



CITY OF ATLANTA

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TO: Lynnette Young, Chair, and Members, ERP Steering Committee

FROM: Leslie Ward

DATE: February 28, 2007

SUBJECT: Remaining Audit Work on the Oracle Implementation

As we approach the final few months before the city's planned launch of the Oracle system (June 13 for human resources, June 28 for payroll, and July 13 for finance and procurement), the audit staff has several remaining projects scheduled to review and provide assurance on specific aspects of the implementation. I'm sending this list to you now so that we can look ahead, be aware of any contingencies or potential barriers to meeting the schedule, and complete this work in time to facilitate a successful launch.

- **Review the audit trail capabilities in Oracle.** Optimal use of the system's audit trail settings will give the city a valuable detective (after-the-fact) control. It will record types of transactions performed and by whom, enabling the city to monitor for certain types of access, data entry or modification, and sensitive transactions. We've made recommendations on how to configure the audit trail in Oracle in a separate memo dated today.
- **Review the assignment of responsibilities to employees.** We will review the assigned responsibilities of Oracle users to determine if they combine incompatible duties, thereby increasing risk of error and fraud. This is a continuation of the work we reported in our memo of January 19, 2007, which assessed the duties of each defined responsibility separately and recommended some changes to separate incompatible duties. Since employees can be assigned more than one responsibility in Oracle, the next level of review will focus on employees assigned multiple responsibilities and recommend reassignments if needed to reduce risk.

Our goal is to complete this review and report our results no later than March 31, but this depends on all departments reviewing their assignments and returning them to the Oracle project team immediately. The change management team requested the information by February 15. Yesterday, the change management team gave us access

to information for all departments who have provided it so far: Aviation, Corrections, Municipal Courts, Parks, Police, and Public Defender.

- **Review quality assurance reports to identify significant risks and unresolved issues.** City Council Resolution 06-R-2577 asked that my office provide quarterly reports to the Finance/Executive Committee regarding services provided by Tescom, the firm providing independent verification and validation services on the implementation of the Oracle system. We plan to report at the March 28 and June 27 committee meetings; we'll provide drafts for your review and comment on or about March 19 and June 18 respectively.
- **Perform audit tests of internal controls.** Final control testing will determine if system controls are properly configured and operating as intended. We plan to start this work after system integration testing (SIT), which is scheduled for completion by March 20. We estimate that control testing will take two months to complete. Based on the SIT schedule, we expect to issue a final report on May 25.
- **Verify implementation of previous audit recommendations.** This work has begun and will continue throughout the next three months. The timing of verification will vary among recommendations, depending on the implementation schedule. Based on the current project schedule, we will issue a memo on our results no later than June 1. Many recommendations called for the creation of policies and procedures to document new business processes. Consequently, our deadline is contingent upon receiving all policies and procedures for review no later than May 1. Some recommendations will be verified in the internal control testing described above. If warranted, we'll issue interim memos on recommendations not implemented to allow as much time as possible to address them before the scheduled launch.

Please let me know if you have any questions or concerns about these remaining audit projects.

LW:cn

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Page 3

February 28, 2007

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