

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

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.

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

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*

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.