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Secretary of State

State of Oregon  
Department of Administrative Services

**STATEWIDE FINANCIAL  
MANAGEMENT SYSTEM  
Phase 2B Part 1 Review**



Audits Division

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Secretary of State

Audits Division

*Auditing for a Better Oregon*

The Honorable John Kitzhaber  
Governor of Oregon  
State Capitol  
Salem, Oregon 97310

Jon Yunker, Director  
Department of Administrative Services

John Radford, Administrator  
State Controller's Division  
Department of Administrative Services

Curt Pederson  
Chief Information Officer  
Information Resources Management Division  
Department of Administrative Services  
155 Cottage Street NE  
Salem, Oregon 97310

We have been actively involved in the Statewide Financial Management System (SFMS) conversion process since August 1994. At that time we performed our first implementation readiness assessment. Since then, we have been attending meetings, reviewing documentation, and monitoring the progress toward implementation. Throughout the course of our audit work, we have kept the SFMS project managers informed of the critical results of our testing.

At the request of the Department of Administrative Services (DAS), we agreed to perform a review of the implementation readiness of the Phase 2B Part 1 agencies. Our audit objectives were:

1. To identify any significant problems that could prevent an agency from accurately converting data to SFMS.
2. To determine whether agencies have developed sufficient SFMS Relational Statewide Accounting and Reporting System (R\*STARS) and Advanced Purchasing and Inventory Control System (ADPICS) desk procedures and received sufficient training for the employees to conduct business activities after implementing R\*STARS and ADPICS.
3. To determine whether agencies' user security assignments provided for an adequate segregation of duties related to the operation of R\*STARS.

4. To determine whether the accounting data reported by R\*STARS accurately represents account balances converted from the Executive Accounting System (EAS), Control Accounting System (CAS), and other agency accounting systems.

To accomplish these objectives, we agreed to perform the following procedures:

- ◆ Attended meetings where the agencies' readiness status was reviewed. We reviewed agencies' EAS or other agency accounting systems to CAS reconciliations to determine if they were properly prepared and current. We performed other inquiries as needed to identify problems that would prevent agencies from accurately converting data to SFMS.
- ◆ Inquired about the status of agency desk procedures to determine if the procedures were complete and had been appropriately distributed. We determined if the agency's employees had tested the desk procedures to ensure that each procedure was defined accurately and would serve the agency's business needs. We also inquired about the training received by the agency's staff, to determine if they would be able to conduct the agency's business after conversion.
- ◆ Reviewed the R\*STARS user class security assignments by employee within each agency. We looked for situations where the access authorized did not allow for adequate segregation of duties. When necessary, we followed up with the agency and the state security officer to determine if the questioned user classes were necessary or adequate.
- ◆ Reviewed the agencies' procedures for reconciling EAS, CAS, or other agency accounting system financial reports to R\*STARS financial reports. On a test basis, we traced a representative sample of summary and detailed balances from EAS, CAS, or other agency accounting systems to R\*STARS. We observed the performance of verification and error correction procedures and determined whether the accounting data converted to the desired R\*STARS data output.

Our audit scope was limited to reviewing conversion documentation for the following Phase 2B Part 1 agencies:

Department of Justice  
Oregon Scholarship Commission  
Bureau of Labor and Industries  
Board of Medical Examiners  
Legislative Counsel Committee

We provided the SFMS project manager with the draft results of these procedures on August 30, 1996, for use when making the decision on whether to proceed with the implementation in September 1996.

Implementation risk was defined as the risk that the data converted from EAS, CAS, or other agency accounting systems to R\*STARS would not be accurate and that the agency would not be able to conduct business activities after implementation. The risk assessment results are summarized in the following table. The detailed results by agency of these implementation readiness procedures are included in Attachment 1.

### Implementation Risk Assessment

Agency	Readiness Status	Training and Desk Procedures	Security	Conversion Reconciliation	Overall Implementation Risk	Page No.
Department of Justice	LOW	MEDIUM	LOW	MEDIUM	MEDIUM	10
Oregon Scholarship Commission	LOW	MEDIUM	LOW	MEDIUM	MEDIUM	12
Bureau of Labor and Industries	LOW	MEDIUM	LOW	LOW	LOW	14
Board of Medical Examiners	LOW	MEDIUM	LOW	LOW	LOW	16
Legislative Counsel Committee	LOW	LOW	LOW	LOW	LOW	18

In addition to the implementation readiness assessment and interface testing procedures, we also performed post-implementation conversion procedures. For the post-implementation conversion review, our objectives were:

1. To determine if the user class security assignments appeared to be appropriate and whether adequate segregation of duties existed.
2. To determine whether the accounting data reported by R\*STARS accurately represented account balances converted from EAS, CAS, and other agency accounting systems.

