

DEPARTMENT OF GENERAL SERVICES

**REPORT ON AUDIT
FOR THE YEARS ENDED
JUNE 30, 2009 AND JUNE 30, 2010**

APA

**Auditor of
Public Accounts**

COMMONWEALTH OF VIRGINIA

AUDIT SUMMARY

Our audit of the Department of General Services for the period of July 1, 2008, through June 30, 2010, found:

- proper recording and reporting of all transactions, in all material respects, in the PeopleSoft Financial and Commonwealth Accounting and Reporting Systems;
- certain matters involving internal control and its operations necessary to bring to management's attention which are discussed in the section entitled Audit Findings and Recommendations; and
- certain instances of noncompliance with applicable laws and regulations or other matters that are required to be reported which are discussed in the section entitled Audit Findings and Recommendations.

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AUDIT FINDINGS AND RECOMMENDATIONS

Improve Application Controls – Repeat Finding

The Department of General Services (General Services) does not adequately monitor application access for its critical applications to evaluate user access and prevent or detect unauthorized access to those systems timely. We reviewed access controls for the PeopleSoft, CARS, and eVA applications to ensure management terminates user access in a timely manner and user privileges are reasonable based on responsibilities. Our review found the following deficiencies.

- General Services grants several employees improper access based on their responsibilities. For example, the Controller, Assistant Controller, and Accounts Receivable Manager have “Allpages” access. This allows them total control for all functions within the PeopleSoft system. Further, several employees have access to update receivable balances and enter and approve entries to the general ledger. The lack of appropriate segregation of duties creates significant risk in the financial system.
- Our test of 25 terminated employees with access to PeopleSoft found nine employees still had access to the system after leaving employment. Further, seven of the nine employees had at least a two month lapse in time before management removed these employees’ access from the system.
- Our test of three terminated employees with access to the Commonwealth Accounting and Reporting System (CARS) found that all three employees retained that access after their separation date. Further, General Service’s former Assistant Controller still had access nearly forty days after leaving the agency.
- Our test of 33 terminated employees with access to eVA (the Commonwealth’s procurement system) found 17 employees with access to the purchasing system beyond the 24-hour period allowed by the “eVA Electronic Procurement System Security Standard” after their separation date. General Services did not deactivate ten of those employee’s accounts within a month of termination and took more than a year to deactivate two accounts.
- We found that the PeopleSoft administrators do not perform periodic reviews of user access. We found that the eVA Security Officer performs only an annual certification of eVA user accounts while the standard set by General Services requires at least quarterly review. General Services leaves itself vulnerable to improper access to its sensitive systems by not performing these reviews.

We recommend General Services follow their practices for system access monitoring and control. Specifically, General Services’ management should perform periodic reviews to ensure the timely removal of terminated employees’ access and ensure users have access that is commensurate with their job responsibilities. Frequent reviews of user accounts allow system administrators to better monitor users’ responsibilities, ensuring the appropriate assignment of

roles and prompt removal of terminated employees' access. Continuous monitoring of access to information systems which are critical to the agencies' financial operations also helps mitigate the risk of errors and fraud.

AGENCY HIGHLIGHTS

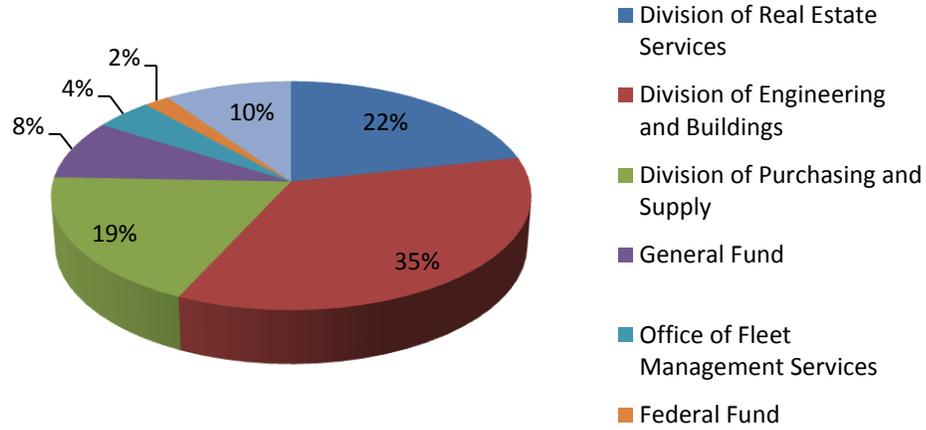
The Code of Virginia created the Department of General Services (General Services) and permits the Director to organize the divisions of the agency to best meet the needs of the Commonwealth and to promote effectiveness and efficiency. Currently, the agency is organized as follows:

