



APPENDIX to July 22 Committee Report

Detailed Audit Results

- Internal Controls over the Business Continuity Plan and the Technology Recovery Plan – **SLIDES 3-7**
- Review of Internal Controls over the Employee Separation Process – **SLIDES 8-17**

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- ✓ The attached Audit Results are excerpts from the respective March 2020 final audit reports.
- ✓ For the 60-day Management update on their Corrective Action Plan and targeted implementation dates, refer to the July 22, 2020 Committee Report Report of Audits Conducted.





Business Continuity Plan and Technology Recovery Plan Audit

Audit Finding	Rating	Recommendation	Management Response/Intended Corrective Action	Target Completion Date
1. CPUC does not have a Business Continuity Plan		<u>Recommendation 1A</u> The CPUC management must create a continuity plan compliant with SAM criteria and that addresses Cal OES' continuity planning requirements.	<u>Management Response 1A</u> A new Continuity Plan (CP) is in development and will replace the Business Continuity Plan. This is a major effort requiring all divisions to participate.	4/30/20
		<u>Recommendation 1B</u> The Technology Recovery Plan (TRP) should be considered as one portion of the overall continuity program.	<u>Management Response 1B</u> ASD is working with ITSD Information Security Office and with divisions to develop an understanding of how the TRP and the CP relate. ITSD will develop the necessary plans to ensure the systems and databases are made available for quick and appropriate access so that it can prioritize its emergency activities.	4/30/20





Business Continuity Plan and Technology Recovery Plan Audit

Audit Finding	Rating	Recommendation	Management Response/Intended Corrective Action	Target Completion Date
<p>1. CPUC does not have a Business Continuity Plan</p>		<p><u>Recommendation 1C</u> Comprehensive continuity planning policies and procedures, in line with SAM requirements and Cal OES guidelines, should be prioritized by the CPUC management to establish the necessary internal controls over the development and maintenance of the Business Continuity Plan.</p>	<p><u>Management Response 1C</u> Because CPUC values safety as a part of its culture, the Commissioners and management prioritize all efforts to ensure that the CPUC is responsive in emergency situations. The CPUC sees development of the CP as a window of opportunity to ensure its readiness to respond to state disasters.</p> <p>Accordingly, management has made the new continuity plan (CP) a priority involving all CPUC divisions. Once the plan is completed and approved by Cal OES, annual testing and updates will be added to the annual calendar and will be led by ASD. ASD proposes that the CPUC designate a 'Safety Week' each year during which time the CP will be tested and evaluated.</p>	<p>4/30/20</p>





Business Continuity Plan and Technology Recovery Plan Audit

Audit Finding	Rating	Recommendation	Management Response/Intended Corrective Action	Target Completion Date
<p>1. CPUC does not have a Business Continuity Plan</p>		<p><u>Recommendation 1D</u> Once the Business Continuity Plan is complete, management should at least annually assess and update the plan to ensure it has the most current information and is based on the most recent data available to CPUC. Required checklist and other certifications should be timely submitted to Cal OES.</p>	<p><u>Management Response 1D</u> The Cal OES CP Guidance specifies annual testing, evaluation, and revision. ASD will add testing of the new Continuity Plan (CP) and resulting updates and corrections to its annual calendar.</p> <p>We will develop training prior to approval of the CP and conduct training and testing after Cal OES has approved the CP. The required checklist will be used as a guideline in developing the narrative of the CP and once the CP is completed, it will be reviewed against the checklist.</p> <p>ASD will add checklists and certifications to Cal OES to its annual calendar to ensure they are submitted to Cal OES on a timely basis.</p>	<p>One year after plan approved by OES</p>





