

Audit Report

---

**Maryland Department of Labor**

**Office of the Secretary  
Division of Administration  
Division of Workforce Development and Adult Learning**

January 2022

---



**OFFICE OF LEGISLATIVE AUDITS  
DEPARTMENT OF LEGISLATIVE SERVICES  
MARYLAND GENERAL ASSEMBLY**

### **Joint Audit and Evaluation Committee**

Senator Clarence K. Lam, M.D. (Senate Chair)	Delegate Carol L. Krimm (House Chair)
Senator Malcolm L. Augustine	Delegate Steven J. Arentz
Senator Adelaide C. Eckardt	Delegate Mark S. Chang
Senator George C. Edwards	Delegate Nicholas P. Charles II
Senator Katie Fry Hester	Delegate Andrea Fletcher Harrison
Senator Cheryl C. Kagan	Delegate Trent M. Kittleman
Senator Benjamin F. Kramer	Delegate David Moon
Senator Cory V. McCray	Delegate Julie Palakovich Carr
Senator Justin D. Ready	Delegate Elizabeth G. Proctor
Senator Craig J. Zucker	Delegate Geraldine Valentino-Smith

### **To Obtain Further Information**

Office of Legislative Audits  
The Warehouse at Camden Yards  
351 West Camden Street, Suite 400  
Baltimore, Maryland 21201  
Phone: 410-946-5900  
Maryland Relay: 711  
TTY: 410-946-5401 · 301-970-5401  
E-mail: [OLAWebmaster@ola.state.md.us](mailto:OLAWebmaster@ola.state.md.us)  
Website: [www.ola.state.md.us](http://www.ola.state.md.us)

### **To Report Fraud**

The Office of Legislative Audits operates a Fraud Hotline to report fraud, waste, or abuse involving State of Maryland government resources. Reports of fraud, waste, or abuse may be communicated anonymously by a toll-free call to 1-877-FRAUD-11, by mail to the Fraud Hotline, c/o Office of Legislative Audits, or through the Office's website.

### **Nondiscrimination Statement**

The Department of Legislative Services does not discriminate on the basis of age, ancestry, color, creed, marital status, national origin, race, religion, gender, gender identity, sexual orientation, or disability in the admission or access to its programs, services, or activities. The Department's Information Officer has been designated to coordinate compliance with the nondiscrimination requirements contained in Section 35.107 of the United States Department of Justice Regulations. Requests for assistance should be directed to the Information Officer at 410-946-5400 or 410-970-5400.



DEPARTMENT OF LEGISLATIVE SERVICES  
OFFICE OF LEGISLATIVE AUDITS  
MARYLAND GENERAL ASSEMBLY

Victoria L. Gruber  
Executive Director

Gregory A. Hook, CPA  
Legislative Auditor

January 7, 2022

Senator Clarence K. Lam, M.D., Senate Chair, Joint Audit and Evaluation Committee  
Delegate Carol L. Krimm, 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 Maryland Department of Labor (MDL) – Office of the Secretary, Division of Administration, and Division of Workforce Development and Adult Learning for the period beginning August 17, 2016 and ending October 15, 2020. The Office of the Secretary and the Division of Administration provide executive oversight, general administration, public information, fiscal services, information technology support, and comprehensive planning for the other MDL divisions. The Division of Workforce Development and Adult Learning administers various employment and training activities, including certain workforce programs that are funded primarily by the federal government.

Our audit disclosed that MDL did not obtain documentation to support vendor billings it paid for additional staffing at its Division of Unemployment Insurance (DUI) and for modernizing DUI's unemployment insurance system, and our review of selected billings from one vendor disclosed potential overpayments of at least \$2.2 million. In addition, MDL did not ensure that it received all technology enterprise services due from the Department of Information Technology valued at \$3.8 million for fiscal year 2020.

Furthermore, MDL did not obtain Board of Public Works approval for certain significant contract modifications prior to execution and did not always publish contract awards on *eMaryland Marketplace* as required. For example, BPW approval was not requested and obtained for two contract modifications totaling \$591,000 until four years after implementation.

MDL also did not always request reimbursement of federal fund expenditures in a timely manner, resulting in lost interest income totaling approximately \$233,400.

In addition, adequate controls had not been established over payroll payments and employee leave balances, and certain grant funds distributed by MDL were not made available to all eligible entities.

Our audit also disclosed that MDL's information systems security and related controls could be improved. For example, we noted that MDL lacked assurance that adequate security and operational controls existed over its Workforce Exchange system which was hosted, operated, and maintained by external service providers. We also noted that MDL lacked assurance that the underlying code for its E-Licensing System web application was properly secured.

Finally, our audit included a review to determine the status of the six findings contained in our preceding audit report of MDL (formerly named the Department of Labor Licensing, and Regulation). We determined that MDL satisfactorily addressed three of these findings. The remaining three findings are repeated in the report.

MDL's response to this audit is included as an appendix to this report. We reviewed the response and noted agreement to our findings and related recommendations, and while there are other aspects of MDL's response which will require further clarification, we do not anticipate that these will require the Joint Audit and Evaluation Committee's attention to resolve. We have also edited MDL's response to remove the name of a certain contractor, as allowed by our policy.

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

Respectfully submitted,

A handwritten signature in black ink that reads "Gregory A. Hook". The signature is written in a cursive, flowing style.

Gregory A. Hook, CPA  
Legislative Auditor

## Table of Contents

<b>Background Information</b>	5
Name Change and Agency Responsibilities	5
Statewide Review of State Grants at Selected Agencies	5
Unrecovered Federal Fund Revenue	6
Status of Findings From Preceding Audit Report	6
<b>Findings and Recommendations</b>	8
<b>Procurement and Disbursements</b>	
Finding 1 – The Maryland Department of Labor (MDL) did not obtain documentation to support vendor billings it paid for additional staffing at its Division of Unemployment Insurance (DUI) and for modernizing DUI’s unemployment insurance system.	8
Finding 2 – MDL did not ensure it received technology enterprise services valued at \$3.8 million from the Department of Information Technology.	9
*        Finding 3 – MDL did not always obtain required Board of Public Works approval for contract modifications prior to execution and did not publish certain contract awards on <i>eMaryland Marketplace</i> , as required.	10
<b>Federal Funds</b>	
Finding 4 – MDL did not submit requests for reimbursement of federal fund expenditures in a timely manner, resulting in lost interest income totaling approximately \$233,400.	11
<b>Payroll</b>	
Finding 5 – MDL had not established adequate controls to ensure the propriety of biweekly payroll payments and leave balances.	12
<b>Maryland Employment Advancement Right Now Grants</b>	
Finding 6 – MDL did not notify all grantees that received Maryland Employment Advancement Right Now grant awards of the opportunity to receive supplemental grant funds.	14
* <b>Denotes item repeated in full or part from preceding audit report.</b>	