- Office of the Director
- Division of Engineering and Buildings
- Division of Real Estate Services
- Division of Purchases and Supply
- Division of Consolidated Laboratory Services

Our audit focused on the internal controls over payroll, purchasing, deposits, account reconciliation, and proper segregation of duties which affect all General Services' Divisions. Our review also focused on the revenues collected and services provided by the Bureaus of Capital Outlay Management and Facilities Management within the Division of Engineering and Buildings; the Division of Real Estate Services; and the Commonwealth's electronic procurement system (eVA), and the Virginia Distribution Center within the Division of Purchases and Supply. Following are overviews of the operations and financial activity for General Services as a whole and within each of those Bureaus and Divisions.

Engineering and Buildings is the largest Division of General Services with respect to total expenses. During Fiscal Years 2009 and 2010, Engineering and Buildings total expenses represented approximately 35 percent of the agencies entire operations. The second largest division of General Services is Real Estate Services. During Fiscal 2009 and 2010, expenses from Real Estate Services made up approximately 22 percent of General Service's total expenses. Finally, General Services' third largest operation is Purchases and Supply. During Fiscal 2009 and 2010, expenses from Purchases and Supply made up approximately 19 percent of General Services' total operations.

**General Services Expenses by Fund
Fiscal Years ended June 30, 2010 and 2009**



During Fiscal Years 2009 and 2010, General Services received approximately \$43 million in general funds, and of that amount, General Services spent approximately \$42 million. Approximately 70 percent of these expenses were personal service costs, which included salary and benefits. General Services spent the remaining 30 percent primarily on building rentals, postal services, telecommunication and information system services, and other service contracts. A complete budget to actual comparison of the General Fund expenses of General Services is below for the fiscal years ending June 30, 2010 and 2009.

**General Fund Budget to Actual by Program
For the Year Ended June 30, 2010**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Expenses</u>
Procurement Services	\$ 3,883,810	\$ 2,382,811	\$ 2,381,944
Physical Plant Management Services	1,745,177	2,212,146	2,211,717
Real Estate Services	828,142	8,463	8,463
Laboratory Services	12,010,117	11,113,614	11,112,842
Administrative and Support Services	5,633,645	3,714,887	3,711,750
Executive Management Savings	<u>(2,036,480)</u>	-	-
Grand Total	<u>\$22,064,411</u>	<u>\$19,431,921</u>	<u>\$19,426,716</u>

**General Fund Budget to Actual by Program
For the Year Ended June 30, 2009**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Expenses</u>
Procurement Services	\$ 3,883,810	\$ 3,301,238	\$ 3,300,507
Physical Plant Management Services	1,745,177	2,295,177	2,154,621
Real Estate Services	828,142	8,463	8,463
Laboratory Services	11,912,146	11,889,646	11,889,640
Administrative and Support Services	<u>5,633,645</u>	<u>5,866,045</u>	<u>5,435,943</u>
Grand Total	<u>\$24,002,920</u>	<u>\$23,360,569</u>	<u>\$22,789,174</u>

OFFICE OF THE DIRECTOR

Fiscal Services Section

The Fiscal Services Section under the direction of the Controller uses PeopleSoft to not only provide fiscal management services to the department but also act as a fiscal service bureau for some smaller agencies of the Commonwealth. Internally, Fiscal Services uses 29 funds to account for General Services' revenues and expenses. Most notably, there are eight Special Revenue Funds and ten Internal Service Funds.

