



Presentation to the State Audit Committee
SAS-70 Audit Update

September 29, 2009

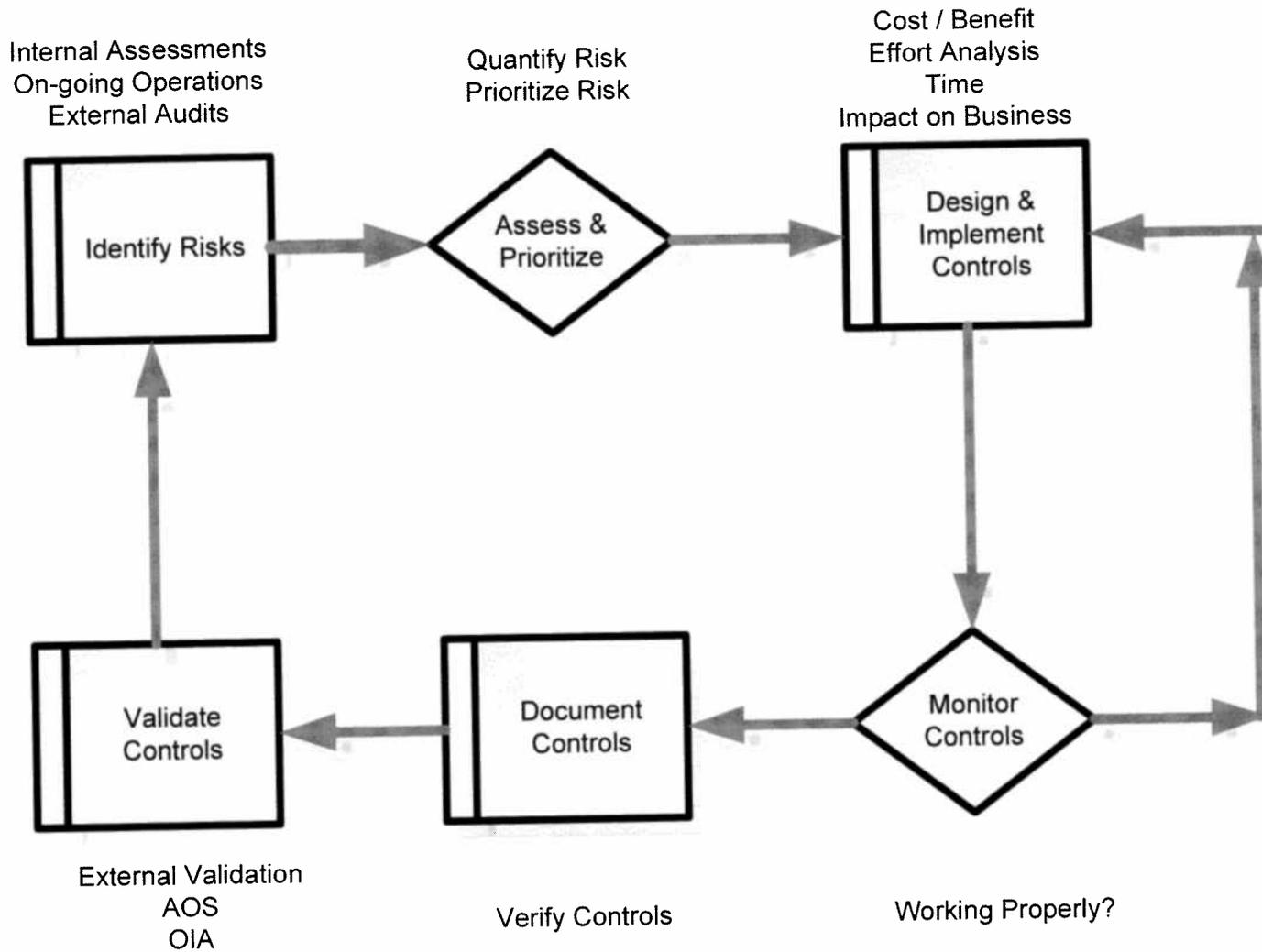


- I. Remediation Approach
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Remediation Approach



