



Treasury Inspector General for Tax Administration Office of Audit

DESKTOP AND LAPTOP SOFTWARE LICENSE MANAGEMENT IS NOT BEING ADEQUATELY PERFORMED

Issued on June 25, 2013

Highlights

Highlights of Report Number: 2013-20-025 to the Internal Revenue Service Chief Technology Officer.

IMPACT ON TAXPAYERS

Computer software is typically protected by Federal copyright law, which requires users of software programs to have a license authorizing such use. Software licenses are legal rights to use software in accordance with terms and conditions specified by the software copyright owner. Software license management at the IRS is not being adequately performed. Efficient and cost-effective management of the IRS's software assets is crucial to ensuring that information technology services continue to support the IRS's business operations and help it to provide services to taxpayers efficiently.

WHY TIGTA DID THE AUDIT

This audit was initiated to determine whether the IRS is adequately managing software licenses. Federal requirements and recommended industry best practices govern the use and management of software licenses. The objective of software license management is to manage, control, and protect an organization's software assets, including management of the risks arising from the use of those software assets. The proper management of software licenses helps to minimize risks by ensuring that licenses are used in compliance with licensing agreements and cost-effectively deployed, and that software purchasing and maintenance expenses are properly controlled.

WHAT TIGTA FOUND

The IRS is not adequately performing software license management and is not adhering to Federal requirements and recommended industry best practices. The IRS does not have enterprisewide or local policies, procedures, and requirements for software license management. The User and Network Services organization was unable to provide us with essential licensing records for properly managing licenses on 24 of 27 software products reviewed during this audit.

TIGTA also found that the IRS does not have specialized software license tools designed to be the repository for software and software license deployment. These tools should be used to discover, track, manage, and detect inactive usage of software licenses. Finally, the IRS does not have an accurate inventory of software and related licenses that contains licensing models applicable to each software product which links data on the licenses purchased and deployed with the purchase costs, procurement information, and monitoring and usage data.

WHAT TIGTA RECOMMENDED

TIGTA recommended that the Chief Technology Officer develop policies and guidance and roles and responsibilities for managing software assets and licenses; implement a specialized software license management tool and develop detailed standard operating procedures for using the tool; develop an inventory of software licensing data and maintain the inventory with a specialized software license tool; and maintain data in the inventory that the IRS can use to more effectively manage software spending.

In their response to the report, IRS officials agreed with all six recommendations with slight modifications on four of them. The IRS plans to use best practices to develop enterprisewide software license management policies, procedures, roles, and responsibilities; identify and implement a standard enterprise toolkit with standard operating procedures for the management of software licenses; and collect software inventory data from the toolkit in a central repository.

READ THE FULL REPORT

To view the report, including the scope, methodology, and full IRS response, go to:

<http://www.treas.gov/tigta/auditreports/2013reports/201320025fr.pdf>