## **Information Systems Security and Control**

	Finding 7 – MDL lacked assurance that adequate information technology security and operational controls existed over its Workforce Exchange system that was hosted, operated, and maintained by a primary service provider and two subservice providers.	15
	Finding 8 – MDL lacked assurance that the underlying code for its E-Licensing System web application was properly secured.	16
*	Finding 9 – MDL did not have an information technology disaster recovery plan for recovering computer operations.	17
*	Finding 10 – MDL’s computer network had significant security weaknesses involving the lack of periodic assessments of its firewall rules, assignment of local administrative rights, and security settings for password and account controls for user network authentication.	18
	<b>Audit Scope, Objectives, and Methodology</b>	21
	<b>Agency Response</b>	Appendix

\* Denotes item repeated in full or part from preceding audit report

## **Background Information**

### **Name Change and Agency Responsibilities**

Chapter 91, Laws of Maryland 2019, effective July 1, 2019 renamed the Department of Labor, Licensing, and Regulation to be the Maryland Department of Labor. The Maryland Department of Labor (MDL) consists of the Office of the Secretary and seven operating divisions. This audit report includes the operations of the following units:

- Office of the Secretary
- Division of Administration
- Division of Workforce Development and Adult Learning

The Office of the Secretary and its Division of Administration provide executive oversight, general administration, public information, fiscal services, information technology support, and comprehensive planning for the other MDL divisions. The Division of Workforce Development and Adult Learning administers various employment and training activities, including certain workforce programs that are funded primarily by the federal government. Although the remaining divisions of MDL (Unemployment Insurance, Financial Regulation, Labor and Industry, Occupational and Professional Licensing, and Racing) are included within the scope of, and reported upon, in separate audits, the support services they receive from the Office of the Secretary and Division of Administration are subject to review and testing during this audit.

According to the State's records, during fiscal year 2020, total MDL expenditures were approximately \$372.7 million, of which \$154.4 million related to the three units audited.

### **Statewide Review of State Grants at Selected Agencies**

On November 10, 2021, we issued a performance audit report titled *State Grants* which contained findings related to MDL. This audit report included a number of findings related to selected agencies, but emphasized the need for all agencies to improve advertisement, award, and monitoring of grants in general. The performance audit included the following findings related to MDL.

- MDL did not notify all grantees that received Maryland Employment Advancement Right Now grant awards of the opportunity to receive supplemental grant funds (Finding 6 in this report).

- Lack of State standardized grant applications and agreements resulting in critical provisions being excluded. Specifically, we found two provisions missing from certain MDL grants.

MDL agreed to the findings and recommendations in the November 2021 report.

## **Unrecovered Federal Fund Revenue**

Our preceding fiscal compliance audit report on MDL's Office of the Secretary dated August 7, 2017 included a finding related to unsubstantiated federal fund revenues of \$9.9 million being recorded at year end. The recording of unsubstantiated federal fund revenues has also been disclosed in our *Statewide Review of Budget Closeout Transactions* for Fiscal Years 2016, 2017, 2018, and 2019. Our *Statewide Review of Budget Closeout Transactions for Fiscal Year 2020* noted that MDL had determined that \$5,875,000 in previously recorded federal fund revenues were no longer recoverable from the federal granting agency. These accrued revenues related to past indirect costs incurred to administer certain federal programs that had not been recovered.

The April 2020 *Joint Chairmen's Report* required MDL to provide a report indicating where in the State's records the unrecoverable revenues were recorded and a for MDL to prepare a detailed plan to cover these costs.

In a letter dated September 30, 2020 to the Chairs of the Senate Budget and Taxation and the House Appropriations Committees, MDL indicated that it will offset the unrecovered costs over several years by adding an indirect cost surcharge to most MDL programs of up to \$500,000 per year. The funding source was anticipated to be split between general funds and special funds from MDL's Special Administrative Expense Fund. As of March 2021, MDL created a new indirect cost account which is now being used to track progress payments towards the unrecoverable revenues.

## **Status of Findings From Preceding Audit Report**

Our audit included a review to determine the status of the six findings contained in our preceding audit report dated August 7, 2017. As disclosed in Figure 1 below, we determined that MDL satisfactorily addressed three of these findings. The remaining three findings are repeated in this report.



**Figure 1**  
**Status of Preceding Findings**

Preceding Finding	Finding Description	Implementation Status
Finding 1	Licenseses' sensitive personally identifiable information was stored without adequate safeguards.	Not repeated
Finding 2	MDL did not have an information technology disaster recovery plan for the recovery of its information systems operations.	<b>Repeated</b> (Current Finding 9)
Finding 3	Password, account, and malware protection controls were not sufficient to properly protect MDL's network.	<b>Repeated</b> (Current Finding 10)
Finding 4	MDL could not substantiate \$9.9 million in federal fund revenues recorded at the end of fiscal year 2016.	Not repeated
Finding 5	MDL did not publish contract awards totaling \$12 million on <i>eMaryland Marketplace</i> as required.	<b>Repeated</b> (Current Finding 3)
Finding 6	Electronic licensing collections for the Division of Financial Regulation were not reconciled with bank statements and the State's accounting records.	Not repeated

# Findings and Recommendations

## Procurement and Disbursements

### **Finding 1**

**The Maryland Department of Labor (MDL) did not obtain documentation to support vendor billings it paid for additional staffing at its Division of Unemployment Insurance (DUI) and for modernizing DUI's unemployment insurance system.**

### **Analysis**

MDL did not obtain documentation to support vendor billings it paid for additional staffing at DUI and for modernizing the DUI's unemployment insurance system, and our review of selected billings from one vendor disclosed potential overpayments of approximately \$2.2 million.

### Additional Staffing

We reviewed nine invoices totaling \$22.9 million from one vendor for additional staffing required by DUI during the period April 2020 to December 2020, primarily because of a significant increase in claim activity. The invoices provided total hours and the total dollar amount billed for certain specified time categories, such as regular hours and training hours. However, although available from the vendor, detailed documentation regarding individual staff provided and the hours they worked was not obtained from the vendor to aid MDL in verifying the billings received.

