

PERFORMANCE AND FINANCIAL RELATED AUDIT
OF
INFORMATION TECHNOLOGY MANAGEMENT SERVICES
FAMILY INDEPENDENCE AGENCY

August 1999

EXECUTIVE DIGEST

INFORMATION TECHNOLOGY MANAGEMENT SERVICES

INTRODUCTION

This report, issued in August 1999, contains the results of our performance* and financial related audit* of Information Technology Management Services (ITMS), Family Independence Agency (FIA). The financial related portion of our audit covered the period October 1, 1996 through September 30, 1998.

AUDIT PURPOSE

This performance and financial related audit was conducted as part of the constitutional responsibility of the Office of the Auditor General. Performance audits are conducted on a priority basis related to the potential for improving effectiveness* and efficiency*. Financial related audits are conducted at various intervals to permit the Auditor General to express an opinion on the State's financial statements. Also, this audit complements the departmentwide financial audit of FIA.

BACKGROUND

ITMS is responsible for several large software development projects in progress, including the Automated Social Services Information and Support System (ASSIST) and the Services Worker Support System (SWSS). ITMS is also responsible for the software development and maintenance and the operation of FIA's financial

* See glossary at end of report for definition.

assistance and family services systems. FIA's financial assistance and family services systems that were included in our audit are the Client Information System (CIS), Local Office Automation System (LOA), Public Assistance (PA) Payment System, and Day Care Payment System.

The ASSIST project called for the development of a complete system for case registration, eligibility determination, and case maintenance. FIA intended to develop ASSIST to replace its current case and recipient data base (CIS) and its current system for determining program eligibility and calculating grant amounts (LOA). In 1993, FIA contracted with Unisys for development and implementation of ASSIST. In 1996, after a lack of progress, FIA divided ASSIST development into 6 components referred to as "task orders." Task order 1 included development of the case registration function and some other case administrative-related functions. These other case and administrative-related functions include Work First* registration, automated caseload assignment, scheduling, worker alerts* , and online policy. FIA implemented ASSIST task order 1 components in August 1998. Task order 2, the purchase and installation of computer hardware, was completed in February 1997. FIA had not begun work on task orders 3 through 6, which represent approximately 90% of ASSIST's functionality.

As of September 30, 1998, FIA had expended approximately \$114 million on the development of ASSIST. This included approximately \$46 million for software development, \$26 million for planning and administration, and \$41 million for hardware.

* See glossary at end of report for definition.

SWSS is an automated information system providing casework support for the child and adult protective services, child and adult foster care, adoption and juvenile justice, and adult home help programs. At the time of our audit, FIA had implemented the adult portions of the system and was in the process of developing the children's portions. As of September 30, 1998, FIA had expended approximately \$31 million on the development of SWSS.

CIS is an automated information system used at the FIA local offices to maintain and manage case and recipient eligibility information for Michigan residents receiving assistance from federal and State assistance and services programs.

LOA is an automated information system used at the FIA local offices to determine eligibility and grant amounts for the Family Independence Program (FIP) and the Food Stamp, Day Care, and Medicaid Programs.

The PA Payment System is an automated payment system that processes semi-monthly FIP payments to recipients. In fiscal year 1997-98, the PA Payment System processed approximately \$693 million in payments.

The Day Care Payment System is an automated payment system that processes payments to day care providers on behalf of eligible recipients. In fiscal year 1997-98, the Day Care Payment System processed approximately \$328 million in day care provider payments.

AUDIT OBJECTIVES,
CONCLUSIONS, AND
NOTEWORTHY
ACCOMPLISHMENTS

Audit Objective: To assess the effectiveness of ASSIST and SWSS project management.

Conclusion: FIA did not effectively manage the ASSIST project. Our assessment disclosed one material condition*:

- FIA's project management controls did not ensure that ASSIST development was timely and cost-effective (Finding 1).

FIA informed us that it agreed and will comply with the corresponding recommendation.

In addition, we noted a reportable condition* related to information technology strategic planning (Finding 2).

Audit Objective: To assess the effectiveness of controls over ASSIST development, documentation, and security.

Conclusion: FIA did not have effective controls over ASSIST development, documentation, and security. We noted reportable conditions related to ASSIST access controls, development methodology and documentation, screen design standards, and system design (Findings 3 through 6).

Audit Objective: To assess the effectiveness of FIA's internal control structure* over its automated information systems.

Conclusion: FIA's internal control structure over its automated information systems was not completely

* See glossary at end of report for definition.

effective. Our assessment disclosed one material condition:

- FIA had not periodically matched CIS recipient records with Department of Community Health death records to prevent the issuance of benefits to deceased recipients (Finding 7).

FIA informed us that it agreed and will comply with the first corresponding recommendation. FIA also informed us that it agreed and has complied with the second corresponding recommendation.

In addition, we identified reportable conditions related to CIS and Day Care data base access controls, CIS edits, LOA's FIP and Food Stamp Program eligibility determination, the CIS/LOA link^{*}, day care input controls, payment history file accuracy and completeness, and the disaster recovery plan (Findings 8 through 14).

Noteworthy Accomplishments: FIA has taken steps to improve controls over its automated information systems. These steps include the appointment of a chief information officer, the centralization of all major system development projects under the direction of the chief information officer, and preliminary implementation of an information technology strategic plan.

AUDIT SCOPE AND
METHODOLOGY

Our audit scope was to examine the information processing and other records of Information Technology Management Services. Also, our audit scope was to examine the financial related records for the period October 1, 1996 through September 30, 1998. Our audit was conducted in accordance with *Government Auditing*

^{*} See glossary at end of report for definition.

Standards issued by the Comptroller General of the United States and, accordingly, included such tests of the records and such other auditing procedures as we considered necessary in the circumstances.

A summary of expenditures by category of the ASSIST and SWSS projects are included in this report as supplemental information. However, our audit was not directed toward expressing an opinion on this information and, accordingly, we express no opinion on it.

Our methodology included an examination of FIA's information processing and other records for the period October 1, 1996 through June 30, 1998. Our methodology also included identifying FIA's automated information systems and performing a risk assessment of each system. We used this assessment to determine the systems to audit and the extent of our detailed analysis and testing. We performed a review of the internal control structure pertaining to (a) general controls over the development of ASSIST and SWSS and (b) application controls over CIS, LOA, the PA Payment System, and the Day Care Payment System. We evaluated and reported on the results of our testing.

**AGENCY RESPONSES
AND PRIOR AUDIT
FOLLOW-UP**

Our audit report contains 14 findings and 16 corresponding recommendations. FIA's preliminary response indicated that it agreed with all the recommendations but disagreed with 1 finding.

FIA complied with 8 of the 13 prior audit recommendations that were included within the scope of our current audit.

Mr. Douglas E. Howard, Director
Family Independence Agency
Grand Tower
Lansing, Michigan

Dear Mr. Howard:

This is our report on the performance and financial related audit of Information Technology Management Services, Family Independence Agency. The financial related portion of our audit covered the period October 1, 1996 through September 30, 1998.

