

EXECUTIVE DIGEST

**DIVISION OF MANAGEMENT AND INFORMATION SYSTEMS AND
SELECTED AUTOMATED INFORMATION SYSTEMS**

INTRODUCTION

This report contains the results of our performance audit of the Division of Management and Information Systems (DMIS) and Selected Automated Information Systems, Department of Public Health, for the period August 1, 1992 through July 31, 1995.

AUDIT PURPOSE

This performance 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.

BACKGROUND

DMIS is responsible for providing information processing services to the Department. DMIS's mission is to develop, implement, and operate the automated information systems for the Department, including the Special Supplemental Food Program for Women, Infants, and Children (WIC) Automated Information System (M-TRACX). The WIC Division uses this system for participant enrollment, on-line coupon

issuance, coupon redemption, vendor payment and monitoring, and administrative reporting and recordkeeping. During fiscal year 1993-94, M-TRACX contained information for 239,791 participants at 259 clinics, issued approximately 8 million WIC coupons, and processed vendor payments of \$114.6 million.

DMIS also designed and developed the Noncommunity Water Supply Type 2 system (T2) for the Division of Water Supply (DWS). T2 is a local area network-based system that tracks bacteriological monitoring of noncommunity water supply systems and processes annual fee invoices for each system. During fiscal year 1993-94, DWS collected approximately \$1.2 million in annual fees from 10,800 noncommunity water supply system owners.

For fiscal year 1993-94, DMIS expenditures totaled approximately \$6.4 million. As of July 31, 1995, DMIS had 61 employees.

**AUDIT
OBJECTIVES
AND
CONCLUSIONS**

Audit Objective: To assess the effectiveness of the M-TRACX application controls in processing only authorized data promptly, accurately, and completely and in aiding compliance with federal laws and regulations.

Conclusion: M-TRACX application controls over on-line coupon issuance, coupon redemption, vendor payments and monitoring, and administrative reporting and recordkeeping were reasonably effective in processing authorized data promptly, accurately, and completely and in aiding compliance with federal laws and regulations. However, we

did identify the following material conditions relating to application controls over participant enrollment:

- The Department had not enforced control procedures for the participant certification process to help ensure that only eligible participants were enrolled in WIC and that only authorized coupons were issued (Finding 1).

The Department responded that it agreed with the finding and that it would monitor the issues during management evaluations of the WIC clinics.

- The Department had not enforced control procedures to prevent and detect dual participation (Finding 2).

The Department responded that it agreed with the recommendation as it relates to parts a. and c. of the finding. However, the Department did not fully agree with the recommendation as it relates to part b. of the finding. The Department feels that the use of automatic terminations could result in the inappropriate and unnecessary termination of participants.

- The Department had not established control procedures to help ensure that data was properly processed by M-TRACX (Finding 3).

The Department responded that it agreed with the recommendations and were taking action to comply.

- The Department had not enforced control procedures to sufficiently separate the participant certification and

coupon issuance and inventory functions (Finding 4).

The Department responded that it agreed with the recommendation and will comply.

We also identified a reportable condition relating to M-TRACX output (Finding 5).

Audit Objective: To assess the effectiveness of the Department's local area networks (LAN's) and T2 in providing reliable and secure information.

Conclusion: The Department's LAN's and T2 were not effective in providing reliable and secure information. Our assessment disclosed two material conditions:

- The Department had not established control procedures to ensure the accuracy of T2 invoice processing (Finding 6).

The Department responded that it has complied with the recommendation.

- The Department had not established adequate control procedures to help ensure that its LAN's were secure and protected from unauthorized use (Finding 9).

The Department responded that it agreed with the recommendation and was developing standards and policies to address LAN security.

Our assessment also disclosed other reportable conditions regarding system development and documentation controls, T2 input controls, LAN administrator qualifications and training, and LAN policies and procedures (Findings 7, 8, 10, and 11).

Audit Objective: To assess the effectiveness of DMIS general controls in providing reliable and secure information.

Conclusion: DMIS general controls were reasonably effective in providing reliable and secure information. However, we noted reportable conditions involving access controls and certain general controls that, if corrected, could improve the control structure over DMIS (Findings 12 and 13).

**AUDIT SCOPE
AND
METHODOLOGY**

Our audit scope was to examine the information processing and other records of the Division of Management and Information Systems and selected automated information systems for the period August 1, 1992 through July 31, 1995. 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.

Our methodology included developing a preliminary assessment of DMIS and the automated information systems. We then reviewed the information and determined where to concentrate our detailed analysis and testing. We designed tests of the control structure and performed those

tests to meet our audit objectives. We evaluated the results of our testing and reported our findings.

**AGENCY
RESPONSES
AND PRIOR AUDIT
FOLLOW-UP**

Our audit report contains 13 findings and 17 corresponding recommendations. The agency preliminary response indicated that it agreed with all of our recommendations.

The Department had complied with 18 of the 25 prior audit recommendations included within our current scope of audit. We repeated 3 prior audit recommendations in this report.