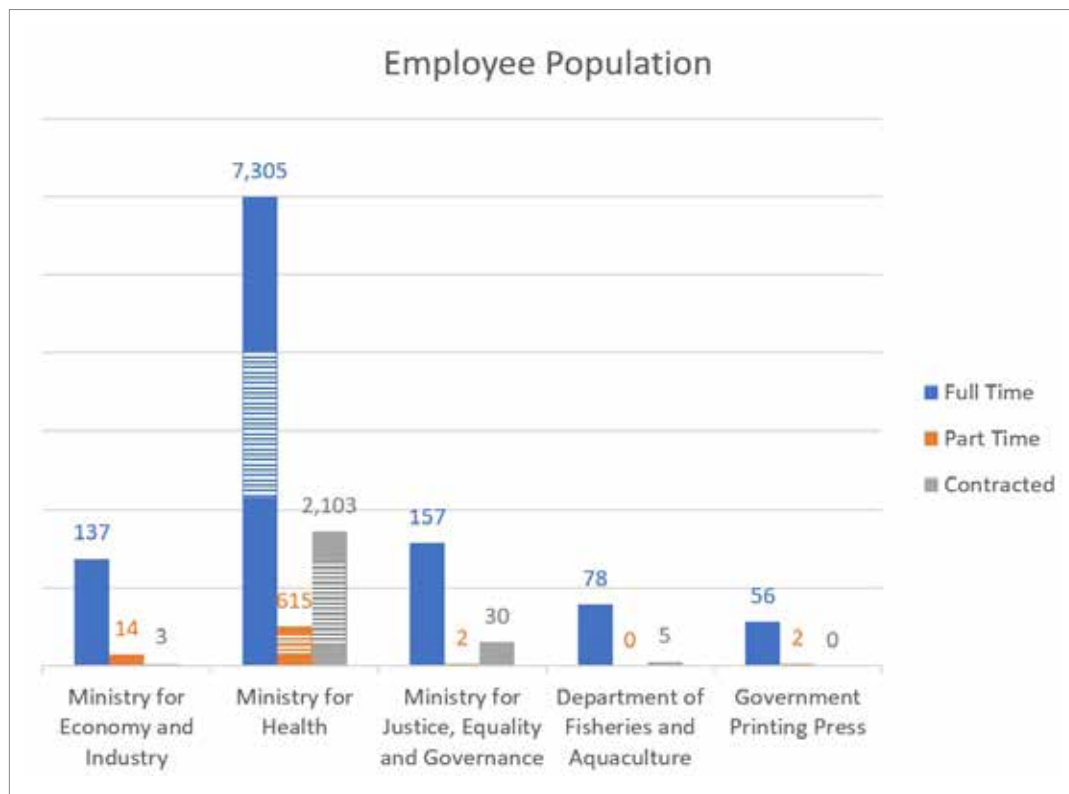
Figure 2: Full Time, Part Time and Contracted employees

The NAO noted that all auditees had employees working on a remote or tele-working arrangement. The auditees explained that such employees were provided with a laptop. The NAO noted that one auditee had provided additional equipment, such as printers, to teleworking/remote working officers.

The NAO enquired whether the audited entities supplied any IT assets to third parties and noted that the Ministry for Health had provided IT assets, such as computers and label printers, to private hospitals during COVID-19 pandemic for swabbing purposes, whilst the Department of Fisheries and Aquaculture had provided laptops to landing attendants who were engaged on a Contract for Service.

The NAO also compared the number of desktops, laptops and tablets in the entities audited. The NAO could not include other hardware in this comparison since this was the only IT hardware being inventoried by all the five audited entities. Table 1 below shows the number of such devices in each entity.

	Desktops	Laptops	Tablets
Ministry for Economy and Industry	79	200	24
Ministry for Health	3,901	2,369	130
Ministry for Justice, Equality and Governance	21	181	1
Department of Fisheries and Aquaculture	11	72	10
Government Printing Press	11	32	0

Table 1: Number of Desktops, Laptops, Tablets at each of the audited entities

1.5   Audit Methodology

The IT audit was divided into three stages:

- A pre-audit study was carried out with the Chief Information Officers (CIO) of various Ministries. During this study, the NAO sought to understand the processes adopted by the various IMUs in this regard.

- A questionnaire was then sent to the auditees to gather the necessary information such as:
  - the key policies and standards used to regulate IT asset management;
  - the current processes adopted, and IT systems used for IT asset management;
  - organisational setup; and
  - current IT asset inventory data.

- The NAO then conducted a series of interviews with auditees and key stakeholders to establish in greater depth the current modus operandi for IT asset management within Government, with a view to identify the main issues being faced by those responsible for the above-mentioned management function.

Once the questionnaire responses, the outcomes of the interviews with the key stakeholders, and the IT asset inventory data held by the five audited entities were analysed, the NAO identified the related findings and made the related recommendations to mitigate the risks identified.

1.6   Structure of the Report

The IT audit report comprises of the following five further Chapters, each documenting the information collected and highlighting the findings and recommendations:

- Chapter two deals with the IT asset management processes and governance;
- Chapter three includes a review of the IT inventories;
- Chapter four covers the asset management software used at the auditee sites;
- Chapter five deals the use of IT inventories for decision making purposes; and
- Chapter six includes the verification of inventories and related training.

The final Chapter lists the management comments sent by the auditees, which are reproduced in this report verbatim.

1.7   Acknowledgements

The NAO would like to express its appreciation to all the key stakeholders who were involved in this audit, including the CIOs, the IMU staff of the Ministries/Departments involved in this audit, and the CIOs of the Ministry for Finance and Employment and the Office of the Prime Minister, for their valuable feedback, time and assistance.

Chapter 2 | IT Asset Management Processes and Governance

IT asset management is not confined to a single area but reaches almost all functions of an entity. It comprises overseeing, managing and optimising IT assets in all their shapes and forms. Given the wide variety of items to monitor, the criteria used for the definition of an IT asset are of primary importance otherwise a whole range of existing IT assets could be entirely ignored by the process.

The process of monitoring so many different types of IT assets involves various stakeholders providing inputs to the inventory records throughout the full life cycle of the asset, from procurement to disposal. Therefore, the roles and responsibilities of these stakeholders should be clearly defined. This would help ensure a suitable level of accountability for the regular updating of asset details in the inventory.

In line with the above, this Chapter includes a review of existing Government IT inventory processes and governance focusing on:

- the criteria for the definition of IT assets;
- stakeholder roles and responsibilities; and
- a comparison with current benchmarks and best practices in this aspect of IT management.

2.1   Key Stakeholders

As part of this audit, the NAO attempted to establish a list of key stakeholders that should be involved in developing an IT asset management strategy. The list of stakeholders included the:

- Ministry for Finance;
- Treasury Department;
- MITA;
- Directors Corporate Services (DCS);
- Chief Information Officers;
- IMU Officers;
- Third Party Support Officers; and
- Asset Custodians.

The NAO noted that up until this day, the major stakeholders notably the DCS, CIO and MITA kept their own version of the fixed asset inventory with the details they required about each asset. These different inventory versions are very difficult to compare. In certain instances, some IT assets may have multiple inventory numbers, such as the one given by MITA, and another one given by the DCS.

Conclusions and Recommendations

The NAO recommends that a task force involving all key stakeholders is formed. This task force should start by analysing the conclusions and recommendations listed in this report and come up with an IT asset management strategy that would address the outcomes of this report and meet the stakeholders' short and long-term requirements. This strategy should be in line with any current or proposed Government asset management frameworks.

This strategy should aim to have an IT asset management system that would integrate with the CFMS but have all the supplementary details needed by the stakeholders to assist them in their decision making as outlined in Chapter five.

The NAO suggests that the asset custodian[3] is also considered to be a stakeholder. The asset custodian can be made to periodically review his/her own assets and confirm the location of assets, in order to maintain an accurate inventory.

The IT asset management strategy, should aim to achieve the following benefits:

Figure 3: Benefits of an IT Asset Management Strategy

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[3] The Asset Custodian refers to the current user of the asset or the person in charge of that asset in case of assets with multiple users.

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2.2   Roles and Responsibility

The objective of this audit was to review the IT asset management processes against the current related asset management procedures and policies, which are outlined in MF Circular No. 14/99 (Annex A) and Treasury Circular No. 11/2016 (Annex B).

The NAO noted that MF Circular No. 14/99 states the following:

- Heads of Departments shall ensure that *"Once tangible fixed assets are issued from stores or put in use, they are to become inventory items of the user Department".*

- *"Directors Corporate Services should ensure that all Heads of Department comply with the stipulated procedures".*

- *"In so far as the Ministry is concerned, the Director Corporate Services is to assume the responsibilities".*

- *"In the absence of a Head of Department or an Acting Head of Department, the Director Corporate Services is to assume the responsibilities".*

- *"In cases where a change in portfolios involves the fragmentation or assimilation or transfer of a Department, the Director Corporate Services is to ensure that the transfer of the inventory items is adequately recorded and responsibility for the inventory items identified".*

- *"An individual (ideally not below the grade of Executive Officer or equivalent) shall be selected by the Head of Department and entrusted with the responsibility for maintaining the Departmental inventory records and for ensuring that the rules established to safeguard government property are rigidly adhered to".*

In addition to the above, Treasury Circular 11/2016 states that the CIO of each Ministry needs to review all spreadsheets listing intangible assets that pertain to his/her Ministry and submit these worksheets to the Treasury biannually.

During the course of this audit, the NAO noted that:

- Three out of the five audited entities stated that the IT assets inventory was maintained by the IMU.

- One entity stated that the DCS allocated an inventory number and the IMU maintained a separate inventory of IT assets using the same inventory number. The IT assets inventory as maintained by the IMU is forwarded to the DCS office upon request.

- One entity stated that a Principal from the Department maintains the inventory and passes it on to the Ministry's IMU when requested.

- None of the audited entities mentioned the Treasury Circular 11/2016 entitled *'Accrual Accounting – IPSAS Project: Intangible Assets'* as one of the circular/policies governing their IT asset management processes thus showing some lack of awareness of the relevance of this circular to the inventory management of intangible IT assets (e.g., software licences).

Conclusions and Recommendations

The NAO opines that the inventory of IT tangible and intangible fixed assets should not be maintained separate from the inventory of other assets. The NAO however understands that the inventory of IT assets provides value to the IMU and the CIO and is not solely a bookkeeping accounting exercise. The inventory of IT assets must thus include the technical specifications, the supplier's name, the serial number, etc.

The NAO recommends that the IT asset management strategy mentioned in Section 2.1 above, should amongst other things, clearly define the roles and responsibility of each stakeholder. Furthermore, the NAO recommends the use of an IT asset management system that would be accessible to all relevant stakeholders (such as the DCS, Accounts section or department, IMU and MITA) throughout the full life cycle of the asset, from procurement to disposal. This process should be triggered by the DCS, upon the purchase and receipt of the asset, and supplemented by the IMU, who should be responsible to add the specification details of the IT items. This IT asset management system should automatically interface with the CFMS but have all the supplementary details needed by the stakeholders.

2.3 Definition of IT Assets

As part of this audit exercise, the NAO sought to determine what was considered as an IT asset and whether this definition included intangible IT assets.

The NAO noted that MF Circular No. 14/99 considers assets to be tangible long-lived assets acquired for continuous use in the operation of the organization and not intended for resale.

This Circular specifically states that:

"Tangible Fixed Assets are non-trading business assets that have the following characteristics: (a) a relatively permanent nature in that their useful life is expected to span over a number of years that is not normally less than three years, AND (b) a relatively material cost that is not less than fifty Maltese lira (Lm50)".

The NAO understand that this circular was issued in 1999, and therefore the concept of perpetual licence software or subscription software could not be tackled in this circular.

The NAO however noted that in 2016, the Treasury issued Circular 11/2016 that specifically regulates the inventory of intangible assets as part of the accrual accounting – IPSAS project. According to this circular, intangible assets are non-monetary, with no physical substance and are identifiable. This circular however specifies that:

- *"Annual software licence fees (and maintenance costs) do not fall within this category. These should be expensed as they do not have a life of more than one year".*

- *"Websites developed to be simply used for advertising or promotion are not considered intangible assets. Websites can be recognised as intangible assets if they generate future economic benefits or service potential."*

The NAO also looked at the Government of Malta Information and Communications Technology (GMICT) policies including the Information Security Policy[4]. These policies defined an asset[5] as "An artefact that has an owner". The NAO noted that an Artefact as per this policy "*may consist of, but are not limited to:*

- *Information System*
- *Source Code*
- *Software Component, Module or Utility*
- *Database*
- *Hardware*
- *Network*
- *Middleware*
- *Operating System*
- *Documentation*
- *Policies and Procedures"*

The NAO noted that IPSAS 17 defines tangible assets as:

"The cost of an item of property, plant and equipment shall be recognised as an asset if, and only if: (a) It is probable that future economic benefits or service potential associated with the item will flow to the entity; and (b) The cost or fair value of the item can be measured reliably."

IPSAS also classify communication networks as Infrastructure assets that are considered as part of the property, plant and equipment mentioned above.

Furthermore, IPSAS 31 states that *"When the software is not an integral part of the related hardware, computer software is treated as an intangible asset."*

The NAO then sought to establish what the audited entities consider as an IT asset and noted that although all the audited entities considered IT hardware as an IT asset, only three out of the five entities considered software subscriptions as an intangible IT asset. Notwithstanding the latter, when the NAO verified these statements against the IT inventory lists it had in hand, the NAO noted that software subscriptions were only listed in the inventories submitted by one entity.

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[4] https://mita.gov.mt/wp-content/uploads/2020/07/GMICT_P_0016_Information_Security.pdf
[5] https://mita.gov.mt/wp-content/uploads/2020/07/GMICT_X_0003_Vocabulary.pdf

Conclusions and Recommendations

The NAO recommends that MF Circular No. 14/1999 is updated in terms of what constitutes a fixed asset and should reflect the definitions listed in the draft IPSAS documents. The definition of fixed asset should include both tangible and intangible assets as per Treasury Circular No. 11/2016.

In case of intangible assets, the NAO suggests that given that currently most software licences are based on an annual fee, these are considered as expensed intangible assets until the day that the software license expire. The NAO is of the opinion that the Government asset inventory should include all IT intangible assets such as: perpetual licence software, software subscriptions, Virtual Machine (VM) servers, cloud-based servers, etc. All such assets, including the expensed assets, should be given an asset number/indicator and be inputted in the proposed asset management system.

2.4   Existing Policies and Procedures

During the initial phases of this audit, the NAO carried out a systematic review of the existing Government policies and procedures in the area of Inventory Management.

The NAO reviewed the below listed documents:

- MF Circular No. 14/1999 – Inventory Control Regulations;
- Treasury Circular No 11/2016 – Accrual Accounting – IPSAS Project: Intangible Assets;
- OPM Circular No. 4/2019 – Management of Technology Equipment (Devices);
- IPSAS 17 – Property Plant and Equipment – Standards;
- IPSAS 17 – Property Plant and Equipment – Guidelines;
- IPSAS 31 – Intangible Assets – Standards;
- IPSAS 31 – Intangible Assets – Guidelines; and
- OPM Circular No. 5/2014 that regulates the Procurement of Computers and Workstation Support Services.

The NAO also enquired with the auditees regarding the existence of other policies and procedures including any internal documents. The NAO noted that one Ministry had standard operating procedures issued by its DCS. The NAO reviewed the *'Standard Operating Procedure for the Disposal Process'* and was pleased to note that this document specifically tackles the disposal procedure of IT equipment.

Conclusions and Recommendations

The NAO noted that MF Circular No. 14/99 was issued about 22 years ago and therefore doesn't cater for various IT assets currently in use, especially intangible assets such as Virtual Machine (VM) servers, cloud-based servers, software perpetual licences, software subscriptions, etc. The NAO noted that the Treasury issued Circular No. 11/2016 to address the latter shortcomings vis-à-vis the management of intangible assets in the context of accrual accounting.

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The NAO also noted that MF Circular No. 14/99 stipulates a minimum cost of Lm50.

As stated in Section 2.3 above, the NAO recommends that a new regulation is issued to replace MF Circular No. 14/99. This new regulation must be capable to cater for the immediate future where desktop/laptop computers are evolving into multi-functional tablets, cloud services etc. The new regulation should be aligned with the accrual accounting standards, IPSAS 17 and 31. IPSAS 17 and 31 provide a very comprehensive definition of both tangible and intangible assets. The proposed regulation should also tackle the procurement of IT assets through the centralised procurement framework as stipulated by OPM Circular No. 5/2014 and include all assets irrespective of which specific Ministry allocated budget was used to purchase the asset.

