

CITY OF PHILADELPHIA PENNSYLVANIA

OFFICE OF THE CONTROLLER

Assessment and Evaluation of
The School District of Philadelphia's
Oracle Information Technology General
Controls and Application Controls
Fiscal Year 2025



City Controller
Christy Brady, CPA

*Ensuring transparency, accountability,
and fiscal integrity in city government*





CITY OF PHILADELPHIA

OFFICE OF THE CONTROLLER
1230 Municipal Services Building
1401 John F. Kennedy Boulevard
Philadelphia, PA 19102-1679
(215) 686-6680 FAX (215) 686-3832

CHRISTY BRADY
City Controller

CHARLES EDACHERIL
Deputy City Controller

April 16, 2026

To the President and Members of
The School Board of Education of the
School District of Philadelphia

As part of our audit of the School District of Philadelphia's (School District's) Annual Comprehensive Financial Report for the fiscal year ended June 30, 2025, the Office of the Controller engaged a consultant, Eisner Advisory Group, LLC (EisnerAmper) to perform an assessment of Information Technology (IT) general controls and application controls related to the School District's Oracle Enterprise Resources Planning (ERP) system. The assessment was focused on the Oracle functions: Human Capital Management (HCM) Payroll/HR Module and the Expenses Module (Travel and Employee Reimbursement).

Attached are the executive summary and EisnerAmper's report detailing the results of the IT controls assessment. The findings and recommendations in the report were discussed with School District management at an exit conference. We have included management's written response to the findings and recommendations as part of the report. We believe that, if implemented by management, the recommendations will improve the controls over the School District's IT systems.

We would like to express our thanks to the management and their staff for the courtesy and cooperation displayed during the conduct of our work.

Respectfully submitted,

A handwritten signature in cursive script that reads "Charles Edacheril".

CHARLES EDACHERIL, CPA
Deputy City Controller

Cc: Tony B. Watlington, Sr., Ed.D, Superintendent of School District of Philadelphia
Michael Herbstman, Chief Financial Officer
Edward Rogalski, Comptroller



ASSESSMENT AND EVALUATION OF THE SCHOOL DISTRICT OF PHILADELPHIA'S ORACLE INFORMATION TECHNOLOGY GENERAL CONTROLS AND APPLICATION CONTROLS

EXECUTIVE SUMMARY

Why the Controller's Office Conducted the Audit

In accordance with the Philadelphia Home Rule Charter, the Office of the City Controller engaged Eisner Advisory Group, LLC (EisnerAmper) to conduct an assessment of the Information Technology (IT) general controls and application controls related to the School District's Oracle Enterprise Resources Planning (ERP) system. The assessment was focused on the Oracle functions: Human Capital Management (HCM) Payroll/HR Module and the Expenses Module (Travel and Employee Reimbursement). The objective of this assessment was to evaluate the IT controls over key financial-related applications in connection with the audit of the School District of Philadelphia's Annual Comprehensive Financial Report for the fiscal year ended June 30, 2025.

What the Controller's Office Found

Key findings in the report are listed below. We believe these findings and others described in the report warrant the attention of management.

- The annual user access review was not focused on a complete listing of users and accounts across the School District, management did not formally document the methodology used to assemble and validate the completeness of the user access listing, and supporting documentation for requested access changes was not consistently retained.
- Although management performed periodic reviews of Lightweight Directory Access Protocol (LDAP) administrator as part of ongoing risk-assessment and security-monitoring activities, these reviews were not formally documented or supported with evidence of completion or approval.
- Management did not complete an annual Profile-to-Role review in Oracle, including an analysis of potential incompatible role combinations.
- For each of the three (3) configuration changes tested, the change documentation did not specify the individual responsible for migrating changes to production, preventing confirmation that migrations were performed by an authorized individual independent of the application developer.

What the Controller's Office Recommends

The Controller's Office has developed a number of recommendations to address the findings noted above. These recommendations can be found in the body of the report.

