Michigan

Office of the Auditor General

REPORT SUMMARY

Performance Audit

Human Resources Management Network (HRMN)

Department of Civil Service (DCS)

Report Number:
19-595-02

Released:
August 2004

HRMN is the State's automated human resource, benefit, and payroll system. HRMN consolidated and replaced the State's primary personnel and payroll systems. HRMN provides for all human resource processes from recruitment to the termination of employees. In addition, HRMN calculates and processes the State's payroll.

Audit Objective:
To assess the effectiveness of general controls over management, development, and program changes.

Audit Conclusion:
DCS's general controls over management, development, and program changes were reasonably effective.

Noteworthy Accomplishments:
The implementation of HRMN resulted in the consolidation of the State's major personnel and payroll systems into an integrated information system. This provided State agencies with a single system for managing employee personnel transactions. HRMN eliminated the need to maintain redundant data in multiple systems and automated many manual functions. Since the implementation of HRMN on March 28, 2001, all of the State employee payrolls and payments to third-party vendors and clients have been processed on time.

Reportable Conditions:
DCS had not established a comprehensive information systems security program (Finding 1).

DCS and the Department of Information Technology (DIT) need to improve controls over program changes (Finding 2).

DCS, the Office of Financial Management (OFM), and DIT had not established controls to ensure efficient batch processing (Finding 3).

DCS had not identified incompatible user roles within HRMN and had not worked with OFM to identify incompatible user roles between HRMN and other Statewide financial systems. In addition, DCS had not provided State agencies with reports to easily identify and monitor users with incompatible user roles. (Finding 4)

DCS should improve end-user documentation and training (Finding 5).

DCS's system development methodology did not ensure that information security and control requirements were sufficiently considered during the HRMN software evaluation and selection process (Finding 6).

DCS and DIT had not established an information technology (IT) strategic plan that included HRMN's IT requirements (Finding 7).

DCS had not completed a formal postimplementation review of HRMN (Finding 8).

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Audit Objective:
To assess the effectiveness of project management controls over HRMN.

Audit Conclusion:
DCS's project management controls over HRMN were generally effective.

Reportable Conditions:
DCS did not include the salaries and wages of State employees assigned to the HRMN project in the cost to develop HRMN (Finding 9).

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Audit Objective:
To assess the effectiveness of HRMN's controls regarding the accuracy, completeness, and timeliness of payroll processing and the balancing and reconciliation of payroll transactions.

Audit Conclusion:
HRMN's controls regarding the accuracy, completeness, and timeliness of payroll processing and the balancing and reconciliation of payroll transactions were reasonably effective.

Reportable Conditions:
DCS had not established sufficient controls over the granting and monitoring of HRMN user access and system privileges (Finding 10).

The OFM Payroll and Tax Reporting Division did not document formal procedures for all State payroll functions (Finding 11).

DCS and OFM should improve controls to ensure the accuracy and completeness of all data interfaced to and from HRMN (Finding 12).

DCS and OFM had not documented procedures governing transactions processed by the HRMN service centers on behalf of State agencies (Finding 13).

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Agency Response:
Our audit report contains 13 findings and 14 corresponding recommendations. The agencies' preliminary responses indicated that DCS, DIT, and OFM agreed and have partially complied or will comply with all of the recommendations.

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A copy of the full report can be obtained by calling 517.334.8050 or by visiting our Web site at: http://audgen.michigan.gov

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