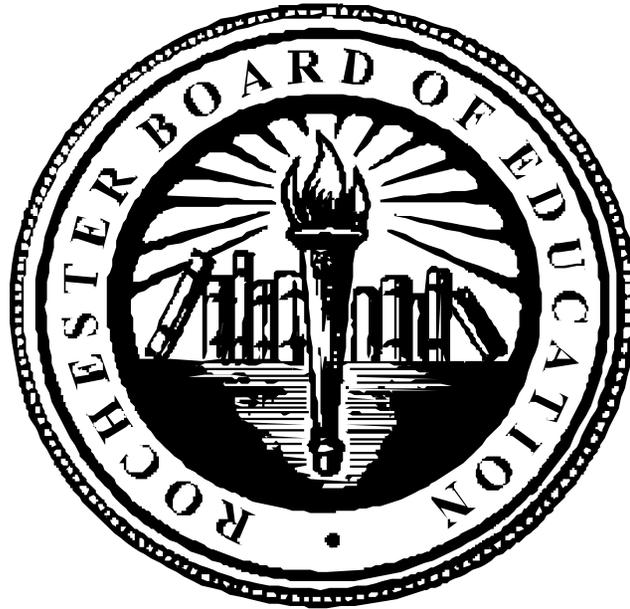


OFFICE OF AUDITOR GENERAL



Human Capital and Payroll System Access Audit Report



Human Capital and Payroll System Access Index

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Human Capital and Payroll System Access Executive Summary

OBJECTIVE

To evaluate the PeopleSoft access controls related to key HCI and Payroll activities.

BACKGROUND

Human Capital Initiatives and Payroll audits were recently performed. These areas perform almost all daily responsibilities within the PeopleSoft HCM system. As a result, critical to evaluating the operating control environment, we performed a limited review of system access controls. Payroll, Budget, and Human Capital Initiatives (HCI) have utilized an upgraded PeopleSoft system since February 2011. The upgraded 9.1 version supports Human Resources, Benefits, and Time and Labor management functions for District employees. The initial access configuration was performed by consultants working with Information Management & Technology (IM&T). After the upgrade, ongoing access changes are maintained by IM&T staff through automated and manual activities. A Login ID provides access to the system and aligns system responsibilities to District staff. This review focused only on the administration and access within the Human Resource Management System.

SCOPE

This review was a limited scope assessment of key access controls in response to Human Capital Initiatives and Payroll operating audits. System protocols and procedures were reviewed for adequacy. User access, roles and permissions for Human Capital Initiatives and Payroll were evaluated for reasonableness. Access monitoring and the related reporting were also reviewed for accuracy and completeness.

CONCLUSION

Comprehensive understanding of the PeopleSoft security structure has not yet been attained. Management's approach for administering security has been from an operator's perspective, however, significant value would be obtained by the District if management enhances their understanding of how the system was developed. This knowledge could be used to enhance security and reporting requirements for operating management. Access administration practices exist, but procedures are not formalized to facilitate consistent compliance. In addition, procedures do not ensure that that reporting is produced in a comprehensive manner. Access reporting provided to Payroll management lacked several key roles and the File Maintenance report does not include all activities. Segregation and Access concerns were noted which resulted from a lack of management monitoring and the manner in which batch processes for HCI and Payroll are configured. IM&T should enhance their understanding of roles, permission lists and batch process groups to strengthen access controls. We also noted several operating roles without redundancy or a backup, which resulted in IM&T providing operating coverage. This is not an optimal practice for IM&T resources. IM&T must also address operating requirements to resolve data center disruption for Human Resource, Payroll and other business functions.