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Hon. Christy Brady
City Controller
City of Philadelphia
1401 JFK Boulevard, 12th Floor
Philadelphia, Pennsylvania 19102

We have concluded our engagement to perform an evaluation of the general and application controls of information technology functions of the School District of Philadelphia's Oracle Enterprise Resource Planning System (the Oracle system). This engagement was agreed to by the City of Philadelphia – Office of the Controller (the Controller's Office) and was performed solely to assist in evaluating the IT general controls and application controls for the Oracle system in connection with the Controller's Office audit of the School District of Philadelphia's (the school district's) fiscal year 2025 Annual Comprehensive Financial Report (ACFR).

Management of the School District is responsible for the operations of, and internal controls, over the Oracle system. The sufficiency of the scope and procedures of our engagement is solely the responsibility of the management of the Controller's Office. Consequently, we make no representations regarding the sufficiency of the scope and procedures described in the attached document either for the purpose for which this report has been requested or for any other purpose.

The Engagement was performed in accordance with applicable professional standards, including the Statements on Standards for Consulting Services issued by the American Institute of Certified Public Accountants (AICPA). EisnerAmper did not perform an audit, review, or compilation in accordance with Generally Accepted Government Auditing Standards or with attest standards established by the AICPA.

The procedures performed were limited to those described herein based on the documents provided, interviews and process walkthroughs with the city and School District of Philadelphia staff, and other information obtained including whether internal controls were placed in operation and adequately designed as of June 30, 2025. Information obtained subsequent to the date of this report may affect this analysis. The procedures were performed solely with respect to the above referenced engagement. This report is not to be reproduced, distributed, disclosed or used for any other purpose.

We have attached observations and recommendations regarding IT general controls and application controls resulting from the consulting engagement for the consideration of the Controller's Office. We assessed application controls, and IT general controls over security management, access controls, segregation of duties, configuration management, and contingency planning. The results of our procedures for the IT general controls identified four deficiencies. No significant deficiencies or material weaknesses were identified.

The procedures performed and related observations and recommendations are described in the attached document. We performed our procedures during the months of October 2025 through February 2026.

Sincerely,



Eisner Advisory Group, LLC.
March 19, 2026

City of Philadelphia – Office of the Controller
Assessment and Evaluation of the School District of Philadelphia’s Oracle System
IT General Controls and Application Controls
As of June 30, 2025

Executive Summary

The Controller’s Office engaged Eisner Advisory Group, LLC (EisnerAmper), to perform an assessment of Information Technology (IT) general controls and application controls related to the School District of Philadelphia’s Oracle system.

We conducted this engagement in accordance with Statements on Standards for Consulting Services issued by the AICPA. The scope of the assessment was limited to internal controls in place and designed as of June 30, 2025. Our review procedures were performed during the months of October 2025 through February 2026, related to testing of the design, implementation, and operating effectiveness of the IT general controls and application controls.

A summary of observations and potential impact are noted below.

Summary of Objective, Scope and Methodology

The objective of the EisnerAmper consulting engagement was to evaluate the IT general controls and application controls designed, implemented, and operating effectively for the School District of Philadelphia’s Oracle system in support of the Controller’s Office audit of the School District of Philadelphia’s Annual Comprehensive Financial Report (ACFR). The scope of the assessment included the internal controls in place as of June 30, 2025.

Our assessment over the application controls, as requested by the Controller’s Office, was focused on the completeness, accuracy, and validity of processing data, as well as the confidentiality and availability of data as it applies to the following Oracle functions: Human Capital Management (HCM) Payroll/HR Module, and Expenses Module (travel and Employee reimbursement module).

The scope of the EisnerAmper consulting engagement also included follow up on the IT general and application control deficiencies reported in the School District of Philadelphia’s fiscal year 2024 Report on Internal Control and Compliance.

In addition, our engagement was structured to address the following five (5) areas for the IT general controls as requested by the Controller’s Office:

1. *Security Management* - the controls designed and placed into operation to provide reasonable assurance that security management is effective.
2. *Access Controls* - the controls designed and placed into operation to provide reasonable assurance that access to computer resources (data, equipment, and facilities) is reasonable and restricted to authorized individuals.
3. *Configuration Management* - the controls designed and placed into operation to provide reasonable assurance that changes to information system resources are authorized and systems are configured and operated securely and as intended.
4. *Segregation of Duties* - the controls designed and placed into operation to provide reasonable assurance that incompatible duties are effectively segregated.