We obtained this detailed data from the vendor for six of the nine invoices totaling \$17.6 million. The detailed data indicated that MDL received 262,932 service hours during the period July 2020 to December 2020. However, the six invoices, which were previously paid by MDL, indicated that the vendor had billed for 304,575 hours of staff service during the period. Using rates in place at the time, this difference in hours received versus billed would represent an overpayment of approximately \$2 million. MDL was unable to explain this variance. In addition, we determined that MDL was overbilled by the same vendor for \$200,000 in training costs. As of December 2020, the value of the contract with this vendor totaled \$102.2 million with a contract term of April 15, 2020 through August 31, 2021.

### System Modernization

Seven days before the deadline (September 30, 2020) established by the federal government for incurring reimbursable costs for modernizing MDL's unemployment insurance system, MDL approved \$11.7 million in costs included

in an invoice for payment. This invoice was essentially for the remainder of the modernization contract costs, described on the invoice as development and implementation, required software tools, required staff, enhancements, and mobile subscription. MDL claimed that because the system had gone live by the federal deadline, payment was justified, but could not provide us with further documentation that it had verified the propriety of the specific invoiced costs.

### **Recommendation 1**

**We recommend that MDL**

- a. obtain and review available detailed data and documentation to support the propriety of all vendor invoices, and document steps taken to verify invoiced costs; and**
- b. identify, investigate, and resolve any invoice discrepancies, including those noted above, and recover any amounts that are determined to have been improperly paid.**

### **Finding 2**

**MDL did not ensure it received technology enterprise services valued at \$3.8 million from the Department of Information Technology (DoIT).**

### **Analysis**

MDL did not ensure it received technology enterprise services from DoIT during fiscal year 2020 valued at \$3.8 million. At the beginning of fiscal year 2020, DoIT submitted an invoice covering the services it planned to provide to MDL, which MDL was to pay in four equal quarterly payments. The invoice specified the general categories of work to be performed. For example, the annual invoice included end user support services totaling \$1.5 million for 1,726 devices and cyber defense services totaling \$462,000 for 1,492 users. MDL did not verify the accuracy of the number of devices billed or the extent to which services were provided.

The aforementioned conditions were caused, in part, because MDL and DoIT did not execute a memorandum of understanding (MOU) as of March 2021. An MOU would clarify DoIT's responsibilities over information technology support services performed, remaining technology responsibilities at MDL, and how the cost for these services should be calculated, supported, and invoiced. In our most recent DoIT audit report, dated May 1, 2020, we recommended that DoIT enter into MOU's with State agencies that receive technology enterprise services. DoIT agreed with the recommendation and stated that its staff would work with agencies to execute MOUs.

## Recommendation 2

We recommend that MDL

- a. pursue with DoIT the establishment of an MOU that provides for the receipt of required detailed invoice information to support amounts invoiced;
- b. in the future, ensure that all technology enterprise services invoiced have been received; and
- c. verify receipt of the services noted above as invoiced for fiscal year 2020.

### Finding 3

**MDL did not always obtain required Board of Public Works approval for contract modifications prior to execution and did not publish certain contract awards on *eMaryland Marketplace*, as required.**

### Analysis

MDL did not obtain Board of Public Works approval for certain contract modifications prior to execution and did not publish certain contract awards on *eMaryland Marketplace (eMM)*<sup>1</sup>, as required.

- MDL did not obtain Board of Public Works (BPW) approval for certain contract modifications prior to execution of the modification, as required. During the period from August 2016 to December 2020, MDL processed 51 contract modifications, each exceeding \$50,000, and totaling \$153.0 million. Our test of 14 of the modifications totaling \$92 million, disclosed that BPW approval was not always received prior to execution as required for modifications exceeding \$50,000. Specifically, BPW approval for two modifications totaling \$590,631 relating to modernization of DUI's new unemployment insurance system was obtained more than four years after the modifications were implemented. In addition, BPW approval of 4 other modifications totaling approximately \$88.9 million relating to staff expansion and IT services was obtained 68 to 134 days after the modification was executed.
- MDL did not always publish contract awards on *eMM* within 30 days of award as required by State law and procurement regulations for contracts over \$50,000. We tested 11 information technology and professional services

---

<sup>1</sup> *eMM* is an internet-based, interactive procurement system managed by the Department of General Services (DGS). Effective July 2019, DGS replaced *eMM* with *eMaryland Marketplace Advantage (eMMA)*.

contract awards totaling approximately \$79.4 million made during the period from June 2019 through November 2020, each exceeding \$50,000. As of February 2021, 3 of these 11 contract awards totaling \$712,802 had not been published on *eMM*, and 4 awards totaling \$3.5 million, were published between 52 and 140 days after the award. A similar condition was commented upon in our preceding audit report.

### **Recommendation 3**

**We recommend that MDL comply with State law and procurement regulations for all contract procurements and modifications.**

**Specifically we recommend that MDL**

- a. seek the required BPW approval before the related modifications are executed, and**
- b. publish contract awards on *eMMA* within 30 days of the contract award (repeat).**

## **Federal Funds**

### **Finding 4**

**MDL did not always submit requests for reimbursement of federal fund expenditures in a timely manner, resulting in lost interest income totaling approximately \$233,400.**

### **Analysis**

MDL did not always submit requests for reimbursement of federal fund expenditures related to grant funding for Unemployment Insurance and Workforce Development grants in a timely manner. Consequently, the State lost investment interest income that would have been earned had the funds been requested and received more timely. These expenditures primarily related to indirect costs and non-personnel service. According to the State's records, during fiscal year 2020 MDL grant expenditures for these grants totaled \$160.5 million.

Our review of 11 federal grant reimbursement requests totaling \$39.2 million, made during fiscal years 2019 and 2020, disclosed that 4 requests, totaling \$31.1 million, were submitted an average of 140 days late. For example, one request for reimbursement of expenditures incurred from July 2019 through April 2020, totaling \$18.6 million, was not made until the end of June 2020. Similarly, another request for reimbursement of expenditures incurred from November 2018 through July 2019, totaling \$4.6 million was not made until mid-September 2019.