This report contains our executive digest; description of agency; audit objectives, scope, and methodology and agency responses and prior audit follow-up; comments, findings, recommendations, and agency preliminary responses; independent auditor's report on supplemental information; summaries of expenditures by category for the Automated Social Services Information and Support System (ASSIST) and the Services Worker Support System (SWSS), presented as supplemental information; and a glossary of acronyms and terms.

Our comments, findings, and recommendations are organized by audit objective. The agency preliminary responses were taken from the agency's responses subsequent to our audit fieldwork. The *Michigan Complied Laws* and administrative procedures require that the audited agency develop a formal response within 60 days after release of the audit report.

We appreciate the courtesy and cooperation extended to us during this audit.

AUDITOR GENERAL

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Description of Agency

Information Technology Management Services (ITMS)

The Family Independence Agency (FIA) established ITMS in October 1997 and appointed a chief information officer in March 1997 to head ITMS. The mission* of ITMS is to provide reliable, efficient, timely, and cost-effective information technology and services to support FIA's mission. ITMS is responsible for several large software development projects in progress, including the Automated Social Services Information and Support System (ASSIST) and Services Worker Support System (SWSS). ITMS is also responsible for the software development and maintenance and the operation of FIA's financial assistance and family services systems. FIA's financial assistance and family services systems that were included in our audit are the Client Information System (CIS), Local Office Automation System (LOA), Public Assistance (PA) Payment System, and Day Care Payment System.

Automated Social Services Information and Support System (ASSIST)

In fiscal year 1985-86, FIA began incurring costs for the development of ASSIST. Between 1986 and 1989, FIA worked on design alternatives and design requirements. In 1990, FIA issued a request for quotation and received 3 bids. Because of protests filed over the bidding process, bids were resubmitted and re-evaluated. In 1993, FIA contracted with Unisys for the development and implementation of ASSIST at an estimated price of \$60 million. The original estimate included the development of a complete system for case registration, eligibility determination, and case maintenance. FIA intended to develop ASSIST to replace its current case and recipient data base (CIS) and its current system for determining program eligibility and calculating grant amounts (LOA). The original estimate of \$60 million included approximately \$34 million for software development, \$23 million for hardware, and \$3 million for other charges.

In 1996, after a lack of progress, FIA divided ASSIST development into 6 components referred to as "task orders" and amended the original contract. At this time, FIA paid \$8 million to Unisys to settle the original contract. Unisys remained as contractor for task orders 1 and 2. Task order 1 included development of the case registration function and some other case administrative-related functions. These other case and

* See glossary at end of report for definition.

administrative-related functions included Work First registration, automated caseload assignment, scheduling, worker alerts, and online policy. FIA implemented ASSIST task order 1 components in August 1998. Task order 2, the purchase and installation of computer hardware, was completed in February 1997. The other task orders (3 through 6), which represent approximately 90% of ASSIST's intended functionality, include the eligibility determination functions, remaining functions affected by welfare reform, eligibility enhancements, and benefits issuance systems. FIA had not begun work on task orders 3 through 6.

As of September 30, 1998, FIA had expended approximately \$114 million on the development of ASSIST. This included approximately \$46 million for software development, \$26 million for planning and administration, and \$41 million for hardware (see summary of expenditures by category for ASSIST, presented as supplemental information).

ASSIST operates on a Unisys 2200 mainframe and is accessed by over 8,000 workstations at the FIA local offices.

Services Worker Support System (SWSS)

FIA contracted with Unisys in 1993 for the development of SWSS. Portions of SWSS had already been developed in FIA local offices by Unisys using a software language called MAPPER. In 1997, FIA changed its programming language to Visual Basic. SWSS is an automated information system providing casework support for the FIA local office workers responsible for delivering program services in the child and adult protective services, child and adult foster care, adoption and juvenile justice, and adult home help programs. SWSS also collects data to meet the requirements of the federal Adoption and Foster Care Analysis and Reporting System (AFCARS). At the time of our audit, FIA had implemented the adult portions of the system and was in the process of developing the children's portions. As of September 30, 1998, FIA had expended approximately \$31 million on the development of SWSS (see summary of expenditures by category for SWSS, presented as supplemental information).

Client Information System (CIS)

CIS is an automated information system used at the FIA local offices to maintain and manage case and recipient eligibility information for Michigan residents receiving assistance from federal and State assistance and services programs.

Users access CIS via computer terminals located at the FIA local offices. The CIS data base contains case and recipient information, eligibility status and grant amounts for each assistance and services program, and assistance payment and food stamp histories.

CIS resides on a Bull mainframe computer located at the Michigan Information Processing Center (MIPC). ITMS maintains CIS computer programs, controls the CIS terminal network, processes CIS transactions, prints and distributes CIS reports, and secures and backs up the CIS data base. CIS contains records for approximately 1.2 million active Family Independence Program (FIP), Food Stamp, Day Care, Medicaid, and services cases.

Local Office Automation System (LOA)

LOA is an automated information system used at the FIA local offices by workers to determine recipient eligibility and grant amounts. The recipient eligibility determination process is FIA's method of determining if a recipient is eligible to receive public assistance program benefits. The purpose of the recipient eligibility determination process is to ensure that only those recipients who meet the criteria provided by State and federal laws and regulations receive benefits and that benefits are in the proper amount. Workers use LOA to determine recipient eligibility for the Family Independence Program and the Food Stamp, Day Care, and Medicaid Programs. Workers transfer most of the calculated recipient eligibility data and grant amounts to CIS automatically through a process called CIS/LOA link. However, in some instances, workers manually input data a second time to CIS.

Public Assistance (PA) Payment System

The PA Payment System is an automated payment system that processes semi-monthly FIP payments to recipients. Semi-monthly FIP payments are considered "negative" payments because they are regularly generated without the input of a source document. The PA Payment System also processes supplemental, replacement, and rewrite warrants. These are considered "positive" payments because they require the input of a source document to generate the payment. The PA Payment System reads CIS to determine which recipients to pay, the payment amounts, and geographical data necessary for processing payments. In fiscal years 1997-98 and 1996-97, the PA

Payment System processed approximately \$693 million and \$803 million, respectively, in payments. The PA Payment System is FIA's largest payment system.

Day Care Payment System

The Day Care Payment System is an automated payment system that processes payments to day care providers on behalf of eligible recipients. Recipients are eligible when they are unavailable to provide care for their children because of employment, education, or training or because of a health or social condition for which treatment is being received. Day care payments are either positive or negative, depending on the type of provider. The Day Care Payment System reads the CIS and Day Care data bases to determine which providers to pay, the payment amounts, and geographical data necessary for processing payments. In fiscal years 1997-98 and 1996-97, the Day Care Payment System processed approximately \$328 million and \$193 million, respectively, in day care provider payments.

Audit Objectives, Scope, and Methodology and Agency Responses and Prior Audit Follow-Up

Audit Objectives

Our performance and financial related audit of Information Technology Management Services, Family Independence Agency (FIA), had the following objectives:

1. To assess the effectiveness of Automated Social Services Information and Support System (ASSIST) and Services Worker Support System (SWSS) project management.
2. To assess the effectiveness of controls over ASSIST development, documentation, and security.
3. To assess the effectiveness of FIA's internal control structure over its automated information systems.

