
Office of Inspector General

Audit Report

QUALITY CONTROL REVIEW FOR CONTROLS OVER THE ENTERPRISE SERVICES CENTER

Department of Transportation
Report Number: QC-2012-003
Date Issued: November 4, 2011





Memorandum

U.S. Department of
Transportation

Office of the Secretary
of Transportation
Office of Inspector General

Subject: **ACTION:** Quality Control Review of Controls
Over the Enterprise Services Center
Report Number QC-2012-003

Date: November 4, 2011

From:

Louis C. King 
Assistant Inspector General for Financial and
Information Technology Audits

Reply to
Attn. of: JA-20

To: Assistant Secretary for Budget and Programs/Chief Financial Officer

The Department of Transportation's (DOT) Enterprise Services Center (ESC), located at the Federal Aviation Administration's (FAA) Mike Monroney Aeronautical Center in Oklahoma City, operates under the direction of DOT's Chief Financial Officer, and provides financial management services to DOT and several Federal agencies.¹

The Office of Management and Budget (OMB) requires ESC, as a management services provider, either to (1) provide ESC's user organizations with independent audit reports on the design and effectiveness of its internal controls, or (2) allow user auditors to perform tests of its controls.² To meet OMB's requirement, DOT's Office of Inspector General (OIG) contracted with Clifton Gunderson LLP to perform an examination of ESC's description of its system of controls and the suitability of the design and operating effectiveness of these controls for the period October 1, 2010, to June 30, 2011, and issue an independent service auditor's report. We required the contractor to perform this attestation engagement in accordance with generally accepted Government auditing standards and the American Institute of Certified Public Accountants' Statement on Standards for Attestation Engagements Number 16, *Reporting on Controls at a Service Organization*.

¹ The National Endowment for the Arts, the Institute of Museum and Library Services, the Commodity Futures Trading Commission, Consumer Products Safety Commission, the National Credit Union Administration, and the Government Accountability Office.

² OMB Memorandum M-08-24.

Clifton Gunderson LLP's examination covered both the Delphi Financial Management System³ and the Consolidated Automation System for Time and Labor Entry (CASTLE) hosted at ESC. CASTLE is used to support DOT operations only.

In its examination, Clifton Gunderson LLP found that in all material respects:

- ESC's description of controls fairly presents ESC's system that was designed and implemented throughout the period October 1, 2010, to June 30, 2011.
- The controls were suitably designed to provide reasonable assurance that the controls' objectives would be achieved if the controls operated effectively throughout the period October 1, 2010, to June 30, 2011, and user entities applied the complementary user controls contemplated in the design of ESC's controls throughout the period October 1, 2010, to June 30, 2011.
- The controls tested, together with the complementary user entities' controls, if operating effectively, were those necessary to provide reasonable assurance that the control objectives were achieved, operated effectively throughout the period October 1, 2010, to June 30, 2011.

We performed a quality control review (QCR) of Clifton Gunderson LLP's report and related documentation. Our QCR, as differentiated from an attestation engagement performed in accordance with generally accepted Government auditing standards, was not intended for us to express, and we do not express, an opinion on ESC's description of controls, the suitability of the design of these controls and the operating effectiveness of the controls tested. Clifton Gunderson LLP is responsible for its independent service auditor's report dated August 1, 2011, and the conclusions expressed in that report. However, our QCR disclosed no instances where Clifton Gunderson LLP did not comply, in all material respects, with generally accepted Government auditing standards.

Clifton Gunderson performed additional testing and provided a follow-up letter to OIG dated September 30, 2011, reporting no significant changes to ESC's control environment since June 30, 2011 (the effective date of their SSAE 16 report).

As part of this attestation engagement, Clifton Gunderson LLP made recommendations to improve ESC's operations. These recommendations are in this report's Exhibit.

³ The Delphi system includes ESC PRISM, a Federal acquisition system.