Federal guidelines for these grants permit expenditures to be requested when expenditures are incurred. We determined that the delayed recovery of funds tested resulted in lost investment interest income totaling approximately \$233,400 for related expenditures incurred during fiscal years 2019 and 2020, based on reimbursements being obtained as soon as permitted by the federal guidelines.

**Recommendation 4**

**We recommend that MDL submit federal fund reimbursement requests as soon as permitted under federal guidelines (for example, monthly).**

**Payroll**

**Finding 5**

**MDL had not established adequate controls to ensure the propriety of biweekly payroll payments and leave balances.**

**Analysis**

MDL did not establish adequate controls to ensure the propriety of biweekly payroll payments and leave balances. According to State records, MDL’s payroll expenditures totaled approximately \$91.9 million in calendar year 2020.

Total Payroll Disbursements Were Not Reconciled

Biweekly payroll payments from the State’s Central Payroll Bureau (CPB) were not reconciled, in the aggregate, to the payroll payments reflected in reports generated from the Statewide Personnel System (SPS). Generally, employees recorded their work time directly into SPS for online approval by their assigned supervisors and payroll payments were processed by CPB based on the approved work time for the pay period and the salary information reflected in SPS. However, MDL did not compare the total payroll as reflected in the CPB payroll registers, with the SPS payroll summary reports to ensure payments were properly supported by time records and salary information maintained within SPS.

MDL advised us that it did not reconcile SPS reports with CPB reports because it believed that there was an automated control to ensure that the two systems reconcile. However, SPS contains certain unique system design features, which often resulted in differences between CPB and SPS. For example, CPB payroll registers only reflect activity processed during the particular pay period while SPS payroll summary reports will reflect all activity relevant to the pay period irrespective of when the transactions were processed.

We obtained MDL's payroll register from CPB and the related report from SPS for the pay period ending on June 16, 2020. Our review disclosed that the CPB reported payroll expense exceeded the related amount in SPS by \$103,000. Most of this amount was attributable to employees who were assigned to different supervisory organizations within SPS but paid by MDL.

Employee Pay and Leave Balance Adjustments Were Not Adequately Reviewed

Adjustments to employee pay and leave balances were not adequately reviewed for propriety. During the period August 2016 through October 2020, MDL processed 1,199 adjustments that changed employee pay by a total of \$389,681 (increase of \$309,818 and decrease of \$79,863). During this period MDL also processed 2,447 leave adjustments that changed employee leave balances by 82,115 hours (increase of 33,430 and decrease of 48,685 hours) which we calculated to be equivalent to approximately \$570,000 in salary.

Each pay period, an MDL employee was responsible for submitting a manually prepared listing of payroll adjustments to the Department of Budget and Management for processing in SPS. MDL did not have a procedure for supervisory personnel to review the listing. In addition MDL did not have a procedure to verify the propriety of leave balance adjustments that could be processed by seven MDL employees directly in SPS. MDL also did not use available system output reports of all payroll and leave adjustments recorded to ensure that only authorized adjustments had been processed. Our tests of ten leave adjustments, and ten payroll adjustments did not disclose any improper transactions.

**Recommendation 5**

**We recommend that MDL**

- a. reconcile total payroll as reflected in CPB payroll registers each pay period with SPS payroll summary reports, investigate any differences, and ensure that those reconciliations are documented; and**
- b. independently verify pay and leave balance adjustments to ensure that only authorized adjustments have been processed and take appropriate corrective action when errors are noted.**

## Maryland Employment Advancement Right Now Grants

### **Finding 6**

**MDL did not notify all grantees that received Maryland Employment Advancement Right Now (EARN) grant awards of the opportunity to receive supplemental grant funds.**

### **Analysis**

MDL did not notify all grantees that received Maryland EARN grant awards of the opportunity to receive supplemental grant funds. MDL's Division of Workforce Development and Adult Learning administers the EARN program. MDL policy requires that existing grantees be notified of the opportunity to apply for supplemental funds as they become available during the year. Supplemental awards represent the majority of the EARN grant funds awarded. According to MDL's records, during fiscal years 2017 through 2020, \$21.9 million of the \$27.3 million EARN grant funds awarded were supplemental awards.

Our review of supplemental grants awarded in 2019 disclosed that MDL only notified 10 of the then existing 56 EARN grantees of the opportunity to apply for these supplemental funds. According to MDL records, 9 of the 10 grantees that applied received \$2.2 million in 2019.

EARN was established in 2014 to identify the needs of employers within Maryland to provide education and skills training for unemployed and under employed Marylanders through grants. Potential grantees (such as community colleges and non-profit organizations) develop training programs within a specific industry sector (for example cybersecurity, clean energy, or opportunity zones) and then apply through a public solicitation process to receive EARN funding. Once selected, the grantees have an opportunity to receive additional grant funds, if available, to expand the number of individuals trained.

### **Recommendation 6**

**We recommend that MDL ensure that all eligible grantees are notified of opportunities to apply for additional funds, and that the related notifications are documented.**



## Information Systems Security and Control

### Background

MDL's information technology (IT) support services are provided by a combination of internal MDL operations and support from the Maryland Department of Information Technology (DoIT). MDL personnel supported certain systems including occupational and professional licensing registration and renewal, and workforce (non-unemployment) related applications, which operated on MDL computer center servers. DoIT provided IT support services for the following functions:

- network firewalls and IT security services (such as firewall and intrusion detection prevention systems operations and maintenance),
- workstation management, and
- hardware and software support (including malware prevention procedures).

DoIT operates a Statewide network for MDL that connects MDL's local offices and the MDL headquarters. The Statewide network provides MDL users access to various information technology services including the aforementioned applications, network services, email services, and internet access. In addition, third-party service providers (both primary and subservice providers) maintain MDL's Maryland Workforce Exchange system.

### **Finding 7**

**MDL lacked assurance that adequate IT security and operational controls existed over its Workforce Exchange system that was hosted, operated, and maintained by a primary service provider and two subservice providers.**

### Analysis

MDL lacked assurance that adequate IT security and operational controls existed over its Workforce Exchange system that was hosted, operated, and maintained by a primary service provider and two data center hosting subservice providers. The Workforce Exchange system is a comprehensive web-based workforce application used by job seekers, employers, MDL staff, and local partner agencies. The system stores a vast amount of personally identifiable information.