Audit Scope

Our audit scope was to examine the information processing and other records of Information Technology Management Services. Also, our audit scope was to examine the financial related records for the period October 1, 1996 through September 30, 1998. Our audit was conducted in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States and, accordingly, included such tests of the records and such other auditing procedures as we considered necessary in the circumstances.

Summaries of expenditures by category for ASSIST and SWSS are included in this report as supplemental information. However, our audit was not directed toward expressing an opinion on this information and, accordingly, we express no opinion on it.

Audit Methodology

Our methodology included an examination of FIA's information processing and other records for the period October 1, 1996 through June 30, 1998. Our work was

performed between February and July 1998. To accomplish our audit objectives, our audit methodology included the following phases:

1. Preliminary Review and Evaluation Phase

We identified FIA's automated information systems and performed a risk assessment of each system to determine those systems with the highest risk. Our risk assessment considered the critical nature of the information processed through each system as well as the number and dollar value of transactions processed. We used this assessment to determine the systems to audit and the extent of our detailed analysis and testing.

2. Detailed Analysis and Testing Phase

We performed a review of the internal control structure pertaining to (a) general controls over the development of ASSIST and SWSS, which included project management, system development methodology, system documentation, data conversion, system implementation, and security controls, and (b) application controls over the Client Information System (CIS), Local Office Automation System (LOA), the Public Assistance (PA) Payment System, and the Day Care Payment System, which included data input, data processing, and data output controls.

a. We performed the following tests to determine the effectiveness of ASSIST and SWSS project management:

- (1) We reviewed FIA's information technology master plan, its project management framework, and its standards and procedures for acquisition of hardware, software, and services.
- (2) We interviewed project management of ASSIST and SWSS and obtained background information regarding the history and current status of ASSIST and SWSS development.
- (3) We examined contracts for consulting services to determine whether the contracts were written in the best interest of the State. We also assessed procedures for monitoring services provided by consultants.

- (4) We summarized and analyzed expenditures related to the development of ASSIST and SWSS.
 - (5) We assessed project management's procedures for monitoring the progress of system development.
- b. We assessed the effectiveness of controls over ASSIST development, documentation, and security by doing the following:
- (1) We examined policies and procedures for the development of ASSIST. We reviewed the system development methodology used by consultants to develop ASSIST.
 - (2) We examined ASSIST system documentation.
 - (3) We evaluated procedures for data conversion, testing, and implementation of ASSIST, including the documentation and approval processes.
 - (4) We evaluated the extent of user involvement in the development process.
 - (5) We reviewed controls over ASSIST security.
- c. We performed the following tests of the internal control structure over the automated information systems:
- (1) We evaluated controls over the access and use of CIS, LOA, and the PA and Day Care Payment Systems.
 - (2) We assessed and documented the internal control structure over data input, data processing, and data output. Also, we conducted tests to determine whether the controls were working as intended.
 - (3) We assessed the accuracy of LOA in determining program eligibility and calculating grant amounts for the Family Independence Program (FIP) and the Food Stamp, Day Care, and Medicaid Programs. We

recalculated grant amounts for a sample of FIP, Food Stamp, Day Care, and Medicaid cases.

(4) We analyzed data on CIS to determine its accuracy and completeness.

(5) We reviewed controls over CIS and payment system security.

3. Evaluation and Reporting Phase

We evaluated and reported on the results of the preliminary review and evaluation phase and the detailed analysis and testing phase.

Agency Responses and Prior Audit Follow-Up

The agency preliminary response which follows each recommendation in our report was taken from the agency's written comments and oral discussion subsequent to our audit fieldwork. Section 18.1462 of the *Michigan Compiled Laws* and Department of Management and Budget Administrative Guide procedure 1280.02 require FIA to develop a formal response to our audit findings and recommendations within 60 days after release of the audit report.

Our audit report contains 14 findings and 16 corresponding recommendations. FIA's preliminary response indicated that it agreed with all the recommendations but disagreed with 1 finding.

FIA complied with 8 of the 13 prior audit recommendations that were included within the scope of our current audit.

COMMENTS, FINDINGS, RECOMMENDATIONS, AND AGENCY PRELIMINARY RESPONSES

ASSIST AND SWSS PROJECT MANAGEMENT

COMMENT

Background: Effective project management is a key factor in the success or failure of a system development project. Effective project management includes organizational and financial controls; accountability for decisions, actions, and performance of the end product; and effective executive support and leadership. An audit of project management controls focuses on project team responsibility, project planning and budgeting, project monitoring and reporting, and the skills of the project team members.

Audit Objective: To assess the effectiveness of Automated Social Services Information and Support System (ASSIST) and Services Worker Support System (SWSS) project management.

Conclusion: The Family Independence Agency (FIA) did not effectively manage the ASSIST project. Our assessment disclosed one material condition related to ASSIST project management. FIA's project management controls did not ensure that ASSIST development was timely and cost-effective. In addition, we noted a reportable condition related to information technology strategic planning.

FINDING

1. ASSIST Project Management

FIA's project management controls did not ensure that ASSIST development was timely and cost-effective. As a result, ASSIST did not completely meet all of the users' needs, was not completed within the original budget, and was not completed on the original scheduled timeline.

FIA began planning for ASSIST development in 1986. In 1993, FIA contracted with Unisys for the development of a complete and integrated client eligibility determination system. FIA's original system requirements for ASSIST included the replacement of two systems, the Client Information System (CIS) and the

Local Office Automation System (LOA). In 1996, because of various reasons, FIA divided ASSIST development into 6 phases referred to as "task orders," with an estimated implementation date of sometime in fiscal year 2000-01.

The original Unisys proposal in 1993 estimated that ASSIST would cost \$60 million for software development, hardware, and other charges and would take 36 months to develop. As of September 30, 1998, FIA had expended approximately \$46 million for software development, \$26 million for planning and administration, and \$41 million for hardware (see summary of expenditures by category for ASSIST, presented as supplemental information). The portion of ASSIST that FIA implemented in August 1998 (task order 1) did not replace CIS or LOA and consisted of case registration, data collection, Work First registration, case assignment/reassignment, scheduling, worker alerts, caseload parameters, online help, and online policy. FIA estimated that task order 1 represents about 15% to 20% of the functionality of the complete system.

The Department of Management and Budget (DMB) Administrative Guide procedure 1310.08 established guidelines and standards for project management of system development activities. Effective project management encompasses 6 major activities: project planning, project organization, project control, project leadership, project coordination, and project reporting.

In our review of ASSIST, we noted weaknesses in the following areas:

- a. FIA did not obtain an acceptable project master plan (PMP) from Unisys for the originally contracted system in accordance with contract requirements and did not keep the project on schedule. DMB procedure 1310.08 requires project organization, including the creation of a detailed work plan outlining the work to be performed, people assigned to each task, and specific milestones and end products. These items were missing from ASSIST's PMP.

Between April 1993 and September 1995, Unisys submitted several PMPs to FIA. FIA repeatedly rejected the PMPs because FIA believed the plans did not contain acceptable staffing levels, hours, task descriptions, and

critical paths. An approved PMP is necessary to effectively manage a large system development project and to accurately determine a project completion date.

