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From: Ximena Baquerizo, Internal Audit Manager

Date: February 13, 2025

**Subject: Centerpoint Segregation of Duties – Second Assessment**

In 2024, Internal Audit engaged a third-party, Pathlock, to perform the Centerpoint Segregation of Duties (SOD) audit engagement to analyze Centerpoint user roles and permissions and provide a comprehensive evaluation across three modules, Human Resources (HR), Finance, and Procurement. The prior audit results identified that Human Resources Information Management (HRIM) production support employees with elevated user roles and permissions granting incompatible system access, resulting in segregation of duties concerns. In total, 474 users with 16,265 conflicts were identified.

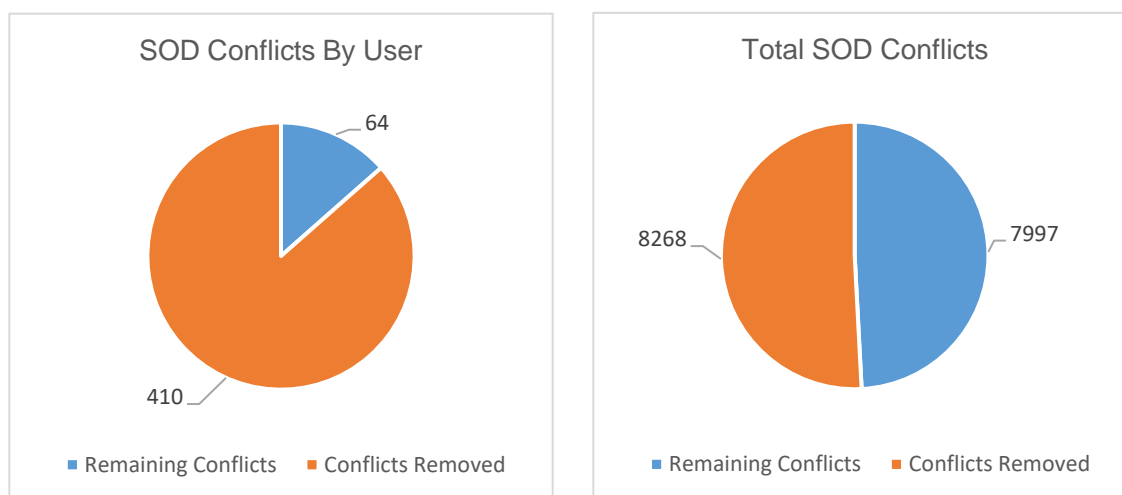
As of August 2024, management effectively completed the remediation by evaluating the roles, permissions, and team structure within the HRIM department to separate conflicting duties further. Through this process, several high-risk permissions were inherently removed from all users across the platform. The following remediation activities were performed by HR management with support from IT Application Development:

- Removed the Manage/Import Bank Account privilege from multiple roles.
- Aligned HCM roles based on employee job function to ensure only necessary access is granted.
- Implemented an emergency access fire call process for high-risk HR administrative roles.

Upon completion of the remediation efforts, Internal Audit engaged the vendor to perform a second SOD assessment to validate that the items remediated were appropriately addressed. Internal Audit reviewed the results of the SOD conflicts to verify that identified high-risk privileges and related parent roles were removed or restricted through a fire call process. We performed a comparison analysis and found that over eight thousand, or 51%, of conflicting permissions were removed across all three modules, along with a decrease of 410 users who had their conflicts addressed by the clean-up efforts.

	SOD Conflicts by User	Total SOD Conflicts
Conflicts Removed	410	8,268
Remaining Conflicts	64	7,997

Of the original 16,265 conflicts, 7,997 remained after the high-risk remediation efforts. To confirm the risk level associated with the remaining 7,997 SOD conflicts identified, Internal Audit reviewed the current roles and permissions of the top 20 high-risk users to determine whether these conflicts are appropriate. Internal Audit sampled users across all three modules and found that the second SOD assessment shows evidence of limited privileges, and that access is appropriately assigned to the user by job function. Although there were significant improvements made across all the modules, there are remaining SOD conflicts that management can further mitigate through evaluation and application of the principle of least privilege.



In addition, Internal Audit encourages management to continue to enhance the Centerpoint user roles and permissions by performing ongoing reviews of user roles and permissions to assess appropriate access based on employee's job function and responsibilities. In order to address this risk, HRIM is currently evaluating 3<sup>rd</sup> parties to perform a further review of system access.

We thank management and staff for their cooperation and professional courtesy throughout this engagement.

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