Human Capital and Payroll System Access Summary of Recommendations

Rec #	Recommendations
1	<i>Develop formal written access administration protocols, procedures and guidance on the security architecture including configuration settings, contents of components, and monitoring reports. Provide complete reporting for segregation monitoring.</i>
2	<i>Establish and implement verification procedures to ensure completeness when providing reports or queries to operating management. Implement comprehensive reporting for all file maintenance activity in support of Payroll and HCI.</i>
3	<i>Evaluate PeopleSoft roles and assess the feasibility of limiting Payroll and HCI access exclusively to the people with responsibilities in those respective functions. If no alternatives exist to limit IM&T access to production data, consider ways to monitor and report on IM&T activities and changes to Payroll and HCI production data.</i>
4	<i>Develop and document a clear understanding of batch processes (process groups) and what functionality is provided within each process group. Remove the process group roles from personnel not responsible for those functions.</i>
5	<i>Request system reporting to identify the instances in which one person is assigned responsibility for a role. Where a sole person is assigned, establish cross-training within the operation to ensure a backup person is available when roles are limited.</i>
6	<i>Develop and implement periodic procedures to identify and eliminate duplicate accounts. For the existing users, review system access to identify duplicate accounts, verify with management, and deactivate duplicate employee profiles.</i>
7	<i>Define a strategy for disaster recovery and business operations continuity in the event of extended loss of current IM&T automation.</i>



Human Capital and Payroll System Access Observations, Recommendations and Action Plans

OBSERVATION: #1

Access Administration Protocols and Procedures

Access administration for HCI and Payroll applications lacked sufficient documented guidance to support a comprehensive understanding of system security architecture. Although the delivered PeopleSoft application provides PeopleBooks documentation and communicates available system configuration choices, a complete understanding was not attained. We recognize that transition occurred in the Security Administrator position; however, IM&T security administration procedures were inadequate to provide a complete understanding of the security structure, contents of each component, which items were configured for usage or any enhanced functionality that could be utilized by the District. Without a complete understanding of system security, incompatible roles could be granted/utilized, ineffective monitoring may be performed and unknown risks related to separation of work activities could exist. Job duties and access requests for each staff member should be evaluated to provide the lowest level of access necessary to provide job functions.

RECOMMENDATIONS and MANAGEMENT RESPONSES

Develop formal written access administration protocols, procedures and guidance on the security architecture including configuration settings, contents of components, and monitoring reports. Provide complete reporting for segregation monitoring.

Management Responses:

- A PeopleSoft Security Administration protocol will be developed and include the relevant topics.
- A monthly report which includes all of the HCI/Payroll PeopleSoft Users and their access (Roles) will be provided.
- Details about what access is contained in each role will also be provided.
- This list will be jointly reviewed by HCI/Payroll on a monthly basis and IM&T will maintain (add/update/delete) the access based on the input provided by HCI and Payroll.

Responsibility: Ramana Adibhatla, Manager, Business Enterprise Applications; Annmarie Lehner, Information Technology Officer; Anita Murphy, Deputy Superintendent Administration

Due Date: January 1, 2013



Human Capital and Payroll System Access Observations, Recommendations and Action Plans

OBSERVATION: #2

Incomplete Visibility

Incomplete management visibility was provided to data owners who attempted to monitor access for key HCI and Payroll processes. IM&T provided a listing of RCSD users that had access to HCI and Payroll for management review. The report contained some key roles, but was missing others such as labor administration, special pay processes, HR special pay processes and payroll administrator. The PeopleSoft File Maintenance report did not include all correction mode activity, for example when deletes or changes occur to job records which could affect payroll accuracy and support for prior payments. IM&T should establish and implement verification controls to ensure completeness when providing reports and queries to operating management. Incomplete reporting for security access and operations provides incomplete and false assurance of the activity being monitored.

RECOMMENDATIONS and MANAGEMENT RESPONSES

Establish and implement verification procedures to ensure completeness when providing reports or queries to operating management. Implement comprehensive reporting for all file maintenance activity in support of Payroll and HCI.

Management Responses:

- The monthly report mentioned in Observation 1 will satisfy the requirements related to access and roles.
- Additionally the file maintenance program will be enhanced to meet the requirements of HCI, Benefits and Payroll departments.
- The PS delivered, relevant security queries will be activated.
- Our PeopleSoft Security Administration protocol will document our process related to completeness for data reported and entered.

Responsibility: Ramana Adibhatla, Manager, Business Enterprise Applications; Annmarie Lehner, Information Technology Officer; Anita Murphy, Deputy Superintendent Administration

Due Date: January 1, 2013



Human Capital and Payroll System Access Observations, Recommendations and Action Plans

OBSERVATION: #3

System Access

Some District personnel have PeopleSoft 9.1 access outside of their job responsibilities. IM&T personnel had access to most of the roles sampled, including administration of payroll, benefits, time and labor, and payroll maintenance. Help desk personnel were also assigned to benefits processing. A Position Management Specialist was granted access to multiple payroll activities. Another person from Research Evaluation and Testing had access to time and labor schedules.