- b. The federal government's mandated deadline for completing ASSIST within 36 months created an environment that magnified the complexity of the project beyond what may have been achievable. Because of the deadline, FIA and Unisys had to complete many tasks concurrently when they should have been done sequentially. For example, as noted in item a. of this finding, Unisys did not submit an acceptable PMP. FIA did not terminate its contract with Unisys for failure to provide an acceptable PMP; instead, FIA continued working with Unisys on a PMP long after one was needed to manage the project.

DMB procedure 1310.08 states that project planning should ensure that there are no false expectations of risks and constraints and that reliable estimates are developed.

- c. The scope of the ASSIST project was excessively large and frequently changed. ASSIST originally had 3,871 system requirements, which FIA attempted to develop simultaneously. These requirements changed throughout the life of the project because of FIA initiatives, welfare reform, and other legislation. Developing and implementing ASSIST in small phases would have allowed users to gradually become familiar with the system and the changes it brought to their business process, enabled FIA to begin obtaining a payback of the system cost, and enabled developers to refine the system as the requirements changed.

Improved project planning and control over ASSIST, as defined in DMB procedure 1310.08, may have allowed the project team to better identify and respond to the changing needs of FIA.

In 1996, FIA divided the development of ASSIST into phases to make the project more manageable and to improve implementation efforts. At this time, FIA paid \$8 million to Unisys to settle disputes over the scope of the current contract compared with the original contract.

- d. FIA did not ensure that the Bureau of Information Systems (BuIS), which is now Information Technology Management Services (ITMS), communicated with ASSIST staff on the design of ASSIST. BuIS designed, developed, and operated CIS. ASSIST task order 1 was developed to interface with CIS; however, BuIS staff and ASSIST staff often did not communicate to ensure the effectiveness of the interface. Effective project leadership, as required by DMB procedure 1310.08, would have helped ensure communication between BuIS and ASSIST staff.

In 1997, FIA hired a new chief information officer who took steps to ensure communication between BuIS and ASSIST staff.

- e. The Unisys project manager changed several times over the life of the contract. Any change in project leadership is likely to cause delays in the progress of development. In addition, many knowledgeable contractual staff left the project before its completion. DMB procedure 1310.08 states that project leadership is essential to the success of the project.

FIA informed us that many of the Unisys project manager changes were at FIA's request because it was dissatisfied with the work of the project manager.

- f. FIA did not ensure that Unisys completely followed a phased development methodology (Finding 4). This contributed to delayed system development and frequent changes to the design of ASSIST.

As a result of only the first two phases of ASSIST being available to FIA staff:

- (a) Three computer systems (ASSIST, CIS, and LOA) are needed to register a case, open a case, and determine eligibility. These three systems would have been integrated into one system if FIA had completely developed and implemented ASSIST.
- (b) FIA is rewriting LOA to make it compliant with year 2000 date requirements. The rewrite of LOA would not be necessary if FIA had completely developed ASSIST.

- (c) FIA must maintain two data bases containing client data until ASSIST is further developed. Besides being an inefficient use of resources, FIA had to expend time and money to develop and implement controls to ensure the integrity and synchronization of both data bases.

FIA plans to continue development of an automated eligibility system. Before continuing its development efforts, FIA should improve its project management controls to help ensure successful, timely, and cost-effective system development.

RECOMMENDATION

We recommend that FIA improve its project management controls to ensure that future system development is timely and cost-effective.

AGENCY PRELIMINARY RESPONSE

FIA agreed and will comply with this recommendation.

FINDING

2. Information Technology Strategic Plan

FIA did not completely develop a multi-year information technology strategic plan.

An information technology strategic plan provides the framework necessary to help ensure that FIA's automation efforts are directed toward defined and meaningful objectives.

FIA had not developed an information technology strategic plan or long-range plan since 1984. As a result, several large information system development projects undertaken by FIA in recent years have not been developed as effectively or efficiently as they would have been had FIA had an information technology strategic plan. This resulted in FIA neither having a standard programming language nor a central point of accountability for all information systems.

In 1997, FIA hired a new chief information officer who is now responsible for all information system projects and who has implemented a baseline information

technology strategic plan. FIA should continue its strategic planning efforts to include multi-year strategic planning.

RECOMMENDATION

We recommend that FIA complete development of a multi-year information technology strategic plan.

AGENCY PRELIMINARY RESPONSE

FIA agreed and will comply with this recommendation. A multi-year plan is in development; however, year 2000 compliance is a priority.

ASSIST DEVELOPMENT, DOCUMENTATION, AND SECURITY

COMMENT

Audit Objective: To assess the effectiveness of controls over ASSIST development, documentation, and security.

Conclusion: FIA did not have effective controls over ASSIST development, documentation, and security. We noted reportable conditions related to ASSIST access controls, development methodology and documentation, screen design standards, and system design.

FINDING

3. ASSIST Access Controls

FIA had not established control procedures to prevent unauthorized access and use of ASSIST. We noted:

- a. FIA did not ensure the separation of duties of ASSIST case registration and CIS case opening and maintenance.

ASSIST security enables FIA to restrict system access according to a worker's job responsibilities; however, FIA did not completely implement system security. As a result, workers have the ability to register a case on ASSIST as

well as open and maintain a case on CIS. FIA issued Memorandum L-97-073 in March 1997 requiring that local offices maintain a separation between the duties of case registration and case opening. Preventing a worker from doing ASSIST case registration and CIS case opening and maintenance would help ensure ASSIST and CIS integrity and reduce the risk of unauthorized payments.

- b. FIA had not established controls over the assignment and capabilities of demand users.

Demand users have the ability to access and change the ASSIST mainframe operating system. Demand users also have access to the ASSIST security system. Improper control over demand users could result in unauthorized changes to job types and ASSIST case records. At the time of our audit, FIA had 114 active demand users. FIA was unaware of who all the users were and the extent of their capabilities.

FIA had not established a policy for security of demand users. Limiting the assignment and capabilities of demand users would help reduce the risk of unauthorized changes to ASSIST.

RECOMMENDATION

We recommend that FIA establish control procedures to prevent unauthorized access and use of ASSIST.

AGENCY PRELIMINARY RESPONSE

FIA agreed and informed us that it has complied with this recommendation. ASSIST access is controlled by central office and local office security coordinators. The areas of the application are allowed access by assigning job types. These can only be assigned by the coordinators. The job types must be flexible and left up to local office discretion because each office has its own specific personnel restraints. Production files are password locked and not available to development staff. Selected personnel perform data base modifications that are verified by the modification program.

FINDING

4. ASSIST Development Methodology and Documentation

FIA did not completely follow a phased system development methodology and maintain current system documentation of ASSIST.

A phased system development methodology, with user review and approval at each phase, is critical to the development and implementation of a successful information system. Current documentation of each development phase helps promote operating efficiencies, minimizes the impact of employee turnover, and reduces the amount of resources needed to maintain programs. Our review disclosed:

- a. FIA did not maintain current system documentation of system external specifications (SES) or system internal specifications (SIS) for ASSIST task order 1. The SES phase consists of defining system design information, such as the system overview, system processes, input requirements, file update requirements, and output descriptions. The SIS phase consists of defining system architecture, file structures, output design, and processing logic. FIA created an SES and an SIS for the originally contracted version of ASSIST. However, FIA did not amend the SES and the SIS to reflect the revised scope of task order 1.
- b. FIA did not obtain written user approval at each phase of development in accordance with generally accepted system development practices. User sign-off at each phase of development would help ensure that users support ASSIST and that ASSIST was designed as intended. FIA had significant user participation in the design stages of ASSIST. However, FIA did not obtain user approval at each subsequent phase of development, including the SES, SIS, and testing phases.
- c. FIA did not ensure the adequacy of system testing. FIA and Unisys performed various levels of testing prior to the implementation of ASSIST including program, unit, system, and stress testing. However, FIA did not ensure that Unisys fully corrected system problems identified in testing before moving to the next level of testing. As a result, many errors were detected after system implementation.

