

Audit Report

**Maryland Department of Transportation
Financial Management Information System
Centralized Operations**

July 2019



OFFICE OF LEGISLATIVE AUDITS
DEPARTMENT OF LEGISLATIVE SERVICES
MARYLAND GENERAL ASSEMBLY

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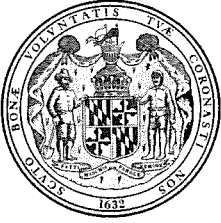
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DEPARTMENT OF LEGISLATIVE SERVICES
OFFICE OF LEGISLATIVE AUDITS
MARYLAND GENERAL ASSEMBLY

Victoria L. Gruber
Executive Director

Gregory A. Hook, CPA
Legislative Auditor

July 26, 2019

Senator Craig J. Zucker, Senate Chair, Joint Audit and Evaluation Committee
Delegate Shelly L. Hettelman, House Chair, Joint Audit and Evaluation Committee
Members of Joint Audit and Evaluation Committee
Annapolis, Maryland

Ladies and Gentlemen:

We have conducted a fiscal compliance audit of the centralized operations of the Financial Management Information System (FMIS) as administered by the Maryland Department of Transportation (MDOT) – Secretary's Office. FMIS is used to support MDOT's purchasing, accounting, and payment functions. According to the State's records, expenditures processed through MDOT FMIS for fiscal year 2018 totaled approximately \$3.4 billion.

Our audit disclosed that sensitive personally identifiable information (PII) stored within MDOT FMIS was not subject to adequate access restrictions in order to properly safeguard the information, which is commonly associated with identity theft.

Our audit also included a review to determine the status of the finding contained in our preceding audit report. We determined that the MDOT satisfactorily addressed this finding.

MDOT's response to this audit is included as an appendix to this report. We reviewed the response to our finding and related recommendation, and have concluded that the corrective actions identified are sufficient to address all audit issues.

We wish to acknowledge the cooperation extended to us during the audit by MDOT and its willingness to address the audit issues and implement appropriate corrective actions.

Respectfully submitted,

A handwritten signature in black ink, reading "Gregory A. Hook". The signature is written in a cursive style with a large, stylized "G" and "H".

Gregory A. Hook, CPA
Legislative Auditor

Background Information

General Information

The Maryland Department of Transportation (MDOT) Financial Management Information System (FMIS) is an integrated database system with purchasing and accounting components. The FMIS purchasing and accounting components are operational in all MDOT transportation business units. FMIS runs on the MDOT Office of Transportation Technology Services' (OTTS) mainframe computer. According to the State's records, expenditures processed through MDOT FMIS for fiscal year 2018 totaled approximately \$3.4 billion.

A separate version of FMIS (known as Statewide FMIS) is maintained by the State's Department of Information Technology and the Comptroller of Maryland's General Accounting Division for the use of most Executive Branch agencies and is outside the scope of this audit. Because of unique MDOT needs, particularly with respect to federal grants and projects, MDOT maintains its own version of FMIS.

FMIS Responsibilities

The FMIS Unit, within MDOT's Secretary's Office, and the MDOT OTTS are responsible for daily FMIS administration, including maintenance, operation, security, and backup of related database records, and the computer programs, which perform online and overnight processing. The transportation business units within MDOT are responsible for establishing and monitoring their employees' security accesses to FMIS.

The Office of Legislative Audits separately audits the Secretary's Office and each of MDOT's transportation business units. Audits of these entities include a review of their agency-based FMIS responsibilities. This central audit included elements of FMIS operation and internal control not included in these agency audits (for example, database and security controls). For an expanded explanation of the nature and purpose of this audit, see the Audit Scope, Objectives, and Methodology section of this report.

FMIS Interface

MDOT interfaces certain FMIS financial information to the Statewide FMIS for recordation, payment processing, and reporting. This audit included a review of

the controls and processing over financial information interfaced to and recorded on Statewide FMIS.

Status of Findings From Preceding Audit Report

Our audit included a review to determine the status of the finding contained in our preceding audit report dated September 9, 2015. We determined that MDOT satisfactorily addressed this finding.

Findings and Recommendations

Sensitive Personally Identifiable Information (PII)

Background

The Maryland Department of Transportation's (MDOT) Financial Management Information System (FMIS) contains vendor information including recorded vendor names and assigned vendor numbers. For vendors who are individuals, MDOT FMIS uses their social security numbers (SSNs) as their vendor table identification numbers. Accordingly, PII exists within MDOT FMIS since State law defines any record containing an individual's name combined with a SSN as PII.

Finding 1

Sensitive PII was not adequately secured within MDOT FMIS.

Analysis

Sensitive PII was not adequately secured within MDOT FMIS. MDOT FMIS displays vendor information (including PII) in clear text format, via multiple online screens and on generated reports. Our analysis of this vendor information identified a substantial number of records which contained PII (vendor names and SSNs), but we could not determine an exact count of the vendor records containing such PII due to information limitations.

MDOT FMIS includes security features which allow for restricting employees' access to online screens, including screens for report generation, based on their job responsibilities. Despite the existence of MDOT FMIS screen access control features, MDOT FMIS vendor information was widely accessible. For example, we identified nine MDOT FMIS screens used for vendor record inquiry and maintenance and found, as of October 2018, that four of these nine screens were each accessible by approximately 1,000 MDOT FMIS user accounts.