Payroll and HCI access should be limited to the people with responsibilities in those functions. The unusual IM&T access to this business data exists to provide continued operating functionality due to software bugs, new contracts, and lack of ownership. District operating ownership and system configuration has not been formalized to distinguish such responsibilities and may never come to fruition due to limited resources. However, complete visibility controls should be required when production data is updated by IM&T and the updates should be reviewed by operating management.

RECOMMENDATIONS and MANAGEMENT RESPONSES

Evaluate PeopleSoft roles and assess the feasibility of limiting Payroll and HCI access exclusively to the people with responsibilities in those respective functions. If no alternatives exist to limit IM&T access to production data, consider ways to monitor and report on IM&T activities and changes to Payroll and HCI production data.

Management Responses: The Access by various users of PeopleSoft HCI and Payroll will be reviewed jointly by HCI and Payroll with IM&T for updates. IM&T will keep a log of data changes performed on behalf of operating departments which will be defined in our protocol.

Responsibility: Bethany Centrone, Chief of Human Capital Initiatives; Elizabeth Cammilleri, Supervisor of Payroll; Ramana Adibhatla, Manager, Business Enterprise Applications; Annmarie Lehner, Information Technology Officer; Anita Murphy, Deputy Superintendent Administration

Due Date: January 1, 2013



Human Capital and Payroll System Access Observations, Recommendations and Action Plans

OBSERVATION: #4

Process Groups

Administration of batch processes are not adequately understood and are mostly not segregated between HCI and Payroll. Consequently, there is little distinction between the batch processes for HCI and Payroll despite the distinct roles and permission lists created. In addition, the assignment of personnel to roles with process groups is not maintained. RCSD used process groups to assign responsibility for numerous reports and batch processes. People are assigned to roles with related process groups that did not consistently align with their job responsibilities. For example, a person with HR Benefits responsibilities has access to all payroll batch functions. We were unable to determine and management was unable to specify what this level of access permits. This is noted in roles for Benefit payment processes, Special pay processes, HR Special Pay processes, and HR Pay processes, and others.

RECOMMENDATIONS and MANAGEMENT RESPONSES

Develop and document a clear understanding of batch processes (process groups) and what functionality is provided within each process group. Remove the process group roles from personnel not responsible for those functions.

Management Responses: The Process Groups functionality will be removed from the personnel not responsible for those functions as determined by Payroll, HCI and IM&T. We will sample relationships of roles to process groups to validate segregation controls within update processes.

Responsibility: Ramana Adibhatla, Manager, Business Enterprise Applications; Annmarie Lehner, Information Technology Officer; Anita Murphy, Deputy Superintendent Administration; Bethany Centrone, Chief of Human Capital Initiatives; Elizabeth Cammilleri, Supervisor of Payroll

Due Date: January 1, 2013



Human Capital and Payroll System Access Observations, Recommendations and Action Plans

OBSERVATION: #5

Operating Support

Several system roles exist in which only one person in operations is assigned responsibility for the activities. When the responsible operating individual is out of the office, there is no backup person assigned to fulfill those responsibilities in a timely manner. IM&T recognizes this limitation and expressed concerns that they may be requested to fulfill those roles. Operating roles should not be assumed by IM&T personnel. Although this practice generally occurs as a last resort, operating management should establish cross-training within their respective operating unit. Roles sampled and found to be limited to one person are: Payroll Teacher Retirement, Payroll Administrator, and RCSD Recruitment Administrator. Every role should include a backup person with the proper training and access to administer the necessary responsibilities. In the event that this practice does not occur, errors and irregularities could occur as a result of the lack of adequate training and understanding.

RECOMMENDATIONS and MANAGEMENT RESPONSES

Request system reporting to identify the instances in which one person is assigned responsibility for a role. Where a sole person is assigned, establish cross-training within the operation to ensure a backup person is available when roles are limited.

Management Responses: Where a sole person is assigned, cross-training within the operation will be established to ensure a backup person is available when roles are limited.

