



Audit of the Employee Separation Process

Project #18-17

Prepared by
Office of the Inspector General

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SOUTH FLORIDA WATER MANAGEMENT DISTRICT

July 11, 2019

Governing Board Members

Re: Audit of the
Employee Separation Process
Project No. 18-17

This audit was performed pursuant to the Inspector General's authority set forth in Chapter 20.055, F.S. The objective of the audit was to determine the extent to which controls over retracting district property and revoking access to District facilities and information systems are adequate when an individual separates from the District. The audit scope included employees and contract workers. Alyassia Taylor and I prepared this report.

Sincerely,

A handwritten signature in blue ink, reading "J. Timothy Beirnes".

J. Timothy Beirnes, CPA
Inspector General

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BACKGROUND

In accordance with the FY 2018 Audit Plan, our Office completed an Audit of the Employee Separation Process.

The separation process occurs when an individual (employee, contingent worker, volunteer/intern, Governing Board member) no longer has business activities with the District either through voluntary or involuntary means. Separations are maintained in the Human Resources Information System (HRIS – an SAP Module). According to an HRIS report, 1,047 individuals separated from the District between October 1, 2015 and September 30, 2018. The separation process is owned by the Human Resources Bureau; however, various components of the process are the responsibility of other areas such as Information Technology, Procurement, Finance, and District Security.

Voluntary and Involuntary Separations FY 2016-FY 2018		
Classification	Amount	Percentage
Contingent Workers	495	47.3%
Regular Employee Separation	276	26.4%
Employee Retirement	144	13.8%
Interns/Volunteers	128	12.2%
Governing Board Separation	4	< 1%
Total	1,047	100%

We last conducted an audit of employee separation in 2011, in which we made nine recommendations. We have found that although the recommendations may have been addressed previously, we are making similar recommendations in this report as the actions taken by the District were not effectively maintained or may have changed and did not address the weaknesses in controls we noted during the current audit.

For purposes of this report, the term “Separated Employees” pertains to employees, volunteers, interns, Governing Board Members, and Contingent (Contract) workers both voluntarily and involuntarily separated, unless stated specifically that one of these categories is being addressed.

OBJECTIVES, SCOPE, AND METHODOLOGY

The objective of the audit was to determine the extent to which controls over retracting district property and revoking access to District facilities and information systems are adequate when an individual separates from the District.

To accomplish our objectives, our work included, but was not limited to, the following steps:

- Interviewing pertinent District staff;
- Reviewing Human Resources, Information Technology and Security Department documentation; and
- Reviewing data in HRIS, Identity Management (IDM), and the badge access database WinPak PE.

The audit scope covers employee separation procedures for the period of Fiscal Year 2016 through Fiscal Year 2018. This audit includes contractors, employees and anyone who has received access to District resources, including volunteers, interns, and Governing Board members.

We conducted a judgmental stratified sample of 60 separated individuals from the total population of separated employees during the audit scope. This sample was used throughout the audit. Judgmental sampling was considered the preferred methodology based on consideration of the audit population's size and characteristics, as well as audit efficiency and professional judgment. Although the sample cannot be statistically projected to the population of separated employees, we believe the sample, along with the results of the audit tests, provide reasonable assurance for us to determine whether there are adequate controls over the separation process. It is common for contract workers and interns to return to District employment either through contract or regular employment. Therefore, some of the individuals previously may not have had access to the network and building but were regranted permissions after returning to the District.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

AUDIT RESULTS

Executive Summary

Overall, our testing showed that the documentation controls over separations are in place and working to ensure an accurate account of separated individuals. Employees, contractors, interns/volunteers and Governing Board members are tracked in HRIS when they are onboarded into the District. When an individual is separated from the District, whether through voluntary/involuntary separation, retirement, or completion of a contract or internship, HRIS is updated to reflect the separation, an email is sent to all pertinent staff regarding the separation, and documentation is included in the system. Each District employee in the sample who separated via retirement or voluntary separation had a completed separation form on file. Employees who were involuntarily separated were documented sufficiently in HRIS as well. Not all contractors in the sample were documented in HRIS accurately.

Although property retrieval appears to depend on the employee's management retrieving any items from the employee at separation, the controls of inventory reconciliation appear to mitigate the risks of the District's property not being returned. There were no instances noted of lost/stolen property as a result of separation.

The District is accurately tracking and attempting to retrieve tuition reimbursement payments from employees who did not fulfill the time requirements of employment after receiving said payments. We noted that the Finance Bureau invoices former employees for collection of any payments that were above the amount of the employee's final paycheck in accordance with District policies.