Fiscal Services within the Director's Office also provides administrative support for the following agencies:

- Department of Employment Dispute Resolution
- Department of Minority Business Enterprises
- Council on Human Rights
- Virginia Office for Protection and Advocacy

Procurement Services Section

Procurement Services provides the internal purchasing of goods, non-construction and non-professional service procurements for General Services. The Procurement Services Director also has responsibility for mail services provided to agencies in the Capitol Square area and surrounding counties. The Director also supervises the Commonwealth's state and federal surplus material business unit.

Human Resource Management Section

The Human Resource Management Section handles the employment processing including vacancy management, application screening, employee hiring, processing and orientation, employee records management, leave tracking, and employee benefits for all DGS Divisions and other business units. This section maintains records for over 600 classified and hourly employees.

Information Systems and Services Section

The Information Systems and Services Section provides security and oversight of the use of General Services multiple information system applications. The Section also participates in the solicitation and evaluation process for any new applications that General Services may need.

Management Audit and Review Team

Management Audit and Review Team provides an internal audit function and reports directly to the Director of General Services. This office conducts several audits annually and acts as the law enforcement liaison during fraud investigations.

Surplus Property Management Office

The Surplus Property Management Office seeks to re-use surplus or used material property, or to sell it to the public at competitive prices. General Services receives both state and federal surplus equipment. The State Surplus program provides a method for state agencies and institutions to properly dispose of equipment they no longer need. After approval of the Surplus Director, an agency can either dispose of its surplus material by transferring it to one of the Surplus Warehouses in Richmond or Wytheville.

The Federal Surplus Property program receives federal surplus and used assets various federal agencies. The federal government declares property not used within the federal system as surplus; a portion of the federal surplus is available to states for distribution to eligible participants. The DGS Surplus Property Management Office must manage the federal property received in accordance with its federal surplus property “State Plan of Operation.”

Office of Graphic Communications

Graphic Communications provides the public bodies of the Commonwealth with graphic design services. These services not only include the design of logos but also assistance with creating graphical presentations. Funding for graphic communications comes from fees charged to its customers. The Graphic Communication budget is less than one percent of the total budget for General Services in any given year.

DIVISION OF ENGINEERING AND BUILDINGS

As the largest Division of General Services, Engineering and Buildings provides architectural and property management services through two bureaus: Capital Outlay Management and Facilities Management. The Director of Engineering and Buildings is also the Building Official for all construction projects on state-owned land.

Capital Outlay Management

Capital Outlay Management is the sole issuer of building permits and certificates of use and occupancy for any buildings constructed or renovated on state-owned property except for the University of Virginia and College of William and Mary who have delegated authority over their own property. Capital Outlay Management also grants other permits for items such as temporary structures, industrialized buildings, towers, antennae, and demolition. Capital Outlay Management must perform a substantial completion inspection for all capital projects; however, agencies can request Capital Outlay Management to perform other necessary inspections as well.

Capital Outlay Management performs cost and scope reviews of proposed state construction in coordination with the Department of Planning and Budget during the budgeting process. In addition, Capital Outlay Management develops and maintains the Commonwealth's policies and procedures for the procurement of professional and construction services. Capital Outlay Management provides training and assistance to state agencies, public bodies, and the private sector on the policies and procedures for procurement of construction and related professional services and administers the Virginia Construction Contracting Officer exam and certification.

Capital Outlay Management does not perform project management duties over state construction projects; it is the agencies' responsibility to employ staff or hire consultants to perform these functions. However, Capital Outlay Management does provide the necessary project management policies and forms that help agencies manage projects properly and effectively.

Capital Outlay Management reviews capital project designs of state buildings for compliance with all applicable building code requirements during each of the three project design phases (schematics, preliminary drawings, and working drawings) and upon completion of construction. In addition, Capital Outlay Management also reviews construction designs to determine whether the design enables the project to comply with the Commonwealth's procurement regulations during construction bidding.

Capital Outlay Management can recommend design changes to make the building more efficient and reduce costs. However, Capital Outlay Management cannot require agencies to alter the design to reduce costs. It is the owning agency's decision whether to incorporate any recommendations. These reviews also help avoid change orders due to design errors and omissions; although, change orders for other reasons can occur. The result of these reviews is to have a code compliant capital project that is constructible within scope and budget and complies with the Commonwealth's procurement laws.

