
Department of Personnel (DOP)

Agency: 111

Audit Report: 1006746

Finding Number: 006

Finding: An excessive number of employees at state agencies have access to critical functions in the Human Resource Management System (HRMS).

Resolution: This finding named the Office of Financial Management (OFM) and the Department of Personnel (DOP). Effective October 1, 2011, the portion of the Department of Personnel previously responsible for the HRMS system was consolidated into the Department of Enterprise Services (DES). This is a joint response from OFM and DES.

DES is pleased that the State Auditor's Office (SAO) reviewed the previously reported audit finding (Report number 1000619, dated February 2, 2009) and found that most of the user access conditions have been adequately addressed.

Controlling DES User Access with Conflicting Duties: DES created and implemented a special process that grants limited access to essential staff for centralized payroll processing. Consistent with best practices, special temporary "fire-fighting" access can also be assigned to limited users and a process was created to log and monitor that access. These "fire-fighting" controls mitigate the risks posed by this necessary expanded access to address emergency payroll processing issues. DES purchased an automated risk management tool to facilitate logging and monitoring of critical functions. During the evaluation period, it was determined the software could not provide sufficient functionality. DES is in the process of cancelling the contract with this vendor and continues to seek other options for automated risk management tools. DES expects to have the evaluation process for an automated tool started by December 2013.

Fully Documenting Custom Transaction Codes: DES developed a prototype report that is responsive to the audit findings but incomplete until staff meet with the auditors to clarify their specific requirements. This meeting is expected to occur by February 2013. Once requirements are established, the prioritization process can begin and resources can be allocated.

User Access Mitigating Controls at State Agencies: To assist agencies in mitigating their risk associated with user access, OFM provided recommendations to state agencies based on internal control best practices. Additionally, audit trail reports are available in HRMS for effective agency management oversight to mitigate the risks. OFM developed and provides group training on this topic and added resources to the OFM website, including best practices, checklists, agency self-assessments and other online tools. Ongoing agency communication related to best practices is disseminated through the statewide Personnel Payroll Association which serves as the HRMS user group.

Status of Resolution of Audit Findings

December 2012

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Department of Personnel (DOP)

Agency: 111

Audit Report: 1006746

Finding Number: 007

Finding: An excessive number of employees in state payroll offices have conflicting duties in the Human Resource Management System (HRMS).

Resolution: This finding named the Office of Financial Management (OFM) and the Department of Personnel (DOP). Effective October 1, 2011, the portion of the Department of Personnel previously responsible for the HRMS system was consolidated into the Department of Enterprise Services (DES). This is a joint response from OFM and DES. DES substantially agrees with the auditor's assessment and is continuing to work toward resolution of this finding.

Controlling DES User Access with Conflicting Duties: DES created and implemented a special process that grants limited access to essential staff for centralized payroll processing. Consistent with best practices, special temporary "fire-fighting" access can also be assigned to limited users and a process was created to log and monitor that access. These "fire-fighting" controls mitigate the risks posed by this necessary expanded access to address emergency payroll processing issues. DES purchased an automated risk management tool to facilitate logging and monitoring of critical functions. During the evaluation period, it was determined the software could not provide sufficient functionality. DES is in the process of cancelling the contract with this vendor and continues to seek other options for automated risk management tools. DES expects to have the evaluation process for an automated tool started by December 2013.

Controls to Mitigate User Access Conflicting Duties at State Agencies: To assist each agency with their internal control responsibilities, OFM developed and provides training on the effective implementation of internal controls for payroll. OFM also added resources to its website, including best practices, checklists, detective controls, agency self-assessments, and other online tools. Additionally, audit trail reports are available in HRMS for effective agency management oversight. Ongoing agency communication related to best practices is disseminated through the statewide Personnel Payroll Association which serves as the HRMS user group.

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Department of Personnel (DOP)

Agency: 111

Audit Report: 1006746

Finding Number: 008

Finding: Users can make unauthorized changes to data in the Human Resource Management System (HRMS).

Resolution: This finding named the Office of Financial Management (OFM) and the Department of Personnel (DOP). Effective October 1, 2011, the portion of DOP previously responsible for the HRMS system was consolidated into the Department of Enterprise Services (DES). This is a joint response from OFM and DES.

DES and OFM have made progress to reduce the risks associated with the previously reported audit finding (Report number 1000619, dated February 2, 2009).

