

HCM & PSFIN

Segregation of Duties (SOD)

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Agenda

HCM & PSFIN Segregation of Duties (SOD)

Agenda

- Internal Controls
- Statewide Internal Control Framework
- Segregation of Duties (SOD)
- Tools for Evaluating SOD
- Segregation of Duties in PSFIN
- SOD/Employee Compensation (HCM)
- SOD Roles in HCM
- SOD Mitigating Control Queries

Agenda

- SOD Correction Mode Roles in HCM
- SOD Correction Mode Role Mitigating Control Queries
- SSC Weekly Audits
- SSC Payroll Audits
- Review Parking Lot
- Questions & Wrap-up

Internal Controls

HCM & PSFIN Segregation of Duties (SOD)

Internal Controls

- An integral part of the operational processes not a separate system
- Basic building block of sustainable risk management
- What is needed?
 - A process that provides reasonable assurance that objectives of the institution will be achieved
 - NOT ONE EVENT.... Rather, a series of actions occurring ongoing

Internal Controls

- Who is responsible?
 - EVERYONE!
 - Management
 - Directly responsible for design, implementation, and operating effectiveness
 - Staff
 - Help management with execution of plan
 - Responsible for reporting issues

****Note:** External auditors are not considered part of an institution's internal control system*

Statewide Internal Control Framework

HCM & PSFIN Segregation of Duties (SOD)

Statewide Internal Control Framework

- State of Georgia adopted the “Green Book” published by the Federal Office of Management and Budget (OMB) in December 2015
- USG Institution management should ensure they understand and assess the risks and have appropriate/sufficient internal controls.
- Institutions are responsible even if function is provided by 3rd party vendor
 - Ex: Alight – Benefits Administration is outsourced but USG and individual USG institutions are still responsible for internal controls relating to that outsourced work

Segregation of Duties (SOD)

HCM & PSFIN Segregation of Duties (SOD)

Segregation of Duties (SOD)

- Key component of institution's internal control
- Assigning key duties/responsibilities to different personnel to reduce risks
- Risks include:
 - Error
 - Misuse
 - Fraud

Segregation of Duties (SOD)

- The concept of segregation of duties is to separate the following responsibilities in each business process:
 - Custody of assets
 - Record keeping
 - Authorization
 - Reconciliation
- Ideally, no individual employee should handle more than one of the above-noted functions in a process.

Segregation of Duties (SOD)

- When duties cannot be segregated, **compensating controls** should be considered.
- Compensating controls can be preventative, detective or monitoring controls that are executed by an independent, supervisory-level employee. There must be an audit trail for each compensating control.
- When duties cannot be segregated through system access, system generated reports should be validated to source documentation outside the system.

Tools for Evaluating SOD

HCM & PSFIN Segregation of Duties (SOD)

Tools for Evaluating SOD

- Segregation of Duties Checklist.xlsx
 - MoveIt - FiscalAffairs/AccountingAndReporting/common/SOD Materials

Bank Reconciliations

Process	Control Considerations	Recommendation	Examples of Compensating Control	SOD Issue Noted?	If SOD Issue Noted, Description of Monitoring Procedures
Bank Reconciliations	Does the employee responsible for preparing bank reconciliations also have any of the following cash receipt or disbursement responsibilities: <ul style="list-style-type: none"> • Receive cash receipts • Prepare cash deposits • Generate or print checks • Execute or authorize wire transfers • Sign checks • Have access to blank check stock • Review and approve the bank reconciliation • Post journal entries 	The preparer of bank reconciliations should not have the responsibility for recording cash receipt or disbursement transactions. In addition, bank reconciliations should be reviewed and approved by an employee other than the preparer. As a best practice, the reviewer should be in a supervisory-level position.	To enhance controls over the bank reconciliation process, the following compensating controls can be utilized: <ul style="list-style-type: none"> • Perform a review of cash receipt and cash disbursement entries in the general ledger. • Perform a regular analytical review of the cash receipts and disbursements entries. • Compare cash receipts and disbursement amounts to budgets. 		