Business Continuity Plan and Technology Recovery Plan Audit

Audit Finding	Rating	Recommendation	Management Response/Intended Corrective Action	Target Completion Date
<p>2. The value of the CPUC's Technology Recovery Plan is questionable as it was created without a current Business Continuity Plan</p>		<p><u>Recommendation 2A</u> The CPUC management must coordinate the update of the TRP with the development of the Business Continuity Plan so that ITSD's recovery efforts are consistent with the essential functions as defined in the Business Continuity Plan. ASD and ITSD should collaborate to ensure both plans are consistent, cohesive, and provide comprehensive continuity planning for the CPUC. ITSD should confirm that the TRP includes all criteria as defined in SAM and the SIMM 5325-A and 5325-B documents and that all required training and testing is completed and appropriately documented.</p>	<p><u>Management Response 2A</u> ITSD has created a working group to work with ASD to address the concerns noted in Recommendation 2A. The first meeting was held on Jan 29, 2020.</p> <p>Once ASD has identified CPUC mission-critical applications and systems, ITSD will confirm that the TRP includes all of the criteria as defined in SAM and the SIMM 5325-A and 5325-B documents, and will develop and update the TRP based on the guidance and templates provided by the California Department of Technology (CDT) to comply with the criteria defined in SIMM 5325A. See Recommendation 2B for more details regarding the preparation, training, and testing of the TRP.</p>	<p>12/31/21</p>





Business Continuity Plan and Technology Recovery Plan Audit

Audit Finding	Rating	Recommendation	Management Response/Intended Corrective Action	Target Completion Date
<p>2. The value of the CPUC's Technology Recovery Plan is questionable as it was created without a current Business Continuity Plan</p>		<p><u>Recommendation 2B</u> Comprehensive TRP policies and procedures, in line with SAM requirements and CDT guidelines, should be developed by the CPUC management to establish the necessary internal controls over the development, maintenance, training, and testing of the TRP. Management should continuously revisit these policies and procedures for any changes or updates.</p>	<p><u>Management Response 2B</u> After ASD has identified CPUC mission critical systems and applications, ITSD will develop the TRP and TRP policies and procedures based on the guidance and templates provided by CDT to comply with the criteria defined in SIMM 5325A. It will take ITSD approximately 8-12 weeks, per each mission critical system, to adequately address all of the requirements in the TRP (the process time includes the training and testing required for each mission critical system).</p> <p>In conjunction with developing the TRP, ITSD will also need to prepare a System Security Plan, as required by SAM 5300, for each mission critical system identified in the Continuity Plan. Each System Security Plan will require another 6-8 weeks to fully prepare (identification, policies and procedures, training, testing, etc.)</p>	<p>12/31/21</p>





Employee Separation Process Audit

Audit Finding	Rating	Recommendation	Management Response/Intended Corrective Action	Target Completion Date
<p>1. Separated employees' user accounts are not timely disabled</p>		<p><u>Recommendation 1A</u> HRD should work with ITSD to develop a procedure, including SARF submission timeframe, for removing a separating employee as well as adding a new employee and updating an existing employee.</p>	<p><u>Management Response 1A</u> The Human Resources Division (HR) will work with the division liaisons and the Information Technology Services Division (ITSD) to develop procedures to ensure timely notification of separating employees.</p> <p>Upon separation, termination, addition or change in an employee's status with the CPUC, their network user account must be updated. The process to update this user account is triggered by the filing of a Systems Action Request Form (SARF) which triggers an email to be sent to the Exchange Administrators team who uses this information to process the requested action on the user account. The Exchange administrators have a Service Level Agreement of 48 hours after receipt of the SARF to create a new user account.</p> <p>ITSD proposes to teach and refresh our process at the next HR & division liaison meeting. Thereafter, ITSD will also train any new division liaisons as they are appointed.</p>	<p>4/1/20</p>





Employee Separation Process Audit

Audit Finding	Rating	Recommendation	Management Response/Intended Corrective Action	Target Completion Date
<p>1. Separated employees' user accounts are not timely disabled</p>	<p style="background-color: red; color: white; text-align: center;">C</p>	<p><u>Recommendation 1B</u> HRD should work with division liaisons to implement and maintain a regular reconciliation to ensure timely and complete SARF submission against HRD official separation records.</p>	<p><u>Management Response 1B</u> Human Resources Division (HRD) will work with division liaisons to develop policies and procedures to implement and maintain a regular reconciliation to ensure timely and complete Systems Action Request Form submission against HRD official separation records to prevent significant delays.</p>	<p>6/30/20</p>
<p>9</p>		<p><u>Recommendation 1C</u> HRD should provide training to supervisors and division HR liaisons about SARF submission and reconciliation.</p>	<p><u>Management Response 1C</u> To ensure separated employees' user accounts are timely disabled, HRD will:</p> <ul style="list-style-type: none"> • Consult with the Information Technology Services Division (ITSD) on the appropriate communication or training strategy to disseminate policies and procedures, along with reference materials, about Systems Action Request Form (SARF) submission and SARF reconciliations. • Communicate supervisors' roles and responsibilities • Communicate division liaisons' roles and responsibilities 	<p>6/30/20</p>





