



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

David A. Vaudt, CPA
Auditor of State

State Capitol Building
Des Moines, Iowa 50319-0004

Telephone (515) 281-5834 Facsimile (515) 242-6134

NEWS RELEASE

FOR RELEASE December 6, 2004

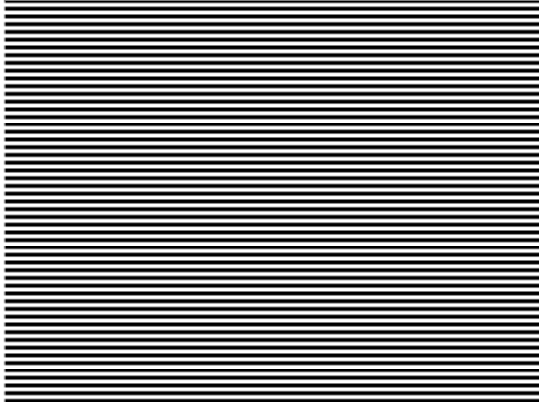
Contact: Andy Nielsen
515/281-5834

Auditor of State David A. Vaudt today released a report on the review of selected general controls for the Iowa Department of Workforce Development information system for the period May 10, 2004 through May 28, 2004.

Vaudt recommended the Department develop and implement procedures to improve controls over the deactivation and collection of departing employee access cards, enhance system backup procedures and strengthen the contingency plan.

A copy of the report is available for review at the Iowa Department of Workforce Development or the Office of Auditor of State.

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**REPORT OF RECOMMENDATIONS TO THE
IOWA DEPARTMENT OF WORKFORCE DEVELOPMENT
ON THE REVIEW OF SELECTED GENERAL CONTROLS**

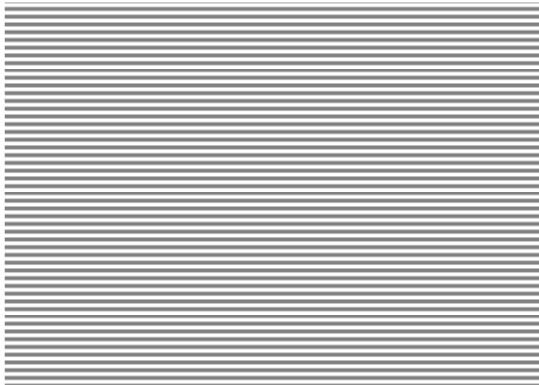
MAY 10, 2004 TO MAY 28, 2004

Office of
**AUDITOR
OF STATE**

State Capitol Building • Des Moines, Iowa



David A. Vaudt, CPA
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October 19, 2004

To Richard V. Running, Director of the
Iowa Department of Workforce Development:

In conjunction with our audit of the financial statements of the State of Iowa for the year ended June 30, 2004, we conducted an information technology review of selected general controls for the Iowa Department of Workforce Development for the period May 10, 2004 through May 28, 2004. Our review focused on the general controls for the Iowa Department of Workforce Development's information system as they relate to our audit of the financial statements. The review was more limited than would be necessary to give an opinion on internal controls. Accordingly, we do not express an opinion on internal controls or ensure all deficiencies in internal controls are disclosed.

In conducting our review, we became aware of certain aspects concerning information technology controls for which we believe corrective action is necessary. As a result, we have developed recommendations which are reported on the following pages. We believe you should be aware of these recommendations which pertain to the Department's information system general controls. These recommendations have been discussed with Department personnel and their responses to these recommendations are included in this report.

This report, a public record by law, is intended solely for the information and use of the officials and employees of the Iowa Department of Workforce Development, citizens of the State of Iowa and other parties to whom the Iowa Department of Workforce Development may report. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of the Iowa Department of Workforce Development during the course of our review. Should you have any questions concerning the above matters, we shall be pleased to discuss them with you at your convenience. Individuals who participated in our review of general controls are listed on page 6, and they are available to discuss these matters with you.