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5. *Contingency Planning* - the controls designed and placed into operation to provide reasonable assurance that contingency planning (1) protects information resources and minimizes the risk of unplanned interruptions and (2) provides for recovery of critical operations should interruptions occur.

Summary of Observations

Below is a summary of key observations noted through the procedures performed for this engagement. Based upon its potential impact on the School District of Philadelphia’s ACFR, each key finding listed below was assigned a rating.¹ Additional details for these key observations are provided in the detailed section of our report.

Area	Findings	Potential Impact
Application Controls	No exceptions noted.	Not applicable
Security Management	No exceptions noted.	Not applicable
Access Controls and Segregation of Duties	User access across the School District within Oracle is not comprehensively reviewed, consistently documented, or supported with complete evidence in alignment with established access-request policies.	Control Deficiency
	Periodic reviews of Lightweight Directory Access Protocol (LDAP) administrator access are not formally documented or supported with evidence of completion or approval.	Control Deficiency
	Incompatible roles and permissions are not formally and comprehensively identified and reviewed annually.	Control Deficiency
Configuration Management	Responsibilities for migrating configuration changes to production are not consistently documented, preventing confirmation that migrations are performed by authorized personnel independent of developers.	Control Deficiency
Contingency Planning	No exceptions noted.	Not applicable

¹ The AICPA’s *Professional Standards (Clarified)* AU-C Section 265.07 states that a deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. AU-C Section 265.07 provides the following definitions:

Material Weakness – This is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected, on a timely basis.

Significant Deficiency – This is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness yet important enough to merit attention by those charged with governance.

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Detailed Scoping Areas

For the application controls, we focused on several control elements as follows:

Completeness Checks	Controls ensure records processing from initiation to completion.
Validity Checks	Controls ensure only valid data is input or processed.
Identification	Controls ensure unique, irrefutable identification of all users.
Authentication	Controls provide an application system authentication mechanism.
Authorization	Controls ensure access to the application system by approved business users only.
Input Controls	Controls ensure data integrity feeds into the application system from upstream sources.
Forensic Controls	Controls ensure scientifically and mathematically correct data, based on inputs and outputs.

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Our engagement was structured to address the five (5) areas for IT general controls. Within each area, we focused on several control elements as follows:

Security Management	<ul style="list-style-type: none"> • A Security management program is in place • Periodic assessments and validation of risk
	<ul style="list-style-type: none"> • Security control policies and procedures
	<ul style="list-style-type: none"> • Security awareness training and other security related personnel issues
	<ul style="list-style-type: none"> • Periodic testing and evaluation of the effectiveness of information security policies, procedures, and practices
	<ul style="list-style-type: none"> • Remediation of information security weaknesses
	<ul style="list-style-type: none"> • Security over activities performed by external third parties
Access Controls	<ul style="list-style-type: none"> • Protection of information system boundaries
	<ul style="list-style-type: none"> • Identification and authentication mechanisms
	<ul style="list-style-type: none"> • Authorization controls
	<ul style="list-style-type: none"> • Protection of sensitive system resources
	<ul style="list-style-type: none"> • Audit and monitoring capability, including incident handling
	<ul style="list-style-type: none"> • Physical security controls
Configuration Management	<ul style="list-style-type: none"> • Configuration management policies, plans, and procedures
	<ul style="list-style-type: none"> • Current configuration identification information
	<ul style="list-style-type: none"> • Proper authorization, testing, approval, and tracking of all configuration changes
	<ul style="list-style-type: none"> • Routine monitoring of the configuration
	<ul style="list-style-type: none"> • Updating software on a timely basis to protect against known vulnerabilities
	<ul style="list-style-type: none"> • Documentation and approval of emergency changes to the configuration
Segregation of Duties	<ul style="list-style-type: none"> • Segregation of incompatible duties and responsibilities and related policies
	<ul style="list-style-type: none"> • Control of personnel activities through formal operating procedures, supervision, and review
Contingency Planning	<ul style="list-style-type: none"> • Protection of information resources and minimizing the risk of unplanned interruptions
	<ul style="list-style-type: none"> • Provision for recovery of critical operations should interruptions occur, including effective: <ul style="list-style-type: none"> ○ Assessment of the criticality and sensitivity of computerized operations and identification of supporting resources; ○ Steps taken to prevent and minimize potential damage and interruption; ○ Comprehensive contingency plan; and ○ Periodic testing of the contingency plan, with appropriate adjustments to the plan based on testing.

