LACERS
LA CITY EMPLOYEES' RETIREMENT SYSTEM

Audit Committee Agenda

REGULAR MEETING

TUESDAY, JULY 11, 2023

TIME: 9:30 A.M.

MEETING LOCATION:

LACERS Boardroom
977 N. Broadway
Los Angeles, California 90012

Chair:	Annie Chao
Committee Members:	Thuy Huynh Elizabeth Lee
Manager-Secretary:	Neil M. Guglielmo
Executive Assistant:	Ani Ghoukassian
Legal Counselor:	City Attorney's Office Public Pensions General Counsel Division

Important Message to the Public

An opportunity for the public to address the Committee in person from the Boardroom and provide comment on items of interest that are within the subject matter jurisdiction of the Committee or on any agenda item will be provided at the beginning of the meeting and before consideration of items on the agenda.

Members of the public who do not wish to attend the meeting in person may listen to the live meeting via one-way audio on Council Phone by calling (213) 621-CITY (Metro), (818) 904-9450 (Valley), (310) 471-CITY (Westside) or (310) 547-CITY (San Pedro Area).

Disclaimer to Participants

Please be advised that all LACERS Committee meetings are recorded.

LACERS Website Address/link:
www.LACERS.org

In compliance with Government Code Section 54957.5, non-exempt writings that are distributed to a majority or all of the Committee in advance of the meeting may be viewed by clicking on LACERS website at www.LACERS.org, at LACERS' offices, or at the scheduled meeting. In addition, if you would like a copy of a non-exempt record related to an item on the agenda, please call (213) 855-9348 or email at lacers.board@lacers.org.

Notice to Paid Representatives

If you are compensated to monitor, attend, or speak at this meeting, City law may require you to register as a lobbyist and report your activity. See Los Angeles Municipal Code §§ 48.01 *et seq*. More information is available at ethics.lacity.org/lobbying. For assistance, please contact the Ethics Commission at (213) 978-1960 or ethics.commission@lacity.org.
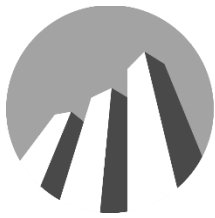
Request for Services

As a covered entity under Title II of the Americans with Disabilities Act, the City of Los Angeles does not discriminate on the basis of disability and, upon request, will provide reasonable accommodation to ensure equal access to its programs, services and activities.

Sign Language Interpreters, Communication Access Real-Time Transcription, Assistive Listening Devices, Telecommunication Relay Services (TRS), or other auxiliary aids and/or services may be provided upon request. To ensure availability, you are advised to make your request at least 72 hours prior to the meeting you wish to attend. Due to difficulties in securing Sign Language Interpreters, five or more business days' notice is strongly recommended. For additional information, please contact: Board of Administration Office at *(213) 855-9348* and/or email at *lacers.board@lacers.org*.

CLICK HERE TO ACCESS BOARD REPORTS

I.   PUBLIC COMMENTS AND GENERAL PUBLIC COMMENTS ON MATTERS WITHIN THE COMMITTEE'S JURISDICTION AND COMMENTS ON ANY SPECIFIC MATTERS ON THE AGENDA

II.   APPROVAL OF MINUTES FOR THE MEETING OF JULY 19, 2022 AND POSSIBLE COMMITTEE ACTION

III.   IMPLEMENTATION PLAN TO ADDRESS RECOMMENDATIONS CONTAINED IN GRANT THORNTON'S 2022 AUDIT OF LACERS' RETIREMENT BENEFIT SYSTEM APPLICATION (PGOLDV3) AND POSSIBLE COMMITTEE ACTION

IV.   OTHER BUSINESS

V.   NEXT MEETING: The next Audit Committee Meeting is not scheduled at this time and will be announced upon scheduling. Please continue to view the LACERS website for updated information on public access to Board/Committee meetings.

VI.   ADJOURNMENT

LACERS
LA CITY EMPLOYEES' RETIREMENT SYSTEM

Board of Administration Agenda

SPECIAL MEETING

TUESDAY, JULY 11, 2023

TIME: 9:30 A.M.

