

**Department of Materials Management
Procurement Unit
MONTGOMERY COUNTY PUBLIC SCHOOLS
45 W. Gude Drive, Suite 3100
Rockville, Maryland 20850**

October 19, 2016

NOTICE TO BIDDERS

**The following are questions and answers submitted for
RFP 1080.4, Annual Auditing Services**

Question 1: Will you provide a copy of the SAS 114 and 115 letters (Communication with those charged with governance and internal control communications) from the 2016 audit (2015 if 2016 is not available)?

Answer: Fiscal Year 2015 is available, see attached.

Question 2: Will you provide a copy of the passed adjustment schedule from the 2016 audit?

Answer: MCPS doesn't have any passed adjustments from the 2016 audit.

Question 3: How many adjusting journal entries do the auditors typically propose?

Answer: None

Question 4: How long has the current audatory been engaged?

Answer: MCPS financial statement audits were performed by the current external auditor for Fiscal Years 2011 – 2016.

Question 5: How many people does the current audatory typically have in the field?

Answer: Approximately four (4)

Question 6: How long does the current auditor typically spend in the field?

Answer: Field work hours are proprietary information.

Question 7: Will you share the 2016 fees?

Answer: Fiscal Year 2016 financial statements audit contract fee is \$139,000

Question 8: Does MCPS prepare the CAFR?


Answer: Yes.

Question 9: Could you please clarify how the redacted copy should be submitted: hard copy or electronic?

Answer: Hard copy please.

Question 10: Should our fee/pricing section be incorporated into our technical proposal or should it be submitted separately?

Answer: A combined submission is fine.



Barbara Regalia, CPPB, team leader, Procurement Unit

Please indicate your acceptance of this notice by signing below and returning with your RFP or under separate cover.

Accepted:

Name and Title

Company Name

Office of the Superintendent of Schools
MONTGOMERY COUNTY PUBLIC SCHOOLS
Rockville, Maryland

November 4, 2015

MEMORANDUM

To: Members of the Board of Education

From: Larry A. Bowers, Interim Superintendent of Schools

Subject: Fiscal Year 2015 CliftonLarsonAllen LLP Management Letter and Staff Responses to the Management Letter

Attached is the management letter addressed to the Montgomery County Board of Education that was submitted by CliftonLarsonAllen LLP as part of its Fiscal Year 2015 audit of financial activities in Montgomery County Public Schools (MCPS) (Attachment A). In addition, staff responses to each of the items in the management letter are attached (Attachment B).

The meeting of the Board's Fiscal Management Committee is scheduled for November 16, 2015. A review of the management letter will be one of the agenda items. Staff members from CliftonLarsonAllen LLP and MCPS will be present to discuss the report.

If you have any questions, please contact Dr. Andrew M. Zuckerman, chief operating officer, at 301-279-3627.

LAB:AMZ:SGD:sbc

Attachments

Copy to:

Dr. Navarro
Dr. Statham
Dr. Zuckerman
Mr. Civin
Mr. Collette
Mrs. Chen
Mrs. DeGraba
Mr. Pisha
Mr. Ikheloa
Mr. Novak



CliftonLarsonAllen LLP
CLAAconnect.com

Management
Board of Education
of Montgomery County, Maryland
Rockville, Maryland

In planning and performing our audit of the financial statements of Montgomery County Public Schools (MCPS) as of and for the year ended June 30, 2015, in accordance with auditing standards generally accepted in the United States of America, we considered MCPS's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of MCPS's internal control. Accordingly, we do not express an opinion on the effectiveness of MCPS's internal control.

However, during our audit we became aware of other matters that are opportunities to strengthen your internal control and improve the efficiency of your operations. Our comments and suggestions regarding those matters are summarized below. We previously provided a written communication dated September 29, 2015, on MCPS's internal control. This letter does not affect our communication dated September 29, 2015.

There are no new comments for fiscal year 2015. However, we noted the following comments from the prior year that have not been resolved to date.

