Automating PeopleSoft Segregation of Duties: Financials/HCM/Campus Solutions

Lewis Hopkins, Sr. Applications Consultant

November 13, 2014
Reminders

- A recording of today’s session will be sent to all registrants shortly after the webinar.
- Phone lines/mics are MUTED.
- There will be a Q & A section at the end of today’s session. Please use the GoToWebinar “Questions” feature (not the “Chat” feature) from your control panel to post a question at any time during the presentation.
Agenda

- Introductions
- About Smart ERP Solutions, Inc.
- Security and Fraud Challenges
- Auditors
- Smart Segregation of Duties
- Demo
- Q & A / Wrap Up
IS THIS YOUR SoD BEST PRACTICE?
About Smart ERP Solutions, Inc.
Pre-built, packaged, proven solutions
Highly configurable – tailor to YOUR needs
Customer driven requirements
Affordable
Integrated with existing PS apps

Architected as add-on solutions
Avoid customizations
Low-cost
Minimal risk
Release independent – no upgrade required
On Premise solution

Rapid implementation
Deep PeopleSoft knowledge & experience
Unique best practices for implementations & upgrades

PeopleSoft data model and existing data
Current PeopleSoft business rules and processing
End-user PeopleSoft skills
Infrastructure and technology

Extend Functionality
Improve ROI
Get Faster Results
Leverage Existing Investment
Challenges with Security and Segregation of Duties
Security and Fraud

- US Fraud averages $150,000, 22% exceed $1m
- The average time to finding Fraudulent activity is 18 months

See:
http://www.fraudweek.com/uploadedFiles/Fraudweek/content/documents/cost-of-complacency.pdf
The impact of time

$75k loss at <7 months  $150k at 19 months  $965k at 61 months +

Loss over Time

Loss in $  

Time: 7 to 61 months
“PROACTIVE MEASURES catch fraud sooner and minimize losses. Frauds that are caught by reactive measures last longer and cause more harm.”
Auditor’s Perspectives

- Greater focus on Mobile workers, 28% of breaches were caused by remote workforce
- Less reliability on documentation that can be edited without trace – i.e. Spreadsheets
- More Continuous Controls monitoring – audits once a year are not enough
- Greater focus on Internal Audit reporting to Senior Management – identify key Data and Risks associated
Case Studies

**Financials**: Falsified checks written to an AP Clerk’s personal accounts for 4 years totaling $1m, payments covered up. No SoD in place.

**Campus Solutions**: ‘Fake’ Courses offered to 3,100 students with little academic work involved. Assistant was able to create the ‘fake’ courses.

**HCM**: $84,000 embezzled by HR Employee falsifying Payroll information between late 2012 and early 2014
Security Pain Points in PeopleSoft

- SQL the data out and cross reference the information before presenting it in a User friendly way – time and resources?
- How do you make sure you have covered everything and that the data is accurate?
- Results stored in Spreadsheets are prone to be manipulated and in turn may need auditing
- How to deal with false positives? What if Users are Read Only and do not have update authorities
- Once issues have been identified, how can a more proactive approach be taken to avoid them again in the future?
- How to manage exceptions and change?
Example Query from PeopleSoft

Report on Permissions List

These descriptions can be meaningless to Non-Technical Users!
Smart SoD™
Overview
Delivery - Embedded

Deploy into any version of PeopleSoft, same look and feel – easy learning curve
Delivery – Fully Managed

Deploy as a Service
Smart Segregation of Duties

- Create and Manage Rules in a Structured Format, taking into account Authorities
- Powerful Engine reads through Security and Access to determine who is in Violation of the Rules
- Pro-Actively validate changes to User’s Access and then commit once satisfied
- Dashboards and Analytics for rapid Root Cause Analysis
Segregation of Duties Rule Structure

Rule Name – Time Entry VS Run Payroll

Severity Level

Justification – Why does this rule exist?

Function – Business Area

Ability – Duties to be Segregated
Creation of PeopleSoft SoD Rules

- Role Level (high level)
- Permissions Lists
- Component/Page
- Module-Specific Security
Mitigations & Workflow Approval

- Enter Notes and Expiry Dates for Users that need to break the Rules
- Run through Workflow Approval
- Workflow Approval can be assigned to virtually any PeopleSoft process
- Multiple Routing and Proxy enabled
- Prevent someone from Creating and Managing a University Course alone!
Demonstration Agenda

- Review the Analytics/Reports
- Understanding the structure of the Rules & the Engine
- Working with Users that need to ‘Break the Rules’
- Pro-Active SoD
- Questions
Creation of PeopleSoft SoD Rules

• Role level
  – Create matrix of all active system roles
  – Identify all roles that should not be linked to the same user
    • Such as HR representative and Payroll Admin

• Permission List / Business Process level
  – Add to / modify as needed

• Component / Program level
  – Add in any custom or modified processing
    • If creating your own rules
      • Start with most important controls & gradually add to them

Demo: Smart SoD™
Value Statement

Security and Segregation of Duties is an important element of your overall PeopleSoft security and risk management.