MEETING LOCATION:

LACERS Boardroom
977 N. Broadway
Los Angeles, California 90012

President:	Vacant
Vice President:	Elizabeth Lee
Commissioners:	Annie Chao
	Thuy Huynh
	Gaylord "Rusty" Roten
	Janna Sidley
	Sung Won Sohn
	Michael R. Wilkinson
Manager-Secretary:	Neil M. Guglielmo
Executive Assistant:	Ani Ghoukassian
Legal Counsel:	City Attorney's Office
	Public Pensions General
	Counsel Division

CLICK HERE TO ACCESS BOARD REPORTS

I. PUBLIC COMMENTS AND GENERAL PUBLIC COMMENTS ON MATTERS WITHIN THE COMMITTEE'S JURISDICTION AND COMMENTS ON ANY SPECIFIC MATTERS ON THE AGENDA

II.   APPROVAL OF MINUTES FOR THE MEETING OF JULY 19, 2022 AND POSSIBLE COMMITTEE ACTION

III.   IMPLEMENTATION PLAN TO ADDRESS RECOMMENDATIONS CONTAINED IN GRANT THORNTON'S 2022 AUDIT OF LACERS' RETIREMENT BENEFIT SYSTEM APPLICATION (PGOLDV3) AND POSSIBLE COMMITTEE ACTION

IV.   OTHER BUSINESS

V.   NEXT MEETING: The next Audit Committee Meeting is not scheduled at this time and will be announced upon scheduling. Please continue to view the LACERS website for updated information on public access to Board/Committee meetings.

VI.   ADJOURNMENT

MINUTES OF THE REGULAR MEETING
AUDIT COMMITTEE
LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM

In accordance with Government Code Section 54953, subsections (e)(1) and (e)(3), and in light of the State of Emergency proclaimed by the Governor on March 4, 2020 relating to COVID-19 and ongoing concerns that meeting in person would present imminent risks to the health or safety of attendees and/or that the State of Emergency continues to directly impact the ability of members to meet safely in person, the LACERS Audit Committee's July 19, 2022 meeting was conducted via telephone and/or videoconferencing.

July 19, 2022

2:30 p.m.

PRESENT via Videoconferencing:	Chair:	Elizabeth Lee
	Committee Members:	Sung Won Sohn
		Michael R. Wilkinson
	Legal Counselor:	Anya Freedman
	Manager-Secretary:	Neil M. Guglielmo
	Executive Assistant:	Ani Ghoukassian

The Items in the Minutes are numbered to correspond with the Agenda.

I

PUBLIC COMMENTS AND GENERAL PUBLIC COMMENTS ON MATTERS WITHIN THE COMMITTEE'S JURISDICTION AND COMMENTS ON ANY SPECIFIC MATTERS ON THE AGENDA – *THIS WILL BE THE ONLY OPPORTUNITY FOR PUBLIC COMMENT* – **PRESS *9 TO RAISE HAND DURING PUBLIC COMMENT PERIOD** – Chair Elizabeth Lee asked if any persons wished to speak on matters within the Committee's jurisdiction, to which there was no response.

II

APPROVAL OF MINUTES FOR THE MEETING OF SEPTEMBER 24, 2019 POSSIBLE COMMITTEE ACTION – Committee Member Wilkinson moved approval, and adopted by the following vote: Ayes, Committee Members Sohn, Wilkinson, and Chair Elizabeth Lee -3; Nays, None.

III

PGOLD VENDOR ASSESSMENT REPORT AND POSSIBLE COMMITTEE ACTION – Melani Rejuso, Departmental Audit Manager, introduced this item to the Committee. Scott Peyton, Partner, and Vikrant Rai, Manager, with Grant Thornton, presented and discussed this report with the Committee. After discussion, Chair Elizabeth Lee requested a report back in 3-4 months for an implementation plan and status of actions to respond to the auditor's findings. Committee Member Sohn moved approval, and

adopted by the following vote: Ayes, Committee Members Sohn, Wilkinson, and Chair Elizabeth Lee - 3; Nays, None.

<div align="center">IV</div>

OTHER BUSINESS – There was no other business.

<div align="center">V</div>

NEXT MEETING: The next Audit Committee Meeting is not scheduled at this time and will be announced upon scheduling. Please continue to view the LACERS website for updated information on public access to Board/Committee meetings while response to public health concerns relating to the novel coronavirus continue.

<div align="center">VI</div>

ADJOURNMENT – There being no further business before the Committee, Chair Elizabeth Lee adjourned the meeting at 3:52 p.m.

