

## AUDIT AT A GLANCE

### Audit of Software Acquisition and Licence Management: Managing and Optimizing Value from Software Licences

#### WHY THIS AUDIT MATTERS

Software licences are a significant and growing cost, as the City embraces digital infrastructure and automates its systems and processes.

It is important to maximize the value of the City's investment in software and ensure that acquired software licences and subscriptions are carefully planned, managed, and deployed in a timely manner.

#### BY THE NUMBERS

- **\$235 million** in **total five-year** software acquisition, maintenance, and support costs from 2019 to 2023.
- The City's software inventory includes over **7,500** titles, of which **1,200** are purchased software products.
- This audit reviewed the utilization for **7** major software applications used across the City.
- **Almost \$11 million** in estimated costs on unused software, including **\$1.36 million** spent on licences held by former/inactive staff.
- **12** recommendations from prior AG software-related audits are still in progress, majority of them are **more than 5** years old.

#### TOTAL COST OF UNUSED LICENCES

Software	Cost of Unused Licences
Microsoft M365	\$7,943,392
SAP S/4 HANA	\$1,932,376
SAP ECC on-premises	\$316,421
Public Digital Access	\$657,177
Adobe Acrobat	\$134,350
<b>Total Cost</b>	<b>\$10,983,716</b>

#### WHAT WE FOUND

##### A. Improve Software Licence Utilization & Management

- Three major software products, M365, SAP, and PDA, had licences purchased in bulk to secure upfront discounts offered by the vendors.
- Significant costs are associated with the unused licences we found, which was mainly due to delayed project implementations. The project delays were impacted by the COVID-19 pandemic, and a lack of readiness of supporting infrastructure.
- The City must improve project planning and stakeholder coordination to ensure timely deployment of licences when making bulk purchases.

##### B. Terminate Licences of Former Employees in a Timely Manner

- When access to software and related licences is not de-activated in a timely manner, it presents risks, including financial and cybersecurity.
- The off-boarding process needs streamlining and automation to reduce the risk of licences remaining assigned to users who leave the City or are on long-term leave.

##### C. Strengthen IT Asset Management Governance

- The City still lacks accurate and reliable information on software inventory and its assignment, despite the introduction of two enterprise Information Technology Asset Management systems since 2006.
- A clear data strategy and plan is needed to manage the City's software assets.
- The guidelines for overseeing and monitoring IT assets need to be updated and clarified.

##### D. Explore Potential Cost Saving Opportunities

- The City, by virtue of its size, has an opportunity to achieve greater economies of scale through more effective bulk purchasing of software, if agencies and corporations are included in the procurement.

#### HOW RECOMMENDATIONS WILL BENEFIT THE CITY

Implementing the ten recommendations from this audit will help the City maximize the value of its investments in software and licences, by eliminating or reducing fees for unused software, providing more accurate and reliable IT asset management data, improving governance and reporting on technology projects, and strengthening strategic direction on implementing new software solutions.