



INTERNAL AUDIT REPORT

Confidential

To: Executive Manager - ICT

cc: Executive Manager - Finance
Chief Executive
Software Asset Management Project Board

From: Executive Manager - Internal Audit

Software Asset Management Review – ICT Project Board

1. Executive Summary

1.1 This report summarises the results of a joint review carried out by Internal Audit and ICT. The purpose of the review is to ensure that the Council is adequately covered and compliant with CIPFA Guidelines and ISO27001 with regard to Microsoft licensed software.

1.2 The main findings are:

- The Council are currently adequately covered for Microsoft Office products, however as the programme of upgrades from Office 2000 to Office 2007/2010 continues to roll out, more licences will be required.
- Server Licences – An additional 11 SQL Server Licences are required and a further 9 Windows Server Standard Edition 2008 require to be purchased.
- Core Client Access Licence (Core CAL) – we currently hold 950 corporate Core CAL Licences which is insufficient for our network. An additional 750 corporate licences are required and further consideration should be given to the Academic requirements.
- Purchased software is recorded on Integra and capitalised as assets and appropriately recorded on the Asset Register on an annual basis.

2. Background

- 2.1 An internal audit review in 2009 reported: 'The effect of not having a complete and accurate software inventory or a monitoring tool is that it is not possible to verify if the software on the Council's network is authorised and properly licensed. As well as not complying with CIPFA Guidelines and ISO27001 this leaves the potential for a FAST (Federation against software theft) audit to be performed that could result in fines being imposed on the Council.'
- 2.2 Following the Internal Audit report, a Project Board was initiated by ICT in order to identify a tool that could provide a software inventory for use by ICT and Audit. The Project had a few false starts due to changes of ICT staff and the testing of relatively low cost tools that eventually proved to be not fit for purpose.
- 2.3 The Project was rejuvenated in October 2010 when it was agreed to proceed with an installation of Microsoft System Center Configuration Manager (SCCM). SCCM comprehensively assesses, deploys and updates servers, client computers and devices across physical, virtual and mobile environments. The reporting element, 'Asset Intelligence', is used by Audit to gain enhanced insight into our IT system. Reporting on software is a very small part of what this tool can achieve and ICT will use it in order to manage and configure the network in order to maximise investment in the existing IT infrastructure.
- 2.4 ICT currently hold an Enterprise Agreement (EA) with Microsoft. At the onset of the agreement, pricing is based on a tiered volume discount structure, meaning the greater the size of the organisation, the less you pay for an individual per-desktop or per user licence. If you add devices during your agreement, the per-device licensing costs remain the same or may be reduced given the EA's volume pricing levels during the three year agreement term. The cost of the EA is spread across three annual payments. If we add to new users or devices during the EA we can account for these changes once a year, through an annual reconciliation process known as "True Up". The current licence expires in March 2012.

3. Findings

3.1 SCCM - Limitations

A current limitation is that it will take time for SCCM to install itself on each and every client on the network. Once a computer is activated it takes time for the SCCM to recognise it and install the client. Once the client is installed, the computer can be interrogated remotely using Asset Intelligence. Across the network, some computers that have not been used for some time, or are not on the network long enough to have the client installed will not be currently included in the reporting returns. All new builds will have the client installed as part of the blueprint.

It was envisaged that SCCM reporting would carry out automatic reconciliations in order to ensure that we remain compliant. However, our analysis has shown that human intervention and analysis will always be required. SCCM counts computers that have part of system for example SQL tools. SQL tools on their own do not require licensing but the reports will count them as a licensed requirement. These false positives need to be identified and reconciliation carried out manually.

3.2 Office Professional Plus 2007 - Corporate

At 23 September 2011, SCCM detected 715 instances of corporate computers operating Office Professional Plus 2007. We currently have 700 licences. SCCM has also detected 1,148 instances of older MS Office packages from 1997, XP to 2003. We currently hold approximately 1,400 licences for other office packages. A current PID exists for the corporate estate to be upgraded over a five-year rolling programme to Office Professional Plus 2007 and/or 2010. The project includes the purchase of an additional 250 licences per annum until the completion of the upgrade.

(Detailed in Appendix SAM1).

3.3 Office Professional Plus 2007 - Academic

At 23 September 2011, SCCM has detected 1,342 instances of Academic computers operating Office Professional Plus 2007. Active Directory has 2400 computers recorded on the schools network. We currently hold 1,000 Office Professional Plus 2007 academic licences and a further 1,000 Office 2010 licences have been purchased. It has been stated that the number of computers in schools is being reduced to approximately 2,000 and therefore, the current licensing arrangements are adequate.

3.4 Servers

As stated above under paragraph 3.1, SCCM results reported a number of false positives. After manually reviewing these and comparing the results to purchase orders, Microsoft Licensing and Computacenter Entitlement Reports, it was agreed that the following licences are required:

- Microsoft SQL Servers – 11
- Microsoft Windows Servers – 9

(Detailed in Appendix SAM2)

3.5 Core Client Access Systems

We currently hold 950 Corporate Core CAL licences. It is agreed that we require a total of 1700 corporate Core CAL licences. In addition, further consideration is required regarding the academic requirements for Core CAL Licences.

4. Recommendations

- 4.1 The ongoing project to upgrade 1/5th of the Council's corporate computers to Microsoft Office 2007 each year to 2014 includes the purchase of a minimum of 250 Microsoft Office 2007/2010 licences per annum.
- 4.2 The Project Board agree that in order to be compliant, the following server licences should be purchased:
 - Microsoft SQL Servers 2010 – 11 licences
 - Microsoft Windows Server Standard Edition 2008 – 9 licences
- 4.3 An additional 750 Core CAL Licences should be purchased for the corporate estate and further consideration should be given to the academic Core CAL licensing requirements.
- 4.4 These licences can be purchased as part of the annual 'True Up'.
- 4.5 The Project Initiation Document (PID) should be updated to include a section on licensing requirements.

5. Observation

- 5.1 We would like to take this opportunity to thank the Senior ICT Technician and the ICT Analyst for the time, patience and assistance afforded to Internal Audit during the course of this review.

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