Procurement

Process	Control Considerations	Recommendation	Examples of Compensating Control	SOD Issue Noted?	If SOD Issue Noted, Description of Monitoring Procedures
Purchasing	Does the employee initiating the purchase requisition also have the authority to approve the purchase requisition?	Purchase requisitions should be reviewed and approved by someone other than the employee initiating the purchase requisitions. NOTE: Purchase requisitions are an internal purchase request that is sent to the purchasing department. Purchase orders are documents	A supervisory-level employee independent of the purchasing function reviews a report of total purchases as well as purchases over a predetermined threshold amount from new vendors. This report should be generated outside of the purchasing function (e.g., payments		

Tools for Evaluating SOD

- PSFIN & HCM SOD should be evaluated and documented periodically.
 - PSFIN & HCM recommended quarterly
 - Documentation should include:
 - Who performed the evaluation and date of evaluation
 - Who reviewed the evaluation and date of review
 - Processes/procedures/roles evaluated
 - All conflicting SOD issues noted through the evaluation
 - Mitigating control in place that addresses each conflicting SOD issue noted
- Should be performed by individual not responsible for process/procedure/roles being evaluated

Segregation of Duties in PSFIN

HCM & PSFIN Segregation of Duties (SOD)

Segregation of Duties in PSFIN

- PSFIN Query - SEGREGATE_DUTY_BOR

- Instructions for using this query can be found in the [Security Administrator User Guide](#)
 - <https://www.usg.edu/gafirst-fin/documentation/category/security>

Records Query Expressions Prompts Fields Criteria Having Dependency Transformations View SQL Run

Proc/Func Name = Add/Edit Vendor,Business Unit=54000

View All | Rerun Query | Download to Excel | Download to XML

First 1-13 of 13 Last

	ACTIONNAME	User ID	Unit	Create Req Role	Approve Req Role	Create PO Role	Approve PO Role	Create Voucher Role	Approve Voucher Role	Cut Check Role	Add/Edit Vendor Role	Approve Vendor Role
1	Add/Edit Vendor	arowell_54	54000							BOR_AP_PAYCYCLE_APPROVE		
2	Add/Edit Vendor	arowell_54	54000					BOR_AP_VOUCHER_ENTRY				
3	Add/Edit Vendor	cbentle3	54000									BOR_PO_VENDORS_APPROVE
4	Add/Edit Vendor	csmith_54	54000	BOR_EP_MAINT_REQ								
5	Add/Edit Vendor	csmith_54	54000	BOR_EP_MAINT_REQ_SCI		BOR_PO_MAINTAIN	BOR_PO_APPROVE					
6	Add/Edit Vendor	lelliott	54000	BOR_EP_MAINT_REQ								
7	Add/Edit Vendor	lelliott	54000	BOR_EP_MAINT_REQ_SCI		BOR_PO_MAINTAIN	BOR_PO_APPROVE					
8	Add/Edit Vendor	sparker	54000	BOR_EP_MAINT_REQ								

Segregation of Duties in PSFIN

- If a user appears on the SEGREGATE_DUTY_BOR query, it does not necessarily mean that they are in violation. However, further research should be performed to ensure that the user's access is not a violation and the results should then annotate the research for the auditors.
- If SOD issues are noted, determine:
 - If access should be removed
 - If compensating control is in place or should be developed

SOD/Employee Compensation (HCM)

HCM & PSFIN Segregation of Duties (SOD)

SOD/Employee Compensation (HCM)

Control Consideration:

Does the employee responsible for initiating modifications (e.g., add/delete employees, changes to employee information) in HCM also have the ability to approve or record these changes?

Recommendation:

All changes to HCM should be reviewed and approved by a supervisory-level employee (other than the employee initiating the change) in the Human Resources department prior to being recorded in the system.

SOD/Employee Compensation (HCM)

NOTE: *Best practices suggest that no one employee should be able to record modifications to HCM. The modifications should be initiated by one employee and reviewed and authorized in the system by a separate employee.*

Compensating Controls Example:

A system report of all changes to HCM should be generated for review. A supervisory-level employee who does not have access to modify HCM should review this report and match the changes to approved Personnel Action Forms.

SOD/Employee Compensation (HCM)

Control Consideration:

Do the employees responsible for maintaining HR data in HCM (e.g., adding/deleting employees, changes to compensation) also perform any of the following functions:

- Make decisions regarding hiring/termination of personnel
- Have access to payroll system or payroll module
- Involved in the payroll process
- Generate payroll checks
- Receive payroll checks for distribution

Recommendation:

Employees responsible for modifying HR data in HCM should not have access to the payroll system, be involved in the payroll process, distribute payroll checks or make hiring or termination decisions.