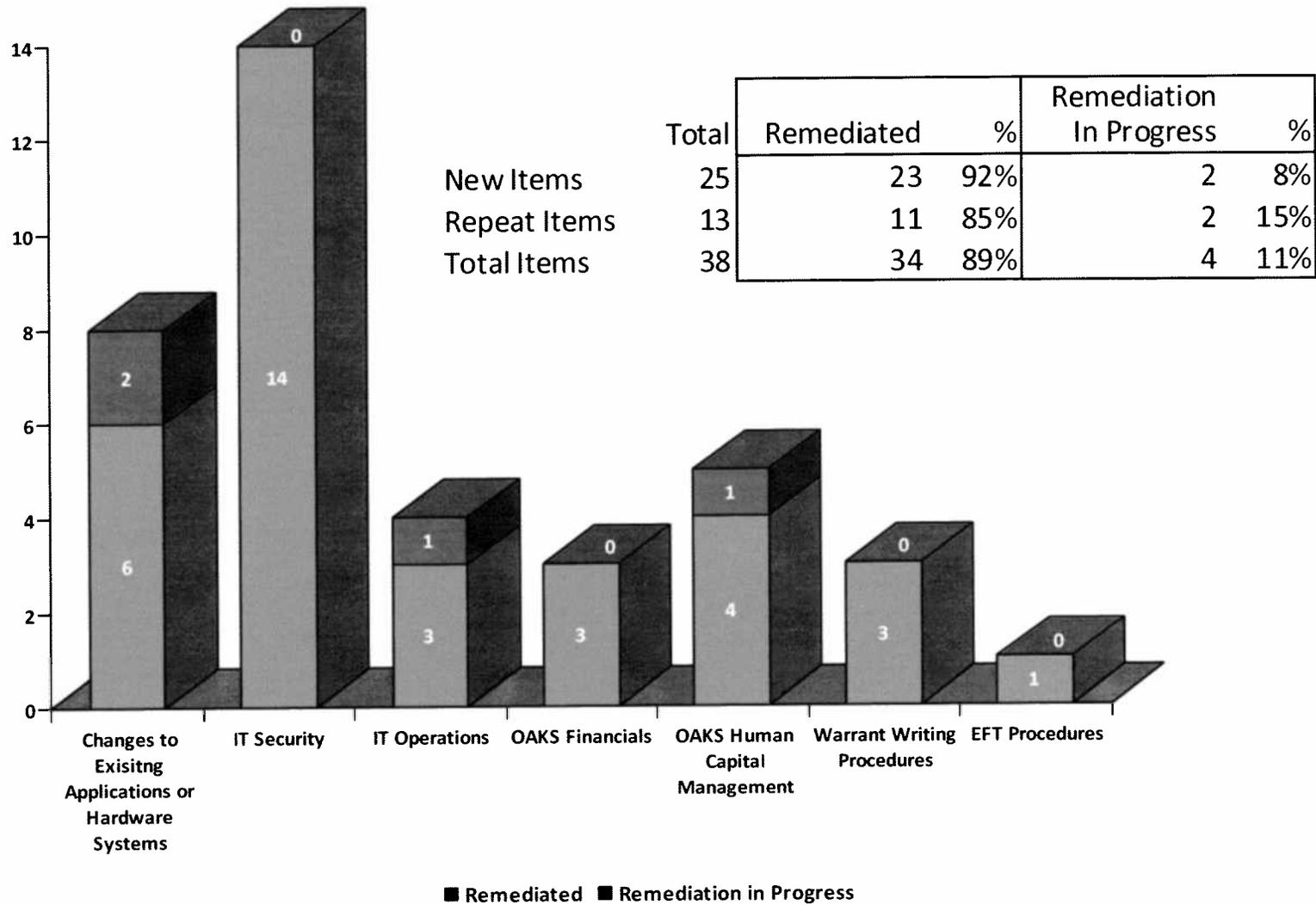
Principles Guiding OAKS Remediation Efforts for 2008 SAS-70 Audit Findings



