

WIRRAL COUNCIL

CABINET

14 JANUARY 2010

REPORT OF THE DIRECTOR OF FINANCE

INFORMATION TECHNOLOGY: SOFTWARE AUDIT

1 EXECUTIVE SUMMARY

- 1.1 This report informs Cabinet of the outcome of an IT desk top software audit carried out by IT Services to ensure that all software in use is appropriately licensed.
- 1.2 The audit revealed a significant shortfall in Microsoft software licenses.
- 1.3 Cabinet is requested to approve the payment of £205,000 in respect of unlicensed Microsoft software. The payment could be funded from the IT Reserve.

2 BACKGROUND

- 2.1 Users of IT software have a legal obligation to ensure that such software is appropriately licensed.
- 2.2 Software vendors go to great lengths to ensure that software in use has been purchased from nominated resellers and have powers to carry out audits of organisations suspected of using unlicensed software.
- 2.3 Cabinet on 12 December 2007 approved an Invest To Save Scheme in respect of Software Asset Management (SAM) and Automation of Desktop Systems Management. One of the aims of the scheme is to enable accurate auditing and accounting for software licenses in accordance with legal obligations.
- 2.4 The audit of licenses has been completed in conjunction with Phoenix Software which has been the Microsoft software reseller to the Council for the past 15 years.
- 2.5 The role of the reseller is not simply to sell software licences on behalf of vendors but also to advise on licensing structures, which is a very complicated area and to assist clients in maintaining software asset registers and ensuring legal compliance.

3 THE SOFTWARE AUDIT

- 3.1 The audit was carried out using the specialised software package Altiris, which was implemented as part of the Invest To Save Scheme.
- 3.2 Altiris places a piece of software on each networked PC which reports back on the software loaded on each PC.
- 3.3 The outcome of the audit, numbers and type of licenses loaded, is reported to Phoenix Software for checking against their record of software purchased by the Council over the years.
- 3.4 The outcome of the audit is a shortfall in licenses to the value of £205,000 which had to be ordered from Phoenix Software by 21 December 2009.
- 3.5 The unlicensed software should have been financed from departmental revenue budgets when originally loaded.
- 3.6 The shortfall represents software loaded and used over a period of years, transferred from PC to PC and PC's have also been transferred between departments.
- 3.7 For these reasons it has not been possible to accurately allocate the unlicensed software between departments.
- 3.8 There is no unlicensed software on Members' IT equipment.

4 THE CURRENT SITUATION

- 4.1 The total value of all the Microsoft licenses covered by the audit, including the shortfall, is £2.2m.
- 4.2 Historically, when a Microsoft software application was purchased it was provided on an individual CD with a paper licence attached that had to be retained. With the introduction of the Select Agreement by Microsoft the individual CDs and paper licences were withdrawn and a set of master CDs, containing all Microsoft applications, issued. These CDs were used to install applications by Wirral IT Services (WITS) and departmental IT teams. At the time it was a departmental responsibility to record the number of copies of software installed and to purchase the corresponding number of licences from Phoenix Software, who are contracted to the Council to provide Microsoft software under the select agreement.
- 4.3 Until the SAM system was installed there was no automated way to reconcile the number of applications installed to the number of licences purchased.

- 4.4 The formation of IT Services from WITS and the departmental IT teams created the opportunity to centralise software purchases and implement the SAM system. Periodic audit reports will be produced detailing all software installed on PC systems and which can be reconciled against the number of licences purchased.
- 4.5 Management processes agreed with departments and the Procurement Unit, via the Information Strategy Group, will be in place by the end of January 2010 and these, along with the use of the Altiris software, will prevent a recurrence of the problem.
- 4.6 Microsoft has recently renegotiated their contract with the Office of Government Commerce (OGC) for the provision of software to the public sector. The options available under this contract are being investigated as the requirements of the Strategic Asset Review and agile working programmes are defined.
- 4.7 A report will be presented to a future meeting of the Cabinet recommending the most cost effective option for the future purchase of Microsoft software.

5 FINANCIAL AND STAFFING IMPLICATIONS

- 5.1 Office software is usually funded from departmental revenue budgets as and when it is installed.
- 5.2 The value of the unlicensed software is £205,000 which could be funded as a one off payment from the IT Reserve.

6 EQUAL OPPORTUNITIES IMPLICATIONS/ HEALTH IMPACT ASSESSMENT

- 6.1 There are none arising directly from this report.

7 HUMAN RIGHTS IMPLICATIONS

- 7.1 There are none arising directly from this report.

8 LOCAL AGENDA 21 IMPLICATIONS

- 8.1 There are none arising directly from this report.

9 COMMUNITY SAFETY IMPLICATIONS

- 9.1 There are none arising directly from this report.

10 PLANNING IMPLICATIONS

- 10.1 There are none arising directly from this report.

11 LOCAL MEMBER SUPPORT IMPLICATIONS

- 11.1 There are no particular implications for any Members or wards arising out of this report.

12. BACKGROUND PAPERS

- 12.1. No papers were used in the preparation of this report.

13. RECOMMENDATION

- 13.1 That Cabinet approve the payment of £205,000 in respect of unlicensed Microsoft software and that the payment be funded from the IT Reserve.

IAN COLEMAN
DIRECTOR OF FINANCE

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