Our review determined that MDL had obtained the primary service provider's System and Organization Control (SOC) 2 Type 2 report, dated July 20, 2020, covering the period from July 1, 2019 to June 30, 2020. However, as of January 2021, MDL had not reviewed the report. In addition, as of March 2021, MDL had not obtained the most recent SOC 2 Type 2 reports for the two subservice providers. At our request, in March 2021, MDL obtained the most recent SOC 2

Type 2 review reports of the subservice providers, dated October 1, 2020 and December 8, 2020. The reports covered the periods from September 1, 2019 to September 30, 2020 and October 1, 2019 to September 30, 2020, respectively. Our review concluded that none of the aforementioned SOC reports disclosed any significant control weaknesses.

The American Institute of Certified Public Accountants has issued guidance for various reviews of service organizations. Based on this guidance, service organizations (like the aforementioned service providers) may contract for an independent review of controls, for which the resultant independent auditor's report is referred to as a SOC report. The aforementioned SOC 2 Type 2 reports includes the results of the auditor's review of controls placed in operation and tests of operating effectiveness for the period under review and could include an evaluation of system security, availability, processing integrity, confidentiality, and/or privacy.

#### **Recommendation 7**

**We recommend that MDL, for ongoing Workforce Exchange system operations,**

- a. timely obtain and review copies of SOC 2 Type 2 reports for the primary service provider and any subservice providers, and verify that the related service providers implement all critical report recommendations; and**
- b. document the aforementioned reviews and retain them for future reference.**

#### **Finding 8**

**MDL lacked assurance that the underlying code for its E-Licensing System web application was properly secured.**

#### **Analysis**

MDL lacked assurance that the underlying code for its E-Licensing System (ELS) web application was properly secured. MDL did not obtain, nor require the system software development contractor to provide for an independent security vulnerability assessment to help identify the existence of any potentially serious security vulnerabilities within the ELS web application code. The ELS application was subject to a previous independent security vulnerability assessment and selective code review; however, the assessment occurred in 2011. Additionally, over the last four years, there were 18 significant application changes made to the ELS application code. Accordingly, the ELS web application may be exposed to web-based security vulnerabilities, which if

exploited, could possibly result in improper changes to website data and program files.

Web application code vulnerability assessments are recognized as a necessary means to find and diagnose security problems which cannot otherwise be found. The State of Maryland *Information Technology Security Manual* requires that system hardening procedures shall be created and maintained to ensure up-to-date security best practices are deployed at all levels of information technology systems.

### **Recommendation 8**

**We recommend that MDL**

- a. either procure or require the system contractor to obtain an independent security vulnerability assessment for the ELS web application code;**
- b. remediate all confirmed vulnerabilities identified by the assessment, document these efforts, and retain this documentation for future reference; and**
- c. periodically obtain such assessments in the future when significant application changes are made to the ELS web application code.**

### **Finding 9**

**MDL did not have an IT disaster recovery plan for recovering computer operations.**

### **Analysis**

MDL did not have an IT disaster recovery plan (DRP) for recovering computer operations from disaster scenarios (for example, a fire). MDL had a hybrid IT operation where DoIT managed certain MDL servers and the MDL internal network. Separately, MDL managed a computer center containing servers for certain significant systems, including electronic licensing and renewal. MDL relied upon the DoIT Enterprise IT DRP for providing recovery coverage for its entire IT operations, however, that plan did not address all of MDL's unique IT disaster recovery requirements. For example, the DoIT DRP did not contain required listings of MDL operated hardware and software components, nor priorities of MDL applications for restoration. Additionally, no DRP test for MDL operated servers had been performed. The State of Maryland *Information Technology Security Manual* provides the minimum required elements needed for a DRP.

Without a complete and tested DRP reflecting MDL's hybrid operations, a disaster could cause significant delays (for an undetermined period of time) in

restoring information systems operations above and beyond the expected delays that would exist in a planned recovery scenario. A similar condition was commented upon in our preceding audit report.

### **Recommendation 9**

**We recommend that MDL, in conjunction with DoIT**

- a. develop and implement a comprehensive DRP that covers all of MDL's IT operations and is in compliance with the *Information Technology Security Manual* (repeat); and**
- b. periodically test the DRP, document the testing, and retain the documentation for future reference.**

### **Finding 10**

**MDL's computer network had significant security weaknesses involving the lack of periodic assessments of its firewall rules, assignment of local administrative rights, and security settings for password and account controls for user network authentication.**

### **Analysis**

MDL's computer network had significant security weaknesses involving the lack of periodic assessments of its firewall rules, assignment of local administrative rights, and security settings for password and account controls involved with user network authentication. We noted the following conditions.

- A combined MDL and DoIT periodic review of MDL's defined firewall rules did not occur to ensure that the rules were accurate and allowed only necessary connections to MDL network resources. MDL personnel advised us during December 2020 that no formal documented reviews of the MDL firewall rules were made together with DoIT personnel after the firewall's implementation over 4 years earlier. We reviewed MDL's firewall rule base and noted a few insecure rules. One insecure rule created a significant security weakness, and allowed improper network-level access from four business partners' networks to the entire MDL internal network over all ports, via virtual private network connections. Such business partner access should be limited via filters to permit access to only those network resources related to their responsibilities.

Large organizations like MDL have complicated networks with network access requirements that frequently change over time. Periodic reviews of firewall rules are necessary to verify that rules remain properly defined, with insecure or outdated rules, like the above mentioned rule being removed or

properly limited. The State of Maryland *Information Technology Security Manual* requires that agency systems shall be configured to monitor and control communications at external boundaries and that information systems must employ the concept of least privilege, allowing only authorized access for users which are necessary to accomplish assigned tasks and configuration settings should be reviewed at least annually.

- We identified improper local administrative rights assigned to 313 user accounts defined on 280 MDL workstations for users who were not working as system or network administrators. In addition, MDL and DoIT did not provide documentation that authorized and supported the necessity of these assigned administrative rights. Consequently, if the above workstations were infected with malware, the malware would run with administrative rights and expose these workstations to a greater risk of compromise than if the workstations' user accounts operated with only user rights. The State's *Information Technology Security Manual* requires that agencies ensure that software installation policies are enforced through automated methods, implementation of least privilege and periodic review of user accounts and that only authorized users are given necessary privileges to install software. A similar condition was noted in our preceding audit report.
- Certain password and account control settings defined for authenticating MDL network users, including internal users of MDL's unemployment insurance application, were not in accordance with the State's *Information Technology Security Manual* requirements concerning password length, complexity, history, minimum age and account lockout. Our work determined there were approximately 3,500 defined MDL network accounts involved with either all parts or a portion of this control weakness. A similar condition was noted in our preceding audit report.

