



Software Licensing

Internal Audit Report No. I2014-101

February 6, 2014

Prepared By

Christopher Arias, Auditor

Reviewed By

Evans Owalla, IT Audit Manager

Approved By

Mike Bathke, Director



INTERNAL AUDIT SERVICES
IRVINE, CALIFORNIA 92697-3625

February 6, 2014

DANA ROODE
ASSOCIATE VICE CHANCELLOR & CHIEF INFORMATION OFFICER
OFFICE OF INFORMATION TECHNOLOGY

RE: Software Licensing
Audit No. I2014-101

Internal Audit Services has completed the Software Licensing review and the final report is attached.

We extend our gratitude and appreciation to all personnel with whom we had contact while conducting our review. If you have any questions or require additional assistance, please do not hesitate to contact me.

Mike Bathke

Mike Bathke
Director
UC Irvine Internal Audit Services

Attachment

C: Audit Committee
Brian Buckler, Director – Network, Infrastructure, and Desktop Services, OIT
Jeremy Paje, Manager – Desktop Support Services, OIT

I. Background

In accordance with the fiscal year 2013-2014 audit plan, Internal Audit Services (IAS) reviewed the internal controls and related processes over software licensing supported by the Office of Information Technology (OIT) Desktop Support Services Team (DSS). In addition, IAS sampled the software licensing practices of several campus self-supporting departments (i.e. not support by DSS).

OIT is responsible for meeting the Information Technology (IT) needs of faculty, staff, and students by supporting and enhancing instruction, research, scholarship, and administration through effective management and use of IT resources. This includes managing campus wide technology agreements such as the Microsoft Consolidated Campus Agreement (MCCA) for Microsoft Office products, and providing desktop support services to the majority of campus departments.

II. PURPOSE, SCOPE AND OBJECTIVES

The scope of the audit included the entire inventory of computers related to departments that participate in the campus wide MCCA agreement as of July 2013. The primary purpose of the audit was to assess the adequacy of internal controls over software licensing.

Based on the assessed risks, the following audit objectives were established:

1. Reviewed software acquisition processes for sampled DSS-supported and self-supporting departments that participate in the campus wide MCCA agreement;
2. Reviewed software installation and monitoring processes to ensure compliance with policies and procedures; and
3. Reviewed software security and disposition processes to ensure compliance with policies and procedures.

III. CONCLUSION

In general, internal controls and processes reviewed appear to be functioning as intended. However, internal control concerns were identified in the area of software license monitoring.

Observation details and recommendations were discussed with management, who formulated an action plan to address the issue noted. These details are presented below.

IV. OBSERVATION AND MANAGEMENT ACTION PLAN

1. Software License Monitoring

Background

DSS provides technical assistance and desktop support services to numerous departments, including those in Administrative and Business Services, the Division of Undergraduate Education, Enrollment Services, the Graduate Division, the Chancellor/EVC/Provost Offices, and the Office of Research.

Currently, DSS monitors Microsoft software licenses as part of the campus wide MCCA agreement, which allows the purchase of Microsoft Office products based on the number of full-time employees in a participating department. The University achieves costs savings when the number of machines requiring Microsoft Office software in a participating department exceeds the number of full-time employees.

Observation

DSS does not monitor software licenses that are not part of an existing agreement (e.g. MCCA) for DSS-supported departments. These licenses are usually for unique software programs that are specific to a certain department's needs (e.g. energy management software for Facilities Management). DSS management initially indicated that department-specific licenses would be a challenge for them to track. Although DSS has a program (IBM Tivoli Software Compliance Manager) to track such licenses, it has not

yet been implemented due to their current project load. Additionally, IAS noted that a recent software licensing review conducted by a self-supporting department (i.e. not supported by DSS) resulted in instances of non-compliance.

Lack of adequate software license monitoring increases the risk of being out of compliance and may lead to higher than anticipated license fees and/or monetary penalties as a result of a third-party/vendor audit.

Management Action Plan

DSS will begin monitoring such software licenses using the IBM Tivoli Software Compliance Manager program in December 2014. This program will allow DSS to efficiently monitor software licenses that are not monitored as part of an existing agreement (e.g. MCCA) for all supported departments to mitigate the risk of non-compliance with software license terms and conditions.