

INFORMATION SYSTEMS AUDIT
Data Integrity of the Status, Tax
Accounting, Audit, and Rating System
(STAARS)

Department of Labor and Industry

SEPTEMBER 2016

16DP-01

REPORT SUMMARY

In 2015, STAARS processed an average of more than 500,000 employee wage records every quarter totaling approximately \$140 million taxes paid by employers for the year. One-third of that information is still gathered through manual input. Considering the large amount of manual data entry, the department has made efforts to ensure data errors are minimized. However, improvements can be made in access management, data validations, and system changes to increase data reliability, accuracy, and completeness.

Context

The Unemployment Insurance (UI) Contributions Bureau of the Department of Labor and Industry (department) relies on STAARS to manage program operations including:

- ◆ Employer registration, status determination, and rating
- ◆ Quarterly reporting and tax payments
- ◆ Collections and refunds
- ◆ Employer auditing

STAARS was implemented in spring of 2014 to replace an unstable and outdated mainframe system. Benefits include workflow management, documentation management, and improved process management.

The system stores personal information for reported employees in Montana throughout the year. This information is used by various divisions for labor statistics, wage verifications, and other metrics involved in determining UI tax rating. One-third of this employee information is manually entered in to the system. Due to the inherent risk of manual

data entry and unemployment insurance fraud, this audit focused on the integrity of data within STAARS. The process for changing or updating the system was also reviewed. Without increased data integrity and control over system changes, the department is at risk of unauthorized changes, incorrect data, and data manipulation reducing the reliability and usability of the data.

Results

Audit work included review of data within the system and verification of current data validations used by the department. Our work identified both erroneous data values and numerous blank data values within STAARS. While errors are expected due to the high amount of manual entry of data, improvements can be made to prevent as much of this type of data from being entered in to STAARS as possible, including validations of data at point of entry and verifications that can be done after data has been entered.

The review of user access identified users with excess privileges and full access to processes that otherwise required two users to be

involved. While necessary, these forms of privileged access are not actively monitored by the department. No documentation of access management procedures specific to STAARS exists and there is no process to review user access periodically or after a period of inactivity. Improvements will reduce the risk of unauthorized access and system misuse, as well as align with department policy.

While the department has a change control process that is managed through a system that is integrated with STAARS, certain enhancements will improve the security of the process. Documentation excluded details of the entire process and how policy is implemented, access to the change control system is not formally managed, and process improvements need to be made in monitoring for effectiveness and ensuring authorized code is migrated to production according to department policy.

Recommendation Concurrence	
Concur	9
Partially Concur	2
Do Not Concur	0
Source: Agency audit response included in final report.	

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