#### **Recommendation 10**

**We recommend that MDL**

- a. together with DoIT, periodically review its firewall rules to ensure the rules remain accurate, allow only necessary network-level access, are adjusted when necessary including for the aforementioned instance, with these efforts being recorded and related documentation retained;**
- b. limit the assignment of administrative rights on workstations to only system or network administrators and those users specifically allowed such rights, with any such assignments to non-IT administrators being justified, approved, documented, and regularly reviewed to determine whether the rights are still needed (repeat); and**

- c. establish appropriate password and account controls over user network authentication (repeat).**

## **Audit Scope, Objectives, and Methodology**

We have conducted a fiscal compliance audit of the Maryland Department of Labor (MDL) – Office of the Secretary, Division of Administration, and Division of Workforce Development and Adult Learning for the period beginning August 17, 2016 and ending October 15, 2020. 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 prescribed by the State Government Article, Section 2-1221 of the Annotated Code of Maryland, the objectives of this audit were to examine MDL’s financial transactions, records, and internal control, and to evaluate its compliance with applicable State laws, rules, and regulations.

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 information system security, cash receipts, payroll, federal funds, procurement and disbursements activities, and grants. Our audit included a review of certain support services (such as payroll, data processing, maintenance of accounting records, and related fiscal functions including cash receipts processed through MDL’s online licensing system) provided by MDL to its divisions. We also determined the status of the findings contained in our preceding audit report.

Our audit did not include an evaluation of internal controls over compliance with federal laws and regulations for federal financial assistance programs and an assessment of MDL’s compliance with those laws and regulations because the State of Maryland engages an independent accounting firm to annually audit such programs administered by State agencies, including MDL.

Our assessment of internal controls was based on agency procedures and controls in place at the time of our fieldwork. Our tests of transactions and other auditing procedures were generally focused on the transactions occurring during our audit period of August 17, 2016 to October 15, 2020, but may include transactions before or after this period we considered necessary to achieve our audit objectives.

To accomplish our audit objectives, our audit procedures included inquiries of appropriate personnel, inspections of documents and records, tests of transactions,

and to the extent practicable, observations of MDL's operations. Generally, transactions were selected for testing based on auditor judgment, which primarily considers risk, the timing or dollar amount of the transaction, or the significance of the transaction to the area of operation reviewed. As a matter of course, we do not normally use sampling in our tests, so unless otherwise specifically indicated, neither statistical nor non-statistical audit sampling was used to select the transactions tested. Therefore, unless sampling is specifically indicated in a finding, the results from any tests conducted or disclosed by us cannot be used to project those results to the entire population from which the test items were selected.

We also performed various data extracts of pertinent information from the State's Financial Management Information System (such as revenue and expenditure data) and the State's Central Payroll Bureau (payroll data). The extracts are performed as part of ongoing internal processes established by the Office of Legislative Audits and were subject to various tests to determine data reliability. We determined that the data extracted from these sources were sufficiently reliable for the purposes the data were used during this audit. We also extracted data from MDL's automated online financial systems for the purpose of testing certain areas, such as federal reimbursements. We performed various tests of the relevant data and determined that the data were sufficiently reliable for the purposes the data were used during the audit. Finally, we 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.

MDL's 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. As provided in *Government Auditing Standards*, there are five components of internal control: control environment, risk assessment, control activities, information and communication, and monitoring. Each of the five components, when significant to the audit objectives, and as applicable to MDL, were considered by us during the course of this audit.

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 findings relating to conditions that we consider to be significant deficiencies in the design or operation of internal control that could adversely affect the MDL's ability to maintain reliable financial records, operate effectively and efficiently, and/or comply with applicable laws, rules, and regulations. Our report also includes findings regarding significant instances of noncompliance with applicable laws, rules, or regulations. Other less significant findings were communicated to MDL that did not warrant inclusion in this report.

MDL's response to our findings 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 MDL regarding the results of our review of its response.



---

December 15, 2021

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

Re: Maryland Department of Labor Audit Report

Dear Mr. Hook:

I would like to acknowledge receipt of your most recent Legislative Audit of the Maryland Department of Labor for the Office of the Secretary, Division of Administration and Division of Workforce Development and Adult Learning dated November 30, 2021. This Audit contained findings for which the Agency anticipates having procedures in place to resolve the issues by the noted completion dates.

I want to thank Michael J. Murdzak , R. Brendan Coffey, Edwin L. Paul , Lisa M. Beers , Anthony V. Calcagno, Michael K. Bliss, Matthew D. Walbert , Adam D. Dean, Dorian A. Fournier, Oluwafemi E. Ogundolie, Dominick R. Abril, and Malcolm J. Woodard. Your team provided us with valuable advice and suggestions. Please express our gratitude to your audit team for their hard work during our audit.

Sincerely,

A handwritten signature in black ink that reads "Tiffany P. Robinson". The signature is written in a cursive style.

Tiffany P. Robinson  
Secretary  
Maryland Department of Labor

# Maryland Department of Labor

## Agency Response Form

### Procurement and Disbursements

**Finding 1**  
**The Maryland Department of Labor (MDL) did not obtain documentation to support vendor billings it paid for additional staffing at its Division of Unemployment Insurance (DUI) and for modernizing DUI's unemployment insurance system.**

We recommend that MDL

- a. obtain and review available detailed data and documentation to support the propriety of all vendor invoices, and document steps taken to verify invoiced costs; and
- b. identify, investigate, and resolve any invoice discrepancies, including those noted above, and recover any amounts that are determined to have been improperly paid.