The NAO suggests that this new regulation should be drafted by a task force representing all stakeholders and considering all the recommendations in this report.

2.5   Current Benchmarks and Best Practices

The NAO enquired about any benchmarks or best practices followed by the audited entities vis-à-vis asset management. The NAO noted that three of the audited entities stated that they do not follow any benchmarks or best practices. One entity mentioned that it adhered to MITA GMICT policies and another entity mentioned that it works in close collaboration with MITA, which follows the IT Infrastructure Library (ITIL) Service Management Practices.

The NAO noted that all the IMUs of the audited entities work in collaboration with MITA especially vis-à-vis procurement of certain hardware and procurement of Microsoft licences. The NAO reviewed the GMICT Information Security Policy and noted that this policy has a brief section regarding Asset Management. This policy mainly states that:

- each asset should have an identified custodian;
- upon end of employment, the user should transfer all relevant data to a corporately governed and managed repository and securely erase it from any other form of storage; and
- any Government identification markings on ICT devices shall be removed.

Conclusions and Recommendations

The NAO recommends that the new regulation should be aligned with the *'GMICT Information Security Policy'*[6] apart from alignment to IPSAS as mentioned in Section 2.4 above.

The new regulation should clearly stipulate who is responsible for removing Government identification markings on ICT devices that the owner/custodian is no longer responsible for. It should also clearly stipulate the roles and responsibility with regards to the IT security aspects of IT asset management.

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[6] https://mita.gov.mt/wp-content/uploads/2020/07/GMICT_P_0016_Information_Security.pdf

2.6   Limitations of this Audit

This audit exercise was limited to the inventory of IT assets and did not review the inventory process of non-IT assets. Being an IT audit, accounting aspects of inventories and depreciation of IT assets did not form part of the scope of this IT audit.

The principal aim of this IT audit was to review the current IT asset management processes and policies. Although a review of the IT inventories submitted by the selected auditees was carried out, this did not include testing for the correctness and completeness of the IT inventories.

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Chapter 3 | IT Inventories

During various interviews with the CIOs of the line Ministries, there was a general agreement that due to the nature of IT assets, the related inventory processes should cater for both financial accounting and operational IT related requirements.

In this chapter, the NAO reviewed the extent to which the current IT asset inventory within Government, captured the details of all types of IT assets in use by Government, whether tangible or intangible assets. Furthermore, the NAO also reviewed the technical details of the IT assets currently being entered in the auditee's asset management system data fields as well as the basic details such as asset number, cost and location.

The NAO also reviewed the method with which the IT procurement and the IT inventory processes interface with each other. The procurement documentation includes the description of the IT asset procured, fees paid and signed evidence of the receipt of the asset, all of which are critical asset data required for the IT inventory. The location of such information may reside in systems used by the auditee for online tendering, departmental accounting and stores management. The NAO assessed whether such data was being captured in the IT inventories.

3.1   Tangible IT Assets

The NAO sought to establish whether a specific list of IT hardware was being captured in the inventory. As can be seen in Figure 4 below, whilst all five entities were keeping an inventory of laptops and desktops, only two audited entities were including monitors.
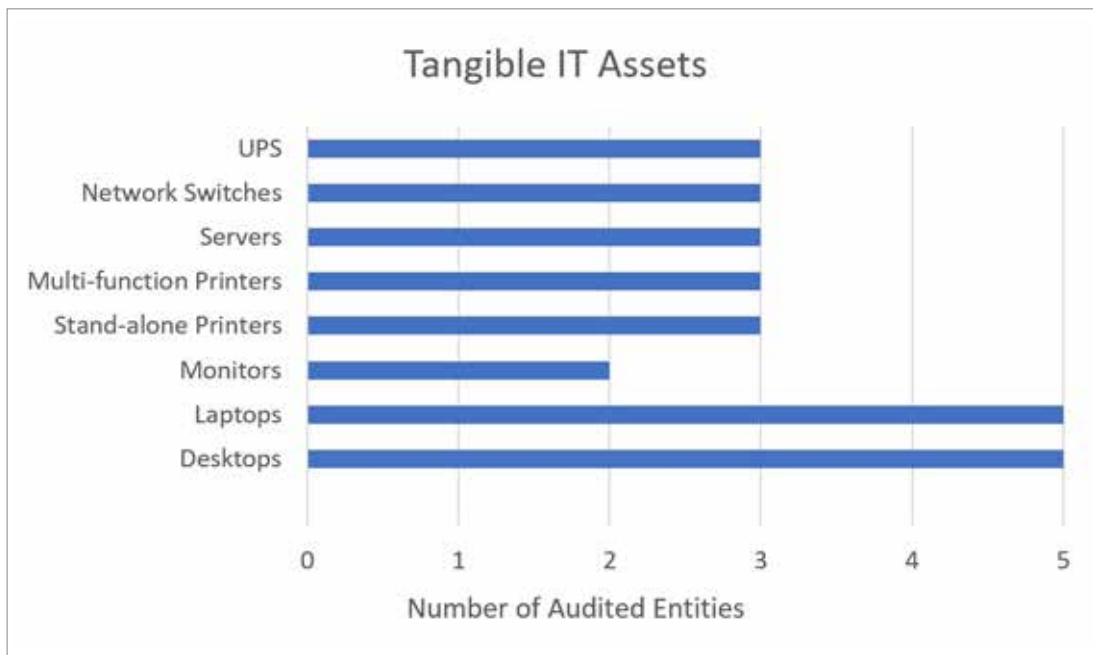
Figure 4: Number of entities whose IT inventory included selected tangible IT assets

The NAO carried out an exercise to compare the declared number of personal computers (PC)/laptop users with the number of laptops/desktops in the inventory of each audited entity. This exercise was carried out on four of the five entities audited as the other entity did not submit this data. The NAO noted that one of the three entities had a total of 80 PCs/laptops on its inventory but had stated that the number of PC/laptop users was 83. Assuming that, all entities keep a number of spare PCs/laptops the NAO could conclude that the inventory of this entity seemed to be incomplete. Furthermore, the NAO noted that another entity declared to have 149 PC/laptop users however had 252 PCs/laptops on its inventory. In the latter case, the NAO was later notified that the Inventory given in the data collection phase of this audit erroneously included disposed assets. The NAO was given a copy of the updated inventory. Another entity reported 6,921 PC/laptop users and 6,106 PCs/laptops. This discrepancy could be due to multiple users per device and/or incomplete inventory.

Conclusions and Recommendations

As recommended in Section 2.4 above, the NAO recommends that MF Circular No. 14/1999 is updated, to include a clear definition as to what constitutes a tangible IT asset, and Ministries/Departments should abide by this definition when updating their inventories.

The NAO recommends that a physical stock-take of the IT inventories is carried out periodically to ensure that the inventories are correct and complete.

3.2   Inventory of Software Licenses and Subscriptions

The NAO also enquired about the inventory of intangible IT fixed assets and noted that only three out of the five audited entities included Microsoft licences as part of their IT inventory and only two out of five considered that software subscriptions as an inventory item.
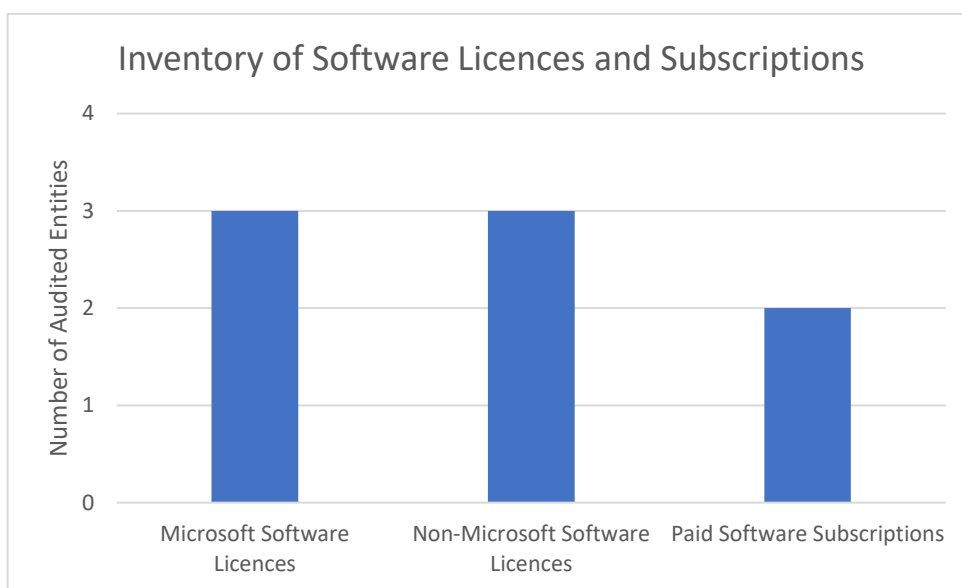
Figure 5: Number of entities whose IT inventory included intangible IT assets

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The NAO attempted to carry out a verification exercise to establish whether the software inventories were correct and up to date; however, the entities audited did not submit all the data and thus this exercise could not be carried out.

Conclusions and Recommendations

The NAO recommends that MF Circular No. 14/1999 is updated to include a clear definition as to what constitutes an intangible IT asset. MF Circular No. 14/1999 could refer to Treasury Circular No. 11/2016 where intangible IT assets are being well defined. Notwithstanding the latter, the NAO recommends that as detailed in Section 2.3 above, annual software licences are to be considered as expensed assets with an expiry date.

The NAO also recommends that Ministries and Departments should update their inventories to include intangible assets accordingly.

The NAO recommends that IT inventories are checked periodically to ensure that these remain duly updated.

3.3   Third-Party Assets

The NAO enquired whether the audited entities had any IT assets procured by third parties. The NAO noted that MF Circular No. 14/99 does not cater for leased IT assets but mentions donated assets and defines the latter as *"assets provided by third parties either by gift of the asset or by way of funds to buy the asset."*

The NAO noted that one of the audited entities had two PCs that were originally procured by the Malta Environment and Planning Authority (MEPA) and supplied with the installation of Geographic Information System (GIS) software. Another entity had IT assets and software purchased by another Ministry. In both cases, these IT assets did not feature on the entity's inventories.

The NAO also noted that all entities had some IT equipment covered by a leasing agreement or a pay-per-use agreement. One entity stated that these IT assets will be included in its inventory in the near future, whilst another entity stated that these assets may be listed in the general inventory held by the DCS but were not listed in the IT inventory.

Conclusions and Recommendations

The NAO suggests that MF Circular No. 14/99 is updated to include a clear way forward as to which third party IT assets should be included in the inventory.

The NAO is of the opinion that since the IT inventory is an essential tool for allocation of resources and should be used for decision making purposes, both donated and leased IT assets should be included in the inventory and marked accordingly.

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3.4 IT Asset Identification Number

One of the main purposes of having an inventory of fixed assets is to enable an entity to easily identify and verify an asset when required. This can only be done if all the fixed assets are given a unique Asset Identification Number.

According to MF Circular No. 14/99, the Asset Identification Number should consist of an eight digit[7] number as per below:

- Asset Classification – 1 digit;
- Sub Classification – 3 digits; and
- Sequence number – 4 digits.

During the course of this audit, the NAO noted that none of the entities audited were using the above stipulated structure in their IT assets' inventories. The NAO was informed that given that most of the IT assets were procured through MITA, these were given an eight-digit MITA inventory number, which is different from the above Asset Identification Number structure.

The NAO was informed by one particular entity that, in their case, the inventory being kept by the DCS has an Asset Identification Number as per Circular, whilst that held by the IMU, had a different asset number format.

The NAO was also told that the structure stipulated in the Circular may be adequate when maintaining an inventory of a particular Department but in the case of the IMUs, given that these maintain the inventory of more than one Department, the sequence number does not hold. Furthermore, the asset classification details were very generic (Table 2 below) and there was no specific category for IT assets. IT assets were sometimes considered as equipment, plant, machinery or even tools. Moreover, the Asset Classification Details as per MF Circular No. 14/99 catered only for tangible assets and it was only Treasury Circular No. 11/2016 that catered for intangible assets such as software.

Asset Classification Details	Code
Land	1
Building	2
Fixtures and Fittings	3
Vehicles	4
Office Furniture	5
Plant	6
Machinery	7
Equipment	8
Tools	9
Intangible Assets[8]	10[8]

Table 2: Asset Classification Details as per MF Circular No. 14/99 and Treasury Circular No. 11/2016

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[7] Treasury Circular No. 11/2016 has added the tenth Asset Classification, and thus should this classification be used, the Asset Identification Number would consist of a nine-digit number with the Asset Classification composed of two digits.

[8] This classification was established as per Treasury Circular No.11/2016 and does not feature in MF Circular No. 14/99.

Furthermore, the NAO noted that there was no official sub-classification list of tangible assets and this was being set by the entity itself. In the case of Ministries, where the IT inventory was being compiled by each Department within that Ministry, this sub-classification would defeat its standardisation purpose, as each Department would have its own sub classification criteria.

Conclusions and Recommendations

The NAO is of the opinion that having one unique asset identification number and one asset management system is the way forward. The fact that some IT assets are being given a MITA inventory number, an IMU inventory number and possibly a DCS inventory number, clearly merits a discussion.

The NAO suggests that the task force (mentioned in Section 2.1 above) that will be tasked with drafting an IT asset management strategy, should discuss this current practice, and come up with a way forward, whereby an IT asset is given one unique identification number that is used by all stakeholders. One way of implementing this is to have one asset management system which can be accessed by all these stakeholders and includes their functionality requirements.

The NAO suggests that the aforementioned task force considers the benefits of using barcodes or Quick Response (QR) codes as an Asset Identification Number that can be scanned to increase efficiency in the inventory verification process.

3.5   IT Inventory Data Fields

The NAO enquired about all the information being kept about a given asset and noted that each of the five entities kept different details and there was no standard approach.

The NAO then embarked on a study to identify which IT asset details need to be maintained in the related inventory. The NAO classified IT assets in three different categories:

- Hardware, including networking equipment;
- Software licences; and
- Software subscriptions.

The NAO noted that by time, most software vendors are moving away from perpetual licences and are shifting towards Software Subscriptions as a Service (SaaS), generally using cloud services. These licences are linked to the user and not linked to an entity. Similarly, there is a shift towards greater use of cloud services, not only for access to software, but also other services, such as hosting of data. The above presents particular challenges in affixing the assigned code to intangible assets.

Conclusions and Recommendations

As stated earlier, the NAO recommends that an asset management system is implemented that would interface with the CFMS and be accessible by the different stakeholders (including MITA for the assets supported

by MITA), allowing them to input the relevant data including the financial data needed. Furthermore, the NAO suggests that the asset management system should also capture the details pertaining to the whole life cycle of the asset including asset disposal.

The NAO recommends that the IT assets inventory includes the below listed data. This recommended list is being compiled from an operational IT perspective and may not include all the financial data that needs to be kept about such assets.

Hardware:	Software Licenses:	Software Subscriptions:
Asset Invoice Number	Asset Invoice Number	Asset Invoice Number
Asset Type	Asset Type	Asset Type
Asset Category	Asset Category	Asset Category
Purchased/Leased	Manufacturer	Manufacturer
Supplier	Version	Version
Maintenance and Support Agreement	Department	Department
Make	Section	Section
Model	Site Address	Site Address
Serial Number	Allocated/Available	Allocated/Available
Department	Asset Custodian	Asset Custodian
Section	Computer Name	Computer Name
Site Address	Purchase Cost	Purchase Cost
Asset Custodian	Purchase Date	Purchase Date
Order Number	Username	Username
Delivery Note Number	Domain	Domain
Purchase Cost	Product Key	Expiry Date
Purchase Date		
Date Commissioned		
Date Warranty Expires		
Warranty Expired?		
Support Category No		
Software Support		
In Operation/Damaged/ Disposed		
Asset Authorised for Teleworking		
Disposal Report No		
Disposal Reason		
Disposal Date		
Data Wiped		
Data Wiping Method		
Officer Wiping Data		

Table 3: Suggested IT Inventory Data Fields

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3.6   Asset Cost

The NAO referred to the Inventory Control Regulations as per MF Circular No. 14/99 and noted that this Circular defines a tangible fixed asset as an asset having a relative material cost that is not less than Lm50, which are equivalent to €116.47. However, Treasury Circular No. 11/2016, which covers accrual accounting of intangible assets, does not mention any minimum threshold value of an asset to be included in the inventory.