SOD/Employee Compensation (HCM)

NOTE: In some instances, the Human Resources module and the payroll module may be part of the same system. However, the employees responsible for processing the payroll should not have access to the Human Resources module and vice versa. For smaller institutions where one employee maintains the HR data in HCM and processes payroll, this employee should not be able to authorize and execute the pay run (i.e., generate payroll checks) or distribute payroll checks.

SOD/Employee Compensation (HCM)

Compensating Controls Example:

To enhance controls over the payroll process, the following compensating controls can be utilized:

- A supervisory-level employee who is not involved in the payroll process reviews and approves the pre-payment payroll report as well as the final payroll reports after the payroll has been processed.
- Distribution of payroll checks is conducted by a supervisory-level employee without payroll responsibilities, and checks not distributed are investigated.
- Gross wages, per the payroll journals and the general ledger, are reconciled to the W-2s.

SOD/Employee Compensation (HCM)

Control Consideration:

Are employees able to review and approve their own hours worked or time entered in the timekeeping system?

Recommendation:

Hours worked should be reviewed and approved by the employee's supervisor prior to being recorded or transmitted to the payroll department.

SOD/Employee Compensation (HCM)

Control Consideration:

Do the same employees responsible for preparing payroll for processing also perform any of the following duties:

- Modify the Employee Master File
- Approve the payroll
- Generate payroll checks
- Distribute payroll checks
- Receive final payroll reports (e.g., payroll registers) for review and approval

Recommendation:

The file prepared for processing payroll should be reviewed and approved by an employee who is not involved in the preparation of this payroll file or part of the human resources function.

SOD/Employee Compensation (HCM)

Note: If an outside payroll service is used for payroll processing, the same employee responsible for communicating changes to payroll master file data to the outside payroll service provider should not be involved in recording the payroll entries in the general ledger, preparing payroll reconciliations or distributing payroll checks. This employee should also not receive the copies of the final payroll reports (e.g., payroll registers) from the outside payroll service.

SOD/Employee Compensation (HCM)

Compensating Controls:

To enhance controls over the payroll process, the following should be considered:

- Use of an outside payroll service provider.
- Use of direct deposit instead of payroll checks.
- Perform a periodic analytical review of the payroll expense, including but not limited to budget to actual variance analysis.
- Perform an analysis of head count to revenue ratios.

SOD/Employee Compensation (HCM)

Control Consideration:

Are undistributed payroll checks and rejected payroll direct deposits investigated and reconciled by a supervisory employee outside of the payroll function in a timely manner?

Recommendation:

Employees not involved in the payroll or human resources function should maintain custody as well as investigate and reconcile the returned payroll checks.

SOD/Employee Compensation (HCM)

Control Consideration:

Does the employee responsible for recording the payroll expense entry in the general ledger perform any of the following functions:

- Modify the Employee Master File
- Prepare or authorize payroll
- Generate payroll checks
- Distribute payroll checks

Recommendation:

An employee outside of the payroll and human resources functions should post the payroll journal entry to the general ledger.

SOD/Employee Compensation (HCM)

Control Consideration:

Does the employee responsible for reconciling the general ledger to the payroll system also have the ability to record entries in or make adjustments to the payroll system?

Recommendation:

Reconciliations should be performed by an employee who does not have modification rights to the payroll system.

SOD/Employee Compensation (HCM)

Control Consideration:

When using an outside payroll service to calculate and remit payroll withholding tax, does the employee responsible for receiving the payroll tax refund checks perform any of the following functions:

- Prepare and process payroll, including but not limited to communicating changes in the payroll master file data to the outside payroll provider
- Authorize payroll
- Prepare payroll reconciliations

Recommendation:

The payroll withholding tax refund checks should not be received by an employee who is involved in the payroll process.

