



## OIA Advisory Memo

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**Date:** November 18, 2016

**To:** Sarah Harrell, Director Enterprise Programs  
Katherine Moore, Senior Project Manager

**From:** Deena Harrison, Senior Internal Auditor  
John Fox, Audit Director

**Subject:** Centerpoint Project

### **Background:**

In support of Citizens' strategic goal to ensure a strong financial operating environment, a long term Enterprise Resource Planning (ERP) strategy was developed. This strategy is intended to address Citizens' financial, procurement and human resource management administrative processing needs. As part of this strategy, Oracle Fusion Cloud Service, an integrated ERP solution, was purchased. The integrated ERP solution, Centerpoint, will replace existing independent applications used by individual departments including Accounting, Human Resources, Purchasing and Vendor Management. Expected benefits of an integrated solution include a single system of record, automated workflows, consolidated views, and improved expense management.

Application Software Technology Corporation (AST) is the implementation vendor. A phased approach for implementation of multiple Oracle Fusion Cloud Service modules began in August of 2016 with go live dates planned for April 2017 through January 2018.

### **Scope and Objectives:**

The Office of the Internal Auditor (OIA) is providing advisory project support by participating in project meetings, process flow reviews, Sprint demonstrations and throughout various stages of the project as appropriate.

As OIA participates in various stages of the project, we will continue to focus on understanding and/or recommending controls to be implemented to mitigate risks associated with the following:

- User access (internal and external) – Sign on, roles and permissions, provisioning and de-provisioning.
- Segregation of duties – Appropriate separation of responsibility within modules and across modules.
- Audit trails – System capability to maintain details of when a transaction was processed and by whom for certain tasks such as updates to key documents, approvals, delegates, and reassignments.
- Monitoring – Reporting capabilities available for monitoring by management and auditors within the business process.
- Data conversion – Accuracy, testing process, and contingency plans.
- System/application interfaces – Timeliness, accuracy, validation/testing process, data recovery process and contingency plan.
- Data Security – Encryption, data masking, mobile devices, and external users.
- Specific requests or questions from Project Manager, Program Director and business areas.

**Observations:**

At this stage of the project, OIA has noted several strengths in the project team efforts including:

- AST consultants provide proactive advice, education, recommendations of best practices, and easy to follow process flows and demonstrations.
- Project is well organized with thorough facilitation, documentation, and follow up by the Program Director and Project Manager.
- Business areas are engaged and raising appropriate questions regarding functionality, processes, and controls.
- System edits that prevent moving forward with certain transactions until errors are resolved and advisory warning pop-up messages were demonstrated for various scenarios.
- Expense module captures the history of policy violations by employee.

During discussions, the project team and business area management agreed to address the following:

- Continue efforts to secure data by implementing additional data encryption and masking products or designing alternative solutions to provide adequate protection.
- Disable the delegate feature in certain modules or establish additional monitoring controls. This feature allows a user to route tasks including approvals to delegates to perform the transaction as the user that assigned the delegation. The audit history of the transaction will not reflect the delegate's information. In addition, the delegate will assume the authority limits of the user regardless of their own authority limits.

Additional advice regarding process flows and controls were provided upon request to several business areas.

We would like to thank the project team and management for the utilization of OIA consulting services.

**Distribution:**

Kelly Booten, Chief Systems and Operations

Jennifer Montero, Chief Financial Officer

Dan Sumner, Chief Legal Officer and General Counsel

Violet Bloom, VP Human Resources