During the course of this audit, the NAO however observed the following differing scenarios with respect to adherence to MF Circular No. 14/99 in the five selected audited entities.

- One entity stated that they consider IT assets with a material cost that was more than €50 as fixed IT assets that need to be included in the entity's IT inventory.

- Another entity explained that although they take consideration of the €116 baseline, they do not apply it across the board for all IT assets as they believed that IT equipment that was of a permanent nature (e.g. a monitor, a port replicator, etc.) should still be included, even though its original material cost was less than €116.

- Another entity explained that IT assets having a MITA inventory number were being inventoried, no matter the cost.

- One entity stated that there was no threshold in terms of asset cost but items of a consumable nature, such as keyboards, mice and network cables were not inventoried.

- An entity stated that all IT equipment categorised under '*consumables*' was not included in the IT inventory given to the IMU but was inventoried as part of the general inventory.

Conclusions and Recommendations

The NAO suggests that Inventory Control Regulations are updated to reflect the asset definitions/recognition and asset management guidelines stipulated in the related proposed IPSAS such as IPSAS 17 and IPSAS 31.

3.7   Location of Asset

The NAO observed that MF Circular No. 14/99 stipulates that the location of an asset should consist of a seven-digit number as follows:

- The first two digits representing the Department code.

- The second two digits representing the site code.

- The last three digits showing the room number where the asset is physically located.

The NAO also noted that in the case of intangible assets, Treasury Circular No. 11/2016 stipulates that the location should consist of the Department code. The NAO noted that the list of Department codes attached to the MF Circular No. 14/99 was a list compiled in 1999.

The NAO reviewed the format of the asset location description adopted by the five audited entities and noted that this was not in line with the above, but were described by Department, section and custodian of asset for the IT assets that have a custodian, and by Department, section and location for those IT assets which were not assigned to a custodian, such as network switches.

The NAO consulted several CIOs and noted that the structure stipulated in MF Circular No. 14/99 was not ideal given that Ministries/Departments, portfolios, responsibilities and location may change over time. The CIOs explained that although a Department may not change its physical location, it may change the Ministry, or vice-versa, the Department may change its physical location but not its Ministry. The latter scenarios would therefore mean that the seven-digit number as stipulated in the Circular would need to change.

Furthermore, the NAO acknowledges that remote-working practices were challenging the notion of documenting the physical location of certain portable IT assets.

Conclusions and Recommendations

The NAO noted that given the remote-working practices adopted widely across Government, capturing the physical location of an IT asset is not a straightforward process. The NAO thus suggests that MF Circular No. 14/99 should be updated in such a way that the proposed asset management system shall include the following data fields as a minimum:

- *Tangible assets*
  - Ministry
  - Department
  - Office location/site
  - Room number
  - Office use only/used for teleworking
  - The current custodian of the asset

- *Intangible assets*
  - Ministry
  - Department
  - Office location/site (if applicable)
  - The current custodian of the asset

Furthermore, the NAO recommends that the above data fields are computed using drop down lists to avoid inputting free text and risk the related errors associated with this practice.

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3.8   Room Inventory Lists

The NAO noted that MF Circular No. 14/99 states that *"A list of the items of inventory in respect of each room, section, stores, outstation or district office is to be generated by the Officer in charge inventory from the maintained inventory database."*

Moreover, this Circular stipulates that whenever such lists are updated, the old version of these lists is retained for verification purposes.

During the course of this audit, the NAO observed that three out of the five audited entities stated that these lists were kept, whilst the other two entities stated that such lists were not kept by all the sections/ Departments within the entities.

Furthermore, the NAO observed that only two of the five audited entities included IT assets in the Room Inventory Lists.

Conclusions and Recommendations

The NAO is aware of the fact that some IT assets are very mobile and might not have a designated room. There may also be cases whereby listing certain IT assets on a list that is hung in a room may not be ideal in terms of IT security. The NAO suggests that IT asset details are kept in a digital format and accessed on a need-to-know basis. A full audit trail capturing all the changes being carried out on these lists should be kept. Keeping electronic inventory lists may prove to be far more efficient then updating printed room inventory lists. The NAO recommends that the revamped MF Circular reflects the above.

3.9   Procurement of IT Assets

The NAO noted that MF Circular No. 14/99 states that assets are to be inventoried when these are issued from stores or put in use. In line with this, the NAO enquired whether IT assets are inventoried upon procurement of assets or when the asset was allocated/put to use.

The NAO observed that items such as desktops and laptops at the five audited entities, were inventoried by MITA in the MITA AMS system prior to delivery. Network switches and network active equipment were inventoried upon delivery since much of the procurement process was generally carried out by the IMU. Equipment such as monitors was inventoried when the items were assigned to a user or location. The NAO thus concluded that there was no standard procedure regulating the inputting of asset details in the inventory when IT items are procured.

The NAO noted that two out of five audited sites stated that IT equipment, which was not procured through IMU, may not be listed in the IT inventory held by the IMU. One auditee stated that when this happens, the items are inventoried when they are passed on to IMU for installation, support or maintenance. The other auditee stated that periodical inventory audits were carried out to capture the related details of these IT assets and update the inventory accordingly.

Conclusions and Recommendations

The NAO recommends that the task force (mentioned in Section 2.1 above) drafting the IT asset management strategy should discuss this issue and come up with a standard way forward. The NAO opines that all IT assets should be inventoried upon procurement. Should the IT assets procured be intended as a spare capacity/ stock, such assets should be marked as such on the asset management system.

The NAO highlights the benefit of implementing one asset management system which will be accessible to all stakeholders eliminating the issue of having items inventoried depending on the budget allocation used to procure such items or depending upon who procured such assets.

3.10   Movement of IT Assets

The NAO enquired about the policy and/or procedure adopted with regards to the movement of IT assets. The NAO noted there was no written policy or procedure, and the IMUs of the five audited entities were generally informed about such movements either by the asset custodian himself or by the Finance and Administration Section. During the course of this audit, the NAO only saw one inventory that had a recorded movement.

Since this audit was carried out in the midst of the COVID-19 pandemic, the NAO enquired about the procedure in place authorising IT equipment to be taken home. The NAO noted that there was no written procedure in this regard. The NAO was informed that laptops were generally taken home for teleworking purposes. One audited entity stated that in exceptional cases, monitors (generally old 15" monitors) were provided after authorisation from the Head of Section and the IMU. The NAO was informed that in such cases, the inventory held by the IMU was not updated, however, the IMU informed the DCS officer in charge of the general inventory so that the inventory held by the DCS is updated accordingly.

Conclusions and Recommendation

The NAO recommends that the IT asset management strategy includes an asset movement procedure. The NAO understands that recording all asset movements is not an easy task especially for large Ministries and Departments. It is thus being herewith suggested that the stakeholders should discuss the possibility of engaging the asset custodian in this process and having the latter confirm the location of his/her assets periodically. This can be done automatically through the proposed asset management system and any changes registered by the asset custodian could then be reviewed by the asset management Officer.

The NAO also suggests that the IT assets, which can be taken home for teleworking purposes are marked as such in the asset management system. Furthermore, upon being taken home, the asset custodian should update the asset management system accordingly.

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3.11   Disposal of IT Assets

The NAO noted that all the audited entities follow the Government disposal procedure (as dictated by MF Circular No. 14/99) and appoint a board to confirm and declare the obsolescence of an inventory item. Once the file is signed by all board members, this is passed on to the relevant Permanent Secretary for approval. The IT assets to be disposed would then be written off from the inventory records. Notwithstanding this, the NAO did not find any record of written off assets in the inventory of three out of the five audited entities. However, one of the latter informed the NAO that such IT assets were written off from the departmental inventory database and not the IMU inventory.

The NAO observed that MF Circular No. 14/99 does not mention any special provisions in terms of IT assets vis-à-vis data wiping, and although this may be done by the office of the CIO, in most cases there was no record of how, when and by whom this was done.

The NAO also noted that MF Circular No. 14/99 states that a board should be appointed to investigate cases where assets are stolen or could not be traced. The Circular states that the inventory should be updated accordingly. The NAO did not see any evidence of this in the inventories examined. Two of the audited entities specifically stated that they never had any stolen/missing IT assets.

The NAO enquired about the procedure used to re-allocate software licences that were previously installed on IT hardware that has been disposed of. The NAO noted that although there was no written procedure in this regard, the IMUs stated that software licences are re-installed on replacement hardware or re-allocated to a different user. The NAO could not physically ascertain this, as it had no records to show the life cycle of software licences. MITA however confirmed that with regards to Microsoft licences, these are re-assigned as necessary, and billing is worked out accordingly.

Conclusions and Recommendations

The NAO recommends that the disposal of IT assets is recorded in the asset management system. The inventory records of disposed assets should still be viewed through the system however such assets should be marked as disposed. The NAO suggests that MF Circular No. 14/99 is updated in terms of the disposal of IT assets and should necessitate that such disposal record includes details of the data wiping method used, who performed this data wiping and the date it was carried out (refer to Table 3 – Section 3.5, IT Inventory Data Fields). The Circular should also necessitate that the disposal method is documented i.e., physically destroyed, recycling, etc.

The NAO also suggests that the proposed asset management system ties a utilised software licence with the IT asset it is installed on. In this way, when the asset is disposed, the asset management system would prompt the user to allocate that licence to another IT asset or mark it in the inventory as unallocated.

Chapter 4 | Asset Management Software

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As mentioned in Chapter one, the selected auditee sites make use of a mixture of systems for their IT inventory data, which include MITA's AMS, spreadsheets and an off-the-shelf asset management system. When reviewing the above systems, the NAO looked into aspects such as intended use, high-level description of functionality, software platform, stage of product life cycle, system owner, location where the system is hosted and key users.

The above review was conducted with a view of assessing the benefits of migrating from the current fragmented approach to a more corporate solution, which is administered centrally and accessed by all Ministries.

4.1   MITA – Asset Management System

The MITA AMS was launched by MITA in 2005, with the scope of utilising this system to manage the support of the desktop computers, which were being leased through MITA. This system includes details such as priority support level, supplier, desktop location and also includes a reference number used as a unique identifier across all assets. The MITA AMS is a web-based system that is hosted at MITA VM Linux CentOS. It's front-end was built using Hypertext Preprocessor (PHP) (also making use of PHP Pear) and has a My Structured Query Language (MySQL) database. The NAO observed that MITA gave all IMUs access to this system.

The NAO noted that although the above-mentioned system is not an asset management system however, in the absence of the latter, Ministries were using this system to keep tabs on their IT inventory. The NAO is aware that some Ministries inputted details of assets, which are not managed by MITA in this system, to have a complete inventory. During the course of this audit, the NAO observed that from the five entities audited, three entities use this software to keep track of their desktop PCs, laptops, webcams, scanners and printers. Given that the other two entities where Departments, these did not have access to MITA AMS and therefore maintained their inventory on a spreadsheet.

The NAO was informed that this system is using very old technology and MITA was working to decommission this system and replace it with another system. At the time of this audit, MITA was evaluating the options available to replace the above legacy system.

Conclusions and Recommendations

The NAO commends MITA for allowing CIOs and IMUs to access the MITA AMS system and use it to maintain their IT inventory.

The NAO however notes that this system is not and was never intended to be an IT asset management system but a tool to help MITA locate the assets that it supports and maintain a record of the suppliers of such assets.

The NAO suggests that since MITA intends to decommission this system, the task force (mentioned in Section 2.1 above) should investigate the possibility of integrating the functionality of this system within the asset management solution to be enacted. The integration of these systems would be beneficial because in this way, an asset can have one single unique identifier and there is no double entry of the asset details. In this scenario, MITA should be considered as a key stakeholder.

4.2   SolarWinds

MITA is entrusted with the ongoing support of the Malta Government Network (MAGNET)[9]. In this regard, the MITA Networks Team utilise various tools for the pro-active monitoring of network equipment. One of these tools, in use on a daily basis by the MITA Networks Team and other MITA teams, is SolarWinds. The latter was procured by MITA in 2016 and is installed centrally on MITA hardware, within MITA's Data Centres.

The NAO noted that whilst this software was procured by MITA to facilitate network monitoring, MITA gave CIOs and their officers limited access to SolarWinds software application, such that they can directly and proactively monitor their network equipment and maintain their network equipment inventory.

The NAO observed that from the five entities audited, three entities used this software to keep track of their network switches, routers, firewalls and all the other network equipment. The other two entities, which both happened to be Departments, did not have access to SolarWinds. Both these entities maintained their inventory on a spreadsheet. The NAO noted that one of the latter included networking equipment in its inventory. However, the NAO was not able to confirm whether this list was complete. The other entity did not include any networking equipment as part of its IT inventory.

Conclusions and Recommendations

The NAO commends MITA for giving CIOs access to SolarWinds software application and noted that through this access CIOs can have an updated inventory of all the network equipment at a touch of a button.

The NAO however recommends that the Ministries and Departments should input details of their networking equipment in the proposed asset management system. MITA confirmed that given that the SolarWinds software application already contains the details regarding most of the network equipment, the task force working on the IT asset management strategy can investigate the viability of importing these details into the new asset management system to lessen the impact of the initial data input of all assets. The NAO suggests that after the new asset management system is up and running, the IT Asset Management officers can periodically check the records on this system against the one in SolarWinds to ensure that the inventory of networking equipment is maintained correct and up to date. This cross checking can be carried out using the serial number of the device.

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[9]   Malta Government Network (MAGNET) is the Government's secure and private wide area network that interconnects all Government Ministries, Departments, Entities and Embassies, and provides connectivity to the Core Network within MITA Data Centre.

4.3   Software License Management Tool

The Software License Management Tool was developed by MITA in 2019 using Microsoft SQL and it is hosted at MITA's Data Centre. The software application consists of a dashboard providing licensing visibility and information regarding the Microsoft subscriptions and licences that were procured through MITA on behalf of Ministries and Departments.
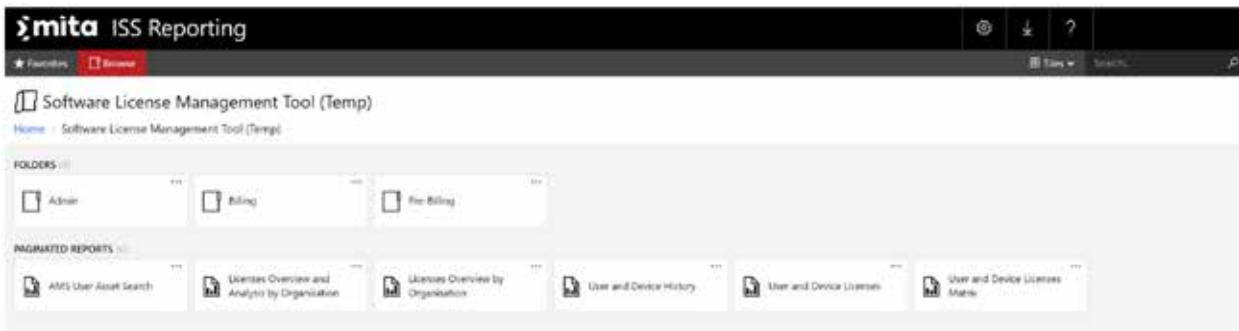
Figure 6: Software License Management Tool

The NAO was informed that MITA is currently in the process of launching Phase two of this software tool. During this phase, MITA aims to automate the monthly billing cycle and capture licensing changes in a daily report.

The NAO noted that MITA has given read only access to CIOs and IMUs so that the latter would be able to view their entity's per user subscription licences and the per device subscription licences. The NAO observed that the Ministries audited make use of this tool and consider it as their inventory of Microsoft licences. The NAO also observed that since this application is not accessible at Department level, the Departments audited could not use this tool to track down their Microsoft licences inventory and thus do not keep such records.

Conclusions and Recommendations

The NAO commends MITA for giving CIOs and IMUs access to this software. The NAO recommends that the proposed asset management system would integrate with this system to capture Microsoft Licences records. MITA confirmed that this could easily be done using Application Programming Interfaces (API).

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4.4   Spreadsheets

During the course of this audit, the NAO observed that four out of the five audited entities were using spreadsheets to maintain their IT inventory or part thereof. Whilst the NAO understands that in the absence of an asset management system, spreadsheets are a useful tool to maintain a list of assets, this was a short-term solution. Spreadsheets tend to end up being copied and many differing edits and versions of a single inventory spreadsheet file are likely to be created. Furthermore, although spreadsheets can be shared, there is no audit trail of who updated the spreadsheet etc.

Conclusions and Recommendations

The NAO recommends that the above-mentioned spreadsheets are replaced with a single asset management system that is accessed by all stakeholders and updated accordingly.