_____
Elizabeth Lee
Chair

_____
Neil M. Guglielmo
Manager-Secretary

REPORT TO AUDIT COMMITTEE
From: Neil M. Guglielmo, General Manager

MEETING: JULY 11, 2023
ITEM: III

SUBJECT: **IMPLEMENTATION PLAN TO ADDRESS RECOMMENDATIONS CONTAINED IN GRANT THORNTON'S 2022 AUDIT OF LACERS' RETIREMENT BENEFIT SYSTEM APPLICATION (PGOLDV3) AND POSSIBLE COMMITTEE ACTION**

ACTION: ☒   CLOSED: ☐   CONSENT: ☐   RECEIVE & FILE: ☒

Recommendations

That the Committee:

1. Consider and approve staff's Implementation Plan to address Grant Thornton's 2022 audit recommendations that will:

   - Strengthen LACERS Retirement System's (PGoldV3) application and users' controls;
   - Improve benefits and workflow processes; and,
   - Enhance users' overall experience.

2. Receive and file the Staff's Implementation Plan as noted above.

Executive Summary

As part of LACERS preventative measures primarily aimed at managing security risks and strengthening defenses to protect its assets, data and members' information, Internal Audit in partnership with subject matter and information technology experts, conducts periodic reviews and assessments of the department's information technology systems and control applications.

One of these audits was issued in 2022 and conducted by Grant Thornton, LLP. The audit evaluated LACERS' retirement benefit system called "Pension Gold Version 3 or (PGoldV3)" in the following control areas:

- Segregation of duties
- Documented and applied policies and procedures
- Acquisition, development, and change-control practices

- Database administration practices
- Production control practices
- Access and transaction authorizations, and
- Monitoring practice.

Grant Thornton LLP's audit found positive aspects about LACERS retirement benefit system (PGoldV3), however, it also highlighted areas for improvement. These recommendations were presented before the Board last July 19, 2022, and approved for implementation.

The following are some of the significant recommendations contained in the Grant Thornton, LLP audit and LACERS' implementation plan for each of these recommendations. For the complete and detailed implementation plan, please refer to Attachment 1.

Recommendations	Implementation Plan
Keep software development workflow documentation updated to reflect the current environment. For example, the development workflow described in the maintenance agreement states that LACERS developers are responsible for application codes. LACERS does not have in-house developers and this function has been given-up to LRS as a control measure.	LACERS concurs with the recommendation and has requested LRS to update the documented software development process, as LACERS does not modify source codes. LRS has also indicated agreement with the updated documentation and will begin drafting the change by March 1, 2024 or when the maintenance and support contract with LRS expires. The documentation shall include modernization of the workflow diagrams, and detailed procedures. The documented procedures shall describe the current practice of deployment. Primarily, LACERS submits requests for enhancements or deployment features. In receipt of these requests, LRS packages the code changes, and coordinates with LACERS for deployment in the test environment. Thereafter, LACERS tests and confirms readiness, in which LRS deploys the package to the production environment.
LACERS should implement a process to have duplicate or incorrect information in PGold V3 deleted as business users become aware of it. Per LRS, data clean-up can be requested by LACERS staff through the PIR system.	Within the past three years, there have been several activities in optimizing the PAS as related to hardware and software upgrade, alongside configuration of the infrastructure. LACERS and our pension software vendor collaborated on these successful milestones.

	- Database Optimization. Cleanup, and rebuild of the production PAS databases, inclusive of the audit logs. Primarily, this process reorganizes the data structure, to optimize the search and access of data within the PAS. - Enterprise Solutions Framework. The Enterprise Solutions Framework (ESF) is comprised of software architectural layers relating to interface, data, and business rules. Recently, LACERS upgraded the ESF to the latest version, ensuring continual support. - Equipment Upgrade. In collaboration with our hardware vendor, LACERS replaced the legacy equipment with the latest computer servers. The equipment houses the applications and databases of the PAS, providing four times the processing and capacity of the replaced equipment. LACERS has stabilized the performance issues of the PAS with the many optimization activities. Primarily, there are two metrics to gauge the stability of the PAS through support tickets and server resources. Since then, the database processes have held steadily, without requiring LACERS to reboot the database server periodically.
LACERS should request LRS to maintain a list of fields that LACERS deems "sensitive information" that demands an additional layer of protection against disclosure or corruption. LACERS should work with LRS to completely mask or gray out Personally Identifiable information (PIIs), e.g., SSN, birthdates, hire dates, etc. in PGold V3. Access to these PIIs should be limited for certain uses (e.g., verification, audit). LACERS should work with LRS through the PIR process to restrict certain fields making the data not accessible to specific user security groups to eliminate inappropriate or accidental changes.	LACERS concurs with the recommendation and requested LRS to provide the list of all personal identifiable fields that can be masked. Once we received the list of fields, LACERS plans to further investigate, by end of FY2024, how the observed business requirements are currently impacted given the department's existing security measures. This effort should also clarify what data fields are currently deemed at risk of disclosure or corruption. If determined this risk cannot be addressed internally, LACERS will provide LRS a list of fields that demand an additional layer of protection. LACERS is also exploring enhancing the functionality of the Person Search Home Screen and Quick Search control to include the person's participant key as a searchable field which will eliminate the need to display full SSNs. We