However, there appear to be weaknesses in controls over the separation of contract workers. Completed separation forms were not on file for all contract workers. The documentation for contract workers is not centralized. Disabling access to the network and facility depends on the Project Manager notifying Human Resources that a contract worker is no longer at the District. We identified two individuals listed as contractors in the sample who did not have a separation form, any badge access, or network access retrieval documentation on file. We concluded these two individuals were not contract workers but other individuals who were listed as contractors who needed temporary access to the District facility.

We noted that Human Resources relies on the Oracle Identity Management (OIM) interface to disable network access in the IDM system based on inputs from HRIS. We noted that network

access was not always disabled in a timely manner once an individual was separated from the District. Several reasons were identified for why the OIM interface does not update the IDM system properly.

We also noted that the process of disabling badge access could be strengthened. We found badges for three individuals were not disabled at the time of testing. These accounts have since been disabled. However, because the badge access system does not track when badges are disabled, we were unable to determine whether physical access at the District was disabled in a timely manner when individuals separated.

Controls over Employee Separation are in Place and Working Effectively

Overall, the Human Resources Bureau has controls in place over employee separation, which are working effectively. The Human Resources Bureau accurately maintains the majority of separation documentation in HRIS, and updates employee files adequately.

Documentation

Documentation controls were tested in a judgmental, stratified sample of 60 separated individuals. For all of the District employees, interns and volunteers in the sample, sufficient documentation was maintained of the separation, including a Separation of Employment/Leave of Absence (Form 0863) or other written notice of separation, appropriately acknowledged by the employee's management. Employee files were updated in a timely manner post-separation. There was not sufficient documentation of contractor separation, as detailed further in a separate finding.

Property

A Separation of Employment checklist (Form 1171) may be used by managers when an employee separates; however, this is not a mandatory form. The District relies primarily on the employee's management to track and retrieve property, and it is assumed that the manager has retrieved any keys, electronics and other equipment that was provided to the employee, unless the management states otherwise. Inventory reconciliations are done regularly which track all property at the District. No issues with missing or lost property as a result of separation have been identified during inventories.

The Information Technology Bureau maintains controls over property (i.e. laptops, tablets, desktop computers) and data that is retrieved after employees separate. The Bureau documents when any data is retrieved from separated individuals and maintains this documentation for several years. Only employees who have created data that needs to be retrieved upon separation are documented; therefore, the Bureau would not have documentation for every separated employee. An employee or contractor may not have data to retrieve after separation for many reasons; for example, employees who work in the field or who do not need to access computers would not have a form on file. Therefore, not having a form on file was not considered an exception to procedures. Because there is no method to determine whether an individual will create data, and there is no way to create a starting metric for comparison, we were unable to determine whether an employee

would require a form on file. Although a form is not available for every separated employee, the testing of the sample showed a document or information was available for 22 of the 60 (or 36%) employees in the sample.

Tuition Reimbursement

The District is accurately tracking and attempting to retrieve tuition reimbursement payments from separated employees who did not fulfill the time requirements of employment after receiving said payments. If an employee separates from the District within 12 months of receiving education reimbursement payments, they are liable to the District for repayment of the benefit. The exception is when an employee is involuntarily separated (i.e., terminated from employment or separated due to death). We reviewed a report of all employees who received education reimbursement payments in Calendar Years 2016-2018. During this time period, 14 separated employees received tuition reimbursement payments:

- Four employees separated after meeting the 12-month criteria and did not require payback.
- Two employees were discharged from employment and were not required to pay back the District.
- Eight former employees owed the District repayment. We were able to review documentation in SAP which showed that the Finance Bureau invoiced the eight former employees above for collection of any payments that were above the amount of the employee's final paycheck in accordance with District policies.

Controls Over Contract Workers Could Be Improved

The documentation for contract workers is not maintained in a manner to be able to efficiently find separation details. The information on contract workers, as well as their contracts, is maintained by each worker's project manager, as well as by Procurement and Human Resources. For this reason, locating information on several separated contract workers in the audit sample proved difficult.

The information that was available for contract workers data did not always match the information in HRIS. Contracts for five contract workers in the sample (8%) ended prior to the separation date listed in HRIS. The amount of time between when the contracts ended and being offboarded in HRIS for these individuals ranged from four to 87 days. There were also instances where contract workers were replaced during the contract. The offboarding dates in HRIS did not match contract end dates, or documentation for the contract workers in 23 of 26 contract workers (or 88%) in the sample. Human Resources depends on the Project Manager on the contract to inform them when a contractor is no longer with the District. Some contracts last several years; contract workers may be replaced multiple times on a single contract prior to the contract end date. If a contract worker is no longer authorized to work at the District, but no one alerted Human Resources to the change in contract worker's status, then the former contractor may still have access to the District's facilities and network. This puts the District at risk of unauthorized access.