FIA informed us that it did not implement ASSIST until it felt ASSIST was adequately tested.

RECOMMENDATION

We recommend that FIA completely follow a phased system development methodology and maintain current system documentation when developing ASSIST.

AGENCY PRELIMINARY RESPONSE

FIA agreed and will comply with this recommendation. FIA informed us that these are areas of recent improvement.

FINDING

5. ASSIST Screen Design Standards

FIA did not completely develop or enforce standards for the design of ASSIST screens.

Screen design standards are needed to help ensure that developers design screens consistently throughout the system. Design standards also help ensure that the system is easy to use. We noted:

- a. FIA did not ensure that it designed consistent data correction methods on ASSIST screens. For example, with some fields, ASSIST requires the user to delete the current data before making an error correction. With other fields, ASSIST allows the user to type over the current data. This design inconsistency occurs between screens and within a screen.
- b. FIA did not ensure that it designed ASSIST for consistent data input. For example, on the member detail screen, ASSIST requires the user to answer "yes" or "no" to all questions requiring a yes or no answer. However, on the residential address screen, ASSIST allows the user to leave a field blank and assumes the user intended to answer "no." These inconsistencies could be inefficient for the user and could result in inaccurate data input.

- c. FIA did not ensure that it designed ASSIST with consistent cursor and screen movement. After a user inputs data in some fields, ASSIST automatically moves the cursor to the next field. However, on other fields, ASSIST requires the user to move the cursor to the next field. Also, on some screens, ASSIST may require that the user use the mouse to move to a previous screen; on other screens, ASSIST may require that the user use the shift - tab keys to do the same function.

RECOMMENDATION

We recommend that FIA completely develop and enforce standards for the design of ASSIST screens.

AGENCY PRELIMINARY RESPONSE

FIA agreed and will comply with this recommendation. FIA informed us that this area is currently being addressed.

FINDING

6. ASSIST System Design

ASSIST does not efficiently meet users' needs.

Our discussion with local office staff and our review of ASSIST processes disclosed the following examples of weaknesses in ASSIST:

- a. ASSIST does not allow workers to efficiently correct data entry errors on the Work First screens. When a worker completes a screen and tries to move to the next screen, ASSIST identifies one error. When the worker corrects it and tries to move to the next screen, ASSIST identifies another error. This continues until all errors are corrected. This error correction process is inefficient and tedious for the workers. FIA should modify the Work First screens to allow correction of all errors at one time.
- b. The ASSIST consolidated errors screen does not allow workers to efficiently read data input errors from the Work First screens. Many error messages are of greater length than the standard screen width. Because the consolidated

errors screen does not wrap the text of an error message onto the next line, a worker cannot view an entire error message on one screen. Workers must spend more time scrolling back and forth to read an error message than if the message fit on one screen.

- c. The ASSIST alerts function does not operate efficiently. The alerts function was designed to notify workers of cases requiring action. However, the alerts screen does not identify the case number of the case requiring action. As a result, workers must perform additional work to determine what case the alert is for. In addition, the alerts screen requires local office workers to key in their worker number. With an efficient design, the system would determine worker numbers itself.

RECOMMENDATION

We recommend that FIA modify ASSIST to efficiently meet users' needs.

AGENCY PRELIMINARY RESPONSE

FIA agreed and will comply with this recommendation. FIA informed us that this area is currently being addressed.

INTERNAL CONTROL STRUCTURE OVER AUTOMATED INFORMATION SYSTEMS

COMMENT

Background: The internal control structure over FIA's automated information systems consists of application controls that are primarily concerned with the processing of information. Collectively, they form a network of controls in an information processing system that helps produce reliable and secure information. Application controls are grouped according to the various stages of an information processing system: data input, data processing, and data output.

Audit Objective: To assess the effectiveness of FIA's internal control structure over its automated information systems.

Conclusion: FIA's internal control structure over its automated information systems was not completely effective. Our assessment disclosed one material condition. FIA had not periodically matched CIS recipient records with Department of Community Health (DCH) records to prevent the issuance of benefits to deceased recipients. In addition, we identified reportable conditions related to CIS and Day Care data base access controls, CIS edits, LOA's FIP and Food Stamp Program eligibility determination, the CIS/LOA link, day care input controls, payment history file accuracy and completeness, and the disaster recovery plan.

Noteworthy Accomplishments: FIA has taken steps to improve controls over its automated information systems. These steps include the appointment of a chief information officer, the centralization of all major system development projects under the direction of the chief information officer, and preliminary implementation of an information technology strategic plan.

FINDING

7. Deceased Recipients

FIA had not periodically matched CIS recipient records with Department of Community Health (DCH) death records to prevent the issuance of benefits to deceased recipients.

CIS did not edit the recipient program status code to prevent a recipient from being coded as deceased in one program, such as the Medicaid Program, and active in another program, such as the Food Stamp Program. We identified 529 recipients coded as deceased in one program and active in another program. We verified with DCH that death certificates had been issued for 201 of these 529 recipients. The other 328 recipients were not deceased but were coded as deceased on CIS. These 328 recipients properly received benefits in the program in which they were active. We also identified 116 additional deceased recipients who had not been identified as deceased in any program.

We assessed payment history records for the 201 deceased recipients and noted:

- a. Between March 1997 and March 1998, FIA issued food stamps totaling approximately \$8,900 for 14 of the deceased recipients. CIS indicated that

the food stamps were cashed by either the recipient or someone authorized by the recipient.

- b. Between July 1996 and March 1998, FIA issued warrants totaling approximately \$8,900 to providers of services for 9 of the deceased recipients. These warrants had been cashed. We also identified other warrants that had been issued but not yet cashed.

There may have been other instances of warrants issued for deceased recipients that our testing did not identify.

RECOMMENDATIONS

We recommend that FIA periodically match CIS recipient records with DCH death records to prevent the issuance of benefits to deceased recipients.

We also recommend that FIA modify the program status codes of the recipients we identified as deceased.

AGENCY PRELIMINARY RESPONSE

FIA agreed and will comply with the first recommendation. FIA should match CIS recipient records with death records of DCH or a federal agency, such as the Social Security Administration. However, in the past, DCH had stated that it could not provide FIA with this information because DCH was not certified. FIA will submit a service request to implement this match and will again initiate discussions with DCH.

FIA agreed and informed us that it has complied with the second recommendation. A CIS edit prevents the addition of benefits if another program indicates that the client is deceased. FIA has implemented a new monthly report, CIS recipient status discrepancy (MB-060), which notifies the workers each month when a client is identified as deceased in one program and active in another. The report directs the worker to follow FIA procedures for closing the case, inactivating the client in a multiple member case, and recovering benefits if the member is deceased. If the client is not deceased, the appropriate person to contact for correcting the status is identified on the report.