4.5   Corporate Financial Management Solution

The Corporate Financial Management Solution (CFMS) replaced the cash-based Departmental Accounting System (DAS) and is now being implemented in all Government Ministries and Departments. The CFMS is an accrual accounting system that has a basic inventory module to keep track of fixed assets, their value, and their depreciation. The NAO noted that this system is a financial system and was never meant to be an asset management system.

The NAO was informed that the Treasury Department engaged a consultancy firm to carry out the below:

- Assessment of the financial data generated by the system (data integrity).

- Review of the business process reengineering (BPR) carried out by the solution provider.

- Compliance audit to assess IPSAS compliance of the system.

- Assessment of the mapping of the corporate financial data standard on the financial data of the system.

- Assessment of the integration plan.

- Preparation of an IT and accruals compliance framework.

The NAO reviewed the list of tasks in this contract but was not sure whether this exercise would:

- review the compliance of the processes to register intangible and tangible assets (including IT assets) or whether it was just going to assess the compliance of the CFMS with the related IPSAS; and

- also be looking at integration with data sources external to CFMS like inventory/stores systems.

The NAO noted that MITA and a number of CIOs were invited to participate in the above exercise, and a forum made of various stakeholders, was meeting with the consultancy firm in relation to this exercise.

The NAO also noted that the Treasury was working on uploading a list of existing fixed assets to have an opening balance in the system. The NAO attempted to obtain such lists however, it was informed that these lists were still being collected and reviewed.

The NAO conducted a high-level gap analysis between the inventory data fields captured in the CFMS and the list of recommended IT inventory data fields listed in Table 3 – Section 3.5 above. The NAO noted that most of the recommended data fields pertaining to tangible assets were being captured in the CFMS. However, the system may need tweaking to capture the data fields recommended in Table 3 vis-à-vis the disposal of IT hardware, data wiping, software licences and software subscriptions. The NAO also noted that some data fields in this system are free text fields.

Conclusions and Recommendations

Whilst the NAO understands that the primary scope of this system is an accrual accounting solution, the NAO recommends that the suggested task force evaluates whether this system can be adapted to meet the requirements of all stakeholders vis-à-vis asset management. The latter gap analysis must be done after the collation of business requirements and not in comparison to any off-the-shelf asset management system.

The NAO also suggests that the Treasury investigates the possibility of updating the CFMS inventory data set with the data imported from SolarWinds software application and the Software License Management Tool. In this way, duplication of data is avoided, and the data is kept up to date.

The NAO also recommends that free text fields are changed to drop down lists or structured input. Free text fields are generally used in cases where no specific control of data entry is required as this approach unfortunately implies that a standardised and harmonised data entry cannot be guaranteed. In the case of IT asset inventory data, this is very valuable for decision making and the monitoring of IT security and thus, structured input of all the details is imperative. Before considering such possible changes to the CFMS, the NAO recommends that a cost benefit exercise is carried out once all options and related costs have been reviewed.

In the case that the above is not tenable, it is suggested that the CFMS is integrated with an asset management system that would be common for all Government Ministries and Departments, meets the needs of all stakeholders and captures the fixed asset details from procurement to disposal.

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4.6   Duplication of Records

The NAO noted that IT asset details were being inputted in multiple systems. The audited entities confirmed that:

- PCs and laptops were generally procured through and supported by MITA and thus were being inputted in the MITA AMS system.

- Network switches, routers, firewalls were generally procured through and supported by MITA and thus were inputted in the SolarWinds Software Application.

- Microsoft software licenses are procured through MITA and were inputted in the Software Licence Management Tool.

Apart from the above records, the audited entities were maintaining a separate inventory as per below:

- Three entities were inputting their IT assets in a spreadsheet. One of these entities was then passing on this spreadsheet to the Ministry IMU, who were inputting this same information in WASP[10].

- One entity was inputting details of their PCs and laptops, webcams, scanners, printers and wi-fi access points in WASP.

- One entity was using the Snipe-IT[11] software to maintain its IT inventory.

The NAO was also informed that in most cases, the DCS was inputting the IT assets in the general inventory.

Conclusions and Recommendations

The NAO is concerned about this duplication of records both in terms of duplication/triplication of efforts and the fact that reconciling these multiple inventories is very difficult.

As indicated above, the NAO suggests that the Ministries and Departments implement one asset management system that would be accessible by all stakeholders (including MITA), used for both IT and non-IT assets, and would integrate with the CFMS system.

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[10]   The Wasp asset management system also referred to as Wasp AssetCloud is an fixed asset tracking system.
[11]   Snipe-IT is an open-source cloud-based software for IT assets management.

Chapter 5 | IT Inventories for decision making purposes

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Fixed asset management plays a very important role and directly affects the entity's planning decisions. With proper planning and data-driven information, an entity can utilise data from its IT inventories for effective decision making related to IT operations, which are of fundamental importance to any entity.

The NAO is of the opinion that IT inventories can also assist with:

- assessing IT risks;
- upgrading IT equipment, or
- making better use of IT equipment.

Decisions regarding IT operations can only be made if the inventory has the required level of IT asset details and is updated regularly. As an example, if a Ministry CIO wished to establish the number of laptops that required an update of their operating system (OS), it is imperative that the inventory includes a description of the current OS of each laptop in use at the related Ministry.

5.1   Current Use of IT Inventories

The NAO enquired whether the current IT inventories were being used for decision making purposes. Four out of the five audited entities replied in the affirmative.

One auditee explained that they used the inventory to:

- identify and replace aged hardware;
- verify whether assets are beyond economical repair;
- issue reports of assets per section or department;
- install software; and
- avoid multi asset assignment to a single person (where applicable).

Another auditee stated that the IT inventory helps the IMU to take informed decisions when allocating devices and software based on IT operational requirements and provides them with a clear picture of their inventory position.

Another auditee explained that IT inventories were also used to:

- identify potential IT security updates;
- help in determining the best use of certain assets; and
- assess the current IT equipment prior to deploying a new project, to ensure that it is up to standard and identify whether additional equipment or upgrades were required.

Yet another auditee stated that IT inventories were solely used for book-keeping purposes, however, the IMU reviewed the inventory and informed the Department when there was the need to upgrade IT equipment.

The NAO however noted that in the absence of a single asset management system, decision making was currently based on data collated from a number of different and separate sources and therefore one can easily appreciate the level of difficulty when assessing the inventory of IT assets belonging to the Government of Malta.

Conclusions and Recommendations

The NAO commends the work being done by the IMUs, to assess future needs and optimise the utilisation of IT assets. However, the NAO noted that these initiatives were not being carried out at Department level. The NAO is of the opinion that each Department can utilise the IT inventory to optimise the use of IT assets.

The NAO also recommends that once there is a single integrated asset management system in place for all the Ministries and Departments, the task force can then assess how this data can:

- assist in the optimisation of daily action and operations;
- extending the life cycle of IT assets;
- optimise IT assets maintenance costs;
- monitor the accuracy of the inventory and remove ghost assets;
- help in maintaining accurate inventories when users are moving across Departments/Ministries or when there are Cabinet reshuffles and whole Departments are moving across Ministries;
- control the purchasing of equipment by Secretariat staff or employees; and
- help in planning future investments in IT hardware, software or infrastructure.

Chapter 6 | Verification of Inventories and Training

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As mentioned in Chapter three, the quality and depth of asset details are critical for decision making related to IT assets. Furthermore, the regularity of inventory reconciliation checks and updates is also of fundamental importance. This Chapter includes the NAO's review of the current processes adopted by the selected auditees to conduct the above-mentioned inventory checks and updates.

In order to conduct this review, the NAO assessed the verification of IT inventory records done centrally by the IMU or DCS office, as well as the periodic asset verification.

Given the technical nature of IT asset management and related systems, the NAO also assessed the level of training available/provided to the stakeholders of the IT asset inventory process which include:

- the DCS and the Ministry for Finance officers responsible to update/maintain the overall Ministry inventory of assets (and update the related module within the CFMS);
- the IMU officers responsible to update the IT inventory of the Ministry, which is a subset of the above inventory but would include more technical data fields than the overall inventory mentioned above; and
- the IT asset users who are ultimately responsible for the authorised use of the IT asset and report any changes that require an update to the asset details in the inventory (e.g., location, movement, receipt or return of asset, working condition, damage, etc).

6.1   Physical Verification of Fixed Assets

The physical verification of fixed assets is a procedure that is conducted periodically to ensure that the assets of an entity exist in reality. During this exercise, a physical verification of fixed assets is performed to reconcile the fixed asset inventory line-by-line. Through this procedure, the entity involved not only confirms the existence of assets as per records, but also ascertains the physical condition of these assets, verifies the location, and potentially identify any unauthorised usage or misappropriation of fixed assets.

During the course of this audit, the NAO enquired about the procedures in place in this regard and noted that one of the Ministries audited stated that this procedure was never carried out until last year, and due to large amount of IT assets and the large number of different locations involved, this exercise was still ongoing. Another Ministry confirmed that this was being done yearly, whilst the other Ministry stated that this exercise was usually done at least once a year, however, due to the COVID-19 pandemic and the changes in portfolios, this exercise proved to be a challenge, and the exercise was partially done on a best effort basis instead, with a view of conducting a full check in the near future.

The two Departments audited stated that their spreadsheet was checked on a frequent basis and the last verification was conducted in January 2021 and February 2021 respectively.

Conclusions and Recommendations

The NAO commends the work being done in this area and suggests that once the asset management system is operational, the Ministries/Departments hold a full verification of all IT assets at least once a year. The physical verification of fixed assets can be done by scanning the asset tags and verifying the asset details electronically. It is therefore important that the new asset management system uses barcode technology for this purpose.

6.2   Periodic Asset Verification by Asset Custodian

The verification of fixed assets can also be completed by the asset custodian[12]. In this way, staff are held accountable for the fixed assets allocated to them and participate in maintaining an accurate and up-to-date inventory.

The NAO enquired whether the Ministries/Departments involved in this exercise, adopted a system whereby the items listed on the IT inventory were periodically confirmed by the officer to whom these assets are allocated. The NAO noted that two out of the five audited entities stated that this was being done, albeit not in a complete way. One of these two entities stated that due to the COVID-19 pandemic, its IT asset management officer resorted to sending an email to the asset custodians, in order to confirm their list of IT assets. The other entity stated that this was done with the heads of sections and not with the end users.

Conclusions and Recommendations

The NAO is of the opinion that periodic fixed asset confirmation by the asset custodian is indispensable to maintain an accurate and updated inventory, especially in Ministries/Departments with a large number of IT assets.

The NAO however understands that doing this through email is a very laborious and time-consuming exercise, which would surely be cumbersome for large Ministries/Departments.

The NAO thus suggests that the new asset management system should include the necessary functionality for this process to be done automatically. Furthermore, the system could include the facility to send an email to the asset custodian prompting him/her to confirm the fixed IT assets allocated to them electronically. The proposed asset management system should also be able to track any changes and discrepancies inputted by the asset custodian, and forward such records to the asset management officer for verification purposes.

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[12] The term asset custodian refers to the assigned user of the IT asset.

6.3   Training

Inventory management training equips staff with the best practice methods of inventory control. Providing staff with inventory management training is essential to ensure that all employees are aware of their asset inventory-related responsibilities.

Training should be given both to IT asset management officers and IT asset custodians. The training given to asset management officers should include training on fixed asset inventory procedures, asset valuation, depreciation, asset verification, asset disposal, etc., whilst the training to asset custodians should focus on the importance of maintaining assets in good working order and the responsibility of reporting any movement of assets.

The NAO is aware that the Institute for the Public Services (IPS) runs a course in this regard entitled – '*OEO419 Inventory and Asset Management*'. The NAO noted however, that only one out of the five audited entities attended this course, The NAO was however, informed that IPS courses were open for Government employees only and third party contractors were not eligible for such training.

Training should also be given vis-à-vis the asset management system that is to be adopted. The NAO noted that a set of very detailed user guides was compiled for the CFMS system. The NAO reviewed the '*Fixed Assets User Guide*' and the '*Fixed Assets Exercise Workbook*' and noted that this material explains all the functions associated with this module and is very easy to follow with print screens and comment boxes detailing best practice, warnings and important notes, amongst others.

Conclusions and Recommendations

The NAO recommends that all IT asset management officers are encouraged to attend training sessions designed for this aspect of inventory management. Furthermore, it would be beneficial to offer asset custodians a short session on the importance of inventory management. Courses especially the latter, can be delivered online so as not to impact the human resources of an entity.

The NAO also suggests that Government entities who rely on third party contracted staff to update their fixed asset inventory, should consult with IPS so that such staff can be trained as needed.

The NAO recommends that training is also given with reference to the Asset Management system that is to be implemented. The NAO commends the user guide and exercise workbook prepared vis-à-vis the '*Fixed Asset*' module in the CFMS, and recommends that any training given is backed up with user guides that the user can refer to as needed.

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Chapter 7 | Management Comments

The following comments were submitted by each of the audit stakeholders by way of management comments.

7.1   Ministry for Economy and Industry

We agree with the recommendations in Chapters 2,3,4,5 and 6 and there are no unfavourable remarks to the recommendations put forward by the NAO. Having said this, one of the main recommendations found in Chapter 2 is the setting up of a Task Force in order to draw up an IT asset management strategy in line with any current or proposed asset management framework. Whilst this is a constructive recommendation, all other recommendations within the report will need to be reviewed and realigned with the subsequent approach proposed by the same task force. One also needs to note the timelines as outlined in Chapter 8 - Recommendations Implementation Schedule, which may need to be reviewed to accommodate the suggested solution identified by the task force.

7.2   Ministry for Health

From a general point of view, this end opines that the success of a good inventory rests upon the proper management and the timeliness in recording inventory data in real time. Processes and procedures regulating inventory maintenance should be as straight forward as possible since practicality facilitates proper management. For example, the use of QR coded labels would be ideal to speed up data inputting and simplify related processes. Given the size of the Ministry for Health, ideally every section should manage its own IT inventory, within a standardised framework of applicable regulations and procedures, and thereby securing the timely recording and proper management of asset movement, in and out of each respective unit. Conversely, an IT inventory management function merits assignment to a specific role so as to ensure that the inventory is maintained on a regular basis, audits are undertaken periodically and data integrity is thereby secured.

Finally, the procurement (through Government tendering procedures) of a single asset management system that facilitates the early attainment of the sector's strategic objectives and enables the proper consolidation of data across Government is a recommendation which should be actively considered.   In adopting the strategic approach that best secures the attainment of such an ambitious objective, one must keep in view the time and resources required to draft, publish and award a tender of this magnitude. Consideration should also be afforded to the procedures and processes that may need to be adjusted and/or adopted in the interim, so as to ensure that transitory periods are smooth and seamless.

7.3   Ministry for Justice, Equality and Governance

Chapters 2, 3, 4, 5 and 6 Key Recommendations: this office has no adverse remarks to the recommendations put forward by the NAO. However, it is noted that the primary recommendation revolves around "setting up of a Task Force in order to draw up an IT asset management strategy in line with any current or proposed asset management framework" and this towards achieving "a single integrated asset management system". In this regard, should the recommended Task Force be setup and be given time to recommend an optimal solution, it is in our opinion, that the timelines put forward in Chapter 8 (Recommendations Implementation Schedule), especially Chapter 4 Recommendations, may need to be revised and extended according to the eventual Strategy put forward by the Task Force. This especially due to the fact that integration efforts between systems tend to get complex and require adequate detailed specifications. A process to get all related systems suppliers together for integration requirements may need to be analysed in depth to achieve the desired aims.

7.4   Department of Fisheries and Aquaculture

Main points listed in the report address the central system and procedures by MITA.

Our final conclusion is that IMU agrees with the main recommendation that a new holistic system could be implemented to hold and manage all IT Assets information. This shall be implemented by MITA in collaboration with the relative stakeholders.

We also agree that an asset administrator for each department is appointed.

7.5   Office of the Prime Minister/Government Printing Press

OPM agrees in principle with the key findings and recommendations put forward by the NAO. At a high level, it is being recommended that a Task Force is setup to draft a strategy for IT asset management aimed at introducing a new regulation to take over and consolidate out dated related circulars and at setting up one central asset management solution which integrates with the CFMS and with other key software which are used for specific tangible and intangible inventory control purposes such as Solar Winds for network equipment and the Software License Management Tool for licenses, both managed by MITA. Given the complexity of such solution, which would ideally be extended for the non-IT assets, the Task Force may have to revise the timelines being recommended in Chapter 8, especially the timelines being proposed for Chapter 4 recommendations. We have noticed that even though a number of Officially Appointed Bodies (Public Sector) are directly supported by IMUs and they may have IT assets listed in the asset management system provided by MITA, they are not mentioned anywhere in the audit and hence not taken into consideration in the recommendations made by the report. As OPM, we could not provide such feedback as this audit only involved one particular Department, i.e. the Government Printing Press (GPP). There are no further comments from GPP.