SAS-70 Audit Remediation Status



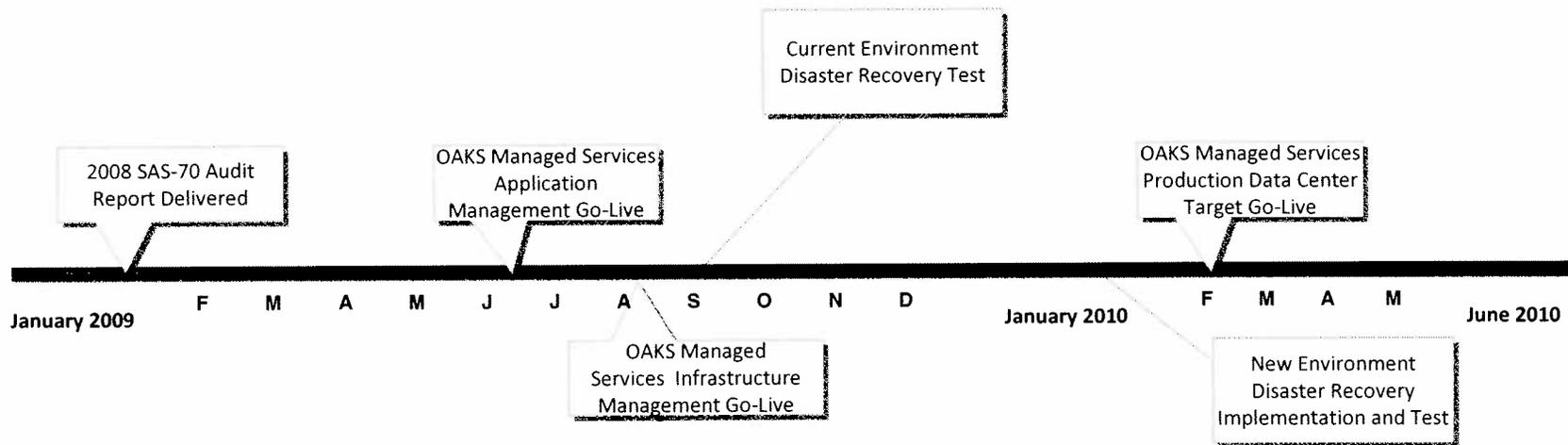
Remediation Items by Category



SAS-70 Audit Status Background



The following is a brief background update with respect to OAKS remediation efforts associated with SAS-70 audit findings for 2008.



Key Points:

- OAKS Managed Services has taken control of application management (6/22) and infrastructure management (8/3). OAKS Managed Services migration to a Tier III data center is planned for late February 2010. In addition, OAKS Managed Services successfully executed a current environment disaster recovery test (9/16).
- In conjunction with moving OAKS to this data center, hardware upgrades (reliability and performance) and disaster recovery capabilities will be implemented and tested prior to the cutover to the new data center.
- Several other functions will be implemented in conjunction with this move that are designed to address data security, privacy and operational findings including: archive and purge of historical data; data masking of sensitive data in non-production environments; and automation of FIN security administration.

SAS-70 Audit Details and Remediation Status Update



Progress has continued since the June 2009 State Audit Committee Meeting. Status updates on items reported as open in June are as follows:

| Area | Issues / Status |
|---|---|
| <p>1. General OAKS Security – Update comment log documentation for all changes to applications to reflect the current processes and procedures of their computer applications. Create a comprehensive evaluation of the current documentation for each application to help ensure that all program changes have been made.</p> | <ul style="list-style-type: none"> ▪ Identification of documentation gaps delivered to the State on 9/22/2009. <ul style="list-style-type: none"> ▪ 225 instances identified with 206 already remediated ▪ 19 remain to be completed ▪ Contract with Managed Services vendor mandates remediation of remaining documentation gaps by 12/22/2009. Ongoing review will be performed by the OAKS Service Assurance Leads. |
| <p>2. Manual Combo Code Entry - Update the OAKS application to prohibit agency users from having the ability to manually enter Combo Codes outside their assigned agency.</p> | <ul style="list-style-type: none"> ▪ Business needs require that this functionality be maintained. ▪ HRD determined that Combo Code edits are in place to ensure that only specific centralized roles (18 total individuals) within HRD or OBM can update a Combo Code to charge an employee’s payroll to a different agency. An action plan is being developed to more fully document the circumstances under which this Combo Code use case is required. ▪ In addition, HRD is studying the feasibility of inserting a warning message to employees using Combo Codes outside of their agency. A decision on whether to request this enhancement will be made by the end of October. |
| <p>3. OAKS Data Masking - OAKS to sanitize all production data used in the testing environment to prevent the compromise of sensitive employee information.</p> | <ul style="list-style-type: none"> ▪ Original target date of September 2009 delayed due to MS transition activities. ▪ Tool for data masking has been selected and implementation is in progress. ▪ Implementation of data masking will be a phased approach. ▪ Key milestones are planned as follows: <ul style="list-style-type: none"> ▪ Licensing and procurement of tool complete (10/9/2009) ▪ HCM Masked (10/16/2009) ▪ EPM Masked (10/30/2009) ▪ FIN Masked (11/13/2009) ▪ ELM / CRM (11/27/2009) |
| <p>4. Disaster Recovery – OAKS to complete the formalized state-developed disaster recovery plan.</p> | <ul style="list-style-type: none"> ▪ Failover tests were completed in late August 2009 and a disaster recovery test for the Current Environment in September 2009. ▪ Current Environment DR test required procurement and configuration of additional hardware, which delayed the test from August 2009 to September 2009. Test demonstrated the ability to recover the system at another site. ▪ New Environment DR plan development underway with planned testing by January 2010. |

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Summary



We continue to make progress in resolving the issues identified in the SAS-70 report for 2008 and remain on target for complete remediation by 3QFY10.

Continued progress has been made since the June 2009 Audit Committee Update.

- Remediation efforts have continued, and all items from the 2008 report, including repeat items, are on target to be closed prior to the end of 3QFY10.

Disaster Recovery Planning / Testing in progress

- Current Environment DR test completed in mid-September 2009.
- New Environment DR test scheduled for completion by January 2010 before February 2010 cutover to MSV data center.

We will continue to update the State Audit Committee as to our progress.

- The State Audit Committee will be kept apprised of any significant developments or alterations to the presented plan, as well as to the overall completion of the plan.