Key Features of an automated solution can help you maintain legislative compliance (SoX), meet audit requirements and reduce the likelihood and impacts of fraud and errors:
- Expressly designed for your current PeopleSoft
- Powerful Proactive, Reactive and Mitigation Features
- Automated Workflow Approvals
- Reporting/Dashboards facilitate audits and compliance
- Use pre-packaged built-in security and SoD rules or easily create your own
- Add-on Architecture Lowers Total Cost of Ownership
  - Seamless Integration
  - Utilize Best Practices
  - Maintenance and Upgrades
Q & A

sales@smarterp.com
Proactive SoD: User Profiles

Audit Report

Validation Id: 40
Model: MODEL
User: [PS] Peoplesoft Superuser

Conflict: Add Position and Add Person

<table>
<thead>
<tr>
<th>Function</th>
<th>Ability</th>
<th>Role Name</th>
<th>Permission List</th>
</tr>
</thead>
<tbody>
<tr>
<td>Position data</td>
<td>Add Position</td>
<td>HR Administrator, Benefits Administrator, HR Representative, FPS Career Administrator, HR System Administrator, NA Payroll Administrator, Recruiter Manager</td>
<td>HCCPHR3100</td>
</tr>
<tr>
<td>Personal data</td>
<td>Add Person</td>
<td>FPS Career Administrator, HR Administrator</td>
<td>HCCPHR3320</td>
</tr>
</tbody>
</table>

Conflict: Time Entry and Direct Deposit Processing

<table>
<thead>
<tr>
<th>Function</th>
<th>Ability</th>
<th>Role Name</th>
<th>Permission List</th>
</tr>
</thead>
<tbody>
<tr>
<td>Payroll</td>
<td>Payroll</td>
<td>Benefits Administrator, HR Representative, HR Administrator NLD, Payroll Interface Admin, NA Payroll Administrator</td>
<td>HCCPFGALLLP</td>
</tr>
<tr>
<td>Time Data</td>
<td>Time Entry</td>
<td>PBMUSER</td>
<td>HCCPPB9000</td>
</tr>
</tbody>
</table>
PeopleSoft SoD Dashboards

Dashboard Viewer

Rule Report

Select Parameter Values

Select Validation ID: 73

Models

Rule ID

295

Rule Category

Accounts Payables 89
Accounts Receivables 79
Billing 14
Configuration - AR & BI 9
General Configuration 21
General Ledger 20
Procurement (ePRO/PO) 4
Treasury 59

Validation ID | Model ID | Rule Category | Rule ID | Ability | Function
--- | --- | --- | --- | --- | ---
73 | Model | Accounts Payables | AP00000055 | Maintain Voucher | Invoice Processing
73 | Model | Accounts Payables | AP00000056 | Maintain Payments | Payment Processing
73 | Model | Accounts Payables | AP00000057 | Matching Workbench | Invoice Processing
73 | Model | Accounts Payables | AP00000058 | Perform Voucher Matching | Invoice Processing
73 | Model | Accounts Payables | AP00000059 | Unpost Vouchers | Invoice Processing
73 | Model | Accounts Payables | AP00000060 | Approve Payments - Drafts | Payment Processing
73 | Model | Accounts Payables | AP00000061 | Approve Payments | Payment Processing
73 | Model | Accounts Payables | AP00000062 | Cancel Payments | Payment Processing
73 | Model | Accounts Payables | AP00000063 | Payment Selection Criteria | Payment Processing
PeopleSoft SoD Dashboards

Dashboard Viewer

SoD Analysis

Select Parameter Values

SoD Analysis

Top 10 Conflicts having highest number of Users

<table>
<thead>
<tr>
<th>Conflict</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>SOC005</td>
<td>46</td>
</tr>
<tr>
<td>SOC003</td>
<td>46</td>
</tr>
<tr>
<td>SOC006</td>
<td>46</td>
</tr>
<tr>
<td>SOC010</td>
<td>46</td>
</tr>
<tr>
<td>SOC009</td>
<td>46</td>
</tr>
<tr>
<td>SOC002</td>
<td>46</td>
</tr>
<tr>
<td>SOC027</td>
<td>46</td>
</tr>
<tr>
<td>SOC028</td>
<td>46</td>
</tr>
<tr>
<td>SOC026</td>
<td>46</td>
</tr>
<tr>
<td>SOC022</td>
<td>46</td>
</tr>
</tbody>
</table>