SOD/Employee Compensation (HCM)

Newly Identified Conflict

- Employee should not be able to enter/change hours worked **AND** be able to hire, update, and/or modify employee data

Recommendation

- Mitigating controls should be in place to review data entered or changed where SOD concern exists
- SSC is working to develop mitigating control queries
 - Identify employee time not approved by the supervisor
 - Identify time approved/changed by individuals with SOD conflict
 - Supervisor should review and confirm if correct

SOD Roles in HCM

HCM & PSFIN Segregation of Duties (SOD)

SOD Roles in HCM

- Segregation of Duties Issues Caused by Combination of Security Roles in OneUSG Connect
- BOR HR Employee Maintenance
AND BOR Payroll Data Maintenance

SOD Roles in HCM

- Segregation of Duties Issues Caused by Combination of Security Roles in OneUSG Connect
 - BOR HR Employee Maintenance
OR BOR Payroll Data Maintenance
PLUS ANY OF:
 - BOR CA Budget Distribution
 - BOR CA Processing
 - BOR CA Retro Processing
 - BOR CA Accounting Adjustments
 - BOR CA Adjustment Approver
 - BOR CA Adjust Acctg Override

SOD Roles in HCM

- Segregation of Duties Issues Caused by Combination of Security Roles in OneUSG Connect
 - *Newly Identified*
 - BOR HR Employee Maintenance
 - OR** BOR Payroll Data Maintenance
 - PLUS ANY OF:**
 - BOR TL Administer Time
 - BOR TL Process Time
 - BOR TL Admin Reporting Time

SOD Roles in HCM

- Public Query to identify users with Segregation of Duties Issues
 - **BOR_SEC_SOD_USERS**
 - Modified to include new TL roles
- List of practitioners with SOD issues are included on SSC quarterly reconciliation spreadsheet

SOD Roles in HCM

OneUSG Connect Security Role	Examples of System Access
BOR HR Employee Data Maintenance	<ul style="list-style-type: none">• Access to Employee Master File (adding/modifying/terminating employees, changes to compensation)
BOR Payroll Data Maintenance	<ul style="list-style-type: none">• Access to add/change/delete items in payroll module• Prepare or authorize payroll• Involved in payroll process• Generate/Distribute payroll checks• Review/Approve final payroll reports

SOD Roles in HCM

OneUSG Connect Security Role	Examples of System Access
BOR CA Budget Distribution BOR CA Processing BOR CA Retro Processing BOR CA Accounting Adjustments BOR CA Adjustment Approver BOR CA Adjust Acctg Override	<ul style="list-style-type: none">• Reconcile payroll to general ledger• Post payroll journal entries to general ledger

SOD Roles in HCM

OneUSG Connect Security Role	Examples of System Access
BOR TL Administer Time	<ul style="list-style-type: none">• Adjust Paid Time
BOR TL Process Time	<ul style="list-style-type: none">• Batch Approve Reported and Payable Time• Override Rules
BOR TL Admin Reporting Time	<ul style="list-style-type: none">• Assign Work Schedule• Create/Maintain Time Reporter Data• Mass Time/Absences• Report/Approve Time• Timesheet

SOD Mitigating Control Queries in HCM

HCM & PSFIN Segregation of Duties (SOD)

SOD Mitigating Control Queries in HCM

- Yields large amount of data
- Download to excel to filter
- Additional prompts can be added
- More detailed information will be provided on next week's Institution Security Administrator call (09/25/2019)

SOD Mitigating Control Queries in HCM

- **Payline**
 - BOR_PAY_LN_AUDIT
- **Additional Pay**
 - BOR_PY_AUDIT_ADDL_PAY
 - BOR_PY_AUDIT_ADDL_PAY_EE
 - Prompts for employee ID (not user who made the change)

SOD Mitigating Control Queries in HCM

- **Comp Rate in Job Data**

- BOR_HR_AUDIT_JOB_CHANGES

- Prompts for company code, from/to dates, empl ID, and user ID
 - Company and to/from dates are required

- BOR_HR_AUDIT_JOB_BY_EMPLID for one employee.

- Prompts for employee ID (not user who made the change)

- **Direct Deposit**

- BOR_PY_AUDIT_DDP

- BOR_PY_AUDIT_DDP_EMPLID

- Prompts for employee ID (not user who made the change)

SOD Mitigating Control Queries in HCM

- Audit Actions
 - A – Inserting/Adding a new row/value
 - C – Changing a Non-Key Field
 - K/N – Changing a Key Field
 - K old value
 - N new value
 - D – Deleting a row

SOD Correction Mode Roles in HCM

HCM & PSFIN Segregation of Duties (SOD)

SOD Correction Mode Roles in HCM

- SOD issues do exist if a practitioner has two or more of the following correction mode roles:
 - BOR_CORRECTION_MODE_HR
 - BOR_CORRECTION_MODE_PAYROLL
 - BOR_CORRECTION_MODE_CA
- Public query used to identify users with a combination of correction mode roles that constitute a segregation of duties
 - **BOR_SEC_SOD_CORR_MODE**
- List of practitioners with SOD issues are included on SSC quarterly reconciliation spreadsheet

