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David A. Vaudt, CPA
Auditor of State

NEWS RELEASE

Contact: Andy Nielsen
FOR RELEASE _____December 31, 2003_____515/281-5834

Auditor of State David A. Vaudt today released a report on the review of selected general controls for the Iowa Department of Workforce Development information system for the period May 30 through June 13, 2003.

Vaudt recommended that the Department develop and implement procedures to improve physical and logical access to system resources.

A copy of the report is available for review at the Iowa Department of Workforce Development or the Office of Auditor of State.

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**REPORT OF RECOMMENDATIONS TO THE
IOWA WORKFORCE DEVELOPMENT
ON THE REVIEW OF SELECTED GENERAL CONTROLS**

MAY 30 TO JUNE 13, 2003

$=====$ Office of $=====$

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OF STATE

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David A. Vaudt, CPA
Auditor of State

July 22, 2003

To Richard V. Running, Director of the
  Iowa Department of Workforce Development:

In conjunction with our audit of the financial statements of the State of Iowa for the year ended June 30, 2003, we have conducted an information technology review of selected general controls for the period May 30 through June 13, 2003. Our review focused on the access controls for the Iowa Department of Workforce Development's information system as they relate to our audit of those financial statements. The review was more limited than would be necessary to give an opinion on internal controls. Accordingly, we do not express an opinion on internal controls or ensure that all deficiencies in internal controls are disclosed.

In conducting our review, we became aware of certain aspects concerning information technology controls for which we believe corrective action is necessary. As a result, we have developed recommendations, which are reported on the following pages. We believe you should be aware of these recommendations which pertain to the Department's information system access controls. These recommendations have been discussed with Department personnel, and their responses to these recommendations are included in this report.

This report, a public record by law, is intended solely for the information and use of the officials and employees of the Iowa Department of Workforce Development, citizens of the State of Iowa, and other parties to whom the Iowa Department of Workforce Development may report. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of the Iowa Department of Workforce Development during the course of our review. Should you have any questions concerning the above matters, we shall be pleased to discuss them with you at your convenience. Individuals who participated in our review of access controls are listed on page 6, and they are available to discuss these matters with you.

DAVID A. VAUDT, CPA
Auditor of State

cc: Honorable Thomas J. Vilsack, Governor
        Cynthia P. Eisenhauer, Director, Department of Management
        Dennis C. Prouty, Legislative Services Agency

Information System Access Controls

A.   Scope and Methodology

In conjunction with our audit of the financial statements of the State of Iowa, we reviewed selected aspects of the general controls in place over the Department's information system for the period May 30 through June 13, 2003. Specifically we reviewed the general control: access controls. We interviewed staff from the Department and we reviewed Department policies and procedures. To assess the level of compliance with identified controls, we performed selected tests.

We planned and performed our review to adequately assess those Department operations that are within our review scope. We developed an understanding of the Department's internal control that is relevant to the operations included in our review scope. We believe our review provides a reasonable basis for our recommendations.

We use a risk-based approach when selecting activities to be reviewed. We therefore focus our review efforts on those activities we have identified through a preliminary survey as having the greatest probability for needing improvement. Consequently, by design, we use our finite review resources to identify where and how improvements can be made. Thus, we devote little effort to reviewing operations that may be relatively efficient or effective. As a result, we prepare our review reports on an "exception basis." This report, therefore, highlights those areas needing improvement and does not address activities that may be functioning properly.

B.   Results of the Review

As a result of our review, we found that certain controls can be strengthened to further ensure the reliability of financial information. Our recommendations, along with the Department's responses, are listed in the remainder of this report.

Access Controls:

(1)   Periodic Review of User Access – The Iowa Department of Workforce Development (IWD) uses an access request system to grant, maintain, and remove user logical access to their systems.

No policy exists to ensure that resource owners are periodically reviewing the user access to the IWD system in order to determine its appropriateness.

Recommendation – IWD should establish policies and procedures to ensure that resource owners perform periodic checks to determine that individuals with logical access to IWD computer resources are appropriate.

Response – IWD will establish a resource owner review process and document changes in the IWD Administrative Manual. The process changes will be documented in the Management Accountability, Data Access and Technology Access sections.

Conclusion – Response accepted.

(2) <u>System Access for Terminated or Transferred Employees</u> – IT Security should be notified immediately when system users are terminated or transferred in order to prevent unauthorized access to system resources.

IWD has not implemented agency-wide policies and procedures to ensure that IT security is notified when employees terminate or are transferred. Logical access for two of ten employees tested had not been revoked even though the employees were no longer employed by IWD. Also, the time elapsed to remove known terminated or transferred employees tested was up to eighteen days before access was revoked.

<u>Recommendation</u> – IWD should develop and implement procedures to ensure that IT security is notified timely when employees terminate employment or are transferred within IWD.

<u>Response</u> – IWD will establish a resource owner review process and document changes in the IWD Administrative Manual. The process changes will be documented in the Management Accountability, Data Access and Technology Access sections. IWD has implemented an automated process to notify Security Approvers when an employee is terminated or transferred through a crossmatch of the Personnel Files (HRIS) and the IWD Access Request System.

<u>Conclusion</u> – Response accepted.

(3) <u>Data Center Access</u> – Physical security controls restrict physical access to computer resources and protect them from intentional or unintentional loss or impairment. One such control is through the use of magnetic proximity cards that restrict access to the IWD data center. Access should be limited to personnel with a legitimate need for access to perform their job duties.

No policies or procedures are in place to document the return of magnetic proximity cards upon the termination of employees. Also, no procedure is in place to verify that Business Management is notified to deactivate proximity cards upon the termination of employees.

<u>Recommendation</u> – IWD should establish procedures to periodically review the list of individuals with access to the computer room and remove individuals who do not need access to perform their duties. Also, procedures should be established to collect the proximity cards of departing employees.

<u>Response</u> – IWD will establish a resource owner review process and document changes in the IWD Administrative Manual. The process changes will be documented in the Management Accountability, Data Access and Technology Access sections.

<u>Conclusion</u> – Response accepted.

Staff:

Questions or requests for further assistance should be directed to:

    Erwin L. Erickson, CPA, Director
    Gina L. Cunningham, CPA, Senior Auditor
    Andrew E. Nielsen, CPA, Deputy Auditor of State

Other individuals who participated on this review include:

    Denise A. Walter, CPA, Senior Auditor II