Bureau of Facilities Management

The Bureau of Facilities Management (Facilities Management) provides for the maintenance, repair, and operation of state-owned facilities in the Capitol Square Complex. The Capitol Square Complex includes approximately 40 office buildings, 20 parking facilities, and the Capitol Grounds. Facilities Management charges a lease fee annually to agencies using their facilities, which cover normal expenses for the maintenance and upkeep of the buildings and grounds. Facilities Management also performs maintenance and repair work for state-owned buildings not under the purview of General Services. These agencies pay General Services either annually or semi-annually for the work under negotiated service agreements. Finally, Facilities Management administers ongoing capital outlay projects assigned to General Services. In addition, Facilities Management oversees the procurement and management of professional and non-professional services for construction and maintenance projects undertaken at Capitol Square.

During Fiscal 2009 and 2010, Facilities Management received approximately \$56 million (or 68 percent) of its revenues from its rental plans or master space agreements. Further, Facilities Management received approximately \$12 million (or 15 percent) of its revenues from service agreements for state-owned buildings not under the purview of General Services. Finally, Facilities Management received approximately \$8 million (or nine percent) of its revenues from special work orders requested by different state agencies.

Facilities Management's significant expenses included Utilities, Agency Service Charges, Architectural and Engineer Services, Mechanical and Maintenance Services, and Skilled Services. The Master Space or Service Agreements between the State Agencies and Facilities Management determines where Facilities Management will incur the majority of their expenses. Salaries are other significant expenses of Facilities Management. Facilities Management employs a number of trade technicians who perform the upkeep on the capitol complex. When performing services for state agencies, the trade technicians charge an hourly rate which the Joint Legislative Audit Review Committee (JLARC) approves.

**Facilities Management
Schedule of Activities
For the Years Ended June 30, 2010 and 2009**

	<u>2010</u>	<u>2009</u>
Revenues:		
State building rent	\$26,566,486	\$29,770,695
State building maintenance	6,010,004	6,016,923
Buildings and grounds	3,849,650	3,670,895
Other	<u>5,736,080</u>	<u>864,554</u>
Total revenues	<u>42,162,220</u>	<u>40,323,067</u>
Expenses:		
Payroll	9,233,488	8,340,120
Utilities	7,432,923	7,513,658
Mechanical maintenance service	2,411,330	2,891,688
Custodial services	3,351,844	2,731,795
Skilled services	2,012,822	2,572,412
Other	<u>16,126,203</u>	<u>15,258,843</u>
Total expenses	<u>\$40,568,610</u>	<u>\$39,308,516</u>

In addition to the Bureau's maintenance and lease operations, it also manages a number of Capital Outlay projects funded by the Virginia Public Building Authority (VPBA). During Fiscal 2009 and 2010, Facilities Management spent approximately \$108 million on Capital Outlay projects. Specific projects included the renovation of the Washington Building, War Memorial, and the acquisition and renovation of the Main Street Center and Richmond Health Clinic. VPBA bond proceeds provide the primary funding for all of these projects. Below is a summary of significant VPBA activity for fiscal years 2010 and 2009.

**VPBA Capital Outlay Projects
Schedule of Activities
For the Years Ended June 30, 2010 and 2009**

	<u>2010</u>	<u>2009</u>
Revenues:		
Capital appropriations	<u>\$48,891,138</u>	<u>\$111,941,832</u>
Total revenues:	<u>48,891,138</u>	<u>111,941,832</u>
Expenses:		
Property acquisitions	10,630,134	59,400,097
Building improvements	8,622,732	14,082,465
Architectural and engineering services	1,616,484	7,056,249
Skilled services	5,003,446	416,995
Other	<u>821,325</u>	<u>768,459</u>
Total expenses	<u>\$26,694,121</u>	<u>\$ 81,724,265</u>

DIVISION OF REAL ESTATE SERVICES

The Division of Real Estate Services contracts with C.B. Richard Ellis to serve as a lease broker between Commonwealth agencies and various property owners in order to secure lower costs for leased office space for customer agencies. Real Estate Services provides day-to-day management including payment of rents and other charges to property owners for individual leases, and in-turn charges agencies an administrative fee for their services.