SOD Correction Mode Role Mitigating Control Queries

HCM & PSFIN Segregation of Duties (SOD)

SOD Correction Mode Role Mitigating Queries

- SSC testing queries now
- Queries will be based on table specific changes
- Query names and more details to come
 - Institution Security Administrator call next week 09/25/2019
- Queries will pull changes made by users with the correction mode role
 - Only show users who currently have correction mode role
 - If role has been removed, user will not appear on query even if changes were made when he/she had the role
 - Additional audit queries available if needed

SOD Correction Mode Role Mitigating Queries

- Cannot identify when in correction mode versus a normal change via audit
 - Refer to the effective date versus the audit stamp date
 - C, K/N, D or A effective date < audit stamp date = correction mode used in most cases
 - For A Actions, top-of-stack do not require correction mode
 - Correction mode can be used even if the change made did not require correction mode
 - Example: A normal action such as a future dated row, which does not require correction mode, can be entered while in correction mode.

SSC Weekly Audits

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SSC Weekly Audits

- Terminated/Retired/Leave Query/Deprovision script
 - Ensures all HCM and third party access is removed for retirees/terminated employees
 - Security admins will be asked if access for employees on leave needs to be removed
- OneUSG Connect Correction Mode Query
 - Shows if anyone with correction mode roles for job and position made changes to his/her own record
 - Security admins will be notified of any findings

SSC Weekly Audits

- Terminated Workflow Department Approver Query
 - For institutions using decentralized/departmental MSS workflow
 - Security admins are notified that approver is terminated and has been removed from all workflow levels
 - If no other approver is listed in the level, that level is changed from active to inactive until we are given a new approver
 - Any active MSS transactions pending approval of a terminated approver is identified

SSC Payroll Audits

HCM & PSFIN Segregation of Duties (SOD)

SSC Payroll Audits – Calc Day

Audit Name	Description
BOR_PAY_LN_AUDIT	Audit shows if user made changes to his/her own pay line.
BOR_ADDITIONAL_PAY_AUDIT	Audit shows if user made changes to his/her additional pay.
BOR_HR_COMPRATE_AUDIT	Audit shows if user made changes to his/her comp rate in job data.

SSC Payroll Audits – Calc Day

Audit Name	Description
Excel to CI TOAD script	Audits additional pay being loaded via Excel to CI.
SSC_SEC_GREEN_DOT_AUDIT	Identifies direct deposit changes since previous payroll with specific routing numbers

SSC Payroll Audits – Confirm Day

Audit Name	Description
BOR_PAY_LN_AUDIT	Audit shows if user made changes to his/her own pay line.
BOR_PAY_LN_SUPPORT_AUDIT	Audit shows if SSC/ITS operators made changes to his/her employee pay line.

SSC Payroll Audits – Confirm Day

Audit Name	Description
BOR_ADDITIONAL_PAY_AUDIT	Audit shows if user made changes to his/her additional pay.
BOR_ADDL_PAY_SUPPORT_AUDIT	Audit shows if SSC/ITS operators made changes to his/her employee additional pay tables.

SSC Payroll Audits – Confirm Day

Audit Name	Description
BOR_HR_COMPRATE_AUDIT	Audit shows if user made changes to his/her comp rate in job data.
BOR_HR_COMPRATE_SUPP_AUDIT	Audit shows if SSC/ITS operator made changes to his/her employee comp rate in job data
BOR_PAY_DED_SUPPORT_AUDIT	Query shows if SSC/ITS operator made changes to his/her own paycheck via deduction override.

SSC Payroll Audits – Confirm Day

Audit Name	Description
BOR_PAY_EARN_SUPPORT_AUDIT	Audit shows if SSC/ITS operator made changes to his/her own pay earnings
BOR_PAY_OT_EARN_SUPPORT_AUDIT	Audits to see if operator made changes to his/her own pay using other Earnings Tables
Excel to CI TOAD script	Audits additional pay being loaded via Excel to CI.

Review Parking Lot

HCM & PSFIN Segregation of Duties (SOD)

Questions & Wrap-up

HCM & PSFIN Segregation of Duties (SOD)