FINDING

8. CIS and Day Care Data Base Access Controls

FIA had not established control procedures to prevent unauthorized access and use of the CIS and Day Care data bases. Our review disclosed:

- a. FIA did not delete usercodes of employees who had terminated employment. We identified 121 active usercodes with CIS update capability that belonged to former FIA employees. We sampled 12 of these usercodes and found that 4 had been used since the former employees' departure dates. Allowing usercodes of former employees to remain active increases the risk of unauthorized changes to the CIS data base and unauthorized payments made from FIA's automated payment systems.
- b. FIA had not established controls over the transaction that directly updates the Day Care data base (TLKCDC). The TLKCDC transaction allows ITMS staff to make direct changes to the Day Care data base. This capability should be restricted and monitored to help ensure the propriety of data base changes and payments. In addition, FIA did not prepare an automated log of TLKCDC transactions to facilitate monitoring of data base changes. FIA's security officer should monitor the use of the TLKCDC transaction in the same way that FIA monitors direct changes to the CIS data base.
- c. FIA did not ensure that each ITMS staff used a unique password for the TLKCDC transaction. In addition, FIA did not require periodic password changes of the TLKCDC password. All ITMS users of the TLKCDC transaction shared one password. ITMS changed the TLKCDC password only once since the transaction was created several years ago. Requiring the use of unique passwords and requiring periodic password changes would help provide accountability for transactions and reduce the risk of unauthorized changes.

RECOMMENDATION

We recommend that FIA establish control procedures to prevent unauthorized access and use of the CIS and Day Care data bases.

AGENCY PRELIMINARY RESPONSE

FIA agrees and will comply with this recommendation. FIA informed us that this area is currently being addressed.

FINDING

9. CIS Edits

FIA had not established control procedures to help ensure that only accurate data was input on CIS and that only eligible recipients received benefits. Our review disclosed:

- a. CIS did not have edits to ensure that it contained only valid recipient social security numbers. We identified approximately 179 active recipients with invalid social security numbers recorded on CIS. We also identified approximately 82,000 recipients with social security numbers consisting of all zeros.

Title 42, Chapter 7, Subchapter XI, part A, Section 1320b-7 of the *United States Code* states:

The State shall require, as a condition of eligibility for benefits under any program listed in subsection (b) of this section, that each applicant for or recipient of benefits under that program furnish to the State his social security account number . . .

FIA should establish edits of social security numbers to help ensure that only eligible recipients receive benefits.

- b. CIS did not completely edit case and recipient biographical information. Edits help detect and identify input records with inaccurate or missing data. They also help ensure complete data processing.

We reviewed the data on CIS and found invalid data in the following fields: case type, recoupment indicator, open code, employment code, service eligibility code, person code, case type, group size, and issuance type.

Editing these fields for accuracy and reasonableness would help ensure the integrity of the CIS data base and the propriety of payments. Also, FIA reports case and recipient information to federal agencies for statistical purposes. Accurate information is necessary to ensure the propriety of external reporting.

RECOMMENDATION

We recommend that FIA establish control procedures to help ensure that only accurate data is input on CIS and that only eligible recipients receive benefits.

AGENCY PRELIMINARY RESPONSE

FIA agreed and will comply with this recommendation. FIA will continue to develop and test edits when new data elements or values are added to the system. FIA has researched the areas identified in the audit report and is following up to correct the coding for active cases with obsolete values. In most cases, the invalid codes were for inactive cases, programs, or clients who would not be included in any reporting. No action will be taken for inactive cases or programs.

FINDING

10. LOA's FIP and Food Stamp Program Eligibility Determination

FIA did not ensure the effectiveness and efficiency of LOA's FIP and Food Stamp Program eligibility determination.

FIA local office workers input case and recipient information into LOA to determine eligibility and grant amounts for FIP and the Food Stamp Program. LOA consists of a series of input screens for each program. We noted the following weaknesses related to FIP and Food Stamp Program eligibility determination:

- a. LOA did not transfer all earned and unearned income sources input on the FIP determination screens to the Food Stamp Program determination screens. This occurred with cases where recipients in the food stamp group were different from recipients in the FIP group. LOA did not have the capability to match income sources with recipients and carry this information to the Food Stamp Program screens. As a result, workers must key earned

and unearned income sources twice. This duplication of keying increases the risk of data entry errors and omissions.

- b. LOA did not prompt workers for the input of energy/positive billing income^{*}. In addition, LOA did not retain or prompt workers to input some unearned income amounts, such as child support rebates and energy/positive billing income, from a previous month when workers made a change to both the FIP and Food Stamp Program budgets. This may result in inaccurate food stamp benefit determinations. During its review of case files, FIA's Office of Quality Assurance identified case errors relating to the omission of positive billing unearned income. FIA should modify LOA to ensure the inclusion of unearned income in benefit calculations.

FIA implemented LOA in 1984. LOA was intended to be a temporary system until the implementation of ASSIST. FIA is currently developing a new version of LOA that will correct these weaknesses.

RECOMMENDATION

We recommend that FIA improve the effectiveness and efficiency of LOA's FIP and Food Stamp Program eligibility determination.

AGENCY PRELIMINARY RESPONSE

FIA agreed and will comply with this recommendation. LOA is currently being rewritten using new technology for year 2000 compliance as LOA2. The weaknesses identified will be corrected in Phase 2 of LOA2. The weaknesses cannot be corrected in the initial rewrite of the system because of time and resource constraints to complete and implement the system before January 1, 2000.

As it relates to item b. of the finding, energy/positive billing income is no longer included in the budget determination, and child support rebates are only included in the food stamp determination where there is a prompt.

^{*} See glossary at end of report for definition.

FINDING

11. CIS/LOA Link

FIA had not established controls to ensure the effectiveness and efficiency of the CIS/LOA link process.

FIA local office workers input case and recipient information into LOA to determine eligibility for FIP and the Food Stamp and Day Care Programs. Workers then electronically transfer the eligibility information from LOA to CIS through an automated link process. Our review of CIS/LOA and the link process disclosed:

- a. The CIS/LOA link process did not completely transfer day care data to CIS. Some data elements, such as case number and department pay percentage, are transferred to CIS. However, most data elements, including provider name, number, and rate; authorization period; authorized units; and eligibility reason code, are not electronically transferred to CIS. Workers must manually rekey this data into CIS. The duplication of data input is inefficient and could result in inaccurate data input and inaccurate day care payments. Because of changes in welfare reform legislation, the number of local office workers using the LOA day care eligibility process had significantly increased. FIA should modify the CIS/LOA link process for day care to be more effective and efficient.

FIA informed us that it is testing a process to print day care notices directly from CIS rather than LOA. This process will eliminate the need for duplicate data input onto both LOA and CIS.

- b. The CIS/LOA link process did not completely transfer food stamp data to CIS. We identified cases that had changes in income resulting in LOA calculating a grant amount of zero and a case closure. The CIS/LOA link process changed the income fields on CIS; however, it did not change the grant amount fields to zero. Although we noted no instances of improper food stamp issuances for these closed cases, FIA should update the CIS grant amount fields to correspond with the change in income. This would help ensure that CIS users view accurate and current data and would also help ensure the accuracy of reports generated using CIS data.