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Assessment and Evaluation of the School District of Philadelphia’s Oracle System
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Detailed Results

Observations

Below is our summary and the supporting detail for the key observations noted through the procedures performed for this engagement. Our observations include the details of the condition, the criteria, the potential cause, the effect, and our recommendation.

Access Controls and Segregation of Duties

1. Inadequate Documentation of User Access Review Methodology and Approvals

Potential Impact: **Deficiency**

Condition: Although an FY 2025 Oracle User Access Review (UAR) was performed on users within 10 Board of Education departments, the following gaps were identified:

- The users subject to the annual review was based upon department numbers within the Board of Education. It was not focused on a complete listing of users and accounts across the School District with certain levels of transactional access within the system. There were a number of users with more than basic transactional access associated with non-Board of Education departments which were not subject to review.
- The supporting documentation for requested access changes were not consistently retained, as completed Technology Access Request (TAR) forms were not available for certain identified changes, which is not in alignment with the School District's access request policies.
- Management did not formally document the methodology used to assemble and validate the completeness of the user access listing, which was manually compiled from multiple reports and data sources.

Criteria: UARs should include a complete listing of users and accounts with relevant access privileges and be supported by documented evidence demonstrating how the population was generated. Supporting documentation for the access changes identified, including approved access request forms, should be retained in accordance with the School District’s access management policies.

Potential Cause: Management has not formalized and documented procedures for compiling a complete user and account access listing used as part of the annual UAR.

Effect: Without centralized documentation of UAR approvals and clearly retained evidence supporting how user access listings are generated, access reviews may not be performed consistently, completely, or in accordance with management expectations. This increases the risk of inappropriate access, which could adversely affect system functionality, data integrity, or security.

Recommendation: Management should determine the specific access levels that should be reviewed as part of the annual UAR. Users who maintain that access levels should be subject to review regardless of where they sit in the School District. In addition, as changes are requested, corresponding documentation, including TARs, should be maintained. Finally, the steps taken to assemble the initial user list should be captured to support the completeness of the user list from the system.

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2. Inadequate Documentation of Privileged-Access Monitoring Activities

Potential Impact: **Deficiency**

Condition: Although management performs periodic reviews of LDAP administrator as part of ongoing risk-assessment and security-monitoring activities, these reviews are not formally documented and do not include evidence of completion, reviewer sign-off, or approval, limiting availability and consistency.

Criteria: Privileged-access monitoring activities should be formally documented and include evidence such as logs showing the review was completed, reviewer sign-off confirming the review was performed, and management approvals for any actions taken or exceptions identified. These records demonstrate compliance with management-established review requirements and support effective oversight of privileged access.

Potential Cause: Management has not established a process to formally document the completion and review of privileged-access.

Effect: Without formally documented evidence of privileged-access monitoring activities, there is an increased risk that security reviews may not be performed consistently or in accordance with management expectations. This may adversely affect system functionality, data integrity, or security.

Recommendation: Management should formally document the periodic review of the LDAP administrators. The review should capture the complete list of users, evidence of review or approval, and any actions taken through completion based upon review comments.

3. Lack of Periodic Profile-to-Role Review in Oracle

Potential Impact: **Deficiency**

Condition: Management did not complete an annual Profile-to-Role review in Oracle, including analysis of potential incompatible role combinations.

Criteria: Management should annually perform a documented Profile-to-Role review to ensure access privileges are appropriate, include evaluation of incompatible role combinations, and align with segregation-of-duties requirements.

Potential Cause: Management has not performed a Profile-to-Role review and has not formalized procedures for conducting or documenting the analysis.

Effect: Without a documented and periodically performed Profile-to-Role review, including assessment of incompatible role combinations, users may retain excessive access privileges. This could result in unauthorized transactions, elevated fraud risk, or violations of segregation-of-duties principles.

