



Michigan
Office of the Auditor General
REPORT SUMMARY

*Performance and Financial Related Audit
 Michigan Administrative Information
 Network (MAIN)
 Department of Information Technology*

Report Number:
 07-594-02

Released:
 February 2003

*MAIN is the State's automated administrative management system that supports accounting, payroll, purchasing, and other activities. A primary component of MAIN is the Financial Administration and Control System (FACS), which includes R*STARS and ADPICS. The Office of the State Budget (OSB), Department of Management and Budget, provides funding for MAIN and is the system owner.*

Audit Objective:

To assess the effectiveness of MAIN FACS general controls over management, development, and security of information processing.

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Audit Conclusion:

MAIN FACS general controls over management, development, and security of information processing were reasonably effective.

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Noteworthy Accomplishments:

OSB facilitated, through modification of MAIN, the successful early implementation of the financial reporting model in Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*. OSB also informed us that it enhanced the functionality and extended the life of the Relational Standard Accounting and Reporting System (R*STARS) and the Advanced Purchasing and Inventory Control System (ADPICS) by

developing and implementing new functionality.

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Reportable Conditions:

OSB should improve the management and organization controls of MAIN FACS. The Office of Financial Management, Department of Management and Budget, should be clearly defined as the system owner of MAIN FACS and be given sufficient responsibility and authority over it. Also, OSB had not developed a strategic plan for future development of and enhancements to MAIN FACS. In addition, OSB had not established a MAIN steering committee. Further, OSB had not established a process to identify and monitor expenditures related to its MAIN FACS system development projects. (Finding 1)

OSB had not established a formal process for system enhancement requests. OSB should establish a formal process for documenting requests by system users and related approvals for system enhancements, implement procedures for

determining the cost-benefit of system enhancements, and establish processes for assigning priority to system enhancements and communicating priorities to the system owner and system users. (Finding 2)

OSB had not established complete access controls over data and application program files. OSB did not completely restrict the ability to move computer programs into production to only authorized individuals. Also, MAIN management did not restrict the Department of Treasury's electronic funds transfer approval capability to only authorized Department of Treasury employees. (Finding 3)

OSB had not formally established, documented, and implemented all components of a system development methodology. OSB had not conducted a formal cost-benefit analysis and feasibility study for each project. Also, OSB had not conducted formal post-implementation reviews of MAIN FACS. (Finding 4)

The agency preliminary responses indicated that OSB agreed with the findings and has complied or will comply with the corresponding recommendations.

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Audit Objective:

To assess the effectiveness of MAIN FACS application controls in ensuring that data was accurately, reliably, and securely processed.

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Audit Conclusion:

MAIN FACS application controls were reasonably effective in ensuring that data was accurately, reliably, and securely processed.

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Reportable Conditions:

OSB had not implemented controls to monitor changes to MAIN FACS data by privileged user classes. The audit trails for financial transaction and system profile changes should be improved. Also, OSB should establish a formal and independent process for monitoring financial transaction and system profile changes by the privileged users. (Finding 5)

OSB had not established complete audit trails for MAIN FACS. R*STARS did not maintain an audit trail for the approval of journal vouchers. (Finding 6)

The agency preliminary responses indicated that OSB agreed with the findings and will comply with the corresponding 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: www.state.mi.us/audgen/



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