



HUMAN RESOURCES — PAYROLL

New Hires, Promotions, and Terminations

City of Tulsa Internal Auditing
November 2013



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A handwritten signature in black ink that reads 'Ron Maxwell'.

Ron Maxwell, CIA, CFE
Chief Internal Auditor

A handwritten signature in black ink that reads 'Clift Richards'.

Clift Richards, CPA
City Auditor

AUDIT TEAM:

Cecilia Ackley, CPA, Internal Audit Manager
Mary Ann Vassar, CPA

INTRODUCTION

The City of Tulsa Human Resources department conducts personnel-related activities on behalf of the City, including:

- Soliciting and evaluating position applications from internal and external candidates.
- Facilitating the hiring and employee onboarding processes.
- Authorizing and maintaining employee file records for job transfers and promotions.
- Monitoring significant long-term leave.
- Creating and retaining appropriate documentation for terminations and employee retirement.

The department has recently streamlined and centralized hiring and onboarding processes. In addition, revisions to multiple Personnel Policies have been drafted, and are under review by the City Legal department. The department also has plans to implement an automated information system which will further improve the completeness and efficiency of the above tasks. When creating its annual plan Internal Audit will consider reviewing the state of the above tasks in an effort to assist the Human Resources group in preparing for its planned automated system conversion and implementation.

SCOPE

The scope of this audit is to review controls related to hires, transfers and terminations to ensure that these employment activities are:

- Authorized.
- Effectively, accurately, and completely processed.
- Secured with respect to sensitive data/information.
- Documented to limit legal, regulatory and/or reputational exposure.
- Conducted in accordance with City procedure and/or relevant Federal regulations.

The scope of this audit was limited to only the above activities performed and/or documented *by the City Human Resources* department. Some of the above activities for sworn employees and/or elected officials are not performed by Human Resources, but instead are conducted by Police, Fire, or Mayoral management.

OBJECTIVES

The objectives of the new hire, transfer and termination audit included the following:

- Determine whether hiring, transfers, promotions and terminations are appropriately authorized.
- Determine whether hiring, transfers, promotions and terminations are accurately and completely recorded and documented.
- Determine whether employee sensitive data has restricted access and is secured.
- Determine whether required regulatory activity for hiring, transfers/promotion and terminations is occurring.

CONCLUSION

Hires, transfers and terminations reviewed were authorized, complete, accurate, and documented. Federal equal employment opportunity reporting is occurring as required. However, control weaknesses were noted in our review. Human Resources department access to the INFOR employee pay system cannot be monitored using current reporting tools. Revocation of access to the City's network when employees transfer or terminate appeared to be occurring, but did not utilize existing required procedures and documentation. Employee access changes needed at the application level lack fully developed processes to monitor authorization and required documentation. This weakness means that there is little way to track or verify that such changes are appropriately authorized and ultimately made. See additional discussion in the following observation section of this report.

OBSERVATIONS

SYSTEM ACCESS PROCEDURES, MONITORING AND MAINTENANCE

Ensuring access to the City's network and automated applications is restricted and extended only to authorized personnel is a key element of internal control. Access restrictions protect against data security breaches and financial loss. This audit reviewed controls over significant employee recordkeeping systems which Human Resources (HR) personnel have access to, as well as HR policies and procedures in place to control City employee system access levels when hires, transfers, and terminations occur. Human Resources management is aware of several access monitoring weaknesses, and is working jointly with Information Technology Department (ITD) to develop processes and tools to eliminate some challenges in this area. Our review noted the following weaknesses:

1. **Access to INFOR payroll system data.** Human Resources' personnel access to the INFOR system, in which employee pay information is ultimately recorded and maintained, cannot be monitored using existing tools. This creates the risk that unauthorized or unintended changes to INFOR employee pay-related data might occur outside HR management's intent and remain undetected. This could create the opportunity for City data security breaches, unauthorized transaction processing, or financial loss exposure.
2. **Employee network level access change procedures.** Needed termination of former employees' network access occurred in the instances reviewed, but procedures and documents established to communicate and authorize these changes were not consistently used. This creates the risk that such changes may occur outside management-authorized requests, and/or that needed requests to ITD for access revocation may not occur. Omitted authorization or requests for access changes can lead to potential for data security breaches or financial loss exposure.
3. **Employee application level access change procedures.** Per our review and discussion with ITD personnel, required application-level access changes are not consistently occurring upon employee transfer, promotion and termination. This creates both the risk that transferred or promoted employees could continue to perform tasks related to their former roles, and terminated employees could use any knowledge of other employees' valid network user credentials to continue to perform tasks with system applications. Any continued unauthorized use of applications can allow unintended and undetected transaction processing, funds transfer or data access.

Overall, the weaknesses noted are caused by the lack of a standardized City-wide process and tools to facilitate access monitoring. IT forms have been created for department managers which detail how and when to request access changes, but formal responsibility for monitoring the progress of the changes is not defined. Additionally, no method to track all areas and types of access granted to employees exists. Employee access often spans multiple applications and locations, and without a tool to determine what City-wide accesses an employee has, efforts to monitor and maintain such access cannot effectively occur.

MANAGEMENT RESPONSE

Two of the three major weaknesses listed in this report, employee network level access change procedures and employee application level access change procedures, are currently under review by IT and Human Resources and some general solutions to these issues have been identified. However, due to current multiple high priority projects ongoing in both departments, progress in finalizing these solutions has been slow. HR management does not fully agree with the conclusion of the third listed weakness; the inability to monitor INFOR payroll system data. In fact, it is possible to identify the username of an employee who makes changes in the payroll system. But, since it is possible for a formerly authorized employee to still access INFOR if their authorization is not revoked if they change positions in the City, the overall point about possible security breaches and unauthorized transaction processes is still accurate. Solutions to this issue are also under review but it is hoped that future changes to the financial system will further address all these weaknesses.

AUDITOR'S COMMENT

The Internal Auditing Department will review the status of these observations as part of its annual Report of Management Actions project.

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