State Auditor's Office

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State Auditor

A Review of
Selected Mission Critical Information Systems at the Texas Education Agency

July 28, 2003

Members of the Legislative Audit Committee:

At this time, we are unable to make a final assessment of the Texas Education Agency's (Agency) efforts to address the security, reliability, and continuity of major information systems and the data they provide. Our preliminary work indicates that the Agency is currently implementing its Enterprise Data Management (EDM) program, as well as other system enhancements, to address the results of several independent reviews of its information systems. These reviews found that the Agency did not ensure the accuracy of the data in certain systems and did not reconcile information in its financial systems. It also had not implemented business continuity plans or developed adequate system documentation.

A summary of the recommendations from the independent reviews is provided in the attachment to this letter. The Agency has not fully implemented all of these recommendations because of its ongoing reorganization and resource constraints. In addition, the Agency only recently received the results of certain independent reviews of its information systems.

We plan to monitor the Agency's progress and consider continuing this review after the Agency has completed its organizational changes and has had more time to implement prior recommendations. If you have questions, please contact Ron Franke, Audit Manager, at (512) 936-9500.

Sincerely,

Lawrence F. Alwin, CPA
State Auditor

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Attachment

cc: Members of the State Board of Education
        Mr. Robert Scott, Chief Deputy Commissioner, Texas Education Agency

Summary of Objective, Scope, and Methodology

Our objective was to determine whether the Agency's Enterprise Data Management (EDM) program ensures the security, reliability, and continuity of selected major information systems and the data they provide. This included following up on two prior State Auditor's Office reports conducted in fiscal years 2002 and 2003.

Our scope included the Agency's mission critical information systems, which contain the Agency's major financial and school district data.

Our methodology consisted of collecting information, reviewing previous work at the Agency, and assessing the Agency's implementation status. The information in this report has not been subjected to the tests and confirmations that would be performed in an audit.

SAO Report No. 03-044

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Several entities have reviewed information systems and related processes at the Texas Education Agency (Agency) during the last three years. These reviews include the following:

- The State Auditor's Office reviewed various Agency systems during fiscal years 2002 and 2003 (see *An Audit Report on the Quality of the State's Public Education Accountability Information*, SAO Report No. 02-044, May 2002 and *An Audit Report on the Texas Education Agency's Administration of the Foundation School Program,* SAO Report No. 03-033, April 2003).

- Under contract with the State Auditor's Office, KPMG LLP reviewed Agency information systems when it conducted the federal portion of the fiscal year 2002 Statewide Single Audit. Specfically, KPMG LLP reviewed compliance and controls over the State's federal funds.

- The Agency's Internal Audit Division has performed reviews of various Agency information systems during the past three years.

- The Agency contracted with IBM/PricewaterhouseCoopers (IBM/PwC) to conduct a Public Education Information Management System (PEIMS) assessment. IBM/PwC provided the results of its work in October 2002.

The following table summarizes the work each entity conducted on Agency mission critical systems during the last three years. The Agency's implementation of the recommendations in this table is ongoing or is on hold because of Agency reorganization, reduction in resources, or changes in priorities. In addition, the Agency has not had sufficient time to fully implement several of the more recent recommendations.

Information Technology Reviews Conducted at the Texas Education Agency	
Public Education Information Management System (PEIMS) and PEIMS Edit + PEIMS collects student, staff, financial, and organizational data from school districts and education service centers. PEIMS Edit + performs data validation for district data on the Agency file server and identifies errors in data that districts submit to the Agency.	
Reviewed by	**Summary of Recommendations**
Agency Internal Audit Division KPMG LLP IBM/PricewaterhouseCoopers State Auditor's Office	• Improve process for data management to ensure accurate and timely reporting of data. • Establish data reporting standards to ensure data quality and efficiencies. • Ensure compatibility of systems and operations. • Increase awareness of system data and training. • Improve access and availability of data.

Information Technology Reviews Conducted at the Texas Education Agency

Enterprise Data Management (EDM)
EDM is the process for managing information across the Agency. (See SAO Report No. 02-044, pg. 16.)

Reviewed by	Summary of Recommendations
State Auditor's Office	▪ Implement standards and periodically review enterprise information systems as part of EDM. Include standards for documentation, security controls, testing, and business continuity planning.

Integrated Statewide Administrative System (ISAS)
ISAS manages the Agency's fiscal operations and tracks Agency acquisition and procurement of goods and services.

Reviewed by	Summary of Recommendations
Agency Internal Audit Division KPMG LLP	▪ Deactivate terminated employee vendor files. ▪ Improve documentation of Uniform Statewide Accounting System (USAS) reconciliation. ▪ Continue efforts to improve reconciliation processes involving USAS, Texas Education Agency Grant Interface (TGIF), Child Nutrition Integrated Management System (CNP-IMS), and Education Materials (EMAT) systems.

Foundation School Program (FSP)
FSP computes the allocation of state funds to be distributed to school districts and tracks the associated payments.

Reviewed by	Summary of Recommendations
State Auditor's Office	▪ Improve documentation for student count projections. ▪ Establish reconciliation of USAS payments back to FSP. ▪ Improve system documentation for allocation and payment processes. (See SAO Report No. 03-033, pg. v of the Executive Summary.)

Education Materials (EMAT)
EMAT monitors the distribution of educational materials and creates transaction vouchers to pay vendors.

Reviewed by	Summary of Recommendations
Agency Internal Audit Division	▪ Formalize reconciliations between EMAT and ISAS. ▪ Strengthen access security.

Child Nutrition Program Integrated Management System (CNP-IMS)
CNP-IMS processes food service claims from school districts via an online system. The system tracks claims adjustments to meet state and federal regulations.

Reviewed by	Summary of Recommendations
Agency Internal Audit Division KPMG LLP	▪ Improve reconciliations to ISAS. ▪ Improve accuracy and timeliness of reporting.

Mainframe/Network Security and General Controls

Reviewed by	Summary of Recommendations
Department of Information Resources KPMG LLP State Auditor's Office State Office of Risk Management	▪ Develop and test disaster recovery and business continuity plans. ▪ Improve security access, monitoring, and network testing. ▪ Formally track and control system changes. ▪ Improve off-site storage of back-up files.