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The Core Group Digitalisation (CGD) structure is responsible for consolidating digital services in the Public Administration and aligning them in a single strategy and it should have a leading role in the digital aspect of this strategy. In January 2021 the CGD had already brought to the attention of the Treasury the need to review the MF Circular No. 14/1999 and introduce an updated policy.

7.6   Ministry for Education

NAO comments are being noted and MFED shall consult the Chief Information Officers Forum meeting with regards to the task force concept for the IT asset management strategy and all recommendations related to updating of circulars.

In addition, reference is made to the hereunder recommendations. Kindly note the following feedback by the MFED:

- *Asset Management Software - 4.4 Spreadsheets*
  MFED's Feedback: NAO remarks are being noted and currently MFED is transferring all the asset details to the AMS.

- *Verification of Inventories and Training - 6.1 Physical Verification of Fixed Assets*
  MFED's Feedback: Physical verification process is agreed upon and shall be held as soon as the Asset Management System is operational.

- *Verification of Inventories and Training - Periodic Asset Verification by Asset Custodian*
  MFED's Feedback: Asset verification exercise is already being done at MFED and will continue doing exercise.

- *Verification of Inventories and Training - Training*
  MFED's Feedback: Some of the employees in charge of IT inventory at MFED have already attended the course offered by IPS. All employees in charge of IT inventory will attend the course by end of year.

7.7   Ministry for Finance and Employment

Thanks for the comprehensive report which faithfully illustrates the state of play vis-à-vis IT Asset management across the Public Service. The report also provides very valid recommendations on a number of related areas which hopefully will be adopted.

In terms of management comments I am taking the opportunity to submit some further suggestions from my end in my capacity as CIO:

1) *An area which I consider should have been included in Section 3.5 of the report, quoting:*

   "The NAO then embarked on a study to identify which IT asset details need to be maintained in the related inventory. The NAO classified IT assets in three different categories:

- *Hardware including networking equipment;*
- *Software licences; and*
- *Software subscriptions"*

… a category for Information Systems. These are intangible assets with some having values of millions of Euro and which seem to have been excluded from the report. An Asset management System would need to record and document the lifecycle of such systems as well.

2) *In the case of ICT hardware assets, and with the greater adoption of smart hardware and IOT, one can make use of IT asset management systems that report automatically on the hardware itself (on the same lines of SolarWinds for Networks). For example in the case of laptops and other smart hardware devices these systems can generate very detailed reports on the hardware as well as the software (inc. licenses and versions) installed therein. Some of this information may then be exported to the CFMS or to a more generic asset management system. This approach gives better visibility and real time status to IMUs on assets in use for the sake of planning and to address security vulnerabilities among others.*

3) *One can consider the use of a fixed IP address scheme for Government sites and use such IP information (IP geolocation) to physically locate to a certain level of detail where each smart asset is connected/located. This applies to SMART assets.*

4) *Though the report was focused specifically on IT Asset Management system, at times it mentions that there should be one AMS that includes non-IT assets too.   Such a setup would need to be more generic and possibly CFMS may be suitable.   Nonetheless IT is more complex and dynamic than most non-IT assets and thus a more specific system (that can cater for the lifecycle of IT assets) and which then can interchange specific data elements with a more generic system may be a more desirable setup.*

7.7.1   The Treasury Department

We have reviewed the draft IT Audit Report.   The Treasury may only consider the recommendations of interfacing the single integrated asset management system with CFMS once the integrated system is up and running.

7.8   MITA

MITA has read the report and agrees with the recommendations being put forward by NAO. Further to Chapter 2 outlined recommendations, MITA would like to emphasise on the recommendation highlighting the need 'of having one IT Asset Management System for all Government.' MITA believes that an important attribute for the successful implementation of this recommendation is to establish and appoint 'a corporate owner– across Government'. The appointed owner shall chair the Task Force being recommended by NAO so that from the very start the direction and ownership is made clear. Together, the Task Force members can drive the planning and the IT Asset Management Strategy across Government, whilst ascertain that the supporting business requirements and governance functions are in place so that the implemented system can reap the benefits planned.

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Chapter 8 | Recommendations Implementation Schedule

The NAO is of the opinion that ideally the recommendations in this IT audit report are to be addressed horizontally across all the Public Service i.e., all Government Ministries and Departments.

The NAO has prepared a tentative Recommendations Implementation Schedule that will be brought to the attention of the Chairperson of the related task force mentioned in Chapter two. The NAO recommends that the task force discusses the above-mentioned schedule with the related key stakeholders to ensure that a holistic and integrated approach is adopted.

Components		2022				2023			
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Chapter 2	Key stakeholders		X						
	Roles and Responsibility		X						
	Definition of IT Assets		X						
	Existing Policies and Procedures		X						
	Current Benchmarks and Best Practices		X						
	Tangible IT Assets			X					
	Inventory of Software Licenses and Subscriptions			X					
	Third-Party Assets			X					
	IT Asset Identification Number				X				
	IT Inventory Data Fields				X				
Chapter 3	Asset Cost				X				
	Location of Asset				X				
	Room Inventory Lists				X				
	Procurement of IT Assets				X				
	Movement of IT Assets				X				
	Disposal of IT Assets				X				
	MITA – Asset Management System					X			
	SolarWinds					X			
	Software License Management Tool					X			
Chapter 4	Spreadsheet					X			
	Corporate Financial Management Solution					X			
	Duplication of Records					X			
Chapter 5	IT Inventories for decision making purposes								X
Chapter 6	Physical Verification of Fixed Assets							X	
	Periodic Asset Verification by Asset Custodian							X	
	Training						X		

Table 4: Recommendations Implementation Schedule

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Annex A: MF Circular No 14/1999 - Inventory Control Regulations

MF 10/99/1/A

MF Circular No. 14/99

**Ministry of Finance
Valletta**

Date: 24 November 1999

Permanent Secretaries
Directors General
Directors

Government Accrual Accounting: Revised Inventory Control Regulations

The Government is committed to a policy of implementing modern financial methods in its management of public finance. This commitment stems from the desire to generate more meaningful financial information that will lead to a better understanding of the overall financial health of the Government, thereby providing the basis for constructive long term financial projections and planning. The Government's commitment to better financial management of public finance has resulted in the decision to implement accrual accounting in all the Ministries and their respective Departments.

To transform Government's commitment into reality, a Task Force has been established to oversee the implementation process of accrual accounting. The accrual accounting process is scheduled to be implemented over a three year period. The introduction of accrual accounting will be a major change in the way the internal financial business of Government is conducted. This reform will cross Ministerial and Departmental organisational boundaries and have a major impact on the way each Department will conduct its day to day financial administration.

One of the major tasks in the implementation of accrual accounting is to ensure that inventory records containing the Tangible Fixed Assets within each Ministry and their respective Departments are updated with complete, accurate and timely information. With this objective in mind, Government has decided to revise and streamline the existing inventory control regulations and procedures with the view to:

(a)   Standardising the procedural systems in all Ministries and Departments;

(b)   Standardising the contents of the inventory database;

(c)   Facilitating the task of maintaining an up to date Tangible Fixed Asset register;

(d)   Ensuring that more effective control is maintained;

(e)   Ensuring that continuous checks are made to detect losses and discrepancies in a timely manner.

The new Inventory Control Regulations are contained in Appendix "A". In case of large departments where the changeover may be time-consuming the exercise may be carried out under a phased programme. However, it should be emphasised that the exercise should be completed within a twelve month timeframe. It is important that these new Inventory Control Regulations are strictly adhered to.

J. P. Portelli
Permanent Secretary

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INVENTORY CONTROL REGULATIONS

1.   Tangible Fixed Assets

The term Fixed Tangible Asset is used to describe long-lived assets acquired for use in the operation of the organization and not intended for resale. Common examples are land, buildings, machinery, furniture and fixtures, office equipment, and vehicles. A fixed tangible asset is an asset held for use on a continuous basis. With the exception of land and heritage assets, all types of tangible fixed assets have limited useful lives.

Tangible Fixed Assets are non-trading business assets that have the following characteristics:

(a)   a relatively permanent nature in that their useful life is expected to span over a number of years that is not normally less than three years, AND

(b)   a relatively material cost that is not less than fifty maltese lira (Lm50).

To clarify the precise meaning of tangible fixed assets, a distinction must be made between tangible fixed assets and consumables. Consumables are perishable items that are purchased and used for the normal course of business operations such as stationery, printer ribbon, and duplication materials. Consumables may include semi-durable items that have a life time of less than three years and have a value of less than fifty maltese lira (Lm50), such as, low cost calculators, uniforms and similar clothing (in a production environment), and floppy disks (in an office environment). It should be emphasised that this document deals with the procedures regarding tangible fixed assets and Departments are expected to have specific procedures to control and monitor consumables through an appropriate stock control system.

It is appropriate at this stage to clarify the meaning of two Tangible Asset types that require particular attention, these are, donated and heritage assets.

1.1   Donated Assets:

Donated Assets are assets provided by third parties either by gift of the asset or by way of funds to buy the asset. There should be no consideration given in return for the asset provided. The following are examples of what will not qualify as Donated Asset:

(a) An asset transferred between public authorities as a result of a transfer of functions (unless the asset was originally donated to the transferor body);

(b) Government grants intended as a contribution towards expenditure on a fixed asset;

(c) Where a developer builds, say, a new factory and either builds or pays the cost of a connection access to a trunk road, or where a developer contributes to the cost of a transport scheme which will benefit the developer's business - the amount received will be treated as an adjustment to the cash requirement;

(d) Assets received in lieu of tax.

If the donated asset is by way of funds then the value of the asset is recognized to be the value of the funds provided. However in cases where it is by gift the value of the donated asset should be its market cost value at the time it is donated.

1.2   Heritage Assets:

Heritage assets are those assets which are intended to be preserved in trust for future generations because of their cultural, environmental or historical associations. Heritage assets include historical buildings, archaeological sites, military and scientific equipment of historical importance, and works of art.
There are certain characteristics which are often displayed by heritage assets, these include:

(a) Their value to government and the public in cultural, environmental, educational and historical terms is unlikely to be fully reflected in a financial value derived from a market mechanism or price;

(b) Established tradition, primary statute and trustee obligations impose prohibitions or severe restrictions on disposal by sale;

(c) They are often irreplaceable and their value may increase over time even if their physical condition deteriorates; nonetheless they may require maintenance so that they can continue to be enjoyed by future generations;

(d) Their life is measured in hundreds of years.

All heritage assets are deemed to be held by the entity in pursuit of its overall objectives in relation to the maintenance of the heritage. *Non-operational* heritage assets are those which are held solely for this purpose and have no other use. *Operational* heritage assets are those which, in addition to being held for their characteristics as part of the nation's heritage, are also used by the entity for other activities or to provide other services for which it is responsible. An example is a historical building used for both ceremonial occasions and office accommodation.

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2. **Valuation of Tangible Fixed Assets**

The valuation of tangible fixed assets is an important aspect in the maintenance of proper inventory records. The valuation of assets is relatively easy at the procurement stage where their cost and date of purchase are known. However, the value of heritage assets or assets that have been purchased some time ago may be difficult to ascertain. Nonetheless, all assets have to be included in the inventory and if it is practical, Departments are encouraged to at minimum ascertain the purchase date of the asset and its original cost. The following guidelines are suggested:

2.1 Land:

Since land has an unlimited life it is deemed to be non-depreciable asset and is normally carried on the books permanently at cost or at current market price if the original cost is not known.

2.2 Buildings:

Buildings have a long life but are deemed to be a depreciable asset. These are normally carried on the books permanently at cost or at current market price if the original cost is not known. It is recommended that buildings are re-valued at minimum every ten years.

2.3 Other Operational Assets:

Machinery, furniture and fixtures, office equipment, and vehicles have a relatively short life and are deemed to be depreciable assets. Since the current Government accounting system does not take into consideration depreciation it is recommended that the purchase date and original cost is recorded (if available and practical).

2.4 Heritage Assets:

In principle, there are the same benefits and advantages in valuing heritage assets as there are for other assets, namely:

(a) To inform the public about the value of assets held on its behalf;

(b) To encourage good stewardship of the assets by the owner entity;

(c) To distinguish between capital and recurrent expenditure;

(d) To make known decisions about how much to spend on maintaining the assets by ensuring that both value and deterioration in value are recognized.

There may be instances where, because of their special characteristics valuation of heritage assets is not practicable or appropriate. This would apply where:

(a) The asset could be valued but the cost of obtaining that value is not warranted in terms of the benefits which the valuation would deliver. However, the cost of obtaining a valuation will normally be justified where the asset requires, or is likely to require, expenditure which would normally be regarded as capital expenditure to maintain it in good condition;

(b) It is impossible to establish a sufficiently reliable valuation, for example for a work of art where no similar asset has recently changed hands in an arms' length transaction.

3. Responsibility of Heads of Department

3.1 Heads of Departments shall ensure that:

(a) Upon taking ownership, tangible fixed assets (with the exception of land and buildings) are to be physically treated as stores items and recorded in the Store Ledger.

(b) Once tangible fixed assets are issued from stores or put in use, they are to become inventory items of the user Department.

(c) All inventory items assigned to a Department are to be shown in the inventory records of that Department.

(d) The inventory records are to be updated and reflect accurate and precise details of the items in question. Inventories are to be maintained in the prescribed format as described in this document.

(e) All finished goods manufactured in the Departmental workshops are to be physically treated as stores items in a similar fashion as purchased goods.

(f) The Auditor General is to be notified on a half yearly basis of items being included in the Department's inventory.

4. Responsibility of Directors Corporate Services

4.1 Directors Corporate Services should ensure that:

(a) Directors Corporate Services should ensure that all Heads of Department falling   under the responsibility of their respective Ministry comply with the

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procedures as stipulated in this document.

(b)   In so far as the Ministry is concerned the Director Corporate Services is to assume the responsibilities as defined in 3 above (Responsibility of Heads of Department).

(c)   In the absence of a Head of Department or an Acting Head of Department, the Director Corporate Services is to assume the responsibilities as defined in 3 above (Responsibilities of Heads of Department).

(d)   In cases where a change in portfolios involves the fragmentation or assimilation or transfer of a Department, the Director Corporate Services is to ensure that the transfer of the inventory items is adequately recorded and responsibility for the inventory items identified.

5.   Notification to Auditor General

5.1   Every six months a list of items added to the Departmental inventory whether purchased or manufactured during the previous month shall be submitted as a soft copy preferably through e-mail, to the Auditor General. This list shall include:

(a)   Ministry and Department Name;
(b)   Date when item was included in the inventory;
(c)   Description of item;
(d)   Cost of item;
(e)   Internal item identification number;
(f)   Purchase voucher number where applicable.

6.   Responsibility for Keeping the Inventory

6.1   An individual (ideally not below the grade of Executive Officer or equivalent) shall be selected by the Head of Department and entrusted with the responsibility for maintaining the Departmental inventory records and for ensuring that the rules established to safeguard government property are rigidly adhered to.

6.2   The Head of Department shall notify the Auditor General of the individual selected and entrusted with the responsibility for keeping the inventory.

6.3   Officers shall be overall responsible for the items of inventory located in the premises under their control.

7.   Database of Inventory Information to be held

7.1   A database in the form of a spreadsheet in line with Government IT Sstandards is to be maintained as shown in Appendix 'A'.   The information contained in this

database shall form the general inventory of the Department. As such the officer responsible for maintaining the inventory records shall also be responsible to take precautions in safeguarding (backup security copies) this database.

7.2 The Officer in charge inventory shall produce two certified hard copies (printed copies) of the database at least once a year. One copy is maintained for office purposes and the other copy provided to the Auditor General.

7.3 An electronic copy of the contents of the inventory database is to be lodged on a monthly basis to the Director Corporate Services. The version number and date of the electronic copy should be clearly indicated.

8. Validity and Reliability of Information

8.1 All purchased, donated and manufactured items are to be included in the Departmental Inventory Database. This database is to be maintained by the Officer in charge inventory.

8.2 The Officer in charge inventory shall check the goods supplied with the details on the covering invoice or any other supporting voucher relating to the items being placed in the inventory. At this stage this Officer is to allocate a unique identification number to the item entered in the inventory as per criteria in Appendix A.

