Date: March 29, 2023

To: Mike Keneker, Vice President and Chief Accounting Officer
Christy Harrison, Associate Vice President and Controller

From: Sherri Magnus, Vice President & Chief Audit Officer *Sherri Magnus*

Re: *Project 23-101 – Cloud Services Cost Management Review*
Procurement Card Purchases of Cloud-Based Services

Internal Audit recently performed a Cloud Services Cost Management review to identify and assess costs for selected cloud services, as well as to determine potential cost savings and optimization. As part of this review, we performed an analysis to identify cloud storage solutions purchased during the period by departments other than Information Services.

We identified eight (8) instances where cloud storage solutions were purchased with the ProCard. The ProCard Administrator approved three (3) exceptions for these purchases. Institutional guidance does not allow "Web-based storage/Cloud services" to be purchased with a ProCard. When such purchases occur outside of the preferred procurement process, the necessary vetting and assessment to ensure compliance with state regulations such as TX-RAMP may not occur, increasing the risk of noncompliance.

Recommendation: **RANKING: MODERATE**
The ProCard Administrator should restrict web-based storage or cloud service purchases on ProCard. For instances where the procard is the only acceptable purchase mechanism for the vendor, the ProCard Administrator should coordinate with Information Services to develop a process to ensure that purchases meet Cybersecurity requirements. This process could include IS making the procard purchase on behalf of the department.

Management's Action Plan:
Responsible Executive: Omer Sultan, Senior Vice President and Chief Financial Officer
Owner: Luis Benavides Jr, Associate Director Finance
Due Date: April 1, 2023

The ProCard Administrator will reiterate to all cardholders the restriction of ProCards to be used for any external web-based storage or cloud service expenses, as indicated in the ProCard guidelines. Prior to purchasing, all requests for these types of purchases will require a ServiceNow ticket to be submitted to Cybersecurity for approval to ensure the system or storage being purchased meets security requirements. If approved by Cybersecurity, a

designated ProCard in that area will make the transaction and charge the expense to the requesting department accordingly.

In addition, ProCard activity will be monitored for any transactions processed for web-based storage or cloud services that did not go through the approval process. Any account holder found to have used the ProCard for this type of expense will be reminded once again of the restriction and if a similar charge is made again, the account will be cancelled due to non-compliance as a result.

We appreciate the courtesy and cooperation extended to us during this review.

cc: Omer Sultan, Senior Vice President and Chief Financial Officer
       Craig Owen, Vice President and Chief Information Officer
       Less Stoltenberg, Vice President and Chief Cybersecurity Officer
       Patricia Martin, Executive Director and Associate Controller
       Luis Benavides Jr, Associate Director Finance
       David Trevino, Manager Finance

Appendix A

Objective, Scope, and Methodology

The objective was to identify and assess cloud costs and determine potential cost savings and optimizations. The period of our review was September 1, 2022 to present, and any related periods. Our procedures included the following:

- Determined the organization's inventory of all cloud services (IaaS & PaaS).
- Inquired about the tools and procedures in place to monitor use of cloud services.
- Identified and review a sample of cloud services purchases for compliance with institutional guidance.
- Gained an understanding of purchased cloud services through interviews with Department personnel.

Our internal audit was conducted in accordance with the *International Standards for the Professional Practice of Internal Auditing*. The internal audit function at MD Anderson Cancer Center is independent per the *Generally Accepted Government Auditing Standards (GAGAS)* requirements for internal auditors.

Number of Priority Findings to be monitored by UT System: *None*

A Priority Finding is defined as "*an issue identified by an internal audit that, if not addressed timely, could directly impact achievement of a strategic or important operational objective of a UT institution or the UT System as a whole.*"

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