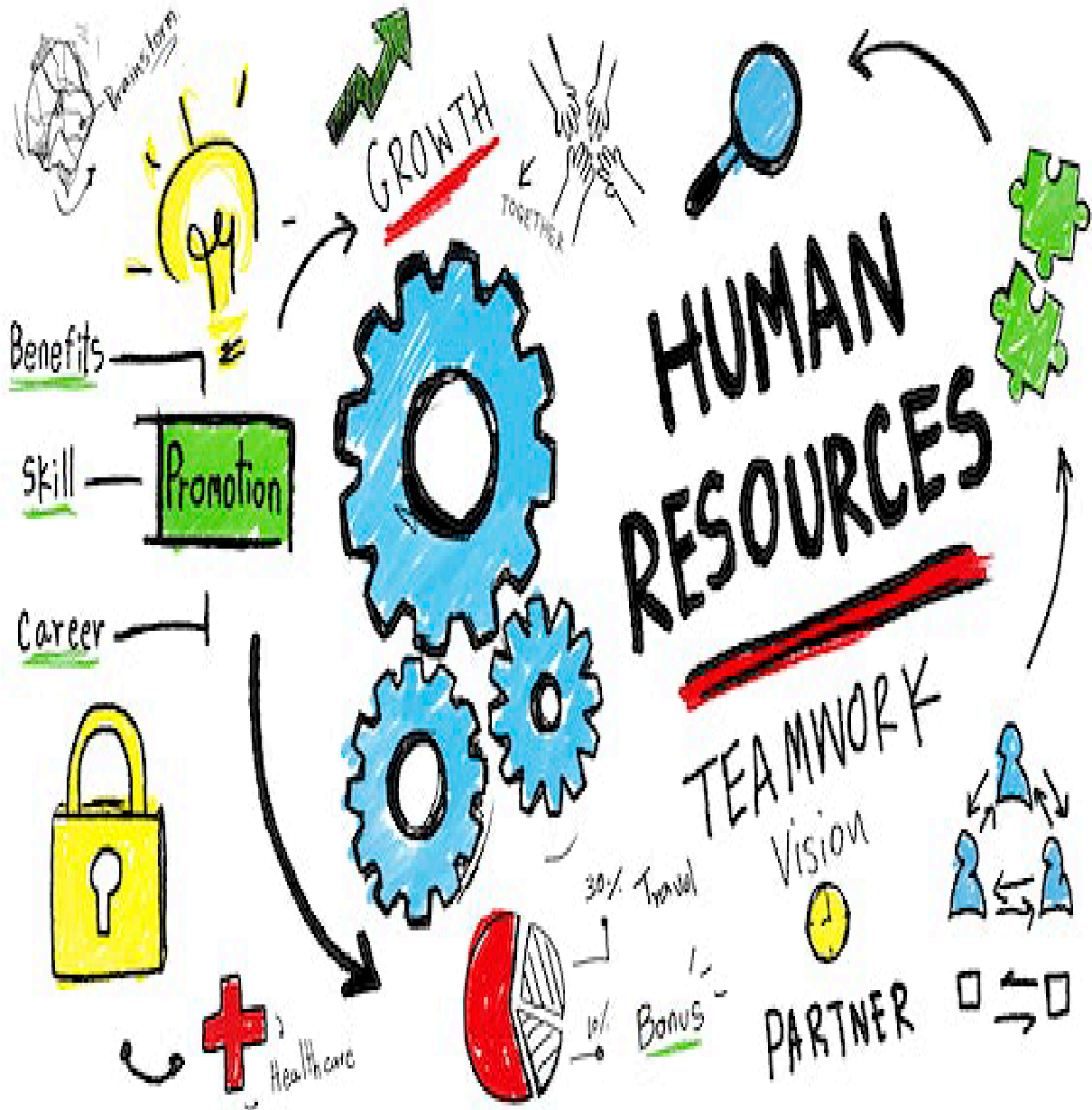# Employee Badge Audit

MEMORANDUM
City of Fort Smith
Internal Audit

TO: Rick Lolley, Human Resources Department Head
James Gentry, Information Technology System Department Head

FROM: Tracey Shockley, Internal Audit Director

DATE: March 2023

SUBJECT: Employee Badge Audit

Background
The Human Resources Department currently provides all City employees with an identification badge and all new employees will receive their badge during orientation. These badges are required to gain access to specific authorized areas according to the department and location of necessity. The employees are to wear their badge and swipe at the primary building entrances and secured locations. The employees should provide their badge when requesting to access an area that employee does not have access to and is not recognized by other employees.

Additionally, the badges assist the employees in identifying themselves as a City employee when coming into contact with citizens, business owners, etc…. in the City and are conducting business on behalf of the city. The badges contain the picture of the employee, the employees name, email address, department and employee number.

Scope and Objective
The scope of this engagement was related to issued badges and Fobs. At the request of IA, the ITS Department generated a report containing a list of all employees, contractors and badges not assigned to an individual. A report was obtained from Tyler Munis containing a current employees list.

