
Secretary of State

State of Oregon
DEPARTMENT OF ADMINISTRATIVE SERVICES
STATEWIDE FINANCIAL MANAGEMENT SYSTEM
Phase 2B Part 2 Review



Audits Division

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T A B L E O F C O N T E N T S

	<u>Page</u>
STATE AUDITOR'S REPORT.....	1
REPORT DISTRIBUTION.....	5
ATTACHMENT 1	
Implementation Readiness Assessment Detailed Results by Agency.....	7
ATTACHMENT 2	
Post-Implementation Conversion Review Detailed Results by Agency.....	15



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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 2 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 2 agencies:

Oregon Military Department
Judicial Department
Economic Development Department

We provided the SFMS project manager with the draft results of these procedures for Oregon Military Department on September 30, 1996, for use when making the decision on whether to proceed with the implementation in October 1996. We provided the draft results for Economic Development Department and Judicial Department at their Go/No-Go meetings on November 4, and November 6, 1996, respectively.

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.
Oregon Military Department	LOW	LOW	LOW	LOW	LOW	8
Economic Development Department	LOW	MEDIUM	LOW	LOW	LOW	10
Judicial Department	LOW	LOW	LOW	LOW	LOW	12

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.
Oregon Military Department	ok	materially correct	none	LOW	16
Economic Development Department	ok	materially correct	none	LOW	17
Judicial Department	ok	materially correct	none	LOW	18

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 13, 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 Oregon Military Department, the Economic Development Department, and the Judicial Department.

AUDIT TEAM

Nancy Buffinton-Kelm, CPA, CISA, Audit Administrator
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Attachment 1

**Implementation Readiness Assessment
Detailed Results by Agency**

**Implementation Readiness Assessment
Detailed Results by Agency**

OREGON MILITARY DEPARTMENT

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 legislative authorizations for the agency's capital construction projects 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 Oregon Military Department 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 Oregon Military Department'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. We noted that one EAS account was incorrectly crosswalked to SFMS. We also noted that one fund had not been established on SFMS. We understand that these items will be corrected by the agency prior to the final conversion. Other than these items, it appears that the accounting data converted properly to R*STARS.

**Implementation Readiness Assessment
Detailed Results by Agency**

The risk associated with the Oregon Military Department's conversion reconciliation was assessed at LOW.

Overall Implementation Risk

We did not find any conditions at the Oregon Military Department 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.

**Implementation Readiness Assessment
Detailed Results by Agency**

ECONOMIC DEVELOPMENT DEPARTMENT

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 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.

The risk that the Economic Development Department 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 appear to have adequate training, but the large number of funds at this agency coupled with the conversion workload and their regular daily workload has significantly restricted their ability to obtain an adequate amount of hands-on practice with 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 Economic Development Department'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 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.

**Implementation Readiness Assessment
Detailed Results by Agency**

Overall Implementation Risk

Other than concerns about practice on the system, we did not find any conditions at the Economic Development Department 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.

**Implementation Readiness Assessment
Detailed Results by Agency**

JUDICIAL DEPARTMENT

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 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.

The risk that the Judicial Department 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 Judicial Department'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 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

**Implementation Readiness Assessment
Detailed Results by Agency**

We did not find any conditions at the Judicial Department 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.

Attachment 2

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

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

OREGON MILITARY DEPARTMENT

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 September 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 Military Department, 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.

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

ECONOMIC DEVELOPMENT DEPARTMENT

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 October 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 Economic Development Department, 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.

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

JUDICIAL DEPARTMENT

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 October 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 Judicial Department, 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.