8.3 Each item shall be physically marked with a consecutive identification number. This physical mark should be of a permanent nature. The identification number should be positioned in a manner that does not deface the item to be placed in the inventory. It should be emphasised that having a permanent identification that cannot be physically erased, is an important control procedure and as such should be adhered to, unless it is truly impracticable to do so.

8.4 The Officer in charge inventory shall ensure that the information entered into the Inventory Database is precise and accurate and reflects the information pertaining to the respective inventory item. Identical inventory items will be distinguished by the unique identification number. Therefore it is of utmost importance that inventory identification numbers are uniquely allocated and accurately entered.

9. Room Inventory List

9.1 A list of the items of inventory in respect of each room, section, stores, outstation or district office is to be generated by the Officer in charge inventory from the maintained inventory database.

9.2 The room inventory list is to be generated in duplicate, one copy of which shall be kept by the inventory holder and the other by the Officer in charge inventory. A

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new list shall be produced whenever items are added or removed, however the replaced room inventory list should be retained by the holder for possible checking by the Auditor General. The room inventory list shall be hung in the room containing the items. (Refer to Appendix 'B').

10.   Heritage Assets

10.1   Heritage Assets will be distinguished from normal inventory items by being classified as such on the Departmental Inventory Database.

Apart from being recorded in the Departmental Inventory Database, each Heritage Asset is to be separately catalogued by the entity entrusted with their care. The catalogue of Heritage Items is to contain a photograph of the item, a scrupulously detailed description by a Government appointed expert and endorsed by him on the printed copy of the catalogued sheet for that Heritage Asset. At minimum the catalogue of the Heritage Items is to contain the information as per Appendix 'C'.

11.   Donated Assets

11.1   Donated Assets will be distinguished from normal inventory items by being classified as such on the Departmental Inventory Database.

11.2   The Heads of Department are responsible to report to the Permanent Secretary any Donated Assets to their Department by any person or organization. The Auditor General is to be informed of any receipt of Donated Assets through normal procedures.

12.   Transfer of Inventory Items

12.1   The following procedure shall be followed:

(a)   Any transfer, loan or other change in the location of the item shall be duly supported by proper authorisation.

(b)   The officer receiving the items shall acknowledge receipt in writing.

(c)   If the inventory item is to be transferred from one room to another within the same Department then the Departmental Inventory Database is to be amended accordingly.

(d)   If the inventory item is being transferred or loaned to another Department or another Ministry, the transferred Inventory Item is to be removed from the Departmental Inventory Database of the transferee Department and entered in the Departmental Inventory Database of the transferor Department. It should be noted that if the inventory item is being transferred or loaned to another

Department within another Ministry, then the asset identification number will need to be reallocated to conform with that Ministry's standard coding system. In the case of Heritage Assets, the original catalogue sheet is to be physically transferred with the Heritage Asset being transferred, however a photostat copy of the catalogue sheet is to be kept by the transferee Department for record purposes. The Museums Department is to be invariably informed of any movement of heritage asset.

12.2 The Auditor General shall be informed of any loan, transfer or other movement of such items through normal procedures.

13. Missing Inventories

13.1 When a physical inventory item cannot be traced, a Board shall be appointed to:

   (a) investigate and establish how it came to be missing;
   (b) who is to be held responsible for its loss;
   (c) recommend that the physical inventory item is to be written-off from the Departmental Inventory Database and any disciplinary and or legal action to be taken.

13.2 The Board shall request the Internal Auditor to test examine the inventory procedures including the physical inventory items within the Departmental Inventory Database of the Department or Section concerned to establish whether there are other physical inventory items missing in that Department or Section. If the Internal Auditor's examination establishes that there are shortcomings in the procedures and that other physical inventory items are found missing, the Board shall make recommendations regarding these matters.

13.3 Authority shall be obtained from the Permanent Secretary to execute the recommendations made by the Board and the Auditor General is informed accordingly.

14. Obsolete Inventory Items

14.1 When a physical inventory item is considered to be obsolete, a Board shall be appointed to:

   (a) confirm and declare the obsolescence of the inventory item;
   (b) recommend that the obsolete inventory item is written-off from the Departmental Inventory Database.
   (c) recommend the method of disposal of the obsolete inventory item.

14.2 Authority shall be obtained from the Permanent Secretary to execute the recommendations made by the Board.

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14.3   A copy of the Permanent Secretary's authority to write-off the obsolete inventory item shall be sent to the Auditor General for his information.

15.   Inventory of Palaces, Churches and other Public Buildings

15.1   Ministries that have the responsibility for palaces, churches and other public buildings, must ensure that a complete inventory of all furniture and effects is made and kept by an officer or officers designated for that purpose, as previously outlined in this document. In the case where more than one officer is appointed for this purpose, these officers shall be severally and jointly responsible.

15.2   Any loss or damage, otherwise than by fair wear and tear, of the property in such buildings, shall be reported to the Permanent Secretary and Auditor General.

16.   Stocktaking of Inventory

16.1   The Officer in charge Inventory shall carry out stocktaking on a perpetual basis covering items randomly selected, with particular emphasis on valuable or attractive items.

16.2   The Director Corporate Services shall request the Internal Auditor to carry out an inventory of the Tangible Fixed Assets on an annual basis. The nature and extent of the audit shall be determined by the Internal Auditor. The Director Corporate Services must ensure that the recommendations made by the Internal Auditor are implemented.

16.3   The above arrangements shall not absolve the officer having charge of the items listed in the Room Inventory from making the necessary checks from time to time and reporting immediately any discrepancies discovered.

APPENDIX "A"

Departmental Inventory Database

A sample of the spreadsheet regarding the Departmental Inventory Database is attached to this Appendix. The Departmental Inventory Database will consist of the following minimum information:

Database Particulars	Number of Characters
(a) Ministry Description	40
(b) Asset Identification Number (AIN)	
• Asset Classification	1
• Sub Classification	3
• Sequence number	4
(c) Date asset was acquired	8
(d) Location of Asset:	
• Departmental Code	2
• Site/Room Number	
- Site Code	2
- Room Number	3
(e) Department Description	25
(f) Section Description	25
(g) Asset Description	75
(h) Quantity	4
(i) Total cost or value of asset	9
(j) Asset Type	1

1.   **Ministry Description**

This data field consists of the Ministry title, for example "Ministry of Finance". The Ministry description should not be longer than forty characters.

2.   **Asset Identification Number**

The Asset Identification Number is to contain a unique and sequential reference which can identify the fixed tangible asset from any other asset within that Department. Where Departments may already have implemented an inventory coding system this can be applied provided that a full sequential trail of such codes is possible.

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The Asset Identification Number is to be the responsibility of each Department. The Officer in charge inventory shall be responsible in creating and maintaining the Asset Identification Numbers of the respective Department. An Asset Identification Number is essential to enable proper identification of assets. The Asset Identification Number allows the hierarchical classification of assets and the recommended structure enables extensive classification options to all Ministries and Departments.

The Asset Identification Number structure is to be made up of three data fields as shown below:

(a)   Asset Classification
(b)   Sub Asset Classification
(c)   Sequence number

The Asset Identification Number structure is to be approved by the Director of Corporate Services. The Asset Identification Number structure shall take into account the sub asset classification requirements of each Ministry and Department. The sub asset classifications are to be formulated after all Departments within that Ministry have had an input into the classification requirements of its own respective Department. Hence, a consolidation of all Departmental requirements are to be the end product that the Director of Corporate Services has to co-ordinate to ensure that such a structure is sanctioned by its Ministry. The Permanent Secretary, Ministry of Finance and the Auditor General are to be notified of the Asset Identification Number structure once it has been formalized.

Asset Classification:

The asset classification shall be determined in accordance to the following fixed assets classification as follows:

Asset Classification Details	Code
Land	1
Building	2
Fixtures and Fittings	3
Vehicles	4
Office Furniture	5
Plant	6
Machinery	7
Equipment	8
Tools	9

Any Ministry or Department that may have other assets not classifiable under the above list is to request the Ministry of Finance (copied to Auditor General) to allocate an asset classification code.

The definition of the various asset classifications is as follows:

[1] *Land:* Self-explanatory.

[2] *Buildings:* A building represents a permanent fixed structure forming an enclosure and providing protection from natural elements. This includes building for administrative, production and service provision purposes.

[3] *Plant and Machinery:* These are tangible assets that are held by an enterprise for use in the production or supply of goods or services, for rental to others, or for administrative purposes, and are expected to be used during more than one period of time. Plant and machinery include the implements, machinery, and apparatus used in carrying on any industrial process for construction or production purposes. Plant and machinery normally falls under two classifications, (a) construction - heavy and light and (b) production - heavy and light.

   The useful life of plant and machinery determines whether it is: (a) Heavy - 10 years and over of useful life from date of commissioning; and (b) Light - less than 10 years of useful life from date of commissioning.

[4] *Tools and equipment:* Include items which are portable but not mechanized and which have a life expectancy of about five (5) years. Amongst these items we find electrical power tools, hand-held tools, electronic tools, instruments and equipment.

[5] *Vehicles*: These instruments by which a person or any form of substance is conveyed or transmitted from one place to another. These include passenger and commercial vehicles, cycles, conveyors, sea crafts, air crafts and the like.

[6] *Furniture and Fittings:* The moveable parts within a building that provide utility to the persons using them. These include fittings and fixtures of a building which are fixed on a permanent nature.

[7] *Office Furniture:* Self explanatory.

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Sub Asset Classification:

The sub asset classification shall provide a further sub-division of the nature of the fixed asset. Three characters are allocated to the sub asset classification code to provide a multi-level analytical structure.

An example of how the sub asset classification may be used is shown below:

Asset and Sub Asset Classification Details		
4. Vehicles	1. Passenger	01. Executive 02. Saloon Cars 03. Station wagons (may have up to ninety nine types)
	2. Commercial	01. Trucks (less than one ton) 02. Trucks (one ton and over) 03. Vans
	3. Light Vehicles	List types
	4. Sea crafts	List types
	5. Air craft	List types

Sequence Number:

The sequence number is a number between 0001 and 9999. The sequence number distinguishes between those assets that have the same Asset and Sub Asset code classification. For instance a Department may have a number of saloon passenger cars. An example of how the sub asset classification may be used is shown below:

4 102 0001
4 102 0002
4 102 0003

Assets with the above Asset identification Numbers would illustrate that they are:

(a)   Vehicles - asset classification code 4

(b)   Saloon passenger cars -sub asset classification code 102

(c) There are three saloon passenger cars with a sequence number ranging from 0001 to 0003.

Whenever fixed assets constitute a "set of items" a part numbering system is to be applied when physically labeling the assets. For instance a conference table may have six chairs. The Inventory Database would only contain one entry for the chairs (the quantity field would have the number six (6) entered), however on the physical label attached to the chairs one would have the asset identification number and the number of the chair (i.e. 5 101 0001/1). Therefore the asset identification number (5 101 0001) would be followed by /1 to indicate it is the first of the six chairs, so on.

3. **Date Asset Was Acquired**

This is the date that the asset was received. In case of heritage assets the date would represent the registration date of the asset in the inventory database.

The format of date is as follows (dd/mm/yyyy):

(a) Day (two digits)
(b) Month (two digits)
(c) Year (four digits)

4. **Location of Asset**

The location of the asset consists of two data fields as follows:

(a) Department code (two digits)
(b) Physical location

  • Site code (two digits)
  • Room number (three digits)

A list of Department codes is attached. For example: if a desk is located in one the schools within the Ministry of Education, the location of the asset would be as follows:

Department Code (Ministry of Education) 14
Site code (School)   01
Room number   001

Therefore the full location code would be 14 01 001.

5. **Department Description**

This data field provides the description of the department where the asset is located. The description should not exceed twenty five characters.

6. **Section Description**

This data field provides the description of the section within the department where the asset is located. The section description should not exceed twenty five characters.

7. **Asset Description**

This data field provides the description of the asset. The description should be as precise and as detailed as possible, however, it should not exceed seventy five characters.

8. **Quantity**

Whenever fixed assets constitute a "set of items", for instance a conference table may have six chairs. The Inventory Database would only contain one entry for the chairs. The quantity field would have the number six (6). It should be noted that the physical label attached to the chairs one would have the asset identification number and the chair number (i.e. 5 101 0001/1). Therefore the asset identification number (5 101 0001) would be followed by /1 to indicate it is the first of the six chairs, so on.

9. **Total Cost or Value of Asset**

This data field contains the cost or value of the asset. If the asset was purchased then the cost of the asset would be entered. If the asset was donated outright (and not purchased by the Department) or item is a heritage asset then the value of the asset would be entered. Refer to the Inventory Control Regulations for further details regarding the valuation of tangible fixed assets.

10. **Asset Type**

The asset type indicates whether the asset is a heritage, donated or normal asset. This data field consists of one character as follows:

Blank   Normal asset
D   Donated asset
H   Heritage asset

Departmental Codes

Dept. No.	Department or Ministry	Dept. No.	Department or Ministry
1	Office of the President	51	Ministry for Tourism
2	House of Representatives	53	Education
3	Office of the Prime Minister	54	Welfare of the Elderly
4	Government Printing Press	55	Libraries and Archives
6	Public Service Commission	56	Attorney General
7	Armed Forces of Malta	57	Civil Registration
8	Civil Aviation	58	Legal – Public Registry
10	Electoral Office	59	Legal – Notary to Government
11	Police	60	Courts of Justice
12	Corradino Correctional Facility	61	Joint Office
13	Ministry of Foreign Affairs	62	Government Property Division
14	Ministry of Education	63	Dept of Social Housing
15	Social Security Benefits	64	Housing Construction & Maintenance
16	Civil Protection Department	65	Economic Planning
18	Department of Information	66	Industrial & Employemtn Relations
19	Ministry for Social Policy	67	Ministry for Economic Services
20	Commerce	68	Environment Protection
21	Fair Competition	69	Pensions
24	Ministry of Finance	71	Local Councils
25	Treasury	73	Culture and the Arts
28	Public Debt Servicing	74	Ministry of Justice & Local Government
30	Ministry for Home Affairs	76	Ministry for Transport & Communications
31	Inland Revenue	77	Land Registry
33	Customs	80	Youth and Sport
35	Gaming Board	91	Contracts
36	Department of Public Lotto	92	Sir Paul Boffa Hospital
37	Social Security	93	Mount Carmel Hospital
38	Museums	94	Government Pharmaceutical Services
39	Ministry for Resources & Infrastructure	95	Ministry of Health
40	V.A.T.	96	Ministry for Gozo - Corporate
42	Familiy Welfare	97	Gozo Customer Services
45	Ministry of Agriculture & Fisheries	98	Gozo Projects and Development

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Annex B: Treasury Circular No 11/2016 – Accrual Accounting – IPSAS Project: Intangible Assets

TR 873/2014 Vol I

Treasury Circular 11/2016

TREASURY
LEVEL 3 – 4, THE MALL OFFICE BLOCK
TRIQ IL-MALL
FLORIANA FRN 1470
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13th July 2016

To Heads of Departments
Chief Information Officers
And All Other Accounting Officers

Accrual Accounting – IPSAS Project: Intangible Assets

Currently the Treasury biannually receives **Inventory (Fixed Assets) Reports** from Ministries and Departments in line with **MF Circular 14/1999**. These reports focus on **tangible fixed assets** held by each Ministry and Department.

Apart from tangible fixed assets, Government also owns **Intangible Assets** which should also be reported to the Treasury. On the 17th December 2014 the Treasury had carried out an exercise to establish what Intangible Assets are currently held by Ministries and Departments. The next step now is to receive a detailed report, similar to the tangible fixed assets report mentioned above, to include all intangible assets which have been procured by, donated to or internally developed by Ministries and Departments.

Once the International Public Sector Accounting Standards (IPSASs) are adopted by Government, Government will need to prepare an opening Statement of Financial Position (Balance Sheet) which shall include **non-current assets**. The above mentioned reports (for tangible fixed assets and intangible assets) shall provide the opening balances required on this statement.

On **Appendix A** you will find an **Intangible Assets Report template** and **notes** to this template may be found on **Appendix B.** This template is very similar to the current Inventory (Fixed Assets) Report template with some adjustments.

The template on **Appendix A** includes 6 worksheets, one worksheet for each type of intangible asset described on **Appendix B part 3 (a) (ii)** and a summary worksheet. On each worksheet, the Ministries and Departments are to input the information relating to the different types of intangible assets held by each respective Ministry and Department. The complete worksheets are to be sent to the **Chief Information Officer (CIO)** of each Ministry and Department who will confirm the IT-related data and then submit the worksheets to the Treasury. Should there **not** be any **IT-related data**, the complete worksheets may be submitted directly to the Treasury.