We performed the following post-implementation conversion procedures to provide assurance that the accounting data converted completely and accurately.

- ◆ We determined if significant changes in user class security assignments had occurred since our review of implementation readiness and ensured that access authorization still provided for adequate segregation of duties.

- ◆ On a test basis, we traced a representative sample of summary and detailed balances from EAS, CAS, or other agency accounting systems to R\*STARS. We determined if reconciling items had been resolved and whether the accounting data correctly converted to the desired R\*STARS data output.

Overall, the assessed post-implementation conversion risk was LOW for all agencies, as summarized below. The detailed results by agency of the post-implementation conversion review are included in Attachment 2. Conversion risk was defined as the risk that the conversion from EAS, CAS, or other agency accounting systems to R\*STARS did not result in correct beginning balances.

### Post-Implementation Conversion Risk Assessment

Agency	Security	Conversion Reconciliation	Significant Outstanding Reconciling Items	Overall Conversion Risk	Page No.
Department of Justice	ok	materially correct	none	LOW	22
Oregon Scholarship Commission	ok	materially correct	none	LOW	23
Bureau of Labor and Industries	ok	materially correct	none	LOW	24
Board of Medical Examiners	ok	materially correct	none	LOW	25
Legislative Counsel Committee	ok	materially correct	none	LOW	26

We appreciate the cooperation of the DAS SFMS section, KPMG Peat Marwick implementation analysts, and agency personnel during the course of our reviews.

Sincerely,  
OREGON AUDITS DIVISION

Don Waggoner, CPA  
State Auditor

Fieldwork Completion Date:  
December 9, 1996

## **REPORT DISTRIBUTION**

This report is a public record and is intended for the information of the Department of Administrative Services, the governor of the state of Oregon, the Department of Justice, the Oregon Scholarship Commission, the Bureau of Labor and Industries, the Board of Medical Examiners, and the Legislative Counsel Committee.

## **AUDIT TEAM**

Nancy Buffinton-Kelm, CPA, CISA, Audit Administrator  
Patty Ross, CPA  
Rob Olson  
Phil Burger, CPA  
Brenda Fairbrother  
Curt Hartinger  
Tony Marick



Attachment 1

**Implementation Readiness Assessment  
Detailed Results by Agency**

**Implementation Readiness Assessment  
Detailed Results by Agency**

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**DEPARTMENT OF JUSTICE**

**Readiness Status (Audit Objective No. 1)**

We attended status meetings and reviewed the agency's EAS to CAS reconciliations to determine if they were current. We also performed other procedures, including a review of the proposed R\*STARS fund types and inquiries of DAS accounting analysts. Our tests and procedures were designed to identify any significant problems that could prevent the agency from converting to SFMS. We were not aware of any significant problems existing prior to conversion except as described in the following sections.

The risk that the Department of Justice will not be able to convert due to significant problems is LOW.

**Training and Desk Procedures (Audit Objective No. 2)**

We inquired about the status of the agency's desk procedures and the extent of their user training. We found that agency personnel have not prepared procedures and have not had hands-on practice using the system, although some have attended training classes. We were told that the agency intends to obtain hands-on practice prior to conversion. At this time, agency personnel appear to lack adequate procedures and training to enable them to conduct business after implementing SFMS.

The risk associated with training and procedures is MEDIUM.

**Security (Audit Objective No. 3)**

We reviewed the agency's user class security assignments to assure that system access authorizations provide sufficient segregation to reasonably prevent unauthorized transactions. The user class security assignments appear to be appropriate based upon each employee's duties and functions.

The risk associated with the Department of Justice's security was assessed at LOW.

**Implementation Readiness Assessment  
Detailed Results by Agency**

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**Conversion Reconciliation (Audit Objective No. 4)**

We obtained test conversion reconciliations and attempted to trace selected balances to EAS and to R\*STARS. We attempted to ensure that reconciling items were identified and explained by agency personnel. Verification and error correction procedures have not been completed and some variances have not been identified. Furthermore, the system crosswalk setup process has not been completed. It appears that problems may be encountered in converting the agency's accounting data properly to R\*STARS.

The risk associated with the Department of Justice's conversion reconciliation was assessed at MEDIUM.