INFORMATION TECHNOLOGY

Risk Assessment

A formal risk assessment has not been established by management. This represents the risk that potential vulnerabilities of the information system will not be identified in a timely manner and appropriate strategies to address those risks will not be established. We recommend that management consider continuance of their collaborative effort with Montgomery County Government agencies to establish county-wide risk assessments. We also recommend that management consider hiring a third party to perform risk assessment to ensure potential vulnerabilities of the information system can be identified and addressed.

Logical Access

We noted the following items with regard to logical access to the IT systems:

- We noted three new hires that did not meet the testing attributes to support appropriate documentation and authorization of user access. This presents the risk of unauthorized access to the organizations' financially significant systems and data. We recommend documentation be retained by MCPS for user account creation.
- We noted there were four employees terminated during the year; however, active accounts were maintained on the network subsequent to their termination. We recommend management review their policies and procedures for tracking a terminated employee to ensure logical and physical access is removed immediately. In addition, we recommend management synchronize network account

expiration with termination dates, and increase their frequency of application layer periodic access reviews to semi-annually.

- Users of Oracle EBS are not required to change their password and can reuse the same password at any time. In addition, the account lockout feature is disabled and users are permitted to have infinite periods of inactive time during a session. This represents the risk of unauthorized access to the Organization's financially significant systems and data. We recommend management adopt industry standards related to password life time, password reuse, failed login attempts and idle time in the system.

Change Management

Systems administrators for in-scope applications have the ability to migrate changes to production. Two of the users with systems administration capabilities for the Oracle EBS and Lawson HRIS applications have financial responsibilities. This presents a risk that non-IT personnel can directly influence the production environment for financially significant applications, Oracle EBS and Lawson HRIS. We recommend management review the need for the accounts identified to have the capability to migrate changes to production via system administration access to Oracle EBS and Lawson HRIS as a part of ensuring principles, such as need-to-know and least privileges are enforced.

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with various entity personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

This communication is intended solely for the information and use of the Board of Education of Montgomery County, Maryland, management, and federal awarding agencies and pass-through entities, and is not intended to be, and should not be, used by anyone other than these specified parties.



CliftonLarsonAllen LLP

Baltimore, Maryland
September 29, 2015

Staff Responses to the Fiscal Year 2015 CliftonLarsonAllen LLP Management Letter

The following are staff responses to items identified in the Fiscal Year (FY) 2015 management letter.

INFORMATION TECHNOLOGY

Risk Assessment

A formal risk assessment has not been established by management. This represents the risk that potential vulnerabilities of the information system will not be identified in a timely manner and appropriate strategies to address those risks will not be established. We recommend that management consider continuance of their collaborative effort with Montgomery County Government agencies to establish county-wide risk assessments. We also recommend that management consider hiring a third party to perform risk assessment to ensure potential vulnerabilities of the information system can be identified and addressed.

Response

We concur in part. Montgomery County Public Schools (MCPS) conducts risk assessments and reviews and mitigates risks when found. MCPS, in collaboration with the Interagency Technology Policy and Coordination Committee, completed the information security review and benchmarks. MCPS has reviewed and is currently updating the computer systems security procedures manual to reflect the formal risk assessment in alignment with National Institute of Standards and Technology (NIST) Special Publication 800-30 rev. 1. MCPS is establishing a number of cross-office audit routines, including engaging a third party, to perform periodic assessments of potential vulnerabilities. The timetable for the completion of risk assessment routines and notification to the auditor is by the end of the current fiscal year.

Logical Access

We noted the following items with regard to logical access to the IT systems:

1. We noted three new hires that did not meet the testing attributes to support appropriate documentation and authorization of user access. This presents the risk of unauthorized access to the organization's financially significant systems and data. We recommend documentation be retained by MCPS for user account creation.

Response

Upon reviewing the access for the three identified new hires, we determined that procedure was not followed for one employee. We will take the necessary steps to ensure that procedures are

followed, and all access forms are adequately filed and approved. This process will be formally reviewed with the employee responsible to grant user access.

Regarding the other two new hires, we determined that both employees did not have access to the two systems in interest: Oracle EBS and HRIS; therefore, no access form was required. Finally, when an individual is hired, the new employee's Network Account in Active Directory is automatically created through the human resources onboarding process without the need of a "user request form."