We also noted during testing that Human Resources and Procurement could not provide information on when and how two individuals included in our sample separated from the District. Both individuals were listed as contractors in HRIS; however, it appears neither may have been actual contractors. One person was an employee of South West Florida Water Management District who needed access to the District's Data Center due to a shared agreement. We were not able to determine whether the other individual was a contract worker or why the individual had access.

Contract workers comprised 47% of the District's separated employees during the scope of the audit. Because the District uses a high number of contractors, the documentation on when these contractors are released and disabled from access is important. The District would benefit from a more efficient system of maintaining the information on contract workers in a central location for ease of access. Moreover, it is unclear whether individuals needing temporary access

at the District should be considered contract workers in HRIS. These individuals should be monitored to ensure that their access rights are disabled as soon as they no longer require access.

Recommendations

1. The Human Resources Bureau should strengthen controls over the separation of contract workers to ensure that:

- **Contractor access information is up-to-date and accurate**
- **Contractors who have left the District are immediately removed from network access**
- **Contract information is available in a central location for efficiency**

Management Response: Management made several recommendations for edits to the draft audit report related to this item. Those edits were incorporated in the Audit report. Management will identify methodologies to ensure timely and proper notification of contingent worker end dates. Human Resources will explore changing the end date from one year to six months in SAP.

Responsible Division: Governing Board and Executive Services I Human Resources Bureau

Estimated Completion: Fall 2019

Controls over Network and Physical Access Could Be Improved

Network Access

When an individual separates from the District, network access (Active Directory, Exchange and other systems) is automatically disabled using an Identity Management (IDM) system interface that triggers disability on the day after the individual separates from the District. This separation date is determined by what is entered in HRIS. We noted that network access was not always disabled on the day after employees separated. Our sample included six individuals (two employees, two contract workers, and two intern/volunteers) who were separated from the District according to HRIS, but still had network access according to IDM. The amount of time between the HRIS separation date and IDM offboarding dates for these individuals ranged from four to 673 days.

An automated interface exists between HRIS and the IDM, where OIM is expected to disable network access in IDM based on the date entered in HRIS; however, OIM does not always appear to be functioning to ensure that all employees are disabled appropriately. IT Security provided several reasons as to why the interface between HRIS and IDM did not function correctly; for example, instances when:

- The interface was offline temporarily,
- OIM was down for maintenance, or
- Contract workers were offboarded in HRIS and backdated to reflect the actual leave date, which was not updated in IDM.

All these instances required a manual update to remove the individual's access to the network. The IT Security staff conducts a manual review of the accounts in IDM on a quarterly basis for accounts that should be disabled to reconcile network access privileges.

If Human Resources staff is going to continue depending on the interface between HRIS and IDM to ensure that separated employees are disabled in the network, then the integrity of the system interface must be rectified. Ideally, a direct interface between HRIS and network account provisioning would prevent any issues in account disabling. However, because of limitation of resources, setting up a direct communication between the two programs may not currently be feasible.

Physical Access

Security badge access is maintained in a WinPak PE database, which is the responsibility of the Security Department. Only the District Security Specialist and the security contractors have access to the database. When Human Resources sends the separation email notifying staff that the employee is separating, the security staff manually disables the badge access for the individual. Because there could be variations in naming, such as when two employees named ‘John Smith’ are in the system, the IT Database Administrator also conducts a manual review of the database when email notification is sent that an employee is separating. The manual process has shortcomings and does not always catch all variations of a badge entry which may have occurred over time (due to lost badges) or due to variations in data entry for names.

The database does not maintain a sufficient account of all the information regarding badge access and disabling. Although the database can provide information regarding whether an individual has access to District facilities, the date field for when a badge is disabled is not populated. In addition, the deleted information in the database is removed from the system due to the database’s limited capacity. Backups of the system prior to being wiped clean were able to help determine whether an employee originally had access through a badge, but not when their access was disabled; therefore, we were unable to determine whether badge access to facilities was disabled in a timely manner after employees separated. During the audit, a sample of individuals who were listed as separated was provided to the Security Department to ensure they were disabled in the system. Of those individuals in the system, four were noted to have active status, which should have been disabled. They have since been disabled.

Best IT practices dictate that a database maintain an audit trail to ensure that any changes such as deletions or additions to the system are tracked and can be retrieved. The District is currently in the process of purchasing a new system for access badge management.

Recommendations

2. The IT Bureau should implement and maintain review controls over the network access interface to ensure that:

- All separations are communicated between systems accurately.
- The network access of separated employees is disabled in a timely manner.