	expect this to happen once HRP (replace current payroll system PaySR) has been implemented. A statement of work was provided to LACERS for an enhancement to allow participant keys to be a searchable field. This is due to be scheduled for work in the next year. LACERS will further collaborate with our pension software vendor, LRS, on capabilities to restrict access to particular fields. Primarily, the request is a design change within an application page to include data field security. Our Systems Division will collaborate with business units on visibility of information that would be necessary for the specified user role. LACERS' User Account Management policy has been updated to reflect this new impending practice of a certification process.
There were long standing or Open Problem Incident Reports (PIRs). LACERS should work with LRS to completely close out incident cases initiated in the sharepoint portal. An example of a long-standing PIR was related to payroll reporting updates.	All Critical and Emergency PIRs are closed. There are currently 37 open PIRs prior to 2022, predominantly low/medium priorities currently on hold. Long standing PIRs are typically items that are placed on hold because they have been identified as non-critical to LACERS' routine use of the PAS. Held PIRs are intended to be further reviewed and closed out once our budgeted support hours are first allocated to our more pertinent projects. Also, SOS has incorporated additional notification methods within their internal helpdesk system in response to this recommendation. Since all PAS issues start as helpdesk tickets before they are escalated to PIRs, helpdesk notifications notify SOS when certain items have remained open for a designated period of time. Those notifications help ensure any future items are moved forward or closed out accordingly.

LACERS: SECURING YOUR TOMORROWS

LACERS should develop documentation describing all application updates within PGoldV3 including why the update is taking place (i.e., response to a security defect or incident, regularly scheduled version control, requested feature upgrade, response to specific PIR, etc.), what and where specific changes the organization will observe within the application, and share with all downstream users, even those not directly connected to the specific PIR.

LACERS should have cross-functional improvement team consisting of representatives from each business unit to discuss application changes and deployed changes.

Prior to any release or updates to the system, the Vendor provides LACERS a Release Report detailing all applicable changes. While most changes are based on PIR's pertaining to specific functionality, these changes rarely overlap multiple business functions. However, in instances where security patches or updates to the base functionality impact business processes, SOS and/or respective units usually conduct regression testing to ensure all business processes are functioning properly.

LACERS has also implemented a new intranet platform (Simpplr) which allows SOS staff to disseminate information and updates related to PG more effectively across the department through the intranet site. Simpplr also has tools integrated to its platform that allow SOS staff to embed monthly reports highlighting significant changes that may have occurred within PG. Lastly, all existing and future release reports are stored in an online Box folder, which can be easily accessed by staff via hyperlinks found on the SOS intranet site.

SOS currently implements a cross-functional approach at a smaller scale. SOS analysts are assigned as a representative/subject matter expert in either LACERS' Health or Retirement Service processes. Issues and enhancement requests specific to one of those two divisions are generally routed to the respective SOS analyst for further analysis and opinion. Those SOS analysts will also conduct meetings with the respective business units to further discuss any issues or enhancement requests submitted via the SOS Helpdesk.

In response to the recommendation of improving awareness and keeping PG users informed, SOS has implemented a PG notice board where PensionGold users can regularly check for any updates related to upcoming system maintenance, new system releases, or other nuances of the PensionGold system. The PG Notice Board also has an integrated comment feature which allows us to directly