Employee Separation Process Audit

Audit Finding	Rating	Recommendation	Management Response/Intended Corrective Action	Target Completion Date
<p>1. Separated employees' user accounts are not timely disabled</p>		<p><u>Recommendation 1D</u> ITSD should develop a separate periodic SARF review to confirm user accounts are disabled immediately upon employee separation.</p>	<p><u>Management Response 1D</u> ITSD will take the proper steps to ensure that these types of requests are treated with priority and processed in an expeditious, yet careful manner.</p> <p>ITSD will create a log that contains information about the Systems Action Request Form (SARF) and details of the processing of the request, which would be updated by the Exchange Administrators as the requests are received.</p> <p>ITSD will also establish a process for validating the timely processing of the SARFs.</p>	<p>4/1/20</p>





Employee Separation Process Audit

Audit Finding	Rating	Recommendation	Management Response/Intended Corrective Action	Target Completion Date
<p>2. IT equipment retrieval is delayed and not always ensured</p>		<p><u>Recommendation 2</u> HRD should work with ITSD to establish controls for an improved process regarding timely IT equipment retrieval upon employees' separation. The new process should consider improving or eliminating delays caused by the various separation notifications.</p> <p>Additionally, as noted in Recommendation 5 below, separating employees' supervisors' and ITSD's roles and responsibilities should be clearly defined in HRD's overarching employee separation policy and procedure. Further, in concert with HRD's policy, ITSD should establish its own procedures regarding when and how to timely retrieve IT equipment, as well as how to maintain the complete documentation for the retrieval as evidence.</p>	<p><u>Management Response 2</u> The Human Resources Division (HRD) will work with the Information Technology Services Division (ITSD) to establish policies and procedures, or a checklist, to act as controls for timely retrieval of all assigned items upon separation. These procedures, along with the checklist, will be used during the onboarding process and upon separation.</p> <p>ITSD will also establish policies and procedures that will identify steps to ensure the timely physical retrieval of IT equipment upon employee separation. The policy will also address securing assets, and the consequences of failing to timely retrieve equipment, and will be created and enforced by ITSD's Client Solutions Section.</p>	<p>4/1/20</p>





Employee Separation Process Audit

Audit Finding	Rating	Recommendation	Management Response/Intended Corrective Action	Target Completion Date
<p>3. Significant internal control weaknesses over badge retrieval and deactivation</p>		<p><u>Recommendation 3</u> The Facilities Unit should develop and implement a policy for accountability of the badges issued to employees. Additionally, internal controls should be strengthened by working with HRD to develop clear policies and procedures on when and how to timely deactivate and retrieve badges in all offices.</p> <p>For the San Francisco and Los Angeles offices, develop procedures for the reconciliation and confirmation process with DGS to ensure separating employees' badges are timely deactivated.</p> <p>For the Sacramento office, the Facilities Unit should develop procedures for the reconciliation and confirmation process to ensure separating employees' badges are timely deactivated.</p>	<p><u>Management Response 3</u> The Human Resources Division (HRD) will work on a separation notification procedure whereby HRD, Administrative Services Division (ASD) Facilities, and the Information Technology Services Division (ITSD) are notified simultaneously of an employee separation from CPUC. HRD will then work with supervisors and liaisons to ensure the final process is followed during an employee separation.</p> <p>For a longer-term solution, Facilities will consider developing an electronic check out process that would include HRD/ITSD and ASD. The timing of the electronic process will depend on staff resources; funding; and ITSD support and coordination between ASD/ITSD/HRD. Currently there is no targeted date of completion for this solution.</p>	<p>6/30/20</p>



Employee Separation Process Audit

Audit Finding	Rating	Recommendation	Management Response/Intended Corrective Action	Target Completion Date
<p>4. HRD did not fully enforce the systematic rollout and implementation of the Employee Separation Clearance policy and procedure</p>		<p><u>Recommendation 4A</u> Once the Employee Separation Policy and Procedure is refined as noted in the recommendations under Finding #5, HRD should immediately adopt and enforce the updated version of the policy and the accompanying form to include proper dissemination to management and follow up to ensure agency wide awareness.</p>	<p><u>Management Response 4A</u> After the Employee Separation Policy and Procedure is refined and updated, the Human Resource Division (HRD) will immediately adopt and enforce the updated version by performing monthly reviews to ensure compliance with the new policy and the accurate completion of any new employee separation forms.</p> <p>In order to properly disseminate the new policy, the HRD Executive Deputy Director will inform other division directors at the weekly division directors' meetings, and publish the new procedures and forms on the HRD intranet page or within PolicyTech.</p>	<p>6/30/20</p>





