



EXECUTIVE SUMMARY

DEPARTMENT OF THE TREASURY OFFICE OF MANAGEMENT AND BUDGET CENTRALIZED PAYROLL SYSTEM July 1, 2021 to November 1, 2023

We found that the department has general and application controls and processes in place in the Centralized Payroll System that are appropriate and working properly to ensure the confidentiality, integrity, and availability of the system and its data. In addition, payroll processing objectives are being met. However, we noted areas for improvement in controls and processes in the areas of data integrity, change control, and logical access that merit management's attention. We are also providing an observation regarding the expiration of a software that could affect the processing of certain payrolls.

AUDIT HIGHLIGHTS

- We observed that an expiring software may impact the processing of certain payrolls. A vendor software used to input, edit, and correct payroll submissions will not be available after December 31, 2023. There is a replacement system, as well as alternative procedures, being developed; however, neither has been completely tested. If successful testing is not completed, certain payrolls may not be successfully processed.
- We found 6 of 40 regular payroll submissions and 22 of 204 supplemental payroll submissions did not have certifications signed by an authorized approver. Payroll submissions without proper review and authorization increase the risk of incorrect or improper data being processed and payments being issued based on that data.
- We found supplemental payments to employees for additional tasks that were incorrectly coded as overtime. Although we determined that the payments were permitted and were proper, the department should address these issues because miscoding could lead agencies relying on that data to make assumptions and business decisions regarding overtime based on inaccurate data.
- We found weaknesses in the change control process over payroll programs that could result in improper or unauthorized changes being made. This includes the lack of a documented formal process, electronic verifiable signatures, and criteria for assessing the impact of a change. We also identified users who could move a program from the development to production library and place it into use in the live application without the intervention of another user.

AUDITEE RESPONSE

The department generally concurs with our findings and recommendations.

For the complete audit report or to print this Executive Summary, click on the attached files.