	communicate to staff regarding any of the posted notices. The PG Notice board is also set up with automations so that whenever a new item is created, users that are subscribed to the board are promptly notified both by email and within the Monday platform.
LACERS should organize employee users into focused security groups to help streamline access for certain job functions, while narrowing the scope of permissions to specific data. The process should include defining the group members roles and functions (including approval requirements).	LACERS concur with the recommendation, which is already in practice, employing least privilege in providing employee users with specified access, using security groups, within the pension software. LACERS has established security groups specifically for each business unit and their respective roles such as managers, supervisors, analysts, and others. Audit reports to further enhance and support security review processes have been requested of LRS and is pending delivery. Expecting to receive them by end of June 2024.
LACERS should perform recurring access reviews or recertifications to ensure each level of access is appropriate to staff job duties, especially for users who transfer to different teams.	Customarily, LACERS completes annual review of user accounts and roles within the pension software (*note by audit: most recent annual review was provided to Internal Audit*). The review of users include additions, changes, and deactivations. To enhance the process, our Systems Division shall collaborate with business units to initiate an annual certification process of user accounts and roles, as respective to each department. This process will be supported by the pending audit reports as referenced in response to R-1.

Strategic Alignment

Discussion of the Contractors' Disclosure Report is consistent with the Board's Governance Goal to "uphold good governance practices which affirm transparency, accountability and fiduciary duty."

Fiscal Impact Statement

None

Prepared By: Maria Melani Rejuso, Departmental Audit Manager

NMG/MR

Attachment:1. Staff's Implementation Plan

LACERS   INTER-DEPARTMENTAL MEMO

Date: May 25, 2023

To: Melani Rejuso, Internal Auditor

From: Todd Bouey, Executive Officer

SUBJECT: **GRANT THORNTON AUDIT RESPONSE ON PENSION ADMINISTRATION SYSTEM CONTROLS**

In 2022, LACERS' Audit group contracted Grant Thornton (GT) to review LACERS' internal processes and data maintenance practices related to the Pension Administration System (PAS). During the audit period, GT met with LACERS' business units that use the PAS daily as well as Systems support and operations staff that administer the system.

The meetings conducted by GT were aimed toward discovering areas for improvement among the following assessment categories:

- Access and Transaction Authorizations
- Documented and Applied Policies and Procedures
- Acquisition, Development and Change Control Practices
- Database Administration Practices
- Monitoring Practices
- Production Control Practices

As a result of the audit, GT provided LACERS a detailed assessment report inclusive of their observations and recommendations toward addressing potential areas of risk for LACERS.

LACERS further discussed GT's observations and determined a suitable management action plan for each of the auditor's recommendations. To address some of the auditor's concerns with business system security and performance as well as discussion points from the Audit Committee during the presentation of this audit, LACERS' is in process of deploying a central repository to store and maintain data associated to the PAS to help reduce query impacts on the System, provide improved reporting and analytics, and maintain security of the information contained. This effort will be further tracked as a Business Plan Initiative in Fiscal Year 2023-24 with regular reporting to the LACERS Board of Administration.

Another concern raised by GT at the time of their audit presentation was system performance as anecdotal information was cited referencing system slowness impacting business activities during the system stabilization period. LACERS continually collaborates with our pension software vendor in maintaining the PAS infrastructure, ensuring the upkeep of equipment and support services. Within the past three years, there have been several activities in optimizing the PAS as related to hardware and software upgrade, alongside configuration of the infrastructure. LACERS and our pension software vendor collaborated on these successful milestones.

- Database Optimization. Cleanup, and rebuild of the production PAS databases, inclusive of the audit logs. Primarily, this process reorganizes the data structure, to optimize the search and access of data within the PAS.
- Enterprise Solutions Framework. The Enterprise Solutions Framework (ESF) is comprised of software architectural layers relating to interface, data, and business rules. Recently, LACERS upgraded the ESF to the latest version, ensuring continual support.
- Equipment Upgrade. In collaboration with our hardware vendor, LACERS replaced the legacy equipment with the latest computer servers. The equipment houses the applications and databases of the PAS, providing four times the processing and capacity of the replaced equipment.

LACERS has stabilized the performance issues of the PAS with the many optimization activities. Primarily, there are two metrics to gauge the stability of the PAS through support tickets and server resources. Since then, the database processes have held steadily, without requiring LACERS to reboot the database server periodically.

We believe the attached response matrix addressing GT's observations to be thorough and responsive to the issues identified and appreciate your coordination and review as such.

If you require additional information, please contact Brian Cha, Senior Benefits Analyst, at (213) 434-3925.

