

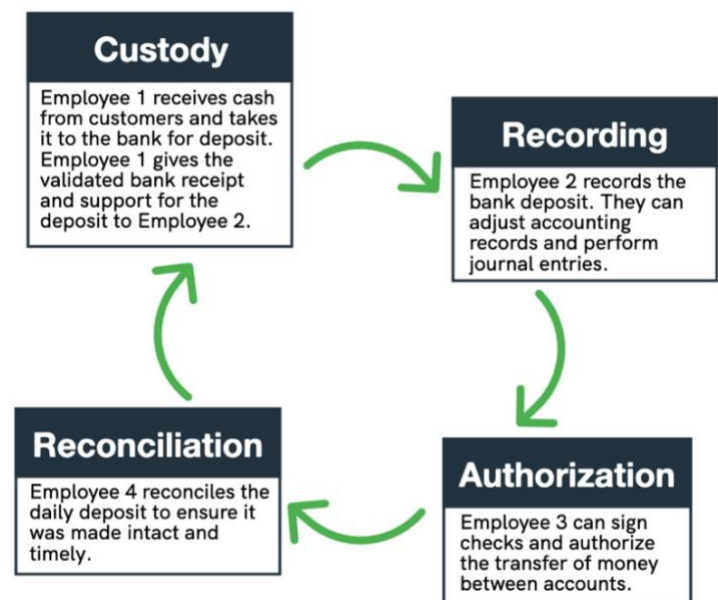
## Background

Austin Transit Partnership (ATP) uses Oracle Cloud Fusion (“Oracle”) as its financial and human capital management system. Oracle includes cloud-based functionality to manage core financial functions like making general ledger entries, processing payables and receivables, and tracking fixed assets. Oracle also manages human resources (HR) functions like payroll and employee benefits.

ATP began using its own tenant of Oracle in October 2023. Before this, ATP’s finances were managed within the CapMetro tenant of Oracle. ATP’s Information Technology (IT) team worked closely with CapMetro and Application Software Technology (AST) to successfully migrate the organization’s financial functions into an ATP-specific tenant of Oracle Cloud Fusion. Management worked with AST to transition ATP’s human capital management from UltiPro to Oracle in April 2024.

For this audit, we looked at how ATP assigns users roles in Oracle, and evaluated how critical functions are dispersed within the system. This distribution of tasks between different people is called separation of duties, and it’s depicted in Exhibit 1. Proper separation of duties can reduce financial risks and can help prevent and detect errors or fraudulent activity.

**Exhibit 1: Separation of Duties**



*Example of proper separation of duties for cash handling*

## System Access

As of January 2025, 60 ATP employees had active Oracle accounts, with a total of 569 user roles assigned. Our analysis revealed that some users, particularly within the Finance Department, had more permissions than optimal for their job duties. In several cases, these permissions created the potential for incompatible duties, or permissions to execute tasks that should be separated. Examples of incompatibilities noted include: permission to set up a new vendor and issue payments to vendors and permission to change an employee’s compensation and approve payroll. Incompatible duties like this increase the risk of unauthorized or unintentional transactions and should be addressed.

The excessive permissions assigned to ATP users in Oracle appear to be due to a number of procedural issues including a lack of user access review, assignment of new or additional job duties without review of existing duties for incompatibility, and assignment of additional duties due to a lack of staffing.

## Lack of User Access Review

When ATP migrated users to the ATP Oracle environment, user access roles as assigned in the CapMetro tenant were carried over without an assessment of their appropriateness for ATP's structure. ATP has created and assigned users custom Oracle roles tailored to its operations, but these exist alongside the original "seeded" (or carried over) roles. There has not been a retrospective analysis to evaluate which roles should be retained or eliminated and whether the assigned roles align with ATP's current organizational needs.

## New and Additional User Access

Currently, new or additional user access is primarily managed at the departmental level. When a new employee joins ATP, they are typically assigned the same access as their predecessor or as another employee in a similar role. If additional access is needed, managers request IT assign that access via email. Generally, this access is granted without formal review or documentation and there is not currently a process for conducting regular or periodic access reviews. The informality of this process, while perhaps manageable at ATP's current size, will pose increasing risks as the organization grows.

Industry best practices recommend assigning users the minimum level of system access necessary to perform their jobs and conducting access reviews at least annually. Effective internal controls include formal policies outlining how user access is assigned, modified, and reviewed—including the use of access request forms and the required documented approvals.

