



Performance Audit

Clarety

Office of Retirement Services (ORS)

Department of Technology, Management, and Budget (DTMB)

Report Number:
071-0521-15

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ORS uses Clarety to electronically obtain wage and contribution information, calculate and pay pension benefits, and maintain the retirement systems' member history and demographic information. These systems include Michigan's Public School Employees' Retirement System (MPSERS), State Employees' Retirement System (MSERS), State Police Retirement System (MSPRS), and Judges' Retirement System (MJRS). As of September 30, 2015, the systems had 518,066 members. DTMB Agency Services is responsible for system development and maintenance, database administration, and data security of Clarety.

Audit Objective			Conclusion
Objective #1: To assess the effectiveness of efforts to ensure the accurate, complete, and timely processing of retirement data by Clarety.			Effective
Findings Related to This Audit Objective	Material Condition	Reportable Condition	Agency Preliminary Response
ORS did not fully establish controls to detect and correct inaccurate retirement option factors, which resulted in pension benefit overpayments totaling \$137,200 to one retiree between May 2010 and July 2015 (Finding #1).		X	Agrees

Audit Objective			Conclusion
Objective #2: To assess the effectiveness of security and access controls over Clarety.			Moderately effective
Findings Related to This Audit Objective	Material Condition	Reportable Condition	Agency Preliminary Response
ORS and Agency Services did not fully implement effective security and access controls over the Clarety application and production database to help prevent or detect inappropriate access and modification of data. Access was not timely deactivated after employee departures for 23 of 330 user accounts (Finding #2).		X	Agrees
ORS should require employees to complete annual conflict of interest disclosure statements and review the activity of employees with disclosed conflicts of interest. Annual conflicts of interest statements were not completed by 5 employees with conflicts (Finding #3).		X	Agrees

Audit Objective			Conclusion
Objective #3: To assess the effectiveness of efforts to implement appropriate change controls over Clarety.			Effective
Findings Related to This Audit Objective	Material Condition	Reportable Condition	Agency Preliminary Response
Agency Services did not ensure segregation of duties and manage user access for the systems used in the change control process (<u>Finding #4</u>).		X	Agrees

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

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