Historically, access to MDOT FMIS vendor information was broadly assigned for work efficiency, before concerns increased regarding the existence of sensitive PII within certain of the vendor records.

The State of Maryland *Information Security Policy* requires agencies to ensure access to confidential information is strictly controlled and audited and that it supports the concepts of least possible privilege and need to know. Consequently, MDOT should ensure that access to PII within MDOT FMIS is adequately restricted and determine whether practical alternatives exist in lieu of recording PII within FMIS vendor record information.

Recommendation 1

We recommend MDOT, in conjunction with its transportation business units, take the necessary steps to adequately restrict and safeguard PII in MDOT FMIS.

Audit Scope, Objectives, and Methodology

We have conducted a fiscal compliance audit of the centralized operations of the Maryland Department of Transportation (MDOT) Financial Management Information System (FMIS). Fieldwork associated with our audit was conducted during the period from July 2018 to October 2018. The audit was conducted in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

As FMIS is a vital procurement and accounting application in all of MDOT's transportation business units, internal control over FMIS is critical to these units. Since we are responsible for auditing these units and evaluating their internal control, we periodically evaluate FMIS' internal control. The State of Maryland maintains its own Statewide version of FMIS, which is not included in the scope of this audit.

As prescribed by the State Government Article, Section 2-1221 of the Annotated Code of Maryland, the objectives of this audit were to examine the elements of FMIS operations, relative to the MDOT's overall internal control, and to evaluate compliance with applicable State laws, rules, and regulations not included in our audits of the MDOT's transportation business units.

In planning and conducting our audit, we focused on the major financial-related areas of operations based on assessments of significance and risk. The areas addressed by the audit included central FMIS security administration and maintenance, database and security controls, and the Relational Standard Accounting and Reporting System (R*STARS) component operations, which support MDOT's accounting operations. We also determined the status of the finding included in our preceding audit report.

To accomplish our audit objectives, our audit procedures included inquiries of appropriate personnel, inspections of documents and records, and observations of FMIS' operations. We also performed other auditing procedures that we considered necessary to achieve our audit objectives. The reliability of data used in this report for background or informational purposes was not assessed.

MDOT management is responsible for establishing and maintaining effective internal control. Internal control is a process designed to provide reasonable assurance that objectives pertaining to the reliability of financial records; effectiveness and efficiency of operations including safeguarding of assets; and compliance with applicable laws, rules, and regulations are achieved.

Because of inherent limitations in internal control, errors or fraud may nevertheless occur and not be detected. Also, projections of any evaluation of internal control to future periods are subject to the risk that conditions may change or compliance with policies and procedures may deteriorate.

Our reports are designed to assist the Maryland General Assembly in exercising its legislative oversight function and to provide constructive recommendations for improving State operations. As a result, our reports generally do not address activities we reviewed that are functioning properly.

This report includes a finding relating to a condition that we consider to be significant deficiency in the design or operation of internal control that could adversely affect MDOT's ability to operate effectively and efficiently, and/or comply with applicable laws, rules, and regulations. This condition is also a significant instance of noncompliance with applicable laws, rules, or regulations. Another less significant finding was communicated to MDOT that did not warrant inclusion in this report.

MDOT's response to our finding and recommendations is included as an appendix to this report. As prescribed in the State Government Article, Section 2-1224 of the Annotated Code of Maryland, we will advise MDOT regarding the results of our review of its response.

Office of the Secretary

July 15, 2019

Mr. Gregory A. Hook, CPA
Office of Legislative Audits
Department of Legislative Services
301 West Preston Street, Room 1202
Baltimore MD 21201

Dear Mr. Hook:

Enclosed please find the Maryland Department of Transportation (MDOT) responses to the Office of Legislative Audit's audit report on the Maryland Department of Transportation Financial Management Information System Centralized Operations. Additionally, an electronic version of this document has been sent to your office via email.

If you have any additional questions or concerns, please contact Ms. Jaclyn D. Hartman, MDOT Chief Financial Officer at 410-865-1035 or jhartman1@mdot.maryland.gov. Of course, you may always contact me directly.

Sincerely,



Pete K. Rahn
Secretary

cc: Ms. Brenda Cachuela, Director, Office of Audits, MDOT
Ms. Jaclyn D. Hartman, Chief Financial Officer, MDOT
Mr. Earl R. Lewis, Jr., Deputy Secretary of Policy, Planning, and Enterprise Services,
MDOT
Mr. Sean Powell, Acting Deputy Secretary of Operations, MDOT

**Maryland Department of Transportation
Financial Management Information System
Centralized Operations
Audit Responses
July 2019**

Sensitive Personally Identifiable Information (PII)

Finding 1

Sensitive PII was not adequately secured within MDOT FMIS.

Recommendation 1

We recommend MDOT, in conjunction with its transportation business units, take the necessary steps to adequately restrict and safeguard PII in MDOT FMIS.

Response:

We concur with the recommendation. We will develop guidelines that identify and document areas of PII concern within FMIS. Further we will develop a report and review with the MDOT FMIS security coordinators. The report will detail information concerning those employees that have access to screens and reports that contain PII information to facilitate that only appropriate access is granted. Lastly, we will provide information to employees that reinforces their responsibility over the protection of PII information that is contained in FMIS. We expect to accomplish these tasks by September 30, 2019.

AUDIT TEAM

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