These worksheets should be submitted biannually (that is, data as at 30th June and 31st December) to the Treasury (on e-mail **accrual.accounting@gov.mt**); the first worksheets (data as at 30th June 2016) should be received by the **30th September 2016**.

As stated above, the information contained on these reports shall form the basis of the opening balance sheet values of Government; therefore it is important that all data submitted is comprehensive and accurate.

Any queries should be sent to **accrual.accounting@gov.mt**.

Michael Zammit Munro
Acting Accountant General

IPSAS: GETTING OUR **ACT** TOGETHER
Accountability - Credibility - Transparency

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1. Characteristics of Intangible Assets:

a) Non-monetary – assets which cannot be readily converted into cash (monetary assets include cash, bank deposits, debtors).

b) No physical substance – unlike furniture, cars and buildings, these assets have no physical substance (although they may be contained on or in a physical substance e.g. software on a CD or a patent on a patent registration document).

c) Identifiable - capable of being separated and sold, transferred, licenced, rented, or exchanged, either individually or as part of a package and arise from contractual or other legal rights.

2. Types of Intangible Assets:

a) *Purchased* Software and Software Licences – refers only to software purchased which is *not* an integral part of the hardware without which the hardware cannot function (e.g. Microsoft Windows and Microsoft Office may be integral to the hardware).

Most software in Government is either *purchased* or *developed* by MITA; MITA does not form part of Central Government therefore *MITA-developed software* and *websites*[1] also fall within this category (examples of purchased software and software licences include DAS, FDRS, Fleet Management System, Customs Electronic System, Final Settlement System, Lemis).

Annual software licence fees (and maintenance costs) do *not* fall within this category. These should be expensed as they do not have a life of more than one year.

b) *Internally developed* software and websites[1] – refers to internally developed software and websites specifically designed to cater for the specific needs of the department and developed by *Government employees*.

c) Trademarks, Copyrights and Patents – these include:

   o Internet Domains – an organisation's unique name on the Internet. The chosen name combined with a generic top-level domain such as .com or .org, makes up the Internet domain name (e.g. *gov.mt*)
   o Mastheads – an organisation's unique title of a newspaper or periodical as it appears across the first page, front cover, or title page (ex. *Gazzetta tal-Gvern*).
   o Trademarks – the exclusive rights to display a word, a slogan, a symbol, or an emblem that distinctively identifies a company, a product or a service.
   o Copyrights - the exclusive rights of protection given to a creator of a published work, such as a song, painting, photograph, or book. Copyrights are protected by law and give the creator the exclusive right to reproduce and sell the artistic or published work.

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[1] *Websites developed to be simply used for advertising or promotion are* not *considered intangible assets. Websites can be recognised as intangible assets if they generate future economic benefits or service potential. Examples include: IRD online payments and Government Property Division Rent Payments (https://ird.gov.mt/services/payments/payments.aspx and https://gpd.gov.mt/services/rent-payment/?lang=en)*

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o Patents – the exclusive rights to manufacture a product or to use a process. In essence, the holder of a patent has a monopoly on the use, manufacture, or sale of the product or process.

d) Licences (except those software related) and royalties - the right to legally use someone else's intellectual property or goods. A royalty is a usage-based payment made by the licencee to the licensor for the right to the ongoing use of the asset.

3. The Intangible Assets Template

a. Columns 1-3 Asset I.D. Number

i) Classification: To simplify the process it has been decided to continue on the classification prescribed on **MF Circular 14/1999** and assign **code 10 for Intangible Assets.**

ii) Sub Asset Classification: Refers to the different type of intangible asset held, based on the above-mentioned types. Therefore the coding for the types shall be as follows

01 Purchased Software and Software Licences
02 Internally developed software and websites
03 Trademarks, Copyrights and Patents*
04 Trademarks, Copyrights and Patents (non IT)*
05 Licences and royalties (non IT) *

*(*A distinction is being made because IT data, such as internet domains, needs to be separated from non IT data)*
*(**Licences in this case excludes anything related to IT)*

iii) Sequence Number: Refers to the sequential number of each asset included on the worksheets for each type of intangible asset held (between 0001 and 9999).

Example
Asset I.D. Number
Purchased Software Licence 10 01 0001
Patents (non IT)   10 04 0001

b. Column 4 Date Asset Acquired/Completed

This refers to the date of acquisition of the asset or the date when the development of an internally developed asset has been completed and is ready for use. The format of the date shall be as follows (dd/mm/yyyy):

Day (two digits)
Month (two digits)
Year (four digits)

c. Column 5 Location of the Asset (Department Code)

This shall be the Department Code, indicating the location of the asset.

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d. Column 6 Asset Description

Asset Description should be as accurate and detailed as possible, and, where applicable, should include the version number of the particular software. The description should not exceed seventy five characters.

e. Column 7 Quantity

Quantity refers to the number of items acquired together linked to a specific acquisition on a particular date. For example if a department has purchased particular software and 5 licences, then the *software* should be recorded in *one* specific row and the *software licences* in *another* row with a quantity of *5*. The description should then clearly reflect this particular acquisition.

f. Columns 8-9 Value/Development Costs

i) Amount: Refers to the cost of the item on acquisition. If the item acquired was donated at no cost, then the cost should reflect the *market value* of the item. If the item was internally developed, then the value should reflect the costs incurred at the development stage.[2]

ii) P/D: Procured/Donated – to indicate whether item was procured (P) or donated (D).

g. Column 10 Period (in years)[3]

Period refers to the '**contractual or legal right of use period**' associated with each respective intangible asset. Only periods *exceeding* 12 months should be considered. Annual fees do not fall within this category.

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[2] *Preliminary Project Stage expenses (e.g. conceptual formulation and final selection of alternatives for software development) should not be included. Costs incurred at the Development Stage (e.g. design of the chosen path, software configuration, software interfaces, coding, installation to hardware and testing, including the parallel processing phase) may be included.*
[3] *Column 10 does not apply to the Internally developed Software and Websites worksheet.*

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Annex C: IPSAS as adopted by the Maltese Government

IPSASs are a set of accounting standards issued by the IPSAS Board (IPSASB)[13] for use by public sector entities around the world in the preparation of financial statements. IPSASB is a board of the International Federation of Accountants (IFAC)[14]. These standards are based on International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB). IPSASs aim to improve the quality of general-purpose financial reporting by public sector entities, thereby increasing transparency and accountability.

It is pertinent to note that all Accounting Standards and Guidelines are in DRAFT form. The Treasury has published these documents on its website for users to start familiarising themselves with IPSAS provisions prior to implementation. As per the Treasury Circular 4/2016[15] the IPSASs (as adopted by the Maltese Government) will come into effect only when the new Accounting Methodology is adopted, and the new Accounting System is implemented. The Treasury Departments intends to communicate the effective date of IPSAS adoption in due course.

The NAO has reviewed the below listed IPSAS standards and guidelines in connection with this audit:

- IPSAS 17 – Property Plant and Equipment (Standards)[16]
- IPSAS 17 – Property Plant and Equipment (Guidelines)[17]
- IPSAS 31 – Intangible Assets (Standards)[18]
- IPSAS 31 – Intangible Assets (Guidelines)[19]

The most pertinent sections of the above-mentioned guidelines are being reproduced below for ease of reference.

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[13] http://www.ifac.org/public-sector

[14] http://www.ifac.org/

[15] https://treasury.gov.mt/en/Documents/Government_Accounts_Directorate/IPSAS/TR_CIRCULAR_4-2016-Draft_IPSASs_and_Guidelines.pdf

[16] https://treasury.gov.mt/en/Documents/Government_Accounts_Directorate/IPSAS/IPSAS_17_Property,_Plant_and_Equipment_-_as_adopted by_the_MG_(Standards)_vs_2_(2018).pdf

[17] https://treasury.gov.mt/en/Documents/Government_Accounts_Directorate/IPSAS/IPSAS%2017%20Property%20Plant%20and%20Equipment%20 -%20as%20adopted%20by%20MG%20(Guidelines)%20vs%203.pdf

[18] https://treasury.gov.mt/en/Documents/Government_Accounts_Directorate/IPSAS/IPSAS_31__Intangible_Assets_-_as_adopted_by_the_MG_ (Standards)_v2_(2018).pdf

[19] https://treasury.gov.mt/en/Documents/Government_Accounts_Directorate/IPSAS/IPSAS_31__Intangible_Assets_-_as_adopted_by_the_MG_ (Guidelines)_v2_(2018).docx.pdf

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Extract from IPSAS 17 – Property Plant and Equipment (Guidelines) – as adopted by the Maltese Government

IPSAS 17 PP&E - as adopted by the Maltese Government

A. Property, Plant and Equipment Defined

1. Some assets held by ministries and departments are used for a considerable length of time. These assets may either be Property, Plant and Equipment or Intangible Assets. These Guidelines refer to the former category, Property, Plant and Equipment.

2. Property, Plant and Equipment (PP&E) are physical assets **controlled and used** by a ministry or a department for **more than one** reporting period, to achieve its goals and implement its objectives.

C. Classification of PP&E

> **IPSAS 17** defines a **class** of property, plant and equipment as a grouping of assets of a similar nature or function in an entity's operations that is shown as a single line-item for the purpose of reporting value and providing disclosure in the financial statements.

1. Central Government entities should disclose PP&E in the **following eight (11) classes** in the Notes to the Financial Statements:

    1.1 Land and Buildings
    1.2 Infrastructure Assets
    1.3 Plant and Machinery
    1.4 Furniture, Fixtures and Equipment
    1.5 IT Equipment
    1.6 Vehicles
    1.7 Leasehold Improvements
    1.8 Assets under construction
    1.9 Service Concession assets
    1.10 Heritage Assets
    1.11 Other non-financial assets[2]

1.2 Infrastructure Assets

1.2.1   **Infrastructure assets** are normally associated with a network or a system and include:

      a) road networks,
      b) car parks,
      c) lighting systems,
      d) water systems,
      e) dams and other water storage facilities,
      f) public transport infrastructure,
      g) electricity supply systems,
      h) gas supply systems/networks,
      i) pipelines,
      j) sewerage systems,
      k) cabling and communication systems,
      l) ductworks,
      m) storm water and drainage systems,
      n) retaining walls,
      o) parking barriers,
      p) fountains,
      q) radio or television transmitting tower,
      r) signage,
      s) wharfs, docks, sea walls, bulkheads and boardwalks; and

1.3 Plant and Machinery

1.3.1   **Plant and Machinery** includes machinery and instruments necessary for an industrial or manufacturing operation.

1.3.2   **Examples include:**

      a) printing machines at the Government Printing Press,
      b) incinerators,
      c) palletisers,
      d) water tanks, and
      e) lifts.

Machinery at the Government Printing Press

1.4.2 Fixtures (and Fittings) include:

a) built-in bookcases and cupboards,
b) light fittings,
c) network cabling,
d) fixed and demountable partitions,
e) water heaters,
f) extract fans,
g) air-conditioning equipment and systems,
h) joinery,
i) television aerials and satellite dishes,
j) bathroom suites and other sanitary installations,
k) kitchen units,
l) sinks,
m) mirrors,
n) notice boards,
o) lockers,
p) integrated appliances,
q) wall paintings,
r) blinds, curtains and curtain rails,
s) plants and shrubs,
t) ventilation systems,
u) flooring fixed to the floor (such as carpets),
v) security alarm systems,

1.4.3 **Equipment** includes any type of equipment, other than IT equipment such as:

   a) office equipment (photocopiers, telephone PABX),
   b) medical equipment,
   c) laboratory equipment,
   d) musical instruments,
   e) industrial kitchen equipment,
   f) tools,
   g) military equipment,
   h) customs department equipment,
   i) fisheries department equipment, and
   j) gym equipment.

1.5 IT Equipment

1.5.1 **IT Equipment includes**:

   a) servers,
   b) operating systems (when software is an integral part of the related hardware),
   c) network appliances,
   d) desktop computers,
   e) laptop computers,
   f) IPads or other transportable technical devices,
   g) monitors/screens,

   h) audio visual equipment, including screens, projectors, controllers, microphones,
   i) video conferencing equipment including screens, projectors, controllers, microphones, cameras,
   j) standalone projectors, and
   k) interactive whiteboards.

PCs, Monitors, Keyboards, Laptops

Interactive Whiteboards

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Extract from IPSAS 31 - Intangible Assets (Guidelines) - as adopted by the Maltese Government

IPSAS 31 Intangible Assets - as adopted by the Maltese Government

A. Intangible Assets Defined

1. Some assets held by ministries/departments are used for a considerable length of time. These assets may either be Property, Plant and Equipment, Investment Property, or Intangible Assets. These Guidelines refer to the latter category.

2. Intangible Assets are non-monetary assets which are **without physical substance** and **identifiable** (either being separable or arising from contractual or other legal rights).

> **IPSAS Team Note:**
>
> **Intangible assets have no physical substance:** although some assets may be contained in or on a physical substance, this physical substance is a secondary element of the asset and the asset is still considered as not having a physical substance. Examples include: licences printed on a paper document, application software on a CD and patents on a patent registration document.

C. Classification of Intangible Asset

1. IPSAS 17 defines a class of Property, Plant and Equipment as follows: *'a grouping of assets of a similar nature or function in an entity's operations that is shown as a single line-item for the purpose of reporting value and providing disclosure in the financial statements.'*

2. This concept also holds when classifying intangible assets. Central Government entities should present Intangible Assets in the following four classes in the Notes to the Financial Statements:
   - Computer Software & Websites
   - Trademarks, Copyrights and Patents
   - Licences and Royalties
   - Other[2]

2.1 Computer Software and Websites:

2.1.1 <u>Acquired Computer Software and Websites</u> – the user is acquiring the rights (the licence) to use the software in accordance with a licencing agreement. This software is substantially used in the form it was purchased without material changes.

2.1.1.1 A software licence is a legal instrument governing the use or redistribution of software.

A typical software licence grants an end-user permission to use one or more copies of software in ways where such a use would otherwise potentially constitute copyright infringement of the software owner's exclusive rights under copyright law.

> **IPSAS Team Note:**
>
> Software is considered as PP&E and not as an intangible asset when it is an integral part of the hardware without which the hardware cannot operate e.g. Operating systems

2.1.1.2 Examples of software licences used by Government include:
  o Departmental Accounting System (DAS)
  o Business Objects

2.1.2 <u>Internally Developed Software and Websites</u> – these are specifically designed to cater for the specific needs of the Central Government Entity.

2.1.2.1 Examples of internally developed websites include:

  o CFR On-line Payments (https://cfr.gov.mt/en/Pages/Home.aspx)
  o Lands Authority (former GPD) On-line Rent Payments (https://landsauthority.org.mt/)

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IPSAS Team Note:

Determining whether a website can be capitalised as an intangible asset:

It is important to note that an entity will need to demonstrate how the website will generate probable future economic benefits or service potential, in order to capitalise the website as an intangible asset.

If the entity **cannot** demonstrate this, all expenditure on such a website should be recognised as an expense when it is incurred.

If it is difficult for an entity to demonstrate that probable future economic benefits or service potential will be generated from a website developed **solely or primarily to promote and advertise its own products or services**; all costs on developing such a website shall be recognised as an **expense**.