Real Estate Services contracted with Bricsnet FM America to deliver a consolidated, fully integrated Real Estate Management System to manage the Commonwealth's real estate assets. The resultant system, IREMS (Integrated Real Estate Management System) is a web based system that allows access from any location and provides a property, lease and process information to authorized users.

Real Estate Services bills agencies for the rent plus an administrative fee, and then pays the property owner. Real Estate Services charged a five percent fee for agencies under a "master lease" and three and a half percent for agencies under a "single lease" during 2009 and part of 2010. This rate was effective July 1, 2008 after JLARC's approval and there were no further changes until Fiscal 2010. During Fiscal 2010, the "master lease" rate was reduced to four percent and the "single lease" rate was reduced to three percent.

During Fiscal 2009 and 2010, Real Estate Services received all of its revenue from the rental of leased property. Rental revenue includes the base lease fee which is passed through to the underlying property owner, any additional rents charged by property owners, and the Division's service charge for managing the underlying lease. Below is a summary of revenues and expenses for Real Estate Services for fiscal years 2010 and 2009.

**Real Estate Services
Schedule of Activities
For the Years Ended June 30, 2010 and 2009**

	<u>2010</u>	<u>2009</u>
Revenues:		
Rent	\$57,555,221	\$55,156,455
Other	<u>844,316</u>	<u>1,228,412</u>
Total revenues:	<u>58,399,537</u>	<u>56,384,867</u>
Expenses:		
Plant rentals	54,786,228	54,005,265
Payroll	1,488,464	1,388,662
Other	<u>2,106,297</u>	<u>888,751</u>
Total expenses	<u>\$58,380,989</u>	<u>\$56,282,678</u>

DIVISION OF PURCHASES AND SUPPLY

The Division of Purchases and Supply establishes state policies and procedures for purchasing non-information technology and non-professional goods and services based on the Virginia Public Procurement Act. Furthermore, they establish statewide goods and service contracts and assist agencies with the purchase of high-dollar goods and non-professional services.

Procurement Services

Purchases and Supply provides a number of procurement services to Commonwealth agencies and local governments including regular procurement training, procurement review services, and policy assistance and consulting. Purchases and Supply provides three separate certification programs for state and local government employees and provides the necessary training to maintain those certifications. Purchases and Supply also sponsors an annual Procurement Forum for buyers and vendors that do business with the Commonwealth in order to provide updated training on procurement in the Commonwealth. Procurement Services also negotiates and maintains a state-wide catalog of contracts available for all state agencies and local governments to use for certain common supplies and services. These activities are funded through the General Fund.

Electronic Procurement – eVA

Purchases and Supply manages the Commonwealth's electronic procurement system (eVA). The Division contracts with CGI, an international technology application service provider and consulting firm, to provide the hosted electronic procurement application and consult with Division management to provide technical support and periodic improvements to the application as required by Commonwealth agencies. The current five-year contract period ends on June 30, 2011, however General Services renewed the contract for an additional five years. The Division collects a 0.1 percent fee from agencies and a one percent fee from vendors who use eVA to pay for the total cost of maintaining the application.

The Division funds the system through the collection of fees from agencies and registered vendors. The Division also provides local governments with access to use the system at no cost to the local government, in order to expand vendor fee revenue and to further subsidize the cost to state agencies.

During Fiscal Years 2009 and 2010, the Division spent approximately \$26.9 million on contractual commitments with CGI. Of this amount, the Division spent approximately \$24 million on base contract payments. Further, the Division spent approximately \$950,000 on negotiated and scheduled system improvements during Fiscal 2009 and \$1.9 million during Fiscal 2010.

**eVA Internal Service Fund
Schedule of Activities
For the Years Ended June 30, 2010 and 2009**

	<u>2010</u>	<u>2009</u>
Revenues:		
Vendor transaction fees	\$12,828,906	\$13,542,202
State agency transaction fees	7,027,160	9,248,181
Other	<u>3,151</u>	<u>9,133</u>
Total revenues	<u>19,859,217</u>	<u>22,799,516</u>
Expenses:		
Management services	14,106,574	13,059,942
Payroll	2,543,625	1,814,586
Employee training	14,049	977,734
Agency service charges	976,553	868,263
Other	<u>394,005</u>	<u>1,148,052</u>
Total expenses	<u>\$18,034,806</u>	<u>\$17,868,577</u>

