



OAG

Office of the Auditor General

Report Summary

Performance Audit

SIGMA - Selected Application Controls and Service Level Requirements State Budget Office (SBO)

Report Number:
071-0595-18

Released:
March 2019

Statewide Integrated Governmental Management Applications (SIGMA) is an enterprise resource planning (ERP) solution for the State of Michigan. SIGMA was implemented in modules during fiscal years 2017 and 2018. SIGMA administration and security are the responsibility of the SIGMA team in conjunction with the Office of Financial Management and the various State agencies. SIGMA fully or partially replaced over 60 State government IT systems, including accounting (MAIN), timekeeping (DCDS), procurement (Buy4Michigan), and other agency-specific applications. As of October 19, 2018, SBO expended more than \$150 million on the development and implementation of SIGMA, with a total budget of \$175.3 million, since project inception in fiscal year 2013.

Audit Objective			Conclusion
Objective #1: To assess the effectiveness of selected access controls over SIGMA.			Moderately effective
Findings Related to This Audit Objective	Material Condition	Reportable Condition	Agency Preliminary Response
Improvements to user account management controls are needed. We noted that 207 users had SIGMA access after departing State employment and that State agencies did not monitor when transaction approvals were bypassed (Finding #1).		X	Agrees
SBO did not implement workflow controls for all document codes that should require approval. Users created Expense Adjustment Manual Disbursement transactions totaling a net credit amount of \$36.2 million that were not subject to approval within SIGMA (Finding #2).		X	Agrees

Audit Objective			Conclusion
Objective #2: To assess the effectiveness of the State's efforts to ensure the completeness and accuracy of selected data within SIGMA.			Moderately effective
Findings Related to This Audit Objective	Material Condition	Reportable Condition	Agency Preliminary Response
Five (11%) of 46 interfaces reviewed did not have a reconciliation process, and 11 (24%) of 46 did not have sufficient documentation that the reconciliation was performed (<u>Finding #3</u>).		X	Agrees
SBO should improve the completeness and accuracy of its vendor master data because we could not determine the legitimacy of 5 (12%) of 43 randomly and judgmentally sampled vendors (<u>Finding #4</u>).		X	Agrees

Audit Objective			Conclusion
Objective #3: To assess the State and vendor's compliance with the service level requirements within the SIGMA contract.			Partially complied
Findings Related to This Audit Objective	Material Condition	Reportable Condition	Agency Preliminary Response
Improvements were needed in monitoring and documenting compliance for 14 (93%) of the 15 service level requirements that the SIGMA vendor agreed to provide to the State (<u>Finding #5</u>).		X	Partially agrees
SBO did not sufficiently assess the level of coverage obtained in the Annual Security Review service level requirement. We identified potential deficiencies in the agreed-upon nature and scope of the System and Organization Controls (SOC) engagements (<u>Finding #6</u>).		X	Partially agrees

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