**Overall Implementation Risk**

We noted some conditions at the Department of Justice that could cause the conversion to R\*STARS to be unsuccessful or that could prevent the agency from conducting business activities after SFMS implementation. Overall, implementation risk was assessed at MEDIUM.

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**Implementation Readiness Assessment  
Detailed Results by Agency**

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**OREGON SCHOLARSHIP COMMISSION**

**Readiness Status (Audit Objective No. 1)**

We attended status meetings and reviewed the agency's EAS to CAS reconciliations to determine if they were current. In addition, we examined the EAS Project Summary report to ensure that grant project expenditures were properly posted from EAS to R\*STARS. We also made inquiries of DAS accounting analysts. Our tests and procedures were designed to identify any significant problems that could prevent an agency from converting to SFMS. We were not aware of any significant problems existing prior to conversion except as described in the following sections.

The risk that the Oregon Scholarship Commission will not be able to convert due to significant problems is LOW.

**Training and Desk Procedures (Audit Objective No. 2)**

We inquired about the status of the agency's desk procedures and the extent of their user training. We found that agency personnel have not prepared procedures and have had limited SFMS training. We were told that the agency plans to prepare procedures and obtain training subsequent to final conversion. At this time, agency personnel appear to lack adequate procedures and training to enable them to conduct business after implementing SFMS.

The risk associated with training and procedures is MEDIUM.

**Security (Audit Objective No. 3)**

We reviewed the agency's user class security assignments to assure that system access authorizations provide sufficient segregation to reasonably prevent unauthorized transactions. The user class security assignments appear to be appropriate based upon each employee's duties and functions.

The risk associated with the Oregon Scholarship Commission's security was assessed at LOW.

**Implementation Readiness Assessment  
Detailed Results by Agency**

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**Conversion Reconciliation (Audit Objective No. 4)**

We obtained test conversion reconciliations and traced selected balances to EAS and R\*STARS. We ensured that reconciling items were identified and explained by agency personnel. Verification and error correction procedures appeared reasonable. We noted that some EAS funds were incorrectly crosswalked to SFMS funds. Furthermore, a conversion reconciliation worksheet had not been prepared for one fund.

The risk associated with the Oregon Scholarship Commission's conversion reconciliation was assessed as MEDIUM.

**Overall Implementation Risk**

We noted some conditions at the Oregon Scholarship Commission that could cause the conversion to R\*STARS to be unsuccessful or could prevent the agency from conducting business activities after SFMS implementation. Overall, implementation risk was assessed at MEDIUM.

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**Implementation Readiness Assessment  
Detailed Results by Agency**

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**BUREAU OF LABOR AND INDUSTRIES**

**Readiness Status (Audit Objective No. 1)**

We attended status meetings, reviewed readiness checklists, and reviewed the agency's EAS to CAS reconciliations to determine if they were current. We also performed other procedures, including inquiries of DAS accounting analysts. Our tests and procedures were designed to identify any significant problems that could prevent an agency from converting to SFMS. We were not aware of any significant problems existing at conversion except as described in the following sections.

The risk that the Bureau of Labor and Industries will not be able to convert due to significant problems is LOW.

**Training and Desk Procedures (Audit Objective No. 2)**

We inquired about the status of the agency's desk procedures and the extent of their user training. We found that, except for the agency project manager, training for agency staff was not completed until approximately three weeks before conversion. Therefore, the agency's staff has not been able to get adequate hands-on practice with the system or develop all required desk procedures. We were told that after the training has been completed, the agency will practice on the system and develop needed procedures. At this time, agency personnel may not have sufficient training to enable them to conduct business after implementing SFMS.

The risk associated with training and procedures is MEDIUM.

**Security (Audit Objective No. 3)**

We reviewed the agency's user class security assignments to assure that system access authorizations provide sufficient segregation to reasonably prevent unauthorized transactions. The user class security assignments appear to be appropriate based upon each employee's duties and functions.

The risk associated with the Bureau of Labor and Industries' security was assessed at LOW.

**Implementation Readiness Assessment  
Detailed Results by Agency**

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**Conversion Reconciliation (Audit Objective No. 4)**

We obtained test conversion reconciliations and traced selected balances to EAS and R\*STARS with no exceptions. We ensured that reconciling items were identified and explained by agency personnel. Verification and error correction procedures appeared reasonable. It appears that the accounting data converted properly to R\*STARS.

The risk associated with the agency's conversion reconciliation was assessed at LOW.

