



*Auditing for a Better
Oregon*

October 19, 2001

David Cook, Director
Department of Corrections
2575 Center Street NE
Salem, Oregon 97301

Dear Mr. Cook:

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 Department of Corrections' policies and procedures governing system development and maintenance were not sufficient or adequate. Specifically, we noted that the department has not yet implemented comprehensive formal policies or procedures governing those activities. On the positive side, we observed that management recognizes the importance of these issues and is currently in process of developing SDLC methodologies for the department.

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 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.

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We recommend that Department of Corrections management improve its control over system development and maintenance by developing and implementing formal and comprehensive policies and procedures for system development and maintenance activities at the agency. We strongly encourage the involvement of your internal auditors in developing and implementing your SDLC methodologies to ensure that critical internal control aspects are adequately addressed.

We appreciate the courtesies and cooperation extended by the officials and employees of the Department of Corrections 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: Benjamin de Haan, Deputy Director
Les Dolecal, Inspector General
Glenn Riley, Assistant Director, Information Systems and Services Division
Dennis Laughery, Internal Auditor
Mike Greenfield, Director, Department of Administrative Services