RECOMMENDATION

We recommend that FIA establish controls to ensure the effectiveness and efficiency of the CIS/LOA link process.

AGENCY PRELIMINARY RESPONSE

FIA agreed and informed us that it has complied with this recommendation as it relates to the input of day care data twice. The data elements identified for transfer to CIS are no longer entered on LOA. Day care notices are now printed directly from CIS, eliminating the need for duplicate entry of this data on CIS and LOA.

FIA disagreed that the food stamp benefit amount should generate the grant amount when the case is linked to CIS from LOA. There is no need to transfer the food stamp benefit amount to CIS from LOA. The food stamp benefit is automatically calculated on CIS based on the income linked from LOA. The calculated amount is displayed on the accepted transaction screen, and any subsequent inquiries, if the change is not a pended action. The calculated amount is displayed on a pended action inquiry if the change is a pended item.

FINDING

12. Day Care Input Controls

FIA had not established controls over the input of day care invoices. In addition, FIA did not evaluate the feasibility of implementing a more efficient data entry method.

FIA's Payment Document Control unit (PDC) receives day care invoices (FIA-105) biweekly from day care providers. PDC batches the invoices and sends them to the ITMS Total Data Entry unit (TDE) for data input. Our review of the batching and input of the invoices disclosed the following weaknesses:

- a. PDC and TDE did not use effective batch controls to ensure complete input of all day care invoices. PDC prepared batches of invoices using the number of invoices within the batch as a control total. However, TDE separated the batches into smaller and more manageable batches, therefore, losing the

batch control. In addition, the key processing system computed a control total using the number of transactions rather than the number of invoices. As a result, PDC could not reconcile its batch control total with the TDE or key processing system control total. Therefore, FIA had limited assurance that all invoices were completely input.

- b. FIA did not use efficient data entry methods to ensure the timely payment of day care providers.

TDE processes between 9,000 and 10,000 invoices each pay period. TDE normally receives batches of billing invoices late in the billing cycle that must be processed with the current payroll. TDE keys and verifies invoices to help ensure the accuracy of keying. This is an inefficient method of data entry. Other forms of data entry, such as scanning, would provide more efficient data entry and help ensure the timely processing of invoices.

Because of recent welfare reform legislation, the amount of day care payments made to providers via day care invoices increased from approximately \$98 million in fiscal year 1996-97 to approximately \$286 million in fiscal year 1997-98.

RECOMMENDATIONS

We recommend that FIA establish controls over the input of day care invoices.

We also recommend that FIA evaluate and implement a more efficient data entry method.

AGENCY PRELIMINARY RESPONSE

FIA agreed and will comply with the first recommendation. The Bureau of Accounting and ITMS have met and prepared an action plan to address the reconciliation of batch totals from the Bureau of Accounting with those from TDE. A service request is being written to change the TDE process so that batch totals are produced as part of the keying process.

FIA agreed and will comply with the second recommendation. A service request has been submitted to develop an automated billing process for larger day care provider agencies.

FINDING

13. Payment History File Accuracy and Completeness

FIA had not established controls to ensure the accuracy and completeness of the payment history files. We noted:

- a. FIA's payment history files did not balance with the State's accounting system.

We attempted to gain assurance that the PA and day care payment history files were complete and accurate by reconciling them with the Michigan Administrative Information Network (MAIN). For fiscal year 1996-97, the PA payment history file contained approximately \$296,000 more than MAIN. For fiscal year 1996-97, the day care payment history file contained approximately \$1.7 million more than MAIN. In addition, the day care payment history file contained approximately \$8 million more than the day care payment detail file.

Although FIA reconciled the daily posting of payments to MAIN, FIA did not perform reconciliations to ensure the completeness and accuracy of payments posted to the payment history files. FIA could not explain the reasons for the differences. Implementing a reconciliation process over the payment history files would provide management with assurance that reports produced from the payment history files are complete and accurate.

We reported this condition in our prior audit and FIA indicated that it would develop the necessary preventive controls to ensure accuracy of the history files.

- b. The CIS payment history data base did not include early payments made to clients for FIP and the Day Care Program. These payments were not included because they were processed by systems that did not update CIS. For fiscal year 1996-97, FIA local offices processed approximately \$5.8 million in early payments through the local office accounting system. The absence of a complete payment history data base could result in duplicate payments.

We reported this condition in our prior audit and FIA indicated that it would comply when it developed a new system. FIA informed us that it has begun discussions for the design of a new system.

RECOMMENDATION

WE AGAIN RECOMMEND THAT FIA ESTABLISH CONTROLS TO ENSURE THE ACCURACY AND COMPLETENESS OF THE PAYMENT HISTORY FILES.

AGENCY PRELIMINARY RESPONSE

FIA agreed and will comply with this recommendation; however, a reconciliation cannot be performed with current resources.

FINDING

14. Disaster Recovery Plan

FIA had not developed a comprehensive disaster recovery plan.

FIA should develop a disaster recovery plan to provide for continued operations in the event of a disaster. The disaster recovery plan should contain an updated and detailed description of all strategies, standards, procedures, schedules, and resources required to complete the disaster recovery process.

FIA is responsible for working with the DMB Office of Computing and Telecommunications (DMB-OCAT) to develop a disaster recovery plan. While DMB-OCAT has responsibility for some disaster recovery functions, FIA also has responsibilities. FIA had not:

- a. Completed a risk analysis to assess the risk of a prolonged service outage.
- b. Conducted tests to ensure that critical FIA applications and data are recoverable in the event of a disaster.
- c. Provided a recovery site for processing critical FIA applications.
- d. Included disaster recovery planning responsibilities in its service level agreement with DMB-OCAT.

Completion of a disaster recovery plan may help FIA ensure timely resumption of operations and recovery of data in the event of a disaster.

RECOMMENDATION

We recommend that FIA work with DMB to develop a comprehensive disaster recovery plan.

AGENCY PRELIMINARY RESPONSE

FIA agreed and will comply with this recommendation. Disaster recovery planning is being accomplished as part of our mission critical business contingency planning for the year 2000.

Independent Auditor's Report
on Supplemental Information

December 4, 1998

Mr. Douglas E. Howard, Director
Family Independence Agency
Grand Tower
Lansing, Michigan

Dear Mr. Howard:

Summaries of expenditures by category for the Automated Social Services Information and Support System (ASSIST) and the Services Worker Support System (SWSS) are included in this report as supplemental information. However, our audit was not directed toward expressing an opinion on this information and, accordingly, we express no opinion on it.