Attachment: Detailed Assessment Matrix

ATTACHMENT

Detailed Assessment – Improvements and Recommendations - LRS

Assessment Categories	Observation	Risk Level	Recommendations	Management Action Plan
Access and transaction authorizations	Ob-1. As a result of the Problem Incident Resolution & Security Incident Report as noted on page 7, it was noted that business requirements regarding data fields containing sensitive information and requiring added security measures are not managed.	**High**	LACERS should request LRS to maintain a list of fields that LACERS deems "sensitive information" that demands an additional layer of protection against disclosure or corruption.	LACERS concurs with the recommendation and requested LRS to provide the list of all personal identifiable fields that can be masked. LACERS plans to further investigate how the observed business requirements are currently impacted given the department's existing security measures. This effort should also clarify what data fields are currently deemed at risk of disclosure or corruption. If determined this risk cannot be addressed internally, LACERS will provide LRS a list of fields that demand an additional layer of protection. LACERS is also exploring enhancing the functionality of the Person Search Home Screen and Quick Search control to include the person's participant key as a searchable field which will eliminate the need to display full SSNs. A statement of work was provided to LACERS for an enhancement to allow participant keys to be a searchable field. This is due to be scheduled for work in the next year.
Documented and applied policies and procedures	Ob-2. The established maintenance policy that includes Service Level Agreements (SLAs) regarding timeframes for acknowledging resolution and completion of Problem Incident Reports (PIRs) does not include outcomes or remediation efforts for instances when SLAs are not met, adequate timeframes for emergencies or specific descriptions of PIR classifications.	**Med**	LACERS should request LRS to update their Problem Resolution Procedures within the maintenance agreement to include: language clarifying consequences or penalties (such as financial remedies, license or support extension, etc.) within the future SLA for instances when timeframes are not met, detailed explanations around PIR priority and severity including how those classifications are determined, and more realistic timeframes especially for emergencies.	The current Maintenance and Support Agreement was implemented in May 2013 and expires in 2024. As indicated in the audit findings there were no instances of LRS's inability to meet SLA, however, the Maintenance & Support Agreement, Exhibit P, stipulates that in any given year, LRS and LACERS mutually agree that if LRS has not provided a reasonable level of quality and responsiveness in answering general questions, questions related to LACERS' installation, and other

Assessment Categories	Observation	Risk Level	Recommendations	Management Action Plan
				reasonable exploratory questions, or met the requirements of the Problem Resolution Table, LRS will waive the 3% increase in Maintenance and Support fees for the rest of the annual Maintenance Period. Stated emergency resolution timeline is also being revisited with LRS so as to be reduced in an updated agreement, though noting emergencies in practice are dealt with immediately.
	Ob-3. Current contract documentation indicates the LACERS developer accesses the LRS network through VPN to pull code from the Team Foundation DEV Server and processes code through to TEST through package release to LRS. After discussion, IA noted that this does not accurately depict the current environment which includes LRS writing all DEV code and LACERS is engaged after LRS pushes package to their PROD server.	Low	CERS should request LRS to update application software development workflow documentation detailed in the contract to always reflect the current environment and be updated/amended as changes are made; not at the expiration of the contract. Workflow documentation illustrating the development lifecycle of the software, should include how the base application versions, deployed features, and defect updates of software are installed through the various stages of code development, test and production including meticulous procedures regarding software package transfer from LRS to LACERS.	LACERS concurs with the recommendation, and has requested LRS to update the documented software development process, as LACERS does not modify source codes. LRS has also indicated agreement with the updated documentation and will begin drafting the change. The documentation shall include modernization of the workflow diagrams, and detailed procedures. The documented procedures shall describe the current practice of deployment. Primarily, LACERS submits requests for enhancements or deployment features. In receipt of these requests, LRS packages the code changes, and coordinates with LACERS for deployment in the test environment. Thereafter, LACERS tests and confirms readiness, in which LRS deploys the package to the production environment.

Assessment Categories	Observation	Risk Level	Recommendations	Management Action Plan