The objective of this engagement was to determine the following:
(1) Badges and Fob's were issued to current employees and contractors only;
(2) Access restrictions associated with badges were appropriate;
(3) Employees and contractors no longer working for the City returned the badges; and
(4) Returned badges and Fob's were deactivated.

IA noted possible security issues and multiple employees with more than one active badge, non-employee badges, and some badges that no one knew its disposition. Therefore, IA met with the Director of Human Resources (HR) and the Director of Information Technology (IT) to discuss the security and protocols around badges.

The IT Department originally issued the badges and a little over a year ago the HR Department assumed the role of issuing the badges to employees to simplify the process. IA determine during the audit that multiple employees had more than one badge and inquired of HR or ITS the purpose of an employee having more than one badge. HR was not aware of employees with multiple badges because they only issue one badge and if an employee needs another badge, HR will ensure that the other badge has been deactivated. Location access for each badge is set up based upon the employee's responsibilities and areas they should be accessing.

During discussions with IT and HR, IA also recognized that another security concern were the Fob's that IT and several other departments utilized. Due to staff turnover and lack of the documented process, IT was not aware of how other departments decide which employee's receive a Fob versus an ID badge, or both. Nor was IT aware of how the Fobs were tracked. IT has Fob's that are issued only to IT employee's that contain the same access abilities as the badge. Therefore, they can use the Fob to gain access instead of the badge.

IA reached out to the departments regarding their employee's with more than one badge and inquired which departments have Fob's. The Fob information was passed along to IT and HR and the information obtained from the departments regarding employee badges will be documented and provided to IT and HR so they can correct all records and deactivate badges which are no longer needed by employees.

At the conclusion of discussions with HR and IT, the following are recommendations agreed upon for improvement and control of badges and Fob's:
- Create Standard Operating Procedures (SOP) regarding badges and Fob's which will include issuing only one badge to the employee.
- The HR Department will be copied on the email sent to IT by Departments (i.e. Managers, Supervisors, Department Heads, etc.) when an employee terminates with the City and HR is not involved in the separation.
- A list of employee's with badges and the badge number will be sent to each department at least semi-annual, if not quarterly, to verify the badge and access areas are correct.
- Departments who utilize Fob's will work with IT to ensure the proper procedures are in place for security and control.
- Departments who utilize Fob's will create an SOP for their department.
- All Departments should have a checklist for each employee that list all City items (i.e. badge, Fob, laptop, hotspot, keys, etc.) issued to an employee to ensure all departments are notified with the proper information upon separation and the separating employee returns all issued items.

IA would like to thank HR Director Rick Lolley and IT Director James Gentry for collaborating together on badges, Fob's and City security to ensure the protocols are in place.

HR Management Response
>   Regarding the statement "HR was not aware of employees with multiple badges because they only issue one badge and if an employee needs another badge, HR will ensure that

the other badge has been deactivated." – The Human Resources department can ensure the IT department is notified that a particular badge needs to be deactivated, but since HR does not actually deactivate the badge, HR cannot ensure the badge was actually deactivated.

The HR department agrees an employee should possess only one badge. If an employee reports a badge missing (lost, stolen, etc.), HR will reprint a badge for that employee; however, HR cannot ensure the employee doesn't still have the badge in his/her possession, nor will we necessarily know if the employee finds the "missing" badge later and maintains it in his/her possession. HR can notify the IT department of the "missing" badge and request it be deactivated.

- Regarding the statement "Departments who utilize Fob's will create an SOP for their department." I think further discussion around the topic of fobs needs to be had – do we need fobs, if we need fobs, should we have a city-wide SOP that pertains to all departments?

- Regarding the need for all departments to have a checklist for each employee showing a city-issued property, HR agrees with the recommendation. This topic is covered by Tiger Team #2.

Implementation Date: Time frame – immediate to after further discussion and decisions made.
Management Responsible: Rick Lolley

Thanks to the Internal Audit department for evaluating the process and procedures and making recommendations.

Assessment of Response:
Management's response, as presented, sufficiently addresses the issues identified and corrective actions are appropriate.

ITS Management Response:

- The cybersecurity team has been and is going through the list of duplicate badges provided. We are confirming that none of the duplicates are actually a PIN number or Fob actively being used. In those cases where a legitimate duplicate should be deactivated, we also want to make sure we are deactivating the proper number and not the employee's active badge.
- Regarding the semi-annual/quarterly departmental badge list – because of the way the current system was implemented and because IT wasn't always notified of employee status changes, generating a useful list of active badges by department is not currently feasible. We are migrating to a new access control system with much more robust reporting capabilities. Once on the new system, IT will send departmental employee

badge lists to each Department Head to continually validate their current employee access.

Implementation Date: Currently in process. Will advise when implementation is completed.

Management Responsible: James Gentry III, IT Director

Assessment of Response:
Management's response, as presented, sufficiently addresses the issues identified and corrective actions are appropriate

City Administrator communicated in an email to IA that he has instructed HR and ITS to issue employees one badge that are to be worn at all times. Additionally, the City Administrator stated FOB's will no longer be used in the City.