Virginia Distribution Center

Purchases and Supply also operates the Virginia Distribution Center (Distribution Center), which is an economic order quantity purchasing and distribution operation for food and nonfood items for resale to state agencies, local governments, and public schools. The Distribution Center charges a 12 percent fee on its cost of goods sold, which covers purchasing, distribution and inventory management expenses. The Distribution Center is a mandatory source supplier for the items they stock. The stock includes, but is not limited to, frozen and staple food, food related items, housekeeping and janitorial supplies, paint, flags, and paper products such as toilet paper.

The Distribution Center currently uses a perpetual inventory system to track all inventory transactions including receipts, orders, invoices, sales, counts, etc. The Distribution Center performs on-going cycle counts during the fiscal year to ensure the accuracy of inventory balances. The Distribution Center is also in the process of procuring a new inventory system. The objective of implementing a new system is to reduce continuous efforts to update inventory and rely on real time efforts.

**Distribution Center
Schedule of Activities
For the Years Ended June 30, 2010 and 2009**

	<u>2010</u>	<u>2009</u>
Revenues:		
Sales to state agencies	\$25,254,079	\$27,373,112
Sales to local governments	6,672,711	6,997,770
Other	<u>3,463</u>	<u>368</u>
Total revenues	<u>31,930,253</u>	<u>34,371,250</u>
Expenses:		
Merchandise	27,188,884	28,559,494
Freight charges	1,364,135	1,624,217
Payroll	1,476,261	1,574,765
Other	<u>1,080,007</u>	<u>1,040,523</u>
Total expenses	<u>\$31,109,287</u>	<u>\$32,798,999</u>



Commonwealth of Virginia

Walter J. Kucharski, Auditor

**Auditor of Public Accounts
P.O. Box 1295
Richmond, Virginia 23218**

April 6, 2011

The Honorable Robert F. McDonnell
Governor of Virginia

The Honorable Charles J. Colgan
Chairman, Joint Legislative Audit
and Review Commission

We have audited the financial records and operations of the Department of General Services (General Services) for the years ending June 30, 2009 and June 30, 2010. We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Audit Objectives

Our audit's primary objectives were to evaluate the accuracy of recorded financial transactions in the Commonwealth Accounting and Reporting System and the PeopleSoft Financial System, review the adequacy of General Services' internal controls, test compliance with applicable laws and regulations, and review corrective actions of audit findings from prior year reports.

Audit Scope and Methodology

The Department of General Services' management has responsibility for establishing and maintaining internal control and complying with applicable laws and regulations. Internal control is a process designed to provide reasonable, but not absolute, assurance regarding the reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations.

We gained an understanding of the overall internal controls, both automated and manual, sufficient to plan the audit. We considered significance and risk in determining the nature and extent of our audit procedures. Our review encompassed controls over the following significant cycles, classes of transactions, and account balances.

Revenues and Billings
Contractual Service Expenses
Supplies and Material Expenses
Continuous Charge Expenses
Capital Outlay Projects
Payroll Expenses
Plant and Improvement Expenses
Purchase Card Expenses
Systems Controls

We performed audit tests to determine whether General Services' controls were adequate, had been placed in operation, and were being followed. Our audit also included tests of compliance with provisions of applicable laws and regulations. Our audit procedures included inquiries of appropriate personnel, inspection of documents, records, and contracts, and observation of the General Services' operations. We tested transactions and performed analytical procedures, including budgetary and trend analyses.

Conclusions

We found that the Department of General Services properly stated, in all material respects, the amounts recorded and reported in the Commonwealth Accounting and Reporting System and PeopleSoft Financial System. The Department of General Services records its financial transactions on the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The financial information presented in this report came directly from the Commonwealth Accounting and Reporting System.

We noted certain matters involving internal control and its operation and compliance with applicable laws and regulations that require management's attention and corrective action. These matters are described in the section entitled "Audit Findings and Recommendations."

General Services has taken adequate corrective action with respect to audit findings reported in the prior year that are not repeated in this letter.