May 25, 2023

ATTACHMENT

Assessment Categories	Observation	Risk Level	Recommendations	Management Action Plan
Acquisition, development and change control practices	Ob-4. Documented acknowledgement and resolution plan(s) for PIRs is performed through the SharePoint portal. The acknowledgement metric within the service level agreement (either 1, 2 or 10 days from the Open Date; depending on the priority) is reliant on the SharePoint portal field "LRS Planned Resolution" notes including a date.	Low	LACERS should request LRS to add a data category in the portal that automatically calculate the service level agreement metrics as detailed in the maintenance agreement.	SOS assigns an analyst of the day that reviews incoming helpdesk tickets and determines whether the issue needs to be further reviewed by the LRS group. Items forwarded to LRS are submitted as PIRs with an appropriate priority level ranging from Low, Medium, High, and Critical. Automations were added to the SOS helpdesk board so that once an item's status is marked as "PIR," a follow-up date is automatically added 45 days out from the current date. 45 days is the agreed-upon response time frame for non-emergency items per LACERS' maintenance and support agreement with LRS (Contract 4110). Notices within the Monday platform are also sent out to the SOS team once the follow-up date is reached on certain helpdesk tickets. The SOS analyst of the day will follow up with LRS to determine the status of the work item. PIRs submitted with a "Critical" status are considered as an emergency priority level. Critical PIRs trigger a widespread protocol at LRS and becomes the utmost priority for both LACERS and LRS. Due to the nature of emergency PIRs, most events are handled within 1-2 days once the PIR is submitted. Automations have also been added to the SOS helpdesk board so that if a helpdesk priority is set as "Critical," then a follow-up date is set two days out from the PIR creation date. Similar notices are also sent out once the follow-up date is reached.

May 25, 2023

ATTACHMENT

Access and transaction authorizations	Ob-1. A shared security model is established between LRS and LACERS regarding access rights. Within LACERS, the PGold security console permits isolation of users and groups of users to specific software components, such as webpages, jobs, reports, menus, and embedded hyperlinks. Several groups within LACERS make updates to various types of user access allowing users access to data that they should not have access to.	High	R-1. LACERS should organize employee users into focused security groups to help streamline access for certain job functions while narrowing the scope of permissions by limiting access to specific data.	LACERS concur with the recommendation, which is already in practice, employing least privilege in providing employee users with specified access, using security groups, within the pension software. LACERS has established security groups specifically for each business unit and their respective roles such as managers, supervisors, analysts, and others. Audit reports to further enhance and support security review processes have been requested of LRS and is pending delivery.
		High	R-2. All access, whether administrator, generic or unique user accounts should be controlled by one central authority.	LACERS concur with the recommendation, which is already in practice, in which our Systems Division oversees access to the pension software. Primarily, the supervisors of business units request access, modifications, or deactivations for respective staffs. As the central authority, Systems staff provision the user accounts as requested and approved.
		High	R-3. Performing recurring access reviews/recertifications of all users ensures each level of access is appropriate to their job duties; especially for users whose roll within the company changes.	Customarily, LACERS completes annual review of user accounts and roles within the pension software. The review of users include additions, changes, and deactivations. To enhance the process, our Systems Division shall collaborate with business units to initiate an annual certification process of user accounts and roles, as respective to each department. This process will be supported by the pending audit reports as referenced in response to R-1.

May 25, 2023

ATTACHMENT

Assessment Categories	Observation	Risk Level	Recommendations	Management Action Plan
Database Administration Practices	Ob-2. LACERS users are concerned that users have access to certain screens or data fields that they should not have access to. During workshops, it was noted that a LACERS employee sent documentation to a pension member, but their role should not have had the ability to do so.	High	R-4. LACERS should work with LRS through the PIR process to restrict certain fields making the data not accessible to specific user security groups to eliminate inappropriate or accidental changes.	LACERS will further collaborate with our pension software vendor, LRS, on capabilities to restrict access to particular fields. Primarily, the request is a design change within an application page to include data field security. Our Systems Division will collaborate with business units on visibility of information that would be necessary for the specified user role. LACERS' User Account Management policy has been updated to reflect this new impending practice of a certification process.

Assessment Categories	Observation	Risk Level	Recommendations	Management Action Plan
Documented and applied policies and procedures	Ob-3. During workshops, it was noted that some users who appropriately have **access** to specific screens still should not see fully disclosed PII. Additionally, employee users noted PII should be made unavailable after they are logged in.	High	R-5. LACERS should develop and implement a policy regarding personally identifiable information (PII) and how the application treats such data.	LACERS' User Account Management policy and Information Handling policy have both been updated to reflect current and future practices, including describing Field Masking of sensitive data and adding a User Certification process (in addition to the current annual user access review process) enforcing the principle of least privilege.
Monitoring Practices	Ob-4. A PGoldV3 application owner was not identified as responsibility for the application is distributed among multiple groups.	Med	R-6. LACERS should assign an application owner to track PIR trends for reason, resolution timeliness, monitor vendor service levels, keep employee users informed, and organize workload. The owner should also work with LRS to escalate completion of existing PIRs to enable multifactor authentication.	LACERS' Systems unit is the primary administrator for the PensionGold application and is the only group that can grant or modify a user's application rights. Systems also has the sole ability to modify the PensionGold admin tables and correspondence templates within LACERS' production environment. SOS, nor any other LACERS' business unit, can make these types of changes within the production environment.