Actions Required on Clifton Gunderson's Recommendations

In his response to OIG dated October 20, 2011, the Deputy Chief Financial Officer concurred with the recommendations and committed to the completion of corrective actions (see Appendix in this report). In accordance with DOT Order 8000.1C, the recommendations will remain open pending receipt of documentary evidence that these appropriate corrective actions are complete.

We appreciate the courtesies and cooperation of Department of Transportation representatives during this engagement. If you have any questions concerning this report, please call me at (202) 366-1407, or Nathan Custer, Program Director, at (202) 366-5540.

Attachments

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cc: Chief Information Officer, DOT
Deputy Chief Financial Officer, DOT
Assistant Administrator for Financial Services/CFO, FAA
Assistant Administrator for Information Services/CIO, FAA
Assistant Administrator for Region/Center Operations, FAA
Director, Mike Monroney Aeronautical Center, FAA
Martin Gertel, M-1
Anthony Williams, AAE-001

EXHIBIT. RECOMMENDATIONS OF CLIFTON GUNDERSON, LLP, INDEPENDENT AUDITOR

Clifton Gunderson LLP made the following recommendations during its review of general, application, and operational controls over DOT's ESC during fiscal year 2011. OIG agrees that DOT management should implement the following actions to enhance ESC controls.

Configuration Management	
1	Develop and implement a repeatable System Development Life Cycle process for Delphi in accordance with NIST 800-64 and incorporate information security throughout the life cycle stages. Already in the fourth phase of this cycle (Operation), emphasis should now be placed on a) Maintenance: Modification of the existing platform by the addition of hardware and software) and b) Disposal: Orderly termination of the system, safeguarding vital system information, and migrating data processed by the system to a new system, or preserving it in accordance with applicable records management regulations and policies.
2	Complete the implementation of Security Configuration Baselines in conformity with the United States Government Configuration Baseline (USGCB) initiative.

APPENDIX. AGENCY COMMENTS**Memorandum**

U.S. Department of
Transportation

Office of the Secretary
Of Transportation

Subject: Management Response to the SSAE-16 Audit
of ESC's Services Information Security Controls

Date: October 20, 2011

From: David J. Rivait
Deputy Chief Financial Officer

A handwritten signature in black ink, appearing to read "D. Rivait".

To: Louis C. King
Assistant Inspector General for Financial and Information
Technology Audits

The Department provides diligent oversight as it works to ensure the quality, accuracy, and integrity of the services provided by the Enterprises Services Center (ESC). The Office of Inspector General's (OIG) annual audit utilizing Statement of Standards for Attestation Engagements – 16 (SSAE-16), by its contractor, Clifton Gunderson, LLP (CG), is integral to these efforts. Once again this year the audit provided insights that enable us to further improve our already strong management and controls over financial systems in an ever-changing cyber security environment.

CG issued a unqualified opinion for the period October 1, 2010 to June 30, 2011. It found that, in all material respects, the ESC's description of controls fairly presents the ESC system that was designed and implemented. Further, the controls were suitably designed to provide reasonable assurance that their objectives would be achieved if operated effectively throughout the period.

The Department concurs with CG's recommendations and has identified corrective actions. Consistent with past practices, the Office of the Assistant Secretary for Budget and Performance/CFO and ESC worked with the auditors throughout this year's SSAE-16 audit to identify and schedule corrective actions as audit findings were documented, to ensure timely and appropriate management action. These corrective action plans will be forwarded to you under separate cover prior to October 31, 2011.

As a Federal Shared Service Provider (FSSP) designated by the Office of Management and Budget (OMB) to provide a state-of-the-art financial system and quality accounting services to other Federal agencies, ESC has demonstrated its strong commitment to ensuring that its Financial Management Services meet or exceed all information security requirements.

Thank you for your continuing support and assistance in this effort.

cc: Maria Dowds, Joann Adam, Robert Owens, Wendy Calvin, Marshal Gimpel,
Mike Upton, Keith Burlison, Bo Peeler, Steve Aube, Janet Shell, and Kent Mitchell