Agency Response			
<b>Analysis</b>			
Please provide additional comments as deemed necessary.			
<b>Recommendation 1a</b>	Agree	<b>Estimated Completion Date:</b>	Ongoing
Please provide details of corrective action or explain disagreement.	MDOL has obtained the requisite documentation from the vendor to verify services rendered. MDOL plans to take the following steps to continue to verify invoiced costs, identify, investigate, and recover any amount that is determined to be improper. 1 <sup>st</sup> level of review. MDOL's contract monitor will review and approve that services were rendered according to scope of work. 2 <sup>nd</sup> level of review. MDOL will reconcile the vendors billing statement against the vendors' utilization report to confirm hours billed vs hours received and all costs are consistent with the vendor's price proposal. MDOL will ensure that all costs improperly paid are recovered and reflected on future billing statements.		
<b>Recommendation 1b</b>	Agree	<b>Estimated Completion Date:</b>	Ongoing
Please provide details of corrective action or explain disagreement.	MDOL did discover a potential overbilling during the legislative audit. MDOL was already reviewing the overbilling with their contract monitor and the vendor. During MDOL's discovery process MDOL requested detailed backup documentation from the vendor, using the vendor's utilization report. MDOL reconciled the variance in the audit finding between the hours billed and the hours received. MDOL has received credits from the vendor for the overbilling and is providing that documentation to the legislative auditors. Additionally, MDOL continues to review documentation with the vendor and receive additional credits where appropriate.		

# Maryland Department of Labor

## Agency Response Form

### Finding 2

**MDL did not ensure it received technology enterprise services valued at \$3.8 million from the Department of Information Technology (DoIT).**

We recommend that MDL

- a. pursue with DoIT the establishment of an MOU that provides for the receipt of required detailed invoice information to support amounts invoiced;
- b. in the future, ensure that all technology enterprise services invoiced have been received; and
- c. verify receipt of the services noted above as invoiced for fiscal year 2020.

Agency Response			
<b>Analysis</b>			
Please provide additional comments as deemed necessary.			
<b>Recommendation 2a</b>	Agree	<b>Estimated Completion Date:</b>	February 2021
Please provide details of corrective action or explain disagreement.	MDL will enter negotiations with DoIT to address concerns in the draft MOU language for the purpose of resolving differences leading to execution of the MOU.		
<b>Recommendation 2b</b>	Agree	<b>Estimated Completion Date:</b>	March 2021
Please provide details of corrective action or explain disagreement.	MDL instituted an internal review process and a process to review with DoIT.		
<b>Recommendation 2c</b>	Agree	<b>Estimated Completion Date:</b>	March 2022
Please provide details of corrective action or explain disagreement.	The process referenced in Recommendation 2b was successfully utilized for review of fiscal year 2021 enterprise services. Labor will utilize the same process to ensure receipt of services invoiced in fiscal year 2020.		

# Maryland Department of Labor

## Agency Response Form

**Finding 3**

**MDL did not always obtain required Board of Public Works approval for contract modifications prior to execution and did not publish certain contract awards on *eMaryland Marketplace*, as required.**

**We recommend that MDL comply with State law and procurement regulations for all contract procurements and modifications.**

**Specifically we recommend that MDL**

- a. seek the required BPW approval before the related modifications are executed, and**
- b. publish contract awards on *eMMA* within 30 days of the contract award (repeat).**

Agency Response			
<b>Analysis</b>			
<b>Please provide additional comments as deemed necessary.</b>			
<b>Recommendation 3a</b>	Agree	<b>Estimated Completion Date:</b>	Ongoing
<b>Please provide details of corrective action or explain disagreement.</b>	MDL agrees and will seek the required BPW approval before modifications are executed in non-emergency situations.		
<b>Recommendation 3b</b>	Agree	<b>Estimated Completion Date:</b>	October 2021
<b>Please provide details of corrective action or explain disagreement.</b>	MDL agrees with the recommendation. MDL will ensure that all contract awards exceeding \$50,000 are published on eMMA within 30 days of the contract award date. Additional training to ensure compliance with this requirement was provided to procurement staff.		

# Maryland Department of Labor

## Agency Response Form

### Federal Funds

**Finding 4**

MDL did not always submit requests for reimbursement of federal fund expenditures in a timely manner, resulting in lost interest income totaling approximately \$233,400.

We recommend that MDL submit federal fund reimbursement requests as soon as permitted under federal guidelines (for example, monthly).

Agency Response			
<b>Analysis</b>			
<b>Please provide additional comments as deemed necessary.</b>			
<b>Recommendation 4</b>	Agree	<b>Estimated Completion Date:</b>	Ongoing
<b>Please provide details of corrective action or explain disagreement.</b>	MDL will adhere to the drawdown criteria in the annual CMIA agreement. Payroll will be drawn the next day and other charges including indirect will be drawn down on a monthly basis. Staff will be cross-trained on drawing the different federal funding sources so that awards are not assigned to one person and reimbursements are received in a more timely manner.		

# Maryland Department of Labor

## Agency Response Form

### Payroll

**Finding 5**  
**MDL had not established adequate controls to ensure the propriety of biweekly payroll payments and leave balances.**

**We recommend that MDL**

- a. reconcile total payroll as reflected in CPB payroll registers each pay period with SPS payroll summary reports, investigate any differences, and ensure that those reconciliations are documented; and**
- b. independently verify pay and leave balance adjustments to ensure that only authorized adjustments have been processed and take appropriate corrective action when errors are noted.**

Agency Response			
<b>Analysis</b>			
<b>Please provide additional comments as deemed necessary.</b>			
<b>Recommendation 5a</b>	Agree	<b>Estimated Completion Date:</b>	October 2021
<b>Please provide details of corrective action or explain disagreement.</b>	A written standard operating procedure was developed for staff instruction. The written standard operating procedures include the necessary steps for investigating any differences and ensure those reconciliations are documented.		
<b>Recommendation 5b</b>	Agree	<b>Estimated Completion Date:</b>	Ongoing
<b>Please provide details of corrective action or explain disagreement.</b>	Written procedures that describe the process for independent verification of employee pay and leave balance adjustments have been established by the Office of Human Resources. The approval process for payroll inputs was implemented on September 21, 2021.		

# Maryland Department of Labor

## Agency Response Form

### Maryland Employment Advancement Right Now (EARN) Grants

**Finding 6**

**MDL did not notify all grantees that received Maryland Employment Advancement Right Now (EARN) grant awards of the opportunity to receive supplemental grant funds.**

**We recommend that MDL ensure that all eligible grantees are notified of opportunities to apply for additional funds through the LOI process and the related notifications are documented.**

<b>Agency Response</b>			
<b>Background / Analysis</b>	<b>Factually accurate</b>		
<b>Please explain any concerns with factual accuracy.</b>			
<b>Recommendation</b>	<b>Agree</b>	<b>Estimated Completion Date:</b>	<b>June 2021</b>
<b>Please provide details of corrective action or explain disagreement.</b>	We have prepared LOI announcements to notify grantees of the opportunity to apply for funds. The Department has updated its policies and procedures for the grant award process. For instance, the Department now has a set schedule for releasing Letter of Intent opportunities. In addition, an independent reviewer will review each award process to ensure grants are awarded with competition, and supporting documents are prepared and retained to support the grant award process.		