2. We noted there were four employees terminated during the year; however, active accounts were maintained on the network subsequent to their termination. We recommend management review their policies and procedures for tracking a terminated employee to ensure logical and physical access is removed immediately. In addition, we recommend management synchronize network account expiration with termination dates and increase their frequency of application layer periodic access reviews to semi-annually.

Response

We concur for two of the employees. Users automatically lose their network access (Active Directory Account) upon termination of employment. We will establish a monthly review process to identify and address exceptions. Signed monthly logs of the reviews will be kept on file. The third employee has a valid user account in the Financial Management System (FMS) but could not login to FMS as the employee did not have an Active Directory account (refer to spreadsheet 14.1-All LAN Accounts.xlsx previously provided to CliftonLarsonAllen LLP). We perform user recertification for all FMS users twice a year as previously recommended by CliftonLarsonAllen LLP and agreed upon by MCPS. During the recertification process, FMS user accounts, for those who are no longer in Active Directory, are deactivated in FMS. The fourth employee was terminated in HRIS on December 31, 2014, and was rehired on February 1, 2015. The list generated included any person with a termination code for the specified period, including those who were rehired. Finally, we concur with the recommendation for management review of terminated employees, and we will increase the frequency of user recertification for all relevant business applications to semiannually.

3. Users of Oracle EBS are not required to change their password and can reuse the same password at any time. In addition, the account lockout feature is disabled and users are permitted to have infinite periods of inactive time during a session. This represents the risk of unauthorized access to the Organization's financially significant systems and data. We recommend management adopt industry standards related to password life time, password reuse, failed login attempts and idle time in the system.

Response

We concur. The FY 2014 findings identified nine users with a parameter issue. Five of these users (oracle, applmgr, orasfms, applsfms, and destftp) were addressed last year. Addressing the remaining four users (applpfms, orapfms, lawftp, and fmsftp) will require a significant effort,

including but not limited to, the review and assessment of all FMS manual and automated interfaces (unidirectional and bidirectional). Our plan will be to develop and test the necessary scripts throughout the end of this calendar year with the intention of deploying the tested and known-working scripts in production during the second semester of this school year, at a time that will mitigate the impact to our production systems and the associated instruction taking place in the schools. All other users are authenticated through our Active Directory and follow the Computer Systems Security Procedures as well as the configured parameters in our Active Directory.

We set `password_lifetime`, `failed_login_attempts`, `password_reuse_max`, and `failed_login_attempts` to UNLIMITED based on Oracle Configuration guide for E-Business Suite 11. There is currently no recommendation from Oracle about idle time; however, we can make that change based on your recommendation. For values not addressed in the Oracle Configuration guide for E-Business Suite 11, we will contact CliftonLarsonAllen LLP for the recommended values based on the leading practices highlighted in the finding.

CHANGE MANAGEMENT

Systems administrators for in-scope applications have the ability to migrate changes to production. Two of the users with systems administration capabilities for the Oracle EBS and Lawson HRIS applications have financial responsibilities. This presents a risk that non-IT personnel can directly influence the production environment for financially significant applications, Oracle EBS, and Lawson HRIS. We recommend management review the need for the accounts identified to have the capability to migrate changes to production via system administration access to Oracle EBS and Lawson HRIS as a part of ensuring principles, such as need-to-know and least privileges are enforced.

Response

On July 1, 2015, the position of one of the employee's identified to have financial responsibilities was changed from fiscal assistant II to IT systems technician. Also, in regard to that employee's access to Oracle EBS, we believe that this issue was resolved prior to the initiation of the FY 2015 information technology review. Per spreadsheet 15.1-FMS Active_Users_170315 previously provided to CliftonLarsonAllen LLP, the employee did not have the ability to migrate changes to production. The employee had, and continues to have, the following responsibilities: User Management and MCPS User Administration, which are necessary to perform FMS user maintenance. The employee also has the MCPS Internet Expenses responsibility, which is a standard responsibility for all MCPS users to enter and submit expense reports. In regard to Lawson HRIS, we do not concur with your finding. This employee needs this limited HRIS access to allow verification of basic employee information against the HRIS User Access Form. The employee has a read-only access.