DAVID A. VAUDT, CPA
Auditor of State

WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

cc: Honorable Thomas J. Vilsack, Governor
Cynthia P. Eisenhauer, Director, Department of Management
Dennis C. Prouty, Director, Legislative Services Agency

Report of Recommendations to the Iowa Department of Workforce Development

May 10, 2004 through May 28, 2004

Information System Controls

A. Scope and Methodology

In conjunction with our audit of the financial statements of the State of Iowa, we reviewed selected aspects of the general controls in place over the Iowa Department of Workforce Development's (Department) information system for the period May 10 through May 28, 2004. Specifically, we reviewed the general controls: access controls, application software development and change controls and service continuity. We interviewed staff of the Department and we reviewed Department policies and procedures. To assess the level of compliance with identified controls, we performed selected tests.

We planned and performed our review to adequately assess those Department operations within the scope of our review. We developed an understanding of the Department's internal control relevant to the operations included in the scope of our review. We believe our review provides a reasonable basis for our recommendations.

We used a risk-based approach when selecting activities to be reviewed. We focused our review efforts on those activities identified through a preliminary survey as having the greatest probability for needing improvement. Consequently, by design, we used our finite review resources to identify where and how improvements can be made. Thus, we devoted little effort to reviewing operations that may be relatively efficient or effective. As a result, we prepare our review reports on an "exception basis." This report, therefore, highlights those areas needing improvement and does not address activities that may be functioning properly.

B. Results of the Review

As a result of our review, we found certain controls can be strengthened to further ensure the reliability of financial information. Our recommendations, along with the Department's responses, are detailed in the remainder of this report.

General Controls

- (1) Data Center Access – Physical security controls restrict physical access to computer resources and protect them from intentional or unintentional loss or impairment. One such control is through the use of magnetic proximity cards to restrict access to the Iowa Workforce Development (IWD) data center.

Current procedures call for the return of magnetic proximity cards and notification of Business Management to deactivate the proximity cards upon transfer or termination of employees. The procedures do not document the notification of Business Management or the return of proximity cards.

Recommendation – The Department should establish procedures to document the notification of Business Management to deactivate proximity cards and the return of proximity cards for departing employees.

Response – IWD has an established process for notification of the Business Services Bureau concerning the return of proximity cards. This process will be enhanced with the addition of a log indicating the dates that proximity cards are returned and deactivated.

Conclusion – Response accepted.

Report of Recommendations to the Iowa Department of Workforce Development

May 10, 2004 through May 28, 2004

- (2) Tape Backup Procedures – Computer files are regularly backed up and stored at an off-site location in order to mitigate service interruptions. However, the current policy of back ups and off-site rotation does not allow for a full recovery of operation in the event of a disaster.

Recommendation – The Department should develop policies and procedures to reduce the possibility of the loss of data in the event a full recovery is needed.

Response – IWD has implemented a product that creates a full system backup of the DASD in less than 5 minutes. IWD has been notified they will be awarded a grant to upgrade two tape drives. Once implemented, this will allow IWD to do a full recovery to the morning of failure.

Conclusion – Response accepted.

- (3) Contingency Plan – Losing the capability to process, retrieve, and protect information maintained electronically can significantly affect a Department's ability to accomplish its mission. For this reason, Departments should have (1) procedures in place to protect information resources and minimize the risk of unplanned interruptions and (2) a plan to recover critical operations should interruptions occur.

The Department's contingency plan has not been tested since 1999 and does not include formalized arrangements for alternate data processing and telecommunications facilities.

Recommendation – The Department should negotiate agreements to ensure alternate data processing and telecommunication facilities would be available and operational in the event of a disaster and periodically test their contingency plan.

Response – IWD is updating the IWD Contingency Plan as part of the Enterprise COOP and COG initiative. Agreements for alternative data processing and telecommunication facilities and periodic testing of the contingency plan will be addressed as part of this process.

Conclusion – Response accepted.

Report of Recommendations to the Iowa Department of Workforce Development

May 10, 2004 through May 28, 2004

Staff:

Questions or requests for further assistance should be directed to:

Erwin L. Erickson, CPA, Director
Gina L. Cunningham, CPA, Senior Auditor
Andrew E. Nielsen, CPA, Deputy Auditor of State

Other individuals who participated on this review include:

Denise A. Walter, CPA, Senior Auditor II