Top 10 Functions having highest number of Conflicts

<table>
<thead>
<tr>
<th>Function</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Closing</td>
<td>46</td>
</tr>
<tr>
<td>Receiving Payments</td>
<td>46</td>
</tr>
<tr>
<td>Refund</td>
<td>46</td>
</tr>
<tr>
<td>Deposit</td>
<td>46</td>
</tr>
<tr>
<td>Issue GL Ledger</td>
<td>46</td>
</tr>
<tr>
<td>Account</td>
<td>46</td>
</tr>
<tr>
<td>Info</td>
<td>46</td>
</tr>
<tr>
<td>Creat Doc</td>
<td>46</td>
</tr>
</tbody>
</table>

Top 10 Abilities having highest number of Conflicts

<table>
<thead>
<tr>
<th>Ability</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>3aa (Rw, bl)</td>
<td>46</td>
</tr>
<tr>
<td>Call (Assi)</td>
<td>46</td>
</tr>
<tr>
<td>Initi (w-o-R)</td>
<td>46</td>
</tr>
<tr>
<td>on</td>
<td>46</td>
</tr>
<tr>
<td>Range (E)</td>
<td>46</td>
</tr>
</tbody>
</table>

Top 10 Users having highest number of Conflicts

- Harold Ford
- Staples, Inc
- Heidi Schwartz
- Jose Gomez
- SMARERP1
- Thomas Kendall
- Shepard Joshua
- SMARERP2
- Matthews, Rachelle

Total Conflicts
PeopleSoft SoD Dashboards

<table>
<thead>
<tr>
<th>SOD Conflict</th>
<th>Conflict Description</th>
<th>Conflict Count</th>
<th>Mitigation Count</th>
<th>Elimination Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>SOD009</td>
<td>Invoice Processing vs Payment Processing</td>
<td>46</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>SOD008</td>
<td>Invoice Processing vs Invoice Approval</td>
<td>46</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>SOD001</td>
<td>A/P Invoicing functions vs Customer Refund</td>
<td>46</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>SOD002</td>
<td>A/R Billing / Maintenance vs Apply Cash Receipts</td>
<td>46</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>SOD003</td>
<td>Biling &amp; Receivables Configuration vs Maintain bills, invoices, deposits, and processing adjustments</td>
<td>46</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>SOD004</td>
<td>Cash Receipts Functions vs Cash Disbursement</td>
<td>46</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>SOD005</td>
<td>Chartfield Maintenance vs Journal Processing</td>
<td>46</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>SOD006</td>
<td>Enter Cash Deposits vs Apply Cash Receipts</td>
<td>46</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>SOD007</td>
<td>Enter Requisitions vs Approve Purchase Requisition</td>
<td>46</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>SOD010</td>
<td>Cash Application Functions vs Collect Receivables</td>
<td>46</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>SOD011</td>
<td>Journal Processing vs Create/Configure GL Ledgers</td>
<td>46</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>SOD012</td>
<td>Journal Processing vs Define GL Business Units</td>
<td>46</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>SOD013</td>
<td>Journal Processing vs Open/Close Periods</td>
<td>46</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>SOD015</td>
<td>Maintain Bills vs Maintain Bills (Approve Bills)</td>
<td>46</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>SOD016</td>
<td>Maintain Customer Information vs Bill Approval/AR Approval and AR Transfer Approval</td>
<td>46</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>SOD020</td>
<td>Payables Configurations vs Invoice/Payment Processing</td>
<td>46</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>SOD021</td>
<td>Perform Bank Reconciliations vs AR/AP Payment Functions</td>
<td>46</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>SOD022</td>
<td>Processing - Receiving/Updating Bank Statement Data (Import Bank Statement)</td>
<td>46</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>SOD023</td>
<td>Perform Bank Reconciliations vs GL Journal functions</td>
<td>46</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>SOD026</td>
<td>Purchasing functions vs Invoicing, receiving, and payment functions</td>
<td>46</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>SOD027</td>
<td>Purchasing functions vs Purchase approval</td>
<td>46</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>SOD028</td>
<td>Setup Bank Accounts vs AR/AP Payment Functions</td>
<td>46</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>SOD036</td>
<td>Vendor maintenance vs Invoice processing/payments</td>
<td>46</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>
Thank You

For more information visit: smartererp.com

Copyright © 2014 Smart ERP Solutions, Inc.