Exit Conference and Report Distribution

We discussed this report with management on April 26, 2011. Management's response to the findings identified in our audit is included in the section titled "Agency Response." We did not audit management's response and, accordingly, we express no opinion on it.

This report is intended for the information and use of the Governor and General Assembly, management, and the citizens of the Commonwealth of Virginia and is a public record.

AUDITOR OF PUBLIC ACCOUNTS

AWP/clj



COMMONWEALTH of VIRGINIA

Department of General Services

Richard F. Sliwoski, P.E.
Director

May 6, 2011

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Deputy Director

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TO: Walter J. Kucharski
Auditor of Public Accounts

FROM: Richard F. Sliwoski, Director
Department of General Services

A handwritten signature in black ink, appearing to be "RFS", written over the name "Richard F. Sliwoski, Director".

SUBJECT: RESPONSE TO FY09/FY10 AUDIT

The following is the Department's response to the audit point contained in our FY09/FY10 audit:

Audit Point:
Improve Application Controls – Repeat Finding

The Department of General Services (General Services) does not adequately monitor application access for its critical applications to evaluate user access and prevent or detect unauthorized access to those systems timely. We reviewed access controls for the PeopleSoft, CARS, and eVA applications to ensure management terminates user access in a timely manner and user privileges are reasonable based on responsibilities. Our review found the following deficiencies.

- General Services grants several employees improper access based on their responsibilities. For example, the Controller, Assistant Controller, and Accounts Receivable Manager have "Allpages" access. This allows them total control for all functions within the PeopleSoft system. Further, several employees have access to update receivable balances and enter and approve entries to the general ledger. The lack of appropriate segregation of duties creates significant risk in the financial system.
- Our test of 25 terminated employees with access to PeopleSoft found nine employees still had access to the system after leaving

employment. Further, seven of the nine employees had at least a two month lapse in time before management removed these employees' access from the system.

- Our test of three terminated employees with access to the Commonwealth Accounting and Reporting System (CARS) found that all three employees retained that access after their separation date. Further, General Service's former Assistant Controller still had access nearly forty days after leaving the agency.
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- We found that the PeopleSoft administrators do not perform periodic reviews of user access. We found that the eVA Security Officer performs only an annual certification of eVA user accounts while the standard set by General Services requires at least quarterly review. General Services leaves itself vulnerable to improper access to its sensitive systems by not performing these reviews.

We recommend General Services follow their practices for system access monitoring and control. Specifically, General Services' management should perform periodic reviews to ensure the timely removal of terminated employees' access and ensure users have access that is commensurate with their job responsibilities. Frequent reviews of user accounts allow system administrators to better monitor users' responsibilities, ensuring the appropriate assignment of roles and prompt removal of terminated employees' access. Continuous monitoring of access to information systems which are critical to the agencies' financial operations also helps mitigate the risk of errors and fraud.

Response:

DGS has noticed several process areas that could be modified to improve our current controls. Recognizing that "single sign on" is not technology that is currently available to DGS, DGS must ensure that access to multiple applications are all individually deleted when an employee terminates. In order to address the current access removal deficiency, the Department's Information System Section will modify our internal security application to automate the access removal process by triggering the request to remove access based on the termination transaction initiated by the Department's Human Resource Section. To expedite the process, when DGS HR enters a termination transaction, the

system will automatically notify all of the individual persons responsible for deleting access to their assigned applications without requiring any approvals from either supervisor or agency security officers. As an additional measure, the security application will also be modified to automatically send out daily reminders to ensure access is removed and the records in the security application are updated. A copy of the daily notifications will also be sent to the agency ISO. The daily notifications will provide the necessary means for the ISO to monitor timely completion and to document any exceptions. Part of the current process is to also maintain an Excel spreadsheet to record the dates when emails from HR are received as well as dates when security application requests are received. Going forward, the ISO will also track and document all separations to include termination date, when access is removed based on the security application recorded dates, and document any exceptions.

These actions will be completed by June 30, 2011.

DEPARTMENT OF GENERAL SERVICES

Lisa Hicks-Thomas
Secretary of Administration

Richard F. Sliwoski, P.E.
Director, Department of General Services

Joseph Damico
Deputy Director, Department of General Services

Bryan W. Wagner
Controller, Department of General Services