## Finance Staffing Levels

Management of the Finance team shared that implementing proper separation of duties has been challenging due to low staffing levels and turnover of positions within the already small Finance team of five. Best practices note difficulties in implementing proper separation of duties for finance teams with less than 20 employees.

ATP's Financial Services team is budgeted for eight full-time positions<sup>1</sup>. As of June 2025, one accounting position, one budget position, and the grants administrator role are vacant. Some Finance team users have been granted additional permissions in Oracle to cover the activities that would be the responsibility of the users in the vacant positions or on an as-needed basis when filled roles are temporarily vacant due to employees being out on leave or away from the office.

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<sup>1</sup> Positions include: Chief Financial Officer, Senior Vice President of Accounting and Grants, Senior Vice President of Budget and Treasury, Vice President of Accounting, two Accountants, Grants Administrator, and Financial Analyst.

## Recommendations

To address the risks above, we recommend that ATP regularly conduct a comprehensive review of all user access assigned in Oracle. Each employee's roles should be assessed to ensure they reflect justifiable job responsibilities, with unnecessary or excessive permissions removed.

We also recommend that ATP develop and implement a formal system access policy. IT management shared that they have developed a privileged user policy, addressing access and responsibilities for administrative users of ATP IT systems. This policy does not address general user access, but management said it could be broadened to address these concerns. The policy should define how and when user access is granted for new and existing employees, how often user access is reviewed, and how and when user access is removed. Industry standards suggest conducting access reviews at least annually, and additionally when systems are upgraded, when employees change roles, or when staff join or leave the organization. The policy should also clarify when temporary access is appropriate and ensure that such access is only granted when justified and then promptly removed when temporary access is no longer needed.

## Financial Activities & Compensating Controls

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We conducted additional testing of Oracle entries to further evaluate transactions and the relevant compensating controls to mitigate risks given the separation concerns initially noted. Specifically, we expanded testing of accounts receivable, accounts payable, purchasing, payroll, and banking systems. If organizations or teams are too small to properly separate key functions as depicted in Exhibit 1 in the background, best practices<sup>2</sup> recommend that an organization put in place what are called "compensating controls" to provide extra monitoring and oversight of financial transactions to prevent fraud and errors. This helps ensure that no one person has control over end-to-end transactions, and the tasks are appropriately shared with others in the approval chain.

Generally, we found duties across financial transactions are distributed among multiple individuals, Finance staff, HR, and the CFO, and that compensating controls are in place where necessary.

Some examples of compensating controls put in place by ATP management include:

- Biweekly review of a report of changes made within the payroll system to help detect edits to personnel information, compensation, benefits, and bank information.
- Manual reconciliation of bank activity statements and activity in Oracle.
- Journal entries from accounts payable are posted automatically and do not require manual entry.

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<sup>2</sup> The Washington State Auditor's Office Separation of Duties Guide includes specific guidance for small local government organizations: <https://sao.wa.gov/sites/default/files/2023-05/Separation-of-Duties-Guide%20%283%29.pdf>.

## Vendor Management

Expanded testing of vendor management indicated a need for increased separation of duties. The current vendor management process has a single staff member making and approving vendor changes in Oracle. This staff member maintains documentation for each change request, and we did not find any issues with a sample of changes we reviewed. However, we recommend ATP implement a two-person review and approval process for vendor data changes to better ensure prompt detection and correction of errors should they occur.

## Compensation Management

Expanded testing of payroll transactions indicated that while appropriate separation and compensating controls are in place, there is a need for increased clarity and transparency on how salary adjustments are processed.

ATP does not have a formal, documented policy outlining the process for making salary adjustments. Management shared as part of a prior review that ATP does not offer pay-for-performance (a compensation system that provides more pay to employees when they meet or exceed performance expectations). Alternatively, ATP has established a compensation structure with the goal of ensuring the organization remains competitive with private and public sector employers.

Between January 2023 and April 2025, 30 of 67 (or 45%) ATP employees received salary adjustments outside of the general pay increases.<sup>3</sup> Some increases followed position changes, like a promotion or change in job responsibilities. Others were the result of broader reorganizations and the addition of new job roles. These adjustments appear fitting given the growing, continuously evolving nature of ATP and these changes appropriately fall under the purview of executive management.

In May 2025, ATP adopted human resources compensation guidelines that provide guidance on the conditions under which salary adjustments due to reclassifications or promotions are considered and the documentation required to justify the pay adjustment. Additionally, management stated these guidelines reside with HR and are not intended to be shared with the broader ATP workforce partly based on advice from labor and employment counsel review.