Recommendation: On an annual basis, management should perform a Profile-to-Role review within the Oracle system. This should look to include identification of any incompatible role combinations. If there are any roles which are indicated as incompatible, however still required by specific users, additional monitoring controls should be established to detect unauthorized transactions.

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Configuration Management

4. Inadequate Documentation of Production Migration Activities

Potential Impact: **Deficiency**

Condition: For each of the three (3) configuration changes tested, the change documentation did not specify the individual responsible for migrating changes to production. Therefore, it was not documented that the changes were migrated by an authorized individual independent of the individual who initiated or developed the change. While management indicated that the Executive Director of Systems Functional Support is responsible for migrating changes to production, there was inconsistent indication of who migrated the change to production within the ticket.

Criteria: Effective change management requires that migration of changes to the production environment be performed by authorized personnel who are independent of the individual who initiated or developed the change. Documentation should clearly identify the individual performing the migration to demonstrate appropriate segregation of duties and to support management’s monitoring and oversight of change activities.

Potential Cause: The change tickets reviewed did not consistently document the individual responsible for migrating changes to the production environment. While management has assigned responsibility for migrations, this process has not been consistently reflected in change documentation.

Effect: Inadequate documentation of production migration activities increases the risk that changes may be migrated by unauthorized individuals or without proper segregation of duties. This may result in unauthorized or inappropriate system changes that could impact system functionality, data integrity, or security.

Recommendation: Management should maintain consistent documentation within the change ticket detailing who and when the change was moved to production.

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Remediation Status of Prior Reported Findings

As part of this engagement, EisnerAmper followed up on the remediation status of IT general and application control weaknesses noted by the Controller’s Office in the City fiscal year 2024 Report on Internal Control and Compliance. For the two (2) previously reported findings we noted two (2) as remediated. These remediated conditions included the following items:

Oracle IT General Controls

Inadequate Monitoring of Third-Party System Control Reports

Prior Condition: The School District did not perform a comprehensive, documented review of the Oracle Fusion SOC-1 report. Meeting minutes lacked evidence of mapping Complementary User Entity Controls (CUECs) to internal controls and did not address the impact of excluded subservice organizations or compensating controls.

Remediation Status: **Complete** - During the assessment, we confirmed that School District management mapped and responded to all control activities expected to be implemented at user entities. We also inspected evidence supporting who performed the review, when it was discussed, and evidence of management approval. Based on the procedures performed, this finding was confirmed as remediated.

Inadequate Disabling of System Access for Separated Employees

Prior Condition: User access to the Oracle system was not disabled promptly for terminated employees. In two cases, access continued for several days after resignation due to delays in notification and lack of backup personnel for deprovisioning.

Remediation Status: **Complete** - During the assessment, we confirmed that access to the Oracle system is now being appropriately disabled through an automated script that runs nightly. We performed sample testing of the automated control to evaluate its effectiveness. Based on the procedures performed, this finding was confirmed as remediated.

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Management Response and Action Plan



Michael Herbstman
Chief Financial Officer

Office Of The Chief Financial Officer
440 North Broad Street, Suite 304
Philadelphia, PA 19130
(215) 400-4500
Fax (215) 400-4501

4/14/2026

The Honorable Christy Brady, City Controller
City of Philadelphia
Office of the City Controller
12th Floor, Municipal Service Building
1401 John F. Kennedy Boulevard
Philadelphia, PA 19102

RE: Response to Assessment and Evaluation of Oracle’s IT General Controls and Application Controls by the City Controller - Fiscal Year 2025.

Dear Ms. Brady:

The attached document contains the School District of Philadelphia's formal response to the issues raised in the audit report issued on March 19, 2026, with respect to the Oracle ERP Information Technology general controls and application controls.

I would like to thank you and your staff and the firm of Eisner Advisory Group, LLC (EisnerAmper), for your efforts with respect to this audit.

Sincerely,

A handwritten signature in blue ink, appearing to read "Michael Herbstman".

Michael Herbstman
Chief Financial Officer

cc: Reginald L. Streator, Esq., Board of Education President
Dr. Tony B. Watlington, Sr., Chief Executive Officer and Superintendent of Schools
Charles Edacheril, Deputy City Controller
Melanie Harris, Chief Information Technology Officer
Deborah Ming, Audit Director, City Controller Post Audit Division
Edward Rogalski, Comptroller

Encl.

