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*Auditing for a Better Oregon*

October 10, 2001

Virlena Crosley, Director  
Employment Department  
605 Cottage Street NE  
Salem, Oregon 97301

Dear Ms. Crosley:

As a result of our review of the Department of Administrative Services Information Resources Management Division (Report No. 2001-33), the Secretary of State started a review of statewide system development. Your agency was one of six selected for follow-up work relating to System Development Life Cycle (SDLC) methodologies. We will be issuing a formal report to the Department of Administrative Services outlining the results of this review.

During the audit we interviewed agency staff and reviewed applicable policies, procedures, and guidelines. We limited our review to evaluating agencies' formal policies and procedures governing system development and maintenance.

As a result of our work, we concluded that Employment Department's policies and procedures governing system development and maintenance could be improved. Specifically, we noted that the department's SDLC policies and procedures were largely in draft form. Because the department has not yet adopted uniform methodologies, each section was free to exercise considerable latitude in interpreting policy and determining how it managed the various development tasks.

Although the department has draft SDLC policies and procedures, those documents provided little detail or guidance to support important tasks such as feasibility studies, testing plans, etc. Some managers indicated that they used the draft policies; however, the procedures that they employed were largely undocumented. Thus, the department largely relied on the expertise of project managers to ensure that all critical elements or aspects of system development would be adequately addressed.

As per our conversation, you indicated that the Employment Department has a very able and experienced staff with an excellent system development track record. However, many potential risks arise when organizations do not adopt and implement information technology standards and procedures, including uniform SDLC methodologies. First, developers not guided by SDLC

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policy may intentionally exclude or overlook important system attributes or elements such as audit trails, system documentation, and appropriate internal controls. In addition, systems designed using poor SDLC methodologies often will exceed the limits of the financial resources set aside for the project and may be completed late, if ever. Finally, completed or modified systems may not meet the users' business needs, requirements, and expectations.

We recommend that Employment Department management improve its control over system development and maintenance by implementing formal and comprehensive policies and procedures for system development and maintenance activities at the agency.

We appreciate the courtesies and cooperation extended by the officials and employees of the Employment Department during the course of our review. Should you have any questions, please contact me at (503) 986-2272.

Sincerely,  
OREGON AUDITS DIVISION

Neal E. Weatherspoon, CPA, CISA  
Audit Administrator

Fieldwork Completion Date:  
August 15, 2001

NEW:bk

cc: Mike Greenfield, Director, Department of Administrative Services  
Lorraine Kovash-Odell, Intergovernmental Affairs Coordinator, Employment Department  
Curtis Amo, Assistant Chief Information Officer, Employment Department