AUDITOR GENERAL

SUPPLEMENTAL INFORMATION

AUTOMATED SOCIAL SERVICES INFORMATION AND SUPPORT SYSTEM (ASSIST)

Family Independence Agency

Summary of Expenditures by Category

For Fiscal Years 1985-86 through 1997-98

<u>Category</u>	<u>Fiscal Year 1997 - 98</u>	<u>Fiscal Year 1996 - 97</u>	<u>Fiscal Year 1995 - 96</u>	<u>Fiscal Year 1994 - 95</u>
Software Development:				
Development contractual services (Unisys)	\$ 6,616,960	\$ 8,214,558	\$ 19,664,901	\$ 1,402,177
Travel	226,376	65,915	170,540	238,731
Supplies and materials	<u>357,567</u>	<u>159,483</u>	<u>369,572</u>	<u>129,105</u>
Software Development Subtotal	<u>\$ 7,200,903</u>	<u>\$ 8,439,956</u>	<u>\$ 20,205,013</u>	<u>\$ 1,770,013</u>
Planning and Administration:				
Classified employees	\$ 2,014,501	\$ 2,068,664	\$ 2,030,999	\$ 2,055,371
Quality assurance contractual services (Maximus)	1,809,581	1,318,518	1,705,797	1,436,743
Other contractual services	<u>535,385</u>	<u>698,925</u>	<u>292,541</u>	<u>52,693</u>
Planning and Administration Subtotal	<u>\$ 4,359,467</u>	<u>\$ 4,086,108</u>	<u>\$ 4,029,337</u>	<u>\$ 3,544,806</u>
Hardware:				
Equipment	\$ 17,557,913	\$ 13,721,093	\$ 2,362,296	\$ 1,558,980
Facility upgrades	<u>486,852</u>	<u>1,335,290</u>	<u>2,118,463</u>	<u>827,101</u>
Hardware Subtotal	<u>\$ 18,044,764</u>	<u>\$ 15,056,383</u>	<u>\$ 4,480,759</u>	<u>\$ 2,386,081</u>
Totals	<u>\$ 29,605,135</u>	<u>\$ 27,582,447</u>	<u>\$ 28,715,109</u>	<u>\$ 7,700,901</u>

UNAUDITED

Fiscal Year 1993 - 94	Fiscal Year 1992 - 93	Fiscal Years 1985-86 through 1991 - 92	Totals
\$	\$ 7,057,578	\$ 449,500	\$ 43,405,674
322,274	84,849		1,108,686
<u>179,658</u>	<u>259,138</u>		<u>1,454,523</u>
<u>\$ 501,932</u>	<u>\$ 7,401,565</u>	<u>\$ 449,500</u>	<u>\$ 45,968,882</u>
\$ 1,591,012	\$ 1,446,042	\$ 5,493,586	\$ 16,700,175
635,847	277,224	594,534	7,778,244
<u>6,018</u>	<u>301,969</u>		<u>1,887,531</u>
<u>\$ 2,232,877</u>	<u>\$ 2,025,235</u>	<u>\$ 6,088,120</u>	<u>\$ 26,365,950</u>
\$ 266,588	\$	\$ 71,948	\$ 35,538,819
<u>861,401</u>	<u>66,283</u>		<u>5,695,389</u>
<u>\$ 1,127,989</u>	<u>\$ 66,283</u>	<u>\$ 71,948</u>	<u>\$ 41,234,208</u>
<u>\$ 3,862,798</u>	<u>\$ 9,493,083</u>	<u>\$ 6,609,568</u>	<u>\$113,569,041</u>

SERVICES WORKER SUPPORT SYSTEM (SWSS)
 Family Independence Agency
 Summary of Expenditures by Category
For Fiscal Years 1994-95 through 1997-98

<u>Category</u>	<u>Fiscal Year</u> <u>1997 - 98</u>	<u>Fiscal Year</u> <u>1996 - 97</u>	<u>Fiscal Year</u> <u>1995 - 96</u>	<u>Fiscal Year</u> <u>1994 - 95</u>	<u>Totals</u>
Software Development:					
Contractual services	\$ 1,116,592	\$ 530,259	\$ 1,611,522	\$ 569,096	\$ 3,827,469
Classified employees	72,759	61,689	570,430	223,802	928,680
Unclassified employees			164,004		164,004
Training		974	818,890	47,121	866,985
Employee travel and expense	25,149	77,984	11,740	19,557	134,431
Supplies and materials	<u>1,196</u>	<u>23,988</u>	<u>2,010,126</u>	<u>11,044</u>	<u>2,046,354</u>
Software Development Subtotal	\$ 1,215,695	\$ 694,894	\$ 5,186,713	\$ 870,620	\$ 7,967,922
Hardware:					
Equipment	<u>1,090,836</u>	<u>1,669,412</u>	<u>19,826,849</u>	<u>266,489</u>	<u>22,853,586</u>
Totals	<u>\$ 2,306,532</u>	<u>\$ 2,364,305</u>	<u>\$ 25,013,562</u>	<u>\$ 1,137,109</u>	<u>\$ 30,821,508</u>

Glossary of Acronyms and Terms

alerts	Automatic notification of workers by ASSIST of cases in need of action. It is a functional requirement of ASSIST.
ASSIST	Automated Social Services Information and Support System.
BuIS	Bureau of Information Systems.
CIS	Client Information System.
CIS/LOA link	An automated process that transfers data from the LOA system to CIS.
DMB	Department of Management and Budget.
DMB-OCAT	Office of Computing and Telecommunications, Department of Management and Budget.
effectiveness	Program success in achieving mission and goals.
efficiency	Achieving the most outputs and outcomes practical for the amount of resources applied or minimizing the amount of resources required to attain a certain level of outputs or outcomes.
energy/positive billing income	Unearned income included in a recipient's FIP and Food Stamp Program budgets when the recipient uses one of the four large energy providers involved in the energy/positive billing program.
FIA	Family Independence Agency.

financial related audit	An audit that includes determining whether (1) financial information is presented in accordance with established or stated criteria, (2) the entity has adhered to specific financial compliance requirements, or (3) the entity's internal control structure over financial reporting and/or safeguarding assets is suitably designed and implemented to achieve the control objectives.
FIP	Family Independence Program.
internal control structure	The management control environment, management information system, accounting system, and control policies and procedures established by management to provide reasonable assurance that goals are met; that resources are safeguarded; that resources are used in compliance with laws and regulations; that valid and reliable performance related information is obtained and reported; and that financial transactions are properly accounted for and reported.
ITMS	Information Technology Management Services.
LOA	Local Office Automation System.
MAIN	Michigan Administrative Information Network.
material condition	A serious reportable condition which could impair the ability of management to operate a program in an effective and efficient manner and/or could adversely affect the opinion of an interested person concerning the effectiveness and efficiency of the program.
mission	The agency's main purpose or the reason the agency was established.

PA Payment System	Public Assistance Payment System.
PDC	Payment Document Control unit.
performance audit	An economy and efficiency audit or a program audit that is designed to provide an independent assessment of the performance of a governmental entity, program, activity, or function to improve public accountability and to facilitate decision making by parties responsible for overseeing or initiating corrective action.
PMP	project master plan.
reportable condition	A matter coming to the auditor's attention that, in his/her judgment, should be communicated because it represents either an opportunity for improvement or a significant deficiency in the design or operation of the internal control structure or in management's ability to operate a program in an effective and efficient manner.
SES	system external specifications.
SIS	system internal specifications.
SWSS	Services Worker Support System.
TDE	Total Data Entry unit.
TLKCDC	A transaction that directly updates the Day Care data base.
Work First	A program designed to enhance the employability of public assistance recipients and enable them to become more competitive in the labor market through programs such as job search assistance, job counseling, and skills training.