**City of Philadelphia – Office of the Controller
Assessment and Evaluation of the School District of Philadelphia’s Oracle System
IT General Controls and Application Controls
As of June 30, 2025**

Management Response and Action Plan (Continued)



Michael Herbstman
Chief Financial Officer

Office Of The Chief Financial Officer
440 North Broad Street, Suite 304
Philadelphia, PA 19130
(215) 400-4500
Fax (215) 400-4501

FORMAL RESPONSES TO

ASSESSMENT AND EVALUATION OF THE SCHOOL DISTRICT OF PHILADELPHIA’S ORACLE
INFORMATION TECHNOLOGY GENERAL CONTROLS AND APPLICATION CONTROLS REVIEW

FOR FISCAL YEAR ENDING JUNE 30, 2025

BY THE OFFICE OF THE CITY CONTROLLER
CITY OF PHILADELPHIA (PREPARED BY THE FIRM OF
EISNER ADVISORY GROUP, LLC)

SUBMITTED BY:
MICHAEL HERBSTMAN
CHIEF FINANCIAL OFFICER
MELANIE HARRIS
CHIEF INFORMATION TECHNOLOGY OFFICER
THE SCHOOL DISTRICT OF PHILADELPHIA
APRIL 14, 2026

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Management Response and Action Plan (Continued)

SDP Response to Fiscal Year 2025 Assessment and Evaluation of Oracle’s IT General Controls and Application Controls

1. Inadequate Documentation of User Access Review Methodology and Approvals
Potential Impact: Deficiency

Management agrees with the finding and the auditor’s recommendations to enhance the current Oracle User Access Review (UAR) process. Specifically, management will: (1) define the access levels subject to review and use this determination to generate a comprehensive population of users; (2) ensure all users with applicable access are included in the review; and (3) maintain appropriate evidence demonstrating that Technical Access Requests (TARs) are fully reviewed and formally documented.

To address these enhancements, as part of the FY2025-2026 audit cycle, the School District is developing a formal Standard Operating Procedure (SOP) Oracle User Review document for the Oracle UAR process. The SOP will establish procedures to ensure a complete and accurate population of users with applicable access levels is reviewed, document the methodology used to generate the population, and require retention of supporting access request documentation, including evidence of review, completion, and approval.

2. Inadequate Documentation of Privileged-Access Monitoring Activities
Potential Impact: Deficiency

Management agrees with the finding. As noted, the School District’s IT Office currently performs periodic reviews of privileged (LDAP administrator) access as part of its ongoing security monitoring activities to provide oversight of privileged access activities.

To further strengthen internal controls, the following enhancements will be implemented:

1. Consistent formal documentation of privileged access reviews and evidence of completion;
2. Establishment of management-defined review criteria; and
3. Implementation of a standardized process to document the reviews, including retention of the complete user population reviewed, evidence of the review performed, any actions taken, and documentation of completion and approval.

These enhancements will be incorporated, along with all other corrective actions noted in the District’s audit responses, into existing security monitoring procedures as part of the updates to the SOP User Review Document and will be implemented beginning with the FY2025-2026 audit cycle.

3. Lack of Periodic Profile-to-Role Review in Oracle
Potential Impact: Deficiency

Management agrees with the finding. The School District IT Office will incorporate a formalized Profile-to-Role review into its Oracle User Access Review SOP, including analysis and evaluation of incompatible role combinations. This review will be performed annually beginning with the FY2025-2026 audit cycle. Procedures performed will be documented to support alignment with segregation of duties requirements, and additional monitoring controls will be implemented, where necessary, to detect any unauthorized transactions.

4. Inadequate Documentation of Production Migration Activities
Potential Impact: Deficiency

Management agrees with the finding that configuration management lacked sufficient documentation and has implemented corrective actions subsequent to the audit period. The School District IT Office has reinforced its configuration management procedures to require consistent documentation within change tickets, including identification of the individual responsible for migrating changes to production and the date of migration. These enhancements are intended to ensure appropriate segregation of duties and are in place for future audit periods.