

Internal Audit
Software Licensing Audit – Desktop Applications

Audit Program

A.	Planning and Administration
B.	Control Environment
C.	Software Acquisition Process
D.	Software Distribution Process
E.	Software License Monitoring & Reporting
F.	Compliance with Microsoft Licensing Agreements
R.	Audit Reporting

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A.	Planning and Administration		
A-1	Conduct preliminary scope meeting to follow up on software licensing issues raised during NT Audit with IS Finance.		
A-2	Identify other areas that support the acquisition, implementation, distribution, monitoring and reporting of licensed software.		
A-3	Based upon analysis of preliminary interviews, identify the timing, scope, and objectives of the audit and document in a planning memo. Include discussion of the Windows 2000 Operating System (OS) project.		
A-4	Develop the audit program.		
A-5	Prepare the audit engagement e-mail and forward to appropriate IS management.		
A-6	Identify key contacts for the audit.		
A-7	Define deliverables with Director of Internal Audit.		
A-8	Schedule opening meeting and prepare meeting agenda. Include meeting minutes in the workpapers if applicable.		
B.	Control Environment		
	Objective: To obtain an understanding of the roles & responsibilities related to acquisition, certification, deployment, support and monitoring of desktop application software and Microsoft workstation operating system licenses.		
	Objective: To identify areas for additional policy or documentation.		
B-1	Discuss the issues raised in the ICQ Software Licensing questionnaire (from www.isaca.org) with the appropriate members of the IS Finance staff and Windows 2000 Project Manager. Document the results of these inquiries.		
B-2	Based on information above, design an audit test to inventory 5 key software distribution servers. Test design will include submitting a formal “work request” to NT Server Support group.		
B-3	Discuss the inherent risks with the software license process (in all		

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	organizations) and obtain an understanding as to how Company is managing these risks. Document areas where additional policies or standards may be desirable.		
B-4	Inquire as to processes for devices not attached to the network.		
C.	Software Acquisition and Certification Process		
C-1	Obtain an understanding of software acquisition process including: <ul style="list-style-type: none"> • Request for new products • Role of Project Management Office • User Review Group evaluation • User Review Group Approval Process • Certification for use in Production 		
C-2	Obtain an understanding of the software acquisition process for both new products and additional copies of authorized products including: <ul style="list-style-type: none"> • Process to request product • Purchasing Process with IS Finance • Notification to Help Desk of proof of purchase for deployment • License records retained • Controls over physical media 		
C-3	Obtain an understanding of the Windows 2000 Project impacting software licensing controls including: <ul style="list-style-type: none"> • Project goals • Security settings • Pre-install survey process • Identification of applications • Certification process for applications • Allocation of cost for certification • Roles of IS “Application” Owners • Relationship management with third parties • Roles of Implementation Team • Roles of Help Desk 		
D.	Software Distribution Process		
	Objective: To evaluate the existing software distribution processes.		
	Objective: To determine ownership and controls over all means to deploy software such as downloads from servers with desktop applications, electronic distribution via Novadigm and controls over physical software media.		

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D-1	Obtain an understanding of all software distribution processes in the IS environment. Document all official distribution channels including: <ul style="list-style-type: none"> • Downloads from servers Client Services/Desktop Support/ others • Novadigm (electronic distribution) 		
D-2	Obtain an understanding of IS support groups with day to day responsibilities for distribution of licensed desktop software and Microsoft Operating Systems including: <ul style="list-style-type: none"> • New Hardware • Hardware Replacements • Break/Fix • Means to Deploy • Relationship management with third parties (e.g. hardware) • Accountability for product deployed to asset records 		
D-3	For the Windows 2000 project, obtain an understanding the following processes related to deployment/distribution: <ul style="list-style-type: none"> • Deployment using Novadigm • Licensing Assumptions • Installation of Field Media • Deployment of Belarc • Orphan applications and related hardware reporting • Service request process for orphan applications • Self-migrated users with non-standard Windows 2000 images • Devices not attached to network 		
E.	Software License Monitoring & Reporting		
	Objective: To obtain an understanding of the license inventory objectives and related comparison process since the implementation of the Belarc inventory tool.		
	Objective: To assist in formal development of application inventory goals and monitoring objectives to manage the Company's risk.		
E-1	Obtain an understanding of the Belarc inventory tool. Document this understanding including known issues and management efforts to overcome limitations of this monitoring tool.		
E-2	Obtain an understanding of how the Belarc inventory tool has been deployed throughout the IS environment. Document the current status of coverage and plans for future deployment to:		

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	<ul style="list-style-type: none"> • IS Users • Servers • Other hardware not managed by Novadigm 		
E-3	<p>Obtain an understanding of the current application inventory of desktop software. Design an audit test to compare on a sample basis, the completeness and accuracy of application listings (which relate to the subset of software in this audit.) Potential sources include:</p> <ul style="list-style-type: none"> • TSWeb for W2K project • IS Finance contract information • IS Finance purchase order information • Listings from VeriTest • Applications identified in Service Requests (by Help Desk) • Applications identified in Work Requests (by PMO) • Orphaned application listings (Implementation Team) • Development area listings • Other 		
E-4	<p>Obtain an understanding of the current process to manage the desktop application inventory. Include a discussion on efforts for:</p> <ul style="list-style-type: none"> • Roles of IS Owners • Cost/Benefit in applications subject to monitoring • Maintenance of inventory records • Maintenance of license records • Process and overall goals related to periodic comparison of inventory records to license records. • Budgetary responsibility for shortfalls in licenses 		
E-5	<p>Obtain an understanding about the current process of establishing “standard” supported applications. Discussion should include:</p> <ul style="list-style-type: none"> • Policies to govern • Documentation of deviations • End User notification of non-compliance • Process to remove, purchase license or justify use of alternate product • Enforcement process 		
F	Compliance with Microsoft Licensing Agreements		
	Objective: To obtain an understanding of the Microsoft licensing agreements in effect and limitations, which may impact operational processes.		

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F-1	Obtain and review copies of the Microsoft agreements.		
F-2	Obtain an understanding of the operational practices in effect for deployment of workstations using Microsoft operating systems. Include discussion of: <ul style="list-style-type: none"> • New Hardware • Replacement Hardware (Depot) • Upgrades of O/S for Windows 2000 Project 		
F-3	Review End User License Agreements for Microsoft products currently deployed and supported by Information Systems. Document Kindred’s practical/operational interpretation of these agreements including: <ul style="list-style-type: none"> • Operating System OEM Rights • Operating System Upgrade Rights • Downgrade Rights • Transfer of Licenses 		
F-4	Obtain an understanding of current portfolio of Microsoft product licenses including: <ul style="list-style-type: none"> • Office 97 Upgrade licenses • Windows 2000 Upgrade licenses • New hardware bundled with later versions of the OS and Office than currently issued as “standard”. 		
F-5	Obtain an understanding of the IS areas using evaluation copies of software. Document this understanding by functional group.		
R.	Audit Reporting		
R-1	Prepare a listing of potential audit comments. Discuss on an on-going basis.		
R-2	Prior to audit closing meeting, prepare a document for a group discussion on potential audit issues.		
R-3	Prepare an Audit Summary. Send corresponding request to IS Management for proposed corrective actions.		
R-4	Prepare an Executive Summary incorporating corrective actions for issuance to auditees, senior management and the Audit &		

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	Compliance Committee of the Board of Directors.		