Employee Separation Process Audit

Audit Finding	Rating	Recommendation	Management Response/Intended Corrective Action	Target Completion Date
<p>4. HRD did not fully enforce the systematic rollout and implementation of the Employee Separation Clearance policy and procedure</p>		<p><u>Recommendation 4B</u> HRD should provide agency wide training to stakeholders including division liaisons, management and the staff of relevant divisions regarding each stakeholder's roles and responsibilities in the separation process.</p>	<p><u>Management Response 4B</u> Once the process, policies, and procedures have been refined and collaboratively discussed with the various other responsible parties, the Human Resources Division (HRD) will ensure adequate communication, training and support are given to all current supervisors, managers and division liaisons. HRD will incorporate the new process, and policies and procedures, into the orientation process for new supervisors, and will discuss them at the monthly HRD/division liaisons meeting.</p>	<p>6/30/20</p>





Employee Separation Process Audit

Audit Finding	Rating	Recommendation	Management Response/Intended Corrective Action	Target Completion Date
<p>5. The October 2018 implemented Employee Separation Clearance Policy and Procedure needs refinement and enhancement to strengthen internal controls and guide CPUC management and staff in processing separations</p>		<p><u>Recommendation 5A</u> HRD should continue to collaborate with other divisions and revisit each stakeholder's roles and responsibilities in the separation process to ensure they are relevant, effective and efficient, then refine the Employee Separation Policy and Procedure as well as the Clearance Form. The policy should clearly define each stakeholder's specific roles and responsibilities to meet the control objectives.</p> <p>Management should also continuously revisit the policy and procedure for any changes or updates.</p>	<p><u>Management Response 5A</u> Once the Employee Separation Policy and Procedure, as well as the Clearance Form, is updated, and communicated to supervisors, managers, and division liaisons, the Human Resources Division (HRD) will revisit the policy on a consistent basis to reflect agency reorganizations and any other necessary refinements and/or procedural changes. This will be an interactive process between HRD, division liaisons, supervisors, and managers, and will occur at least once a year.</p>	<p>6/30/20</p>





Employee Separation Process Audit

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<p>5. The October 2018 implemented Employee Separation Clearance Policy and Procedure needs refinement and enhancement to strengthen internal controls and guide CPUC management and staff in processing separations</p>		<p><u>Recommendation 5B</u> HRD should establish an employee on-boarding procedure, developed in collaboration with stakeholder divisions, which includes a list of all items issued to new employees. This list should be updated timely for any changes during the employee's tenure with CPUC.</p>	<p><u>Management Response 5B</u> The Human Resources Division (HRD) will collaborate with stakeholder divisions (Information Technology Services Division and Administrative Services Division, Facilities Unit) to develop an on-boarding policy and procedure that will include a list of all items that should be issued to new employees. Further the policies and procedures will dictate how and when the list should be updated.</p>	<p>6/30/20</p>





Employee Separation Process Audit

Audit Finding	Rating	Recommendation	Management Response/Intended Corrective Action	Target Completion Date
<p>5. The October 2018 implemented Employee Separation Clearance Policy and Procedure needs refinement and enhancement to strengthen internal controls and guide CPUC management and staff in processing separations</p>		<p><u>Recommendation 5C</u> HRD should enhance the current Employee Separation Clearance Policy and Clearance Form by taking into consideration the specific situation of different locations. If different processes and forms for each location are required, such differences should be clearly articulated in the policy and reflected in the Exit Clearance Form.</p>	<p><u>Management Response 5C</u> As mentioned previously, the Human Resources Division will revise the current Employee Separation Clearance Policy and Procedure, and the Clearance Form. The policy, procedure, and form will take into consideration the various office locations to ensure internal controls are strengthened, and will serve as a guide for satellite staff in processing employee separations.</p>	<p>6/30/20</p>





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