**Overall Implementation Risk**

Other than concerns about procedures and training, we did not find any conditions at the Bureau of Labor and Industries that would cause the conversion to R\*STARS to be unsuccessful or that would prevent the agency from conducting business activities after SFMS implementation. Overall, implementation risk was assessed at LOW.

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**Implementation Readiness Assessment  
Detailed Results by Agency**

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**BOARD OF MEDICAL EXAMINERS**

**Readiness Status (Audit Objective No. 1)**

We attended status meetings, reviewed readiness checklists, and reviewed the agency's EAS to CAS reconciliations to determine if they were current. We also performed other procedures, including inquiries of DAS accounting analysts. Our tests and procedures were designed to identify any significant problems that could prevent an agency from converting to SFMS. We were not aware of any significant problems existing at conversion.

The risk that the Board of Medical Examiners will not be able to convert due to significant problems is LOW.

**Training and Desk Procedures (Audit Objective No. 2)**

We inquired about the status of the agency's desk procedures and the extent of their user training. We found that agency personnel are in the process of developing procedures. Training has been scheduled, but agency personnel may not have sufficient time to obtain hands-on practice on the system. At this time, procedures and training may not be adequate to enable agency personnel to conduct business after implementing SFMS.

The risk associated with training and procedures is MEDIUM.

**Security (Audit Objective No. 3)**

We reviewed the agency's user class security assignments to assure that system access authorizations provide sufficient segregation to reasonably prevent unauthorized transactions. The user class security assignments appear to be appropriate based upon each employee's duties and functions.

The risk associated with the Board of Medical Examiners' security was assessed at LOW.

**Conversion Reconciliation (Audit Objective No. 4)**

We obtained test conversion reconciliations and traced selected balances to EAS and R\*STARS with no exceptions. We ensured that reconciling items were identified and explained by agency personnel. Verification and error correction procedures

**Implementation Readiness Assessment  
Detailed Results by Agency**

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appeared reasonable. It appears that the accounting data converted properly to R\*STARS.

The risk associated with the agency's conversion reconciliation was assessed at LOW.

**Overall Implementation Risk**

Other than concerns about procedures and training, we did not find any conditions at the Board of Medical Examiners that would cause the conversion to R\*STARS to be unsuccessful or that would prevent the agency from conducting business activities after SFMS implementation. Overall, implementation risk was assessed at LOW.

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**Implementation Readiness Assessment  
Detailed Results by Agency**

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**LEGISLATIVE COUNSEL COMMITTEE**

**Readiness Status (Audit Objective No. 1)**

We attended status meetings and reviewed the agency's EAS to CAS reconciliations to determine if they were current. We also performed other procedures, including a review of the proposed R\*STARS fund types and inquiries of DAS accounting analysts. Our tests and procedures were designed to identify any significant problems that could prevent the agency from converting to SFMS. We were not aware of any significant problems existing prior to conversion.

The risk that the Legislative Counsel Committee will not be able to convert due to significant problems is LOW.

**Training and Desk Procedures (Audit Objective No. 2)**

We inquired about the status of the agency's desk procedures and the extent of their user training. Agency personnel appear to have adequate procedures and training to enable them to conduct business after implementing SFMS.

The risk associated with training and procedures is LOW.

**Security (Audit Objective No. 3)**

We reviewed the agency's user class security assignments to assure that system access authorizations provide sufficient segregation to reasonably prevent unauthorized transactions. The user class security assignments appear to be appropriate based upon each employee's duties and functions.

The risk associated with the Legislative Counsel Committee's security was assessed at LOW.

**Conversion Reconciliation (Audit Objective No. 4)**

We obtained test conversion reconciliations and traced selected balances to EAS and R\*STARS. We ensured that reconciling items were identified and explained by agency personnel. Verification and error correction procedures appeared reasonable. It appears that the accounting data converted properly to R\*STARS.

The risk associated with the agency's conversion reconciliation was assessed at LOW.

**Implementation Readiness Assessment  
Detailed Results by Agency**

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**Overall Implementation Risk**

We did not find any conditions at the Legislative Counsel Committee that would cause the conversion to R\*STARS to be unsuccessful or that would prevent the agency from conducting business activities after SFMS implementation. Overall, implementation risk was assessed at LOW.

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Attachment 2

**Post-Implementation Conversion Review  
Detailed Results by Agency**

**Post-Implementation Conversion Review  
Detailed Results by Agency**

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**DEPARTMENT OF JUSTICE**

**Security (Audit Objective No. 1)**

We have reviewed changes made to the agency's R\*STARS user class security assignments since they were approved during our preliminary review. The purpose of the review was to assure that system access authorizations provide sufficient segregation to reasonably prevent unauthorized transactions. The user class security assignments appear to be appropriate based upon each employee's duties and functions.