Annex D: Organisation Structures

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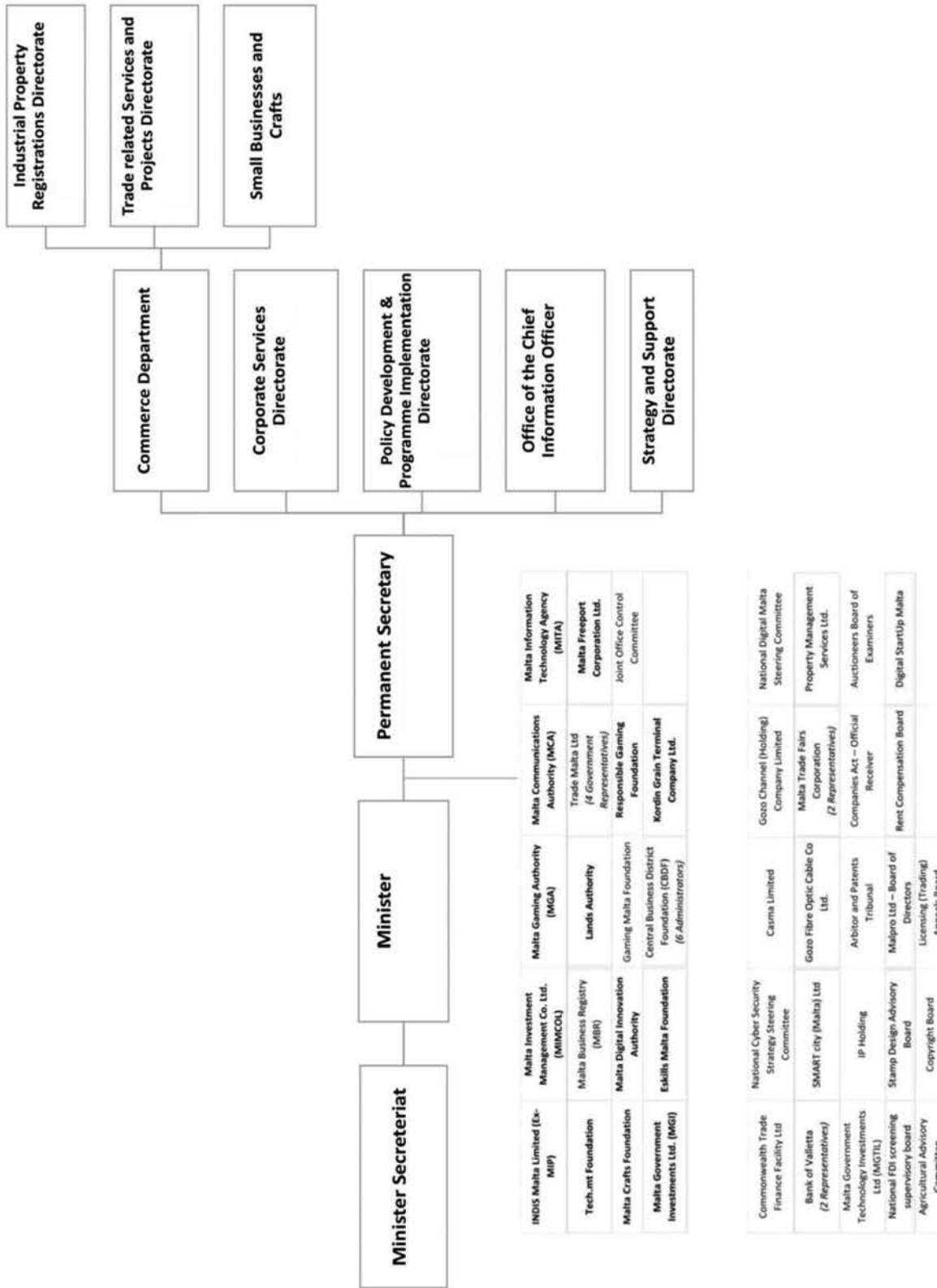Chapter 7

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Figure 7: Organogram Ministry for Economy and Industry
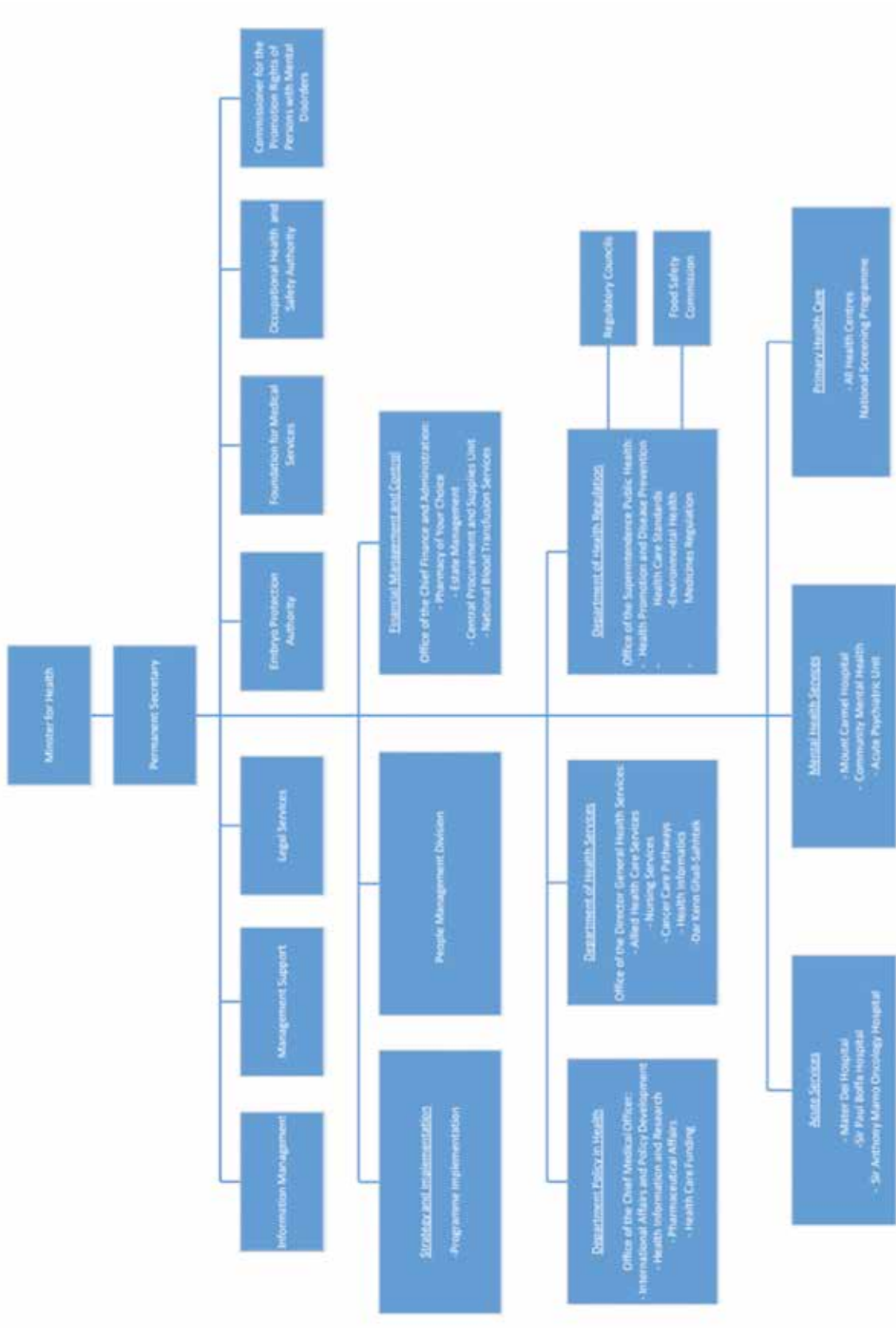
Figure 8: Organogram Ministry for Health
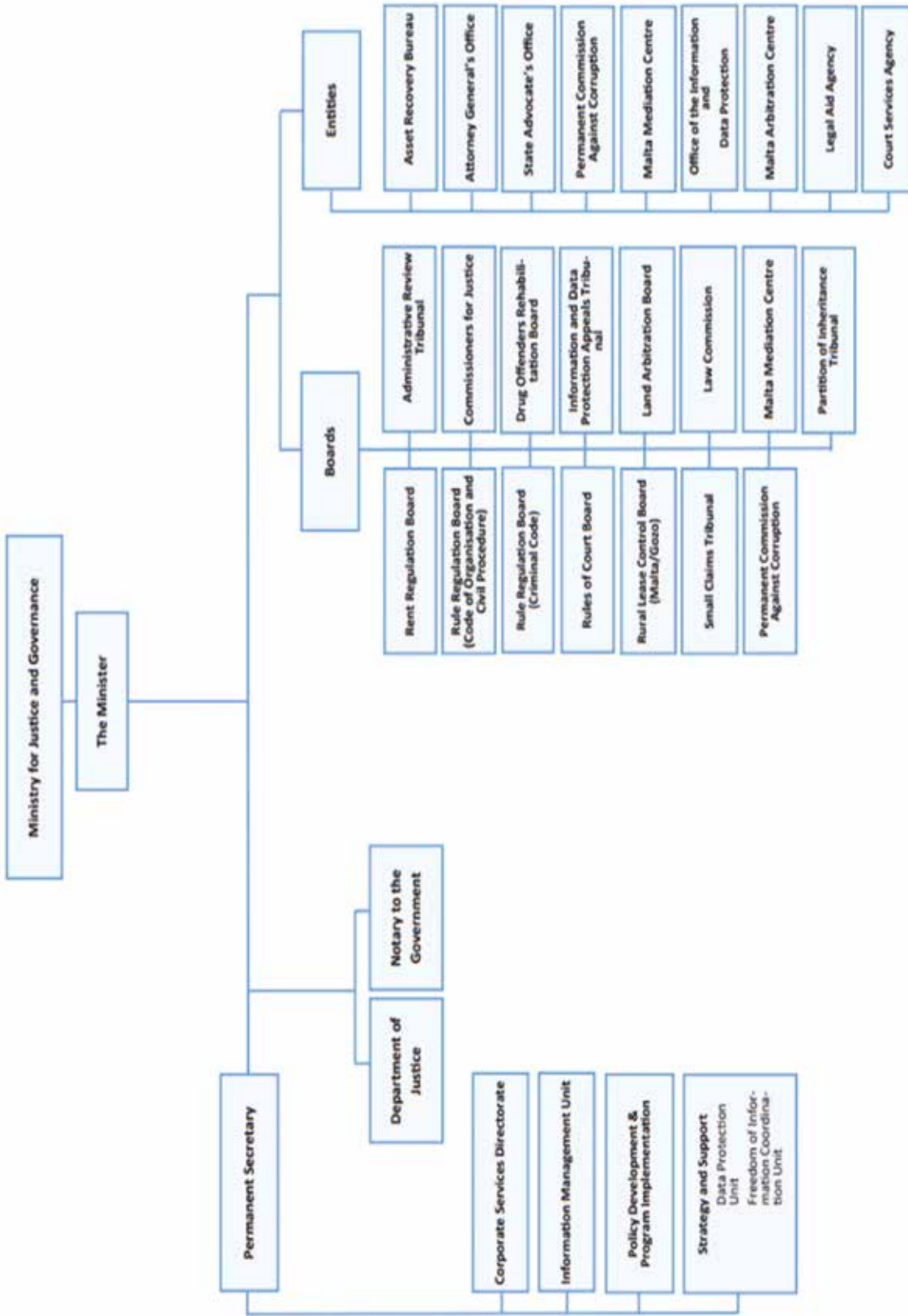
Figure 9: Organogram Ministry for Justice, Equality and Governance
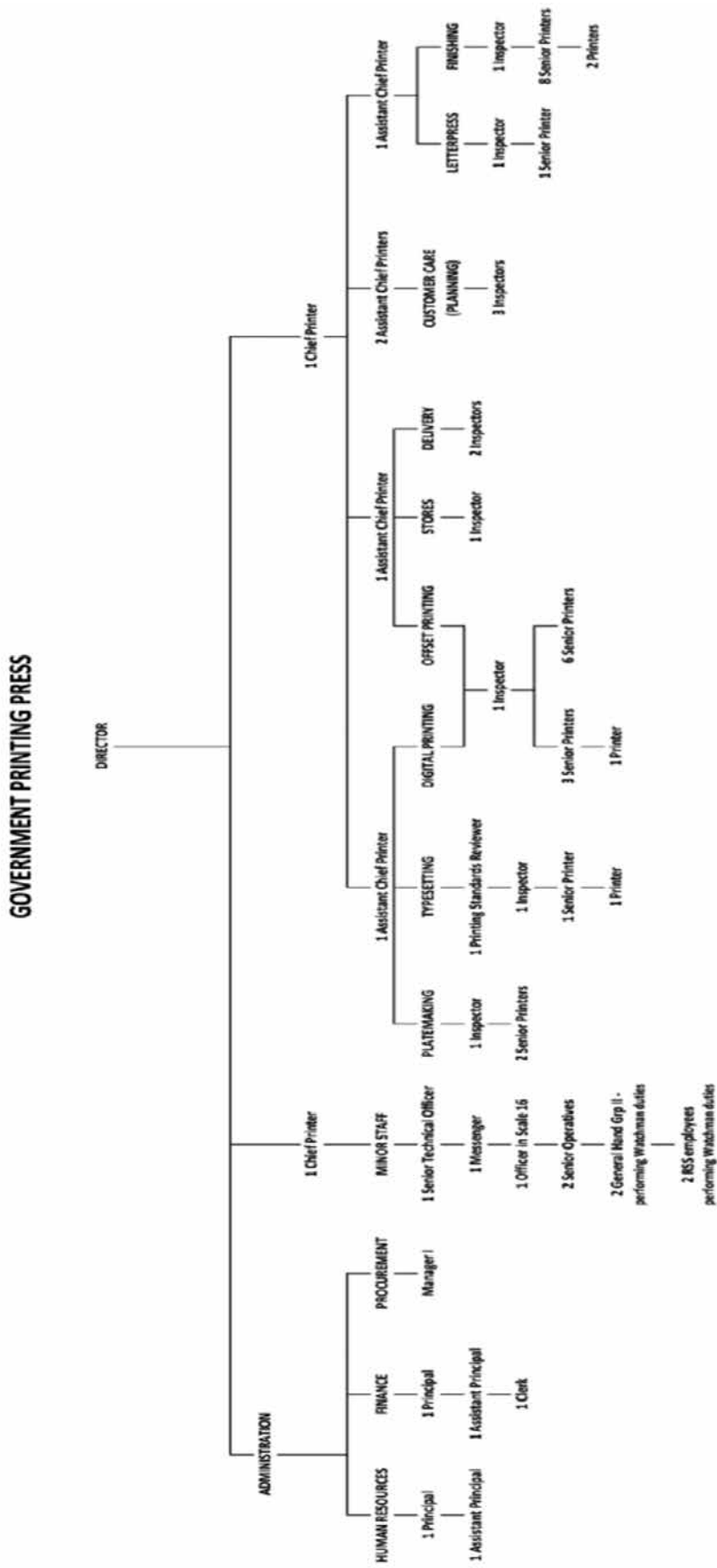
Ministry for Justice and Governance

The Minister

Entities
- Asset Recovery Bureau
- Attorney General's Office
- State Advocate's Office
- Permanent Commission Against Corruption
- Malta Mediation Centre
- Office of the Information and Data Protection
- Malta Arbitration Centre
- Legal Aid Agency
- Court Services Agency

Boards
- Administrative Review Tribunal
- Commissioners for Justice
- Drug Offenders Rehabilitation Board
- Information and Data Protection Appeals Tribunal
- Land Arbitration Board
- Law Commission
- Malta Mediation Centre
- Partition of Inheritance Tribunal
- Rent Regulation Board
- Rule Regulation Board (Code of Organisation and Civil Procedure)
- Rule Regulation Board (Criminal Code)
- Rules of Court Board
- Rural Lease Control Board (Malta/Gozo)
- Small Claims Tribunal
- Permanent Commission Against Corruption

Permanent Secretary
- Department of Justice
- Notary to the Government

- Corporate Services Directorate
- Information Management Unit
- Policy Development & Program Implementation
- Strategy and Support
  - Data Protection Unit
  - Freedom of Information Coordination Unit

Figure 10: Organogram Government Printing Press

2020-2021 (to date) Reports issued by the NAO

NAO Annual Report and Financial Statements

May 2021   National Audit Office Annual Report and Financial Statements 2020

NAO Audit Reports

November 2020   Information Technology Audit: Planning Authority

November 2020   Performance Audit: An analysis of Malta Medicines Authority recruitment process

November 2020   Information Technology Audit: Malta Industrial Parks Ltd

November 2020   Report by the Auditor General on the Workings of Local Government for the year 2019

December 2020   Report by the Auditor General on the Public Accounts 2019

December 2020   A review of implementation of Sustainable Development Goal 1 - Malta's efforts at alleviating poverty

January 2021   Performance Audit: Is LESA suitably geared to perform its traffic enforcement function adequately?

February 2021   Performance Audit: The effectiveness of plastic waste management in Malta

April 2021   The contract awarded to the JCL and MHC Consortium by the St Vincent de Paul Residence for the management of four residential blocks through a negotiated procedure

May 2021   Performance Audit: Preliminary review: NAO's role in reviewing Government's measures relating to the COVID-19 pandemic

June 2021   Follow-up Reports by the National Audit Office 2021 Volume I

July 2021   Performance Audit: Fulfilling obligations in relation to asylum seekers

October 2021   Information Technology Audit: Examiniations Department

October 2021   Follow-up Reports by the National Audit Office 2021 Volume II

November 2021   Performance Audit: Smart and RF meters' contribution to more accurate and timely utilities billings