				SOS is the owner of the PensionGold Helpdesk board. Helpdesk tickets are primarily handled by the assigned SOS analyst of the day but may require collaboration with the Systems group if SOS does not have the administrative rights to review/resolve a ticket (e.g., correspondence changes, rate updates, and query requests.) Tickets that are forwarded to LRS as PIRs are also tracked within the Helpdesk board.
				Additional columns were recently added to the board to better track the listed metrics. Tickets are categorized and grouped by issue types/areas. The Helpdesk platform has integrated reporting procedures that were already being utilized prior to this assessment. To improve upon transparency, SOS has updated their procedures to create a monthly metric report identifying trends and highlighting significant issues reported in the prior month. This report also covers key metrics such as how many tickets were opened each month, how many of those tickets were closed, and which LACERS' division tickets are originating from. This monthly report is shared within LACERS' Intranet site.
				LACERS has implemented multifactor authentication for both internal staff and external users. The multifactor authentication provides another layer to safeguard data and applications, in which users would need to validate credentials provided through SMS texts, emails, or authenticator apps. Overall, multifactor authentication is only applicable to individual users, and not group users, ensuring that only authorized individuals can modify user rights.

Assessment Categories	Observation	Risk Level	Recommendations	Management Action Plan
Production Control Practices	Ob-5. During workshops, it was noted that some users are unaware of changes made to the application or the reason their screens appear different or require a change to their day-to-day processes.	Low	R-7. LACERS should develop documentation describing all application updates within PGoldV3 including why the update is taking place (i.e., response to a security defect or incident, regularly scheduled version control, requested feature upgrade, response to specific PIR, etc.), what and where specific changes the organization will observe within the application, and share with all downstream users, even those not directly connected to the specific PIR.	Prior to any release or updates to the system, the Vendor provides LACERS a Release Report detailing all applicable changes. While most changes are based on PIR's pertaining to specific functionality, these changes rarely overlap multiple business functions. However, in instances where security patches or updates to the base functionality impact business processes, SOS and/or respective units usually conduct regression testing to ensure all business processes are functioning properly. LACERS has also implemented a new intranet platform (Simpplr) which allows SOS staff to disseminate information and updates related to PG more effectively across the department through the intranet site. Simpplr also has tools integrated to its platform that allow SOS staff to embed monthly reports highlighting significant changes that may have occurred within PG. Lastly, all existing and future release reports are stored in an online Box folder, which can be easily accessed by staff via hyperlinks found on the SOS intranet site.

May 25, 2023

Monitoring Practices	Ob-6. Throughout the engagement, it was noted that several users among all groups were not clear of PGoldV3 roles and responsibilities, deployed changes made to the application, how changes are communicated, and pending PIRs.	**Low**	R-8. LACERS should implement a cross-functional team consisting of representatives from each business unit to collectively discuss PGoldV3 issues, deployed changes, and other nuances of the system to improve awareness and functionality. Regularly held workshops might also help share ideas among users, keep all personnel informed of efficiencies, recent changes, upcoming releases, and other nuances of the Pension Gold system to improve user functionality.	SOS currently implements a cross-functional approach at a smaller scale. SOS analysts are assigned as a representative/subject matter expert in either LACERS' Health or Retirement Service processes. Issues and enhancement requests specific to one of those two divisions are generally routed to the respective SOS analyst for further analysis and opinion. Those SOS analysts will also conduct meetings with the respective business units to further discuss any issues or enhancement requests submitted via the SOS Helpdesk. In response to the recommendation of improving awareness and keeping PG users informed, SOS has implemented a PG notice board where PensionGold users can regularly check for any updates related to upcoming system maintenance, new system releases, or other nuances of the PensionGold system. The PG Notice Board also has an integrated comment feature which allows us to directly communicate to staff regarding any of the posted notices. The PG Notice board is also set up with automations so that whenever a new item is created, users that are subscribed to the board are promptly notified both by email and within the Monday platform.

May 25, 2023