

Appendix A

Internal Audit Report 2431 – System Licences

Overall opinion

Net Risk Rating	Description	Assurance Assessment
Moderate	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified, which may put at risk the achievement of objectives in the area audited.	Reasonable

The organisational risk level at which this risk assessment applies is:

Risk Level	Definition
Strategic	This issue / risk level impacts the Council as a whole. Mitigating actions should be taken at the Senior Leadership level.

Assurance assessment

The level of net risk is assessed as **MODERATE**, with the control framework deemed to be providing **REASONABLE** assurance that adequate control is being exercised over the Council's use of licences across its suite of systems.

Although there are limited corporate controls over system licencing, Service implemented controls generally provide reasonable assurance that licences are controlled for higher risk systems. However, exceptions were identified where licence numbers are potentially being exceeded, and current controls are insufficient to ensure this is identified and corrective action taken timeously e.g. in advance of a supplier audit or contract renewal.

Individual services hold information regarding their systems, licences, and users. However, contract information, terms and conditions are not held consistently in an accessible format to provide overall assurance over compliance. A central inventory of system licences, developed in response to the last audit of this area in 2021, was over two years out of date with no process to update it regularly. There is therefore a risk that information is incomplete.

Compliance monitoring varies between systems and services. System access and licence arrangements are often only reviewed at the point a contract renewal is required, and such reviews are not well documented. A proportionate, risk-based, scalable process is required to ensure all software in use is appropriate, remains fit for purpose, and offers value for money. Regular monitoring is needed to provide assurance over compliance with the Council's Mandatory Code of Practice for IT Asset Management, and with licence terms and conditions.

Whilst it is acknowledged that system ownership, and implementation of revised processes will require to be delegated to services / business system owners, the role of IT in developing and supporting these processes is critical to providing corporate



assurance over this area.

Severe or major issues/risks

No severe or major issues/risks were identified as part of this review.

Management response

The report is welcomed as a way to provide further assurance of the Council's compliance with our software licencing terms. The recommendations are helpful and are already being acted upon. Ensuring the council's compliance is a critical activity and we are investing time and resources to ensure we have the appropriate processes and reviews in place to ensure our compliance with the appropriate terms in the areas that fall within IT's remit and responsibility.

The report highlights that some of the areas for improvement are out with the scope and responsibility of IT and will require the acceptance by services of the need to comply with the agreed processes in order to ensure compliance.