**Conversion Reconciliation (Audit Objective No. 2)**

We tested the agency's conversion of August 1996 data and found no unexplained reconciling items. The reconciling items have been corrected by agency accounting staff. Overall, it appears that the accounting data converted to the desired R\*STARS data output.

**Conclusion**

Based on the results of our procedures at the Department of Justice, it appears that the accounting data converted properly in all material respects to the desired output. The agency's overall conversion risk was assessed at LOW.

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**Post-Implementation Conversion Review  
Detailed Results by Agency**

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**OREGON SCHOLARSHIP COMMISSION**

**Security (Audit Objective No. 1)**

We have reviewed changes made to the agency's R\*STARS user class security assignments since they were approved during our preliminary review. The purpose of the review was to assure that system access authorizations provide sufficient segregation to reasonably prevent unauthorized transactions. We noted some clerical errors made by DAS when establishing security authorizations. We informed DAS of the discrepancies and they have been corrected. The user class security assignments appear to be appropriate based upon each employee's duties and functions.

**Conversion Reconciliation (Audit Objective No. 2)**

We tested the agency's conversion of August 1996 data and found no unexplained reconciling items. The reconciling items have been corrected by agency accounting staff. Overall, it appears that the accounting data converted to the desired R\*STARS data output.

**Conclusion**

Based on the results of our procedures at the Oregon Scholarship Commission, it appears that the accounting data converted properly in all material respects to the desired output. The agency's overall conversion risk was assessed at LOW.

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**Post-Implementation Conversion Review  
Detailed Results by Agency**

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**BUREAU OF LABOR AND INDUSTRIES**

**Security (Audit Objective No. 1)**

We have reviewed changes made to the agency's R\*STARS user class security assignments since they were approved during our preliminary review. The purpose of the review was to assure that system access authorizations provide sufficient segregation to reasonably prevent unauthorized transactions. The user class security assignments appear to be appropriate based upon each employee's duties and functions.

**Conversion Reconciliation (Audit Objective No. 2)**

We tested the agency's conversion of August 1996 data and found no unexplained reconciling items. The reconciling items have been corrected by agency accounting staff. Overall, it appears that the accounting data converted to the desired R\*STARS data output.

**Conclusion**

Based on the results of our procedures at the Bureau of Labor and Industries, it appears that the accounting data converted properly in all material respects to the desired output. The agency's overall conversion risk was assessed at LOW.

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**Post-Implementation Conversion Review  
Detailed Results by Agency**

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**BOARD OF MEDICAL EXAMINERS**

**Security (Audit Objective No. 1)**

We have reviewed changes made to the agency's R\*STARS user class security assignments since they were approved during our preliminary review. The purpose of the review was to assure that system access authorizations provide sufficient segregation to reasonably prevent unauthorized transactions. The user class security assignments appear to be appropriate based upon each employee's duties and functions.

**Conversion Reconciliation (Audit Objective No. 2)**

We tested the agency's conversion of August 1996 data and found no unexplained reconciling items. The reconciling items have been corrected by agency accounting staff. Overall, it appears that the accounting data converted to the desired R\*STARS data output.

**Conclusion**

Based on the results of our procedures at the Board of Medical Examiners, it appears that the accounting data converted properly in all material respects to the desired output. The agency's overall conversion risk was assessed at LOW.

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**Post-Implementation Conversion Review  
Detailed Results by Agency**

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**LEGISLATIVE COUNSEL COMMITTEE**

**Security (Audit Objective No. 1)**

We have reviewed changes made to the agency's R\*STARS user class security assignments since they were approved during our preliminary review. The purpose of the review was to assure that system access authorizations provide sufficient segregation to reasonably prevent unauthorized transactions. The user class security assignments appear to be appropriate based upon each employee's duties and functions.

**Conversion Reconciliation (Audit Objective No. 2)**

We tested the agency's conversion of August 1996 data and found no unexplained reconciling items. The reconciling items have been corrected by agency accounting staff. Overall, it appears that the accounting data converted to the desired R\*STARS data output.

**Conclusion**

Based on the results of our procedures at the Legislative Counsel Committee, it appears that the accounting data converted properly in all material respects to the desired output. The agency's overall conversion risk was assessed at LOW.

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