Preventative Control of Supervisory Review and Pre-approval of All Transactions: The core computer system within HRMS is an industry standard commercial software, which uses best practice designs for efficient and effective payroll processing. The audit-recommended process – a supervisory review and approval of all transactions before processing – was designed for less efficient and obsolete batch processing systems. Given the core software design and required operational efficiency, this recommendation may not be cost-effective to widely implement or operate.

DES studied the options and available resources, determining that in the short term, agencies must generally work within the software's existing functionality. DES will continue to search for cost-effective options within delivered functionality to require approval of some transactions entered into HRMS. It is noted that a recognized industry best practice is to minimize modification to off-the-shelf (delivered) functionality. In addition to the up-front programming cost, custom development increases the complexity of future system maintenance and support, and may not be supported by the vendor in future upgrades. DES is undergoing an evaluation of an enhancement software pack being offered by the vendor that may offer some potential reports to provide this functionality. The evaluation process of this enhancement software will be complete by the end of May 2013. DES will determine at that time whether this software will allow tracking of user changes or provide the reports to track these changes successfully.

State Agencies' Mitigating Controls over Payroll Transactions: To assist agencies in mitigating their risk associated with user transaction authority, OFM provides training for state agencies that includes payroll reviews based on internal control best practices. Multiple payroll processing and transaction audit trail reports are available in HRMS for effective agency management oversight. Ongoing agency communication related to best practices is disseminated through the statewide Personnel Payroll Association which serves as the HRMS user group.

Status of Resolution of Audit Findings

December 2012

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Status of Resolution of Audit Findings

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Department of Personnel (DOP)

Agency: 111

Audit Report: 1006746

Finding Number: 009

Finding: The Human Resource Management System (HRMS) is not supported by a disaster recovery backup site.

Resolution: This finding named the Office of Financial Management (OFM), the Department of Personnel (DOP), and the Department of Information Services (DIS). Effective October 1, 2011, the portion of DOP previously responsible for the HRMS system was consolidated into the Department of Enterprise Services (DES). Also effective October 1, 2011, the portion of the Department of Information Services that operated HRMS was moved to Consolidated Technology Services (CTS). This is a joint response from OFM, DES, and CTS.

DES assembled a state payroll disaster recovery team to identify a short-term solution in the event of a disaster. DES payroll identified files that are updated every pay period and records them with encryption security separately onto laptops. These laptops are assigned to specific staff that maintain them and carry them home with them at night. Staff can either produce a regular payroll while "off site" or, in the event of a total disaster, provide the resources to run the last successful payroll and have it produced on tape on the east coast. That tape would be then be provided for OFM and the State Treasurer's Office to process and the state payroll would be produced. This team continues to work on areas that need clarification.

DES purchases data processing services from CTS to operate HRMS. CTS does provide a backup system on site, but it is vulnerable to certain disasters, such as an earthquake or a complete power outage of the state data center. This backup system is not the best practice of a ready-to-use, remote backup site. This audit recommendation would be expensive to implement because CTS would need to expend significant capital funds to initiate remote, "hot" backup site services.

Budget requests for a remote, hot backup site were submitted in prior years, but were not funded. For many years, the recovery of HRMS from a disaster or other catastrophic system failure has been planned within existing resources and documented. (Resource constraints have not allowed any testing of these conceptual plans.) These contingency plans are not efficient or effective and carry more risks in the event of a major disaster. DES will continue to work with OFM and CTS to request funding from the Legislature for CTS to initiate a remote hot backup site.

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Status of Resolution of Audit Findings

December 2012

Department of Personnel (DOP)

Agency: 111

Audit Report: 1006746

Finding Number: 010

Finding: A number of manual processes in the Human Resources Management System (HRMS) should be automated.

Resolution: This finding named the Office of Financial Management (OFM) and the Department of Personnel (DOP). Effective October 1, 2011, the portion of DOP previously responsible for the HRMS system was consolidated into the Department of Enterprise Services (DES). This is a joint response from OFM and DES.

DES agrees with the auditor's assessment and will continue making improvements to automate manual processes wherever cost effective and advisable. However, it should be noted that system automation often requires modification or custom development and a recognized industry best practice is to minimize modification of off-the-shelf (delivered) functionality. Custom development increases the complexity of system maintenance and support, and may not be supported by the vendor in future upgrades. Additionally, there are business reasons associated with, and variations among, current collective bargaining agreements that preclude automation of certain functions.

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