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January 13, 2005

Michael E. Wise, Director  
Information Technology Services Agency (ITSA)  
City of St. Louis  
City Hall Room 214  
1200 Market Street  
St. Louis, Missouri 63101

RE: ITSA Software License Management Second Follow-Up Review  
(Project # 2004 - F15)

Dear Mr. Wise:

We have conducted a second limited follow-up review on the Information Technology Services Agency (ITSA)-Software License Management Review Report issued January 30, 2002. This follow-up review was made under authorization contained in Article XV, Section 2 of the Charter, City of St. Louis, as revised and conducted in accordance with the *International Standards for the Professional Practice of Internal Auditing*. A limited follow-up review does not necessarily involve detailed testing or verification, but instead relies on communication with department management and staff, as well as limited observations. Our purpose was to determine the status of the unresolved observations and recommendations from the follow-up review report issued May 6 2003, as of April 30, 2004.

We determined that the following observations have been **resolved**:

1. Opportunity to Minimize Inappropriate Internet Usage (Observation #4, Original Report) – The agency has installed multi-layer E-mail and security system to control employees' access to internet sites. The Novell BorderManager controls access to the internet sites by filtering out sites that are considered inappropriate by ITSA. GWAVA security tool monitors employees' internet and E-mail usage to control the misuse of the E-mail and internet facilities. In addition, ITSA has distributed to the City departments E-mail and internet usage policies which, among others, state that the facility be used for City business only.
2. Opportunity to Prohibit Employee Use of Personal Computers (Observation #5, Original report) – According to ITSA this recommendation cannot be implemented in view of the evolving technology which allows employees flexibility to perform their job using their personal computers. However, ITSA has installed the latest multi-layer security mechanism to protect City's servers and network system from virus attack

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from employees' personal computers. The security system allows only authorized users with identified ID's to access the City servers and network. The security System also prevents employees from using personal computers to access sensitive information or downloading unauthorized software.

We determined that the following observations have been **partially resolved**:

1. Opportunity to inform employees of Policies Pertaining to Unauthorized /Unlicensed Software (Observation #2, Original Report) – According to ITSA, it has sent out the policies pertaining to unauthorized/unlicensed software to the various City department / agency heads, requesting distribution of the policies to their employees. However, ITSA did not maintain copies of such requests. The recommendation required ITSA to distribute the employee software compliance statement to all City employees and require all departments and agencies to maintain a signed copy of such statements in employees' personnel files.

ITSA management plans to request departments/agency heads obtain employees' signatures acknowledging the software compliance statement/policies.

Additionally, ITSA has also installed DLU (Dynamic Local Users) systems control software. It limits the employees' accessibility to the computer system by identifying and categorizing the extent of their use of the various computer applications. It also, detects and deletes unauthorized software installed by an employee.

2. Opportunity to Improve Controls Pertaining to Software License Management (Observation #6, Original Report) – According to ITSA it has consolidated the City's software license management by providing standard system hardware software configurations to all City departments managed by ITSA. ITSA also ensures that all City departments and agencies have standardized software disk images of Microsoft Windows 2000, Novell GroupWise and Novell Network operating system. Novel delivered application 'Zen Works' monitors and manages licensed software images.

We attempted to reconcile the actual Microsoft Office Professional software users to the users allowed per the Microsoft volume licensing agreement. As a result of our review we noted that the number of actual users exceeded the authorized users by three hundred and eighty-eight (388) as follows:

Users Allowed per Microsoft volume licensing agreement	<u>1,500</u>
Actual users per ITSA ZenWorks	1,723
Additional estimated users at Community Development Administration (CDA)	<u>165</u>
Total actual users	<u>1,888</u>
Actual users in excess of the users allowed per volume licensing agreement (1,888-1,500)	<u>388</u>

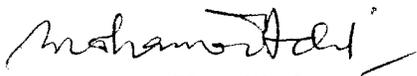
2. Continued

According to ITSA the volume licensing agreement was amended to include six hundred and fifty (650) additional users however, it did not provide us with any support for this extension. Also, ITSA was unable to provide us with the actual count of the Microsoft Professional software users at CDA.

We provided the ITSA management with an opportunity to hold an exit conference or submit a management response to the draft report. However, during an exit conference, held on January 6, 2005, on Help Desk process review report, the management verbally indicated its agreement with the status of the partially resolved observations in the report.

If you have any questions, please contact me at (314) 613-7410.

Respectfully,



Mohammad H. Adil, CPA  
Internal Audit Supervisor

CC: Honorable Darlene Green, Comptroller  
Rita Kirkland, Director of Operations, Office of the Mayor  
Marie Jeffries, Executive Assistant, Budget Division