Responsibility: Bethany Centrone, Chief of Human Capital Initiatives; Elizabeth Cammilleri, Supervisor of Payroll; Anita Murphy, Deputy Superintendent Administration

Due Date: January 1, 2013



Human Capital and Payroll System Access Observations, Recommendations and Action Plans

OBSERVATION: #6

Duplicate Accounts

Some RCSD personnel have multiple logins into PeopleSoft Human Resource systems. IM&T communicated that second accounts were maintained only in cases when a person was temporary, then transitioned to a permanent role. The temporary profile records were manually updated with a description of "second account" but never deactivated. The automated program which updates system access does not process those temporary profiles. The Manager of the temporary person was expected to notify IM&T to inactivate the temporary access. IM&T should deactivate duplicate employee profiles. People with multiple logins can result in unusual access and incomplete administration of updates.

RECOMMENDATIONS and MANAGEMENT RESPONSES

Develop and implement periodic procedures to identify and eliminate duplicate accounts. For the existing users, review system access to identify duplicate accounts, verify with management, and deactivate duplicate employee profiles.

Management Responses: A monthly process to identify and eliminate duplicate accounts will be established.

Responsibility: Ramana Adibhatla, Manager, Business Enterprise Applications; Annmarie Lehner, Information Technology; Anita Murphy, Deputy Superintendent Administration; Bethany Centrone, Chief of Human Capital Initiatives; Elizabeth Cammilleri, Supervisor of Payroll

Due Date: January 1, 2013



Human Capital and Payroll System Access Observations, Recommendations and Action Plans

OBSERVATION: #7

Disaster Recovery and Contingency Plans

A disaster recovery strategy and respective risks are not defined. The general awareness without supporting documentation for associated costs and priorities represent significant hurdles as compared to other District initiatives and uses of funds. While payroll data is backed up and includes offsite storage, the District has not been able to address the risk of data center destruction and understand the real costs, recovery duration, and priorities of such an event. Equally important is the operating requirements in order to sustain ongoing communications and payroll feeds throughout the District during a recovery period. If the data center were destroyed, the downtime could potentially be measured in months and not weeks or days. There are also unstated costs associated with having to obtain a remote site to recover, or the time necessary to obtain, rebuild, and catch up with automated manual operations, should it be required. Other network risks from schools to support time and labor may be relevant, as the volume of time and labor could be substantial depending on the total schools affected.



Human Capital and Payroll System Access Observations, Recommendations and Action Plans

RECOMMENDATIONS and MANAGEMENT RESPONSES

Define a strategy for disaster recovery and business operations continuity in the event of extended loss of current IM&T automation.

Management Responses: Disaster Recovery (DR) is a something which relates to all applications - it really can't be separated out for Payroll specifically. And while I don't want to lessen the importance of DR, there are other initiatives that have taken a higher priority, as defined by both the previous and current Superintendents. Just a few: Parent Connect, PowerTeacher Gradebook, Data Warehouse, Print Management Initiative (as a cost savings measure), technology updates for schools (2 years ago, equipment aging in schools was a huge issue, causing loss of service with machine breakdowns) including 2000+ iPad deployments for classroom use.

In regards to DR, our backup system has been upgraded and we have storage of weekly off-sites as well. We do have DR on our Technology Plan this upcoming year and we are beginning discussions for DR hosting services. We had a meeting last week with a vendor who is a distributor of IBM technology, and we have another actually scheduled for this week, Friday, with Oracle regarding Oracle cloud services.

In addition, and the way in which I am leaning, is to establish reciprocal DR hosting. This would allow us to partner with another organization to each host each other's secondary site. I am starting to have discussions with other Organizations on this and it's too early to give more details, but the reason this is a favorable approach is that it offers a lower cost alternative for both Organizations. The way it works is that each organization would fund and implement & maintain hardware at the secondary site to be used if needed. Regular tests of this equipment would be planned to ensure it remains in working order. There would be the added benefit that we would not have to pay for a facility for this by partnering. Each would supply the other with the facility and space.

An update on the progress of the development of a DR Plan can be provided late this school year.

Responsibility: Ramana Adibhatla, Manager, Business Enterprise Applications; Annmarie Lehner, Information Technology Officer; Anita Murphy, Deputy Superintendent Administration

Due Date: June 30, 2013