Notably, ATP finalized and distributed an employee handbook in June 2025. While this document does not detail how salary adjustments are considered by supervisors or processed in Oracle, it does state “only the Chief Executive Officer may modify at-will employment status and/or provide any special arrangement concerning terms or conditions of employment in an individual case or generally, and any such modification must be in a signed writing.”

Both the compensation guidelines and employee handbook, though newly adopted, appear to be good controls to better document guidance relating to ATP employment matters.

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<sup>3</sup> General pay increases are approved through the annual budget process.

## Recommendation

We recommend that ATP enhance transparency around salary adjustments processed outside of the general pay increases and create a documented required approvals process that ensures approvals occur prior to executing the pay adjustment in Oracle. Further, we recommend ATP communicate these expectations and processes to ATP staff and provide related training to the workforce.

## Additional Observation

As we conducted this audit, we noted additional risks. We propose evaluating these risks further in a future audit that more comprehensively assesses ATP's HR functions. Management stated they are supportive of this work.

## ATP Management Action Plan

Recommendation	Management Action Plan	Proposed Implementation Date	Responsible Party
<p><b>Recommendation 1:</b> ATP should regularly conduct a comprehensive review of all user access assigned in Oracle and revise roles to ensure assigned permissions are justified and no user has excessive permissions.</p>	<p>Senior Vice President for IT will create a cross-functional team of business unit representatives to review a current inventory of assigned Oracle roles for each user. The output on this review will be to define the appropriate access levels with the assistance of our Oracle Managed Services Provider for each job role and make the appropriate adjustments to each user's access based on what is necessary for their role(s). A standard operating procedure will be developed for performing a regular review monitoring of Oracle user access.</p>	December 2025	IT
<p><b>Recommendation 2:</b> ATP should develop and implement a documented system access policy and include a formalized process for assigning access to new employees, existing employees with new job demands, and employees requiring temporary access.</p>	<p>Senior Vice President for IT will coordinate with the Vice President for HR and work to refine the new employee onboarding checklist and draft a revised standard operating procedure that will define how, when, and what access is granted to new employees based on their job role and responsibilities. This will supplement the IT Privileged User Access Policy. Another standard operating procedure will be created to define the workflow and approval process for when user system access is modified due to new job duties or when temporary access is required.</p>	December 2025	IT

<p><b>Recommendation 3:</b> ATP should implement a two-person review and approval process for vendor data changes and ensure this approval process is included in procurement policies.</p>	<p>Procurement agrees that a two-person review and approval process for vendor data changes should be implemented and memorialized in processes/procedures. Procurement has recently undergone a reorg. Under this new structure, the Vice President of Contract Compliance will provide that second level review of documents and changes to ensure compliance with policies/procedures.</p>	August 2025	Procurement
<p><b>Recommendation 4:</b> ATP should enhance transparency around salary adjustments processed outside of the general pay increases and create a documented required approvals process and ensure these approvals occur prior to executing the pay adjustment in Oracle. Further, we recommend ATP communicate these expectations and processes to ATP staff and provide related training to the workforce.</p>	<p>ATP will improve transparency related to salary adjustment processes. A documented procedure to accompany the existing Personnel Requisition Form will be developed for enhance controls when obtaining executive approvals for pay adjustments in Oracle. Additional communications will be developed that will include training to increase awareness related to such matters for ATP employees.</p>	March 2026	Human Resources

# Objective, Scope, and Methodology

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## Objective

Have proper separation of duties been established in ATP's key systems to appropriately disperse critical functions?

## Scope

Roles assigned in ATP's Enterprise Resource Planning system including past and current assignments related to system access, financial and HR activities, and vendor management

## Methodology

To complete this audit, we performed the following steps:

- Interviewed ATP staff from the Finance, Information Technology, Human Resources, and Procurement teams to understand internal controls related to system access, financial activities, HR activities, and vendor management,
- Reviewed user access granted in Oracle Cloud Fusion and evaluated how critical functions were dispersed in the system,
- Reviewed best practices related to separation of duties, including specific guidance for small local government organizations,
- Performed expanded testing and applied analytical procedures to evaluate ATP disbursements including payments for purchase orders, procurement cards, payroll transactions, and employee reimbursements, and to review internal controls related to vendor management,
- Evaluated information technology and fraud risks related to proper separation of duties, and
- Evaluated internal controls related to ATP's risk assessment and control activities, information and communication, and monitoring.

## Standards

*This audit was conducted in conformance with the Global Internal Audit Standards promulgated by the Institute of Internal Auditors.*

## Audit Team

Katie Houston, Chief Audit Executive  
Cameron Lagrone, Senior Auditor