Seattle Public Schools
The Office of Internal Audit

Internal Audit Follow-up Report
Human Resources

Issue Date: December 13, 2016

Background

On September 11, 2012, the Office of Internal Audit issued an audit report for the Human Resources Department as part of its evaluation of the District's overall system of internal controls. Department audits assist in determining whether key financial internal controls and compliance functions are being performed and whether departments have clear guidance and adequate resources to perform their functions.

In accordance with the 2016-2017 *Annual Risk Assessment and Audit Plan*, we completed a follow-up audit of Human Resources. The purpose of a follow-up audit is to assess the status of corrective actions taken in response to prior audit findings. This report focuses on findings from the September 11, 2012 audit report, which contained 11 recommendations for the District to implement.

Roles and Responsibilities

District management is responsible for follow-up and corrective action to address audit findings. To fulfill this responsibility, the District has a process in place to track the status of audit recommendations and ensure that audit issues are resolved.

Approach and Methodology

To complete this follow-up audit we performed the following procedures:

- Reviewed the prior audit and audit report to gain an understanding of the issues.
- Interviewed department staff to gain an understanding of the corrective actions taken and identify when the corrective actions were implemented.
- Analyzed available data to corroborate information obtained during staff interviews.
- Tested available documentation to determine if corrective actions have been fully implemented, are operating as intended, and address all issues raised by Internal Audit.

Results

Our initial report dated September 12, 2012, can be found on the District's website. We consider an issue resolved if management implemented our recommendations or took other appropriate action to resolve the issues. We found that Human Resources implemented corrective actions sufficient to address all but one of our recommendations, which is detailed on the following page of this report.

Andrew Medina

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Director, Office of Internal Audit

Findings and Recommendations

1) Employee Data and Payroll Administration

During our initial audit we noted that every member in the Human Resources and Payroll Departments had access to the Personnel Administrator Role in the SAP HR Module. This role not only grants authority to change employees' private information, but it also includes access to change employee pay. During our current review, we noted that although the department has taken corrective action to restrict access to the Personnel Administrator Role, there are still areas of concern. Access to sensitive employee data, including the data that can impact an employee's salary, is still provided to more employees than is necessary, including members of the Payroll Department. Since the Payroll Department is responsible for processing payments to employees, they should not have access to change employee pay.

Recommendation

We recommend that the District:

- Segregate the payroll and human resources transactions in the SAP system so that employees only have access to the transactions applicable to their job duties and responsibilities.

- Limit access to the change employee pay data in the SAP system to the specific employees who are authorized to make salary changes.

Management Response

The Human Resources Department is currently engaged in a business process redesign effort and we concur with the recommendations to segregate the payroll and human resources transactions in the SAP system. We are working with the Department of Technology Services team to scope out various solutions.