



Michigan
Office of the Auditor General
REPORT SUMMARY

Performance Audit

Advanced Purchasing and Inventory Control System (ADPICS)

*Department of Management and Budget (DMB),
Office of the State Budget (OSB), and Michigan
Department of Information Technology (MDIT)*

Report Number:
084-0522-08

Released:
July 2009

ADPICS is the State's procurement and materials management system. State agencies use ADPICS to enter vouchers into the Michigan Administrative Information Network to initiate payments. ADPICS was developed and implemented in 1994. MDIT provides information system support for ADPICS, including system development and maintenance, database and operating system security and administration, and backup and recovery. In fiscal years 2006-07 and 2007-08, ADPICS processed a total of 3.1 million transactions for purchases of \$27.4 billion.

Audit Objective:

To assess the effectiveness of DMB and MDIT's efforts to establish controls to prevent and detect transactions that exceed the purchasing authority in ADPICS.

Audit Conclusion:

DMB and MDIT's efforts to establish controls to prevent and detect transactions that exceed the purchasing authority in ADPICS were moderately effective. We noted two reportable conditions (Findings 1 and 2).

Reportable Conditions:

DMB did not track available balances for all State contracts in ADPICS (Finding 1).

DMB did not timely identify and investigate the purchase of items that were split into multiple transactions by agencies to bypass delegated purchasing authority (Finding 2).

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Audit Objective:

To assess the effectiveness of OSB and MDIT's security and access controls over ADPICS.

Audit Conclusion:

OSB and MDIT's security and access controls over ADPICS were moderately effective. We noted two reportable conditions (Findings 3 and 4).

Reportable Conditions:

OSB did not obtain an ADPICS security framework from the Department of Human Services (Finding 3).

OSB and MDIT had not fully established effective security and access controls over ADPICS (Finding 4).

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Audit Objective:

To assess the effectiveness of OSB and MDIT's controls to ensure the complete and accurate transfer of data from ADPICS

to the Relational Standard Accounting and Reporting System (R*STARS).

Audit Conclusion:

OSB and MDIT's controls to ensure the complete and accurate transfer of data from ADPICS to R*STARS were effective. Our report does not include any reportable conditions related to this audit objective.

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Agency Response:

Our audit report contains 4 findings and 4 corresponding recommendations. DMB, OSB, and MDIT's preliminary responses indicate that they generally agree with all of the recommendations and have complied or will comply with them.

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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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