# Maryland Department of Labor

## Agency Response Form

### Information Systems Security and Control

**Finding 7**  
**MDL lacked assurance that adequate IT security and operational controls existed over its Workforce Exchange system that was hosted, operated, and maintained by a primary service provider and two subservice providers.**

- We recommend that MDL, for ongoing Workforce Exchange system operations,
- a. timely obtain and review copies of SOC 2 Type 2 reports for the primary service provider and any subservice providers, and verify that the related service providers implement all critical report recommendations; and
  - b. document the aforementioned reviews and retain them for future reference.

Agency Response			
<b>Analysis</b>			
Please provide additional comments as deemed necessary.			
<b>Recommendation 7a</b>	Agree	<b>Estimated Completion Date:</b>	10/31/2021
Please provide details of corrective action or explain disagreement.	Appropriate staff are now set to get the distribution of SOC reports concerning the Workforce Exchange system		
<b>Recommendation 7b</b>	Agree	<b>Estimated Completion Date:</b>	10/31/2022
Please provide details of corrective action or explain disagreement.	IT staff will review and document the review of these reports in the future,		

# Maryland Department of Labor

## Agency Response Form

**Finding 8**  
**MDL lacked assurance that the underlying code for its E-Licensing System web application was properly secured.**

**We recommend that MDL**

- a. either procure or require the system contractor to obtain an independent security vulnerability assessment for the ELS web application code;**
- b. remediate all confirmed vulnerabilities identified by the assessment, document these efforts, and retain this documentation for future reference; and**
- c. periodically obtain such assessments in the future when significant application changes are made to the ELS web application code.**

Agency Response			
<b>Analysis</b>			
<b>Please provide additional comments as deemed necessary.</b>			
<b>Recommendation 8a</b>	Agree	<b>Estimated Completion Date:</b>	12/31/2022
<b>Please provide details of corrective action or explain disagreement.</b>	<b>Labor agrees to have an independent Security vulnerability review of the ELS system. DoIT is piloting a program for third party review and penetration testing of Maryland systems and we have been asked to participate. So, this should provide us with the required review.</b>		
<b>Recommendation 8b</b>	Agree	<b>Estimated Completion Date:</b>	12/31/2022
<b>Please provide details of corrective action or explain disagreement.</b>	<b>Labor agrees to address any security vulnerabilities found during the vulnerability review. Completion date to be determined based on when assessment is completed, and scope of issues found.</b>		
<b>Recommendation 8c</b>	Agree	<b>Estimated Completion Date:</b>	12/31/2022
<b>Please provide details of corrective action or explain disagreement.</b>	<b>Labor agrees to perform vulnerability assessments in the future after any significant application changes.</b>		

# Maryland Department of Labor

## Agency Response Form

**Finding 9**  
**MDL did not have an IT disaster recovery plan for recovering computer operations.**

We recommend that MDL, in conjunction with DoIT

- a. develop and implement a comprehensive DRP that covers all of MDL’s IT operations and is in compliance with the *Information Technology Security Manual* (repeat); and
- b. periodically test the DRP, document the testing, and retain the documentation for future reference.

Agency Response			
<b>Analysis</b>			
Please provide additional comments as deemed necessary.			
<b>Recommendation 9a</b>	Agree	<b>Estimated Completion Date:</b>	1/31/2022
Please provide details of corrective action or explain disagreement.	<b>Labor is currently migrating our services to the DoIT hosting data center. Once in the data center they will be covered under the DoIT disaster recovery plan.</b>		
<b>Recommendation 9b</b>	Agree	<b>Estimated Completion Date:</b>	1/31/2022
Please provide details of corrective action or explain disagreement.	<b>Labor agrees to participate and document any disaster recovery testing offered by DoIT after we are moved into their data center.</b>		

# Maryland Department of Labor

## Agency Response Form

**Finding 10**

**MDL's computer network had significant security weaknesses involving the lack of periodic assessments of its firewall rules, assignment of local administrative rights, and security settings for password and account controls for user network authentication.**

**We recommend that MDL**

- a. together with DoIT, periodically review its firewall rules to ensure the rules remain accurate, allow only necessary network-level access, are adjusted when necessary, including for the aforementioned instance, with these efforts being recorded and related documentation retained;**
- b. limit the assignment of administrative rights on workstations to only system or network administrators and those users specifically allowed such rights, with any such assignments to non-IT administrators being justified, approved, documented, and regularly reviewed to determine whether the rights are still needed (repeat); and**
- c. establish appropriate password and account controls over user network authentication (repeat).**

Agency Response			
<b>Analysis</b>			
Please provide additional comments as deemed necessary.			
<b>Recommendation 10a</b>	Agree	<b>Estimated Completion Date:</b>	8/31/2022
Please provide details of corrective action or explain disagreement.	<b>Labor is working with DoIT to establish a procedure to complete an annual review of firewall rules</b>		
<b>Recommendation 10b</b>	Agree	<b>Estimated Completion Date:</b>	9/30/2022
Please provide details of corrective action or explain disagreement.	<b>Labor and DoIT have agreed to work together to review workstation administrative rights assignments for Labor staff to determine need for admin access. After this review need for admin rights will be documented for those that require it, and admin access will be removed for those that do not require it.</b>		
<b>Recommendation 10c</b>	Agree	<b>Estimated Completion Date:</b>	10/31/2021
Please provide details of corrective action or explain disagreement.	<b>This item has been completed. DoIT Security Policy password rules are now being enforced across all Labor systems.</b>		

AUDIT TEAM

**Michael J. Murdzak, CPA**  
Audit Manager

**R. Brendan Coffey, CPA, CISA**  
**Edwin L. Paul, CPA, CISA**  
Information Systems Audit Managers

**Lisa M. Beers, CFE**  
**Anthony V. Calcagno**  
Senior Auditors

**Michael K. Bliss**  
**Matthew D. Walbert, CISA**  
Information Systems Senior Auditors

**Adam D. Dean**  
**Dorian A. Fournier**  
**Oluwafemi E. Ogundolie**  
Staff Auditors

**Dominick R. Abril**  
**Malcolm J. Woodard**  
Information Systems Staff Auditors