

Internal Audit Report: Advisory Engagement - IT Procurement & SaaS Management

1. Executive Summary

Objectives: This advisory engagement aimed to assess the efficiency of the IT Procurement lifecycle and provide strategic recommendations for optimizing the management of Software-as-a-Service (SaaS) subscriptions.

Background: Following a rapid shift to remote work, the organization's SaaS spend increased by 40%. The business unit requested Internal Audit's expertise to identify cost-saving opportunities and process bottlenecks without the formal constraints of a compliance audit.

Scope: The review focused on the end-to-end procurement process, from requisition to contract renewal, and evaluated the current tools used for license tracking and utilization monitoring.

2. Details

Observation	Risk	Risk Rating	Recommendation	Status
Decentralized SaaS Purchasing: Various departments are purchasing software independently using corporate credit cards, bypassing the IT Procurement vetting process.	Financial inefficiency and potential security vulnerabilities via 'Shadow IT'.	FOR IMPROVEMENT	Centralize all software procurement under a unified IT approval workflow.	Advisory Only
Underutilized Licenses: Analysis shows that 22% of active licenses for the primary Project Management tool have not been accessed in 60 days.	Unnecessary operational expenditure.	FOR IMPROVEMENT	Implement a monthly utilization audit to reclaim and reallocate licenses from inactive users.	Under Review
Standardized Vendor Terms: Most contracts are negotiated ad-hoc without a standardized set of GRC (Governance, Risk, and Compliance) requirements.	Minor risk of unfavorable legal or service terms.	ADEQUATE	Develop a 'Standard Vendor Addendum' containing minimum security and service level requirements for all IT vendors.	Completed

3. Recommendations

- SaaS Management Tooling:** Evaluate and implement a SaaS Management Platform (SMP) to provide real-time visibility into software spend and usage across the enterprise.
- Policy Enhancement:** Update the Corporate Procurement Policy to explicitly prohibit the use of P-Cards for software subscriptions above a \$500 threshold.
- Stakeholder Alignment:** Establish a monthly sync between IT, Finance, and Legal to review upcoming high-value renewals 90 days in advance.

4. Management Action Plan

- **Action 1:** IT Procurement will draft a centralized procurement policy for executive review by November 30th.
- **Action 2:** The IT Asset Management team will begin a pilot program using a discovery tool to identify unauthorized software across the network.
- **Action 3:** Finance will provide a report on all 'Software' categorized expenses on P-Cards to identify and migrate them to the formal procurement system.