Management Response: The Information Technology Bureau appreciates the importance of promptly disabling network access. As noted, IT Security quarterly reconciles active network accounts against the list of active users in HRIS. IT Security will continue this process. In addition, IT Security will develop a daily report that will identify any user who remains active past their documented end date. The report will pull the end date from the user IDM record and flag any users still active past this date. Staff will monitor this report to ensure that access is disabled.

Responsible Division: Information Technology Division

Estimated Completion: Report to be completed August 1, 2019 and monitoring ongoing

3. The IT Bureau should review the feasibility of programming a direct communication link between HRIS and network accounts to avoid issues that occur with the current interface.

Management Response: IOM currently provides integration with HRIS and Active Directory, Exchange and other target systems. Programming a direct link from HRIS to target systems would simplify the system and increase reliability. The IT Division will consider replacing IOM with a direct link from HRIS to the target systems. This effort will be considered during budget planning for future fiscal years and will need to be prioritized against other IT initiatives.

Responsible Division: Information Technology Division

Estimated Completion: Completion of this effort is dependent on availability of funds. The Division will evaluate the feasibility of implementing a direct link in upcoming budget planning.

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4. **The District Security and IT Bureau should ensure that the new badge access system captures and maintains all pertinent information on badge access such as activated and disabled dates.**

Management Response: IT and Field Operations and Land Management Divisions will ensure that the new badge access system captures and maintains badge access information including activation and deactivation dates.

Responsible Division: IT Division in coordination with Field Operations and Land Management

Estimated Completion: Funding is proposed in the Fiscal Year 20 budget. If funding is approved, the badge access system will be updated before September 30, 2020.

Controls over P-Card Deactivation Could Be Improved

When an individual separates from the District, the Procurement Department receives an email notification, and the Purchasing Specialist responsible for activating and deactivating P-Cards then deactivates any cards associated with the separating individual. Once the card is deactivated, no one can make purchases with it. To deactivate the card, the Purchasing Specialist logs into the District's banking web portal. The cards are not always returned to Procurement when an employee separates from the District. Field employees may return the card to management to destroy; but this is not always the case. There are no written policies or procedures to determine the timeframe for deactivating a P-Card.

Nine individuals in the sample were issued P-Cards during their tenure at the District. Of those nine cards, four (44%) had been deactivated on (or before) the day after the employee separated. The remaining five were deactivated between seven and 336 days after the individual separated. This issue was discussed with management via a memo during a previous Florida Auditor General Audit (#2018-208) on March 23, 2017. One of the five instances noted as exceptions, deactivated at 336 days post-separation, was also in the Auditor General sample. Removing this instance from our sample, the remaining four cards were deactivated between seven and 144 days post-separation, with the longest instance occurring six months after the Auditor General memo to management. We noted no instances where purchases were made after the individuals separated from the District.

According to the Purchasing Specialist, the department underwent a period of high turnover and vacancies during the period that was reviewed in the audit. During this time, the notifications for separation were overlooked by prior staff. The current process to deactivate cards is still a manual process which can be time consuming if done one-by-one. Therefore, the cards are deactivated on a weekly basis.

Recommendations

- 5. The Procurement Department should revise written procedures to include stating a time frame for when P-Cards should be deactivated.**

Management Response: Management recommended several edits to the draft audit report

related to this item including revision of the recommendation. Those edits were incorporated in the Audit report. Management agrees that Procurement should amend and implement a procedure stating when P-Cards should be deactivated. Procurement will amend District Policies and Procedures, Part II - District Procedures, Chapter 255 Procurement and Contracting, Article II - Procurement Card, to address P-Card deactivation within 1 business day of the effective date indicated on the email notification of employee separation. Chapter 255 is applicable to the use of the procurement card.

Responsible Division: Administrative Services Division/Procurement Bureau

Estimated Completion: In progress. Full implementation is estimated by end of calendar year 2019.

6. **P-Cards should be returned to management at the time of separation, and/or the cards should be deactivated as soon as possible to the day of separation to ensure that the card can no longer be used.**

Management Response: Management agrees that deactivation of P-Cards should take place at the time of separation or as soon as possible thereafter. Pursuant to Chapter 255-27 Card Security, section (2) Termination or Transfer of Cardholder, procedures are already in place to address collection of procurement card and/or cancellation by the Procurement Card Administrator (PCA). District Procedures are being amended to include the time in which a card is deactivated. Specifically, the card will be deactivated within 1 business day of the effective date indicated on the email notification of the separation of employment.

Responsible Division: Administrative Services Division/Procurement Bureau

Estimated Completion: In progress. Full implementation is estimated by end of calendar year 2019.