

GLASGOW CITY COUNCIL INTERNAL AUDIT SECTION

COMMITTEE SUMMARY

Item 6(a)

11th March 2020

Title of the Audit: Corporate Review – Software Asset Management

1. Introduction

1.1 As part of the agreed internal audit plan we have carried out a review of the software asset management arrangements in place within the Council's corporate domain. Software asset management activities are managed by CGI on the Council's behalf.

1.2 The corporate and education schools domain are separate networks, and as a result the arrangements for managing software vary, with elements of the schools domain devolved to local establishments. The purpose of this audit was to gain assurance that there are effective controls in place within the corporate domain for management of software and that software licensing terms are being adhered to. It is anticipated that an audit of the software asset management arrangements in place on the schools domain will be undertaken in 2020/21.

1.3 The scope of the audit included:

- Software Asset Management (SAM) policies, procedures and guidelines, including staff training and awareness.
- Management of the software asset register, including the adding, amending and removal of software.
- Use of software asset management tools.
- Monitoring processes.

2. Audit Opinion

2.1 Based on the audit work carried out a reasonable level of assurance can be placed upon the control environment. The audit has identified some scope for improvement in the existing arrangements and two recommendations which management should address.

3. Main Findings

3.1 A number of key controls are in place and generally operating effectively. The Council has a suite of policies and guidance in place to ensure that staff are aware of their responsibilities in relation to the installation and use of software.

3.2 CGI has systems in place to track, manage and deploy software across the corporate domain. The systems in place reconcile the software on devices, with the licence information held, highlighting areas of non-compliance. Furthermore it is Council policy to restrict local admin permissions, which are required to install software on devices, to officers with IT responsibilities.

3.3 However we also identified areas where controls require to be further strengthened. Through sample testing CGI were unable to demonstrate Proof of Entitlement (POE) i.e. evidence that the Council holds a valid licence for the software being used, in all instances.

3.4 Furthermore as part of this sample, there were instances where CGI were unable to confirm how some software had

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been installed and it is unclear whether the appropriate authorisation had been obtained.

- 3.5 Compliance reports are provided by CGI on a monthly basis to the Strategic Innovation and Technology (SIT) team however we found that issues identified in the report are not currently being actioned or escalated.
- 3.6 We identified instances where the deliverables outlined in the IT contract were not currently being provided by CGI, e.g. the provision of software usage metrics. This is a known area of improvement across the contract and a compliance matrix is currently being developed by the Council to identify outputs that are not being delivered, including those relating to software asset management. A recommendation was made to this effect as part of the SIT Operations audit and as a result no further recommendation has been made in this report. Work remains ongoing to address the recommendation and a review date of 30 June 2020 has been assigned.
- 3.7 An action plan is provided at section four outlining our observations, risks and recommendations. We have made two recommendations for improvement. The priority of each recommendation is:

Priority	Definition	Total
High	Key controls absent, not being operated as designed or could be improved. Urgent attention required.	1
Medium	Less critically important controls absent, not being operated as designed or could be improved.	0
Low	Lower level controls absent, not being operated as designed or could be improved.	1
Service Improvement	Opportunities for business improvement and/or efficiencies have been identified.	0

- 3.8 The audit has been undertaken in accordance with the Public Sector Internal Audit Standards.
- 3.9 We would like to thank officers involved in this audit for their cooperation and assistance.
- 3.10 It is recommended that the Head of Audit and Inspection submits a further report to Committee on the implementation of the actions contained in the attached Action Plan.

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No.	Observation and Risk	Recommendation	Priority	Management Response
Key Control: Software licensing terms and conditions are adequately adhered to and non-compliance is identified, and remediated timeously.				
1	<p>We sampled 20 pieces of licensable software and found that for 15 (75%) of these we were able to obtain sight of POE.</p> <p>Of the 15 instances where POE was available we identified 2 cases where the Council was under licenced, however this was under review by SIT and steps were being taken to ensure compliance with the licence agreements.</p> <p>We also identified 5 (25%) instances where CGI were unable to demonstrate POE. Although primarily limited to singular installs we noted one software instance (SAGE 200), relating to more than 30 installs and it was unclear how this was deployed as no supporting documentation could be obtained.</p> <p>Compliance reports, which highlight software with no supporting POE, have been provided to the Council by CGI, on a monthly basis, however no action has been taken by GCC, where non-compliance has been identified.</p> <p>Failing to comply with software licence agreements increases the risk of the</p>	<p>(a) The SIT team should ensure that compliance reports are reviewed and actioned in a periodic manner.</p> <p>(b) The SIT team should ensure that, where software is under-licenced, appropriate action is taken to ensure compliance with the licence agreements.</p> <p>(c) Furthermore, where it has been identified that software has been installed which has not gone through the correct authorisation procedure, additional investigation should be conducted to identify how this has occurred with remedial action taken as necessary to address control failures.</p>	High	<p>Response:</p> <p>Part (a) - accepted.</p> <p>Part (b) – accepted. SIT will ask the business user for POE – if POE is not provided, a suitable action plan will be created with the business and CGI.</p> <p>Part (c) – accepted. Windows 10 will not package anything without POE.</p> <p>Officer Responsible for Implementation:</p> <p>Head of Technology</p> <p>Timescale for Implementation:</p> <p>31 October 2020</p>

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	Council being in breach of software licensing law which, under the Copyright, Designs and Patents Act 1988, could result in a fine.			
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No.	Observation and Risk	Recommendation	Priority	Management Response
Key Control: An up to date list of software is in place and adequate records, including proof of entitlement, are maintained.				
2	<p>Through discussions with officers in CED it was found that software installed on Apple Mac devices is not included within the software asset register and therefore does not have the same level of oversight from CGI. Nonetheless we were able to confirm with CED that POE was available for the software viewed and that it was being used in line with the licence terms and conditions.</p> <p>CED procure some of their own software for the Apple Mac devices separate from the Council's supplier agreements. In doing so the Council may be duplicating its efforts and may not be maximising value for money (VFM) opportunities through economies of scale.</p> <p>Furthermore, there is currently an incomplete view of software installed on the estate, resulting in an increased risk of non-compliance with the agreed software licence terms.</p>	<p>(a) The SIT team should liaise with CGI to conduct a discovery exercise, so that a complete list of software (including software installed on Apple Mac devices) can be collated, maintained and reconciled by CGI on an ongoing basis. Moreover, all POE should be stored and managed centrally by CGI.</p> <p>(b) The SIT team should investigate whether there are VFM opportunities resulting from the discovery exercise (e.g. where multiple licence agreements are in place for similar software instances) and take advantage of these where possible.</p>	Low	<p>Response:</p> <p>Part (a) - accepted. SIT will liaise with CGI to investigate options so that a complete list of software, including that on Macs, is collated and maintained. This may or may not include CGI storing all POE for Mac software, subject to business requirements.</p> <p>Part (b) – accepted.</p> <p>Officer Responsible for Implementation:</p> <p>Head of Technology</p> <p>Timescale for Implementation:</p> <p>Interim Review - 31 October 2020</p>