



Michigan  
*Office of the Auditor General*  
**REPORT SUMMARY**

*Performance Audit*

*General Controls of the Medicaid*

*Management Information System (MMIS)*

*Department of Information Technology (DIT)*

*and Department of Community Health (DCH)*

Report Number:  
39-596-04

Released:  
February 2005

*MMIS is the automated management and control system for the Michigan Medical Assistance Program (Medicaid). Medicaid, created under Title XIX of the Social Security Act, provides medical services for indigent persons in the general categories of families with dependent children; the aged, blind, and disabled; and other targeted groups that meet income eligibility standards. The primary functions of MMIS include claims processing, prior authorization of client services, recipient eligibility, provider enrollment, surveillance and utilization review, management and administrative reporting, and reference files.*

***Audit Objective:***

To assess the effectiveness of DIT and DCH's information system security program in assessing risk, developing security policies, assigning responsibilities, and monitoring computer related controls for the MMIS application.

***Audit Conclusion:***

DIT and DCH's information system security program was ineffective.

***Material Condition:***

DIT and DCH's information system security program did not provide adequate security for MMIS. Without adequate security, DIT and DCH cannot ensure that MMIS is sufficiently protected from loss, misuse, or unauthorized access to or modification of information. (Finding 1)

***Reportable Condition:***

DIT had not established clear assignments of responsibility and accountability for all

information technology personnel who support MMIS (Finding 2).

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***Audit Objective:***

To assess the effectiveness of DIT and DCH's controls to prevent and detect unauthorized access to operating system, system software, and MMIS application and data files.

***Audit Conclusion:***

DIT and DCH's controls to prevent and detect unauthorized access to operating system, system software, and MMIS application and data files were ineffective.

***Material Conditions:***

DIT had not established controls to effectively manage and control access to operating system accounts. As a result, DIT could not establish individual accountability for all system activities. (Finding 3)

DIT had not properly secured access to operating system, system software, and MMIS application and data files. As a result, DIT could not ensure that all access was proper and authorized. (Finding 4)

DIT had not implemented effective system security and password controls over MMIS's mainframe operating system. Improving system security and password controls will help DIT provide reasonable assurance that computer resources are protected against unauthorized modification or disclosure. (Finding 5)

**Reportable Condition:**

DIT had not established effective procedures to document and manage its MMIS catalog and file structure (Finding 6).

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**Audit Objective:**

To assess the effectiveness of DIT and DCH's controls to prevent and detect unauthorized changes to MMIS production data and application programs.

**Audit Conclusion:**

DIT and DCH's controls to prevent and detect unauthorized changes to MMIS production data and application programs were somewhat effective.

**Material Condition:**

DIT had not established complete controls over program and data changes. As a result, DIT could not ensure that only

authorized, tested, documented, and approved changes to MMIS programs and data were placed into production. (Finding 7)

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**Audit Objective:**

To assess the effectiveness of DIT and DCH's backup and disaster recovery procedures to ensure the continued service of MMIS.

**Audit Conclusion:**

DIT and DCH had established effective backup procedures. However, DIT and DCH had not established effective disaster recovery procedures to ensure the continued service of MMIS.

**Material Condition:**

DIT and DCH had not fully developed and tested a disaster recovery plan for MMIS. Without a detailed, documented, and tested disaster recovery plan, DIT and DCH cannot ensure continued operation and processing of MMIS in the event of a disaster or other service disruption. (Finding 8)

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**Agency Response:**

Our audit report contains 8 findings and 8 corresponding recommendations. DIT and DCH's preliminary responses indicate that they agreed with all of the findings and 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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