

Consulting Report

1904 Optimus Project (Phase 3) and myLASERS Implementation

June 24, 2022

Cindy Rougeou, LASERS Executive Director The LASERS Audit Committee

BACKGROUND

This was a planned engagement on the fiscal year end 2019 Audit Plan. The fieldwork for this engagement was completed on June 3, 2022.

Following the implementation of Optimus, LASERS customized Enterprise Content Management (ECM) system, the IT Division continued to plan for and implement initiatives related to disaster recovery and a redesign and rebranding of Member Self Service, which is now known as myLASERS.

Each of these initiatives required coordination, planning, and testing among multiple divisions. Refer to the engagement summary section below for more information on each of these initiatives.

SCOPE, OBJECTIVES, AND METHODOLOGY

The scope of this engagement included a review of the following project implementations:

- Optimus Project (Phase 3)
- myLASERS (non-security related functionality)

The primary objectives of this engagement were to determine if:

• The proposed cloud vendor for disaster recovery services had adequate controls in place to protect LASERS data.

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- The proposed cloud vendor service provider for disaster recovery services met all LASERS security requirements and has obtained certain third-party security requirements.
- The requirements established for non-security related functionality of myLASERS appropriately represented established business rules.
- Testing plans were effective in confirming the expected non-security related functionality of myLASERS.

Procedures used to complete this engagement included:

- Reviewing vendor security documentation to confirm security standards.
- Reviewing the relevant requirements and testing plans as established by Member Services and Fiscal.
- Independently performing non-security related functionality testing of myLASERS.
- Conducting other inquiries considered necessary to achieve engagement objectives.

This engagement was conducted in accordance with the Institute of Internal Auditors' <u>International</u> <u>Standards for the Professional Practice of Internal Auditing</u> and the policies and procedures of the Audit Services Division.

ENGAGEMENT SUMMARY

The Audit Services Division's involvement in the Optimus Phase 3 and myLASERS projects were limited to the areas outlined in the Scope, Objective, and Methodology section of this report. There were no reportable issues identified by Audit Services. A summary of each of the key areas of our involvement is outlined below.

1. DISASTER RECOVERY PROCESS CHANGE

SUMMARY

As part of the Optimus Phase 3 project, IT conducted an analysis of cloud disaster recovery providers and evaluated each according to LASERS needs and requirements.

At the time of this analysis, off-site backups of all on-premise data was copied to tapes and stored at a nearby Iron Mountain facility. Annual disaster recovery tests were scheduled to restore SOLARIS (in order to run payroll) and only one other key system (i.e., JD Edwards, Optimus, network file shares, email). For the annual disaster recovery test, selected tapes from Iron Mountain would be shipped to a SunGard data center where staff would recover the systems included in the test. This disaster recovery method would require an extensive amount of time (e.g., several days) to restore all of LASERS key systems.

The providers included in the analysis offer the storage and recovery of on-premise data in an off-site cloud environment. Some examples of what this type of solution offers compared to the previously described solution is as follows:

- Recovery of all LASERS key systems in a few hours.
- Performance of disaster recovery tests more frequently than annually.
- More options on where staff could be located when performing and testing the recovery.

The following is an overview of the work performed as part of the three phases included in the analysis:

• Phase 1: Identification of Possible Vendors and Selection of Three Finalists

Ten vendors were identified for initial consideration as being a premier solution, based on researched performed by IT. An internal needs assessment was conducted to determine LASERS needs and requirements. From this, key criteria was identified by which potential vendors could be reviewed. The key criteria included: complete solution, security, cost, standardized third party comparison, and ease of use. After applying the criteria, three vendors were selected for an in-depth review and further consideration.

• Phase 2: In-depth Review of Three Finalists

IT staff conducted a proof of concept with each of the three vendors based on performance, functionality, security, and cost. Ratings were assigned to each vendor based on how well they met the criteria. It should be noted that the proof of concept testing did not include the use of any sensitive data. At the conclusion of their review, IT selected iLand as the final vendor.

• Phase 3: Security Review of Selected Vendor

One of LASERS established security standards require that cloud vendors obtain a Cloud Security Alliance Security Trust Assurance and Risk (CSA STAR) Certification, ISO 27001 Certificate, and a Systems and Organization Controls (SOC) 2, Type 2 audit before being utilized. IT and Audit Services staff reviewed the security documentation provided and confirmed that iLand met LASERS requirements.

IT obtained an independent review from Cognizant on the LASERS Cloud Disaster Recovery approach, proposed solution, documentation, and LASERS selected vendor, iLand. The engagement objectives were to review the process, controls, and governance as LASERS IT considers using cloud DR as a Service (DRaaS). This analysis included review of vendor compliance, vendor certifications, LASERS vendor selection criteria, LASERS cloud setup procedures, proof of concept test, and security administration all based upon cloud industry standards.

After thorough review of all the documentation, results and vendor evidence, the Cognizant team determined that the LASERS recommended cloud DR proposed solution meets the needs of LASERS criteria of a secure disaster recovery solution.

The Audit Director and Chief Risk Officer reviewed the documentation associated with this analysis and provided feedback and recommendations at each phase.

At the conclusion of the three phases of this analysis, LASERS staff provided a recommendation for LASERS to use iLand as our cloud disaster recovery provider and make changes to our disaster recovery process accordingly. IT obtained unanimous approval from Executive and Senior Management staff to begin a pilot and transition to implement the services of iLand for the Optimus

imaging and workflow system. The process change was successfully implemented and the pilot has been expanded to include all LASERS key systems.

2. MYLASERS IMPLEMENTATION

SUMMARY

In December 2019, the Optimus project team (comprised of staff from Member Services, Fiscal, and IT) proposed changes to the Member Self-Service (MSS) system. The proposed changes included new features, improved security (reviewed as part of Project 1908), and a rebrand of MSS as myLASERS.

The new features included the following:

- Message Center allows the review of information sent by LASERS. Users also have the option to receive messages via email and/or text.
- Application Status allows users to view the status of their requests being worked by LASERS.
- Document Viewing allows users to view certain documents stored in the Optimus system (i.e., 1099R forms, Annual Statements, letters from LASERS).
- Document Uploading certain documents (i.e. birth certificates, death certificates, marriage licenses, etc.) can be uploaded to the Optimus system by users.
- eForm Submission allows users to populate certain forms and sign with an electronic signature for submission to LASERS.

Requirements and tests were developed for each area of functionality planned for myLASERS. Audit participated in this phase by reviewing the requirements and corresponding tests. Feedback was communicated to Member Services, Fiscal, and IT that included obtaining clarification and recommending the addition of various requirements and tests.

Implementation of the myLASERS features noted above took place in a series of releases from December 2020 through July 2021. Prior to each release, the Optimus project team conducted testing to help ensure that requirements were fulfilled and applied accurately. Additionally, Audit Services conducted independent testing separate from the Optimus project team. Testing was accomplished, in part, by comparing information shown in myLASERS with data in SOLARIS, verifying accuracy of calculations (i.e. benefit estimate, repay refund, tax withholdings), and verifying that information submitted via myLASERS was successfully transmitted to the appropriate system (Optimus or SOLARIS).

At the conclusion of this project and after all planned myLASERS functionality had been implemented, Audit Services performed final comprehensive testing. The purpose of this was to help verify that functionality implemented previously had not changed and to follow-up on tests that had failed when previously tested.

There were no reportable observations related to the implementation of myLASERS.

FOLLOW-UP

No follow-up is necessary.

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