

Microsoft Licensing Audit - Update

Commencing in November 2018 KPMG were instructed by Microsoft to audit the London Boroughs of Lewisham, Brent and Southwark under the banner of the Shard ICT Service for licence compliance against Microsoft products.

The audit completed in May 2019, when the service received the final audit outcome letter indicating a significant deficit in the licensing position.

This position had developed due to a number of reasons, for which mitigations have been put in place to prevent these from happening again.

- Lack of governance around the creation of servers in conjunction with the licencing position, on occasions a 2016 version has been created where the licence is only for a 2012 server, this position has been created by the removal of Software assurance against the current agreements which would have allowed for version movements.
- Lack of understanding of licencing terms and conditions within the Shared ICT Service.
- Some changes to Microsoft Licencing position where discussion regarding usage have previously been accepted have not been accepted by the auditors.
- Lack of process that recognised that software such as Visio or Project is a consumable and need to be charged in this way, this is particularly acute for Southwark where the capita model of delivery added software to every device to manage the deployment of software but created an oversubscription of the software.

Over the course of two months the Shared ICT Service engaged with Microsoft to understand how this exposure could be mitigated or reduced a deal was negotiated with Microsoft, to enable both the cloud migration project and cover the licence deficit by moving to the Core Infrastructure licensing model and transferring some of the deficit to corresponding Azure licensing.

This deal was agreed by all the partner organisations, through the Closing Letter Agreement for Verification of London Borough of Brent's Compliance Review. Work is ongoing to comply with the terms of the settlement agreement. Including spend of the Azure credits through the cloud programme.

The agreement included

- **New subscription SQL Server Cloud Enrolment**
- **New Core Infrastructure Suite (CIS) Subscription SCE**
- **All remaining shortfalls to be added to existing Subscription EAs where possible.**
- **All above in tandem with Azure Plans for each authority**

Investigations of tools to assist with the ongoing licensing position have taken place, tools such as Snow were investigated in late 2019 at the time the cost was seen as prohibitive.