Information Systems Audit
Public Employee Retirement Information System Development Life Cycle
Montana Public Employee Retirement Administration

SEPTEMBER 2014   14DP-03   REPORT SUMMARY

The Montana Public Employee Retirement Administration is investing over $11 million to develop a new pension management information system. Improved monitoring and documentation of project management decisions will help implement the system on time and within budget.

Context

The Montana Public Employee Retirement Administration (MPERA) manages retirement plans for 71,000 members. These members include active and retired city, county, school district, and state employees. Employers and their employees rely on MPERA to calculate retirement benefits, create and maintain member activity, process claims and payments, along with other customer service activities.

Information systems are used to assist MPERA staff in these activities, but current business processes are paper driven, manual, and time intensive. These factors have impacted MPERA's customer service and ability to provide support for Montana's employers and employees.

For these reasons, MPERA initiated the MPERAtiv project. This project is multifaceted and estimated to cost $11.7 million. The major project of MPERAtiv is the implementation of a single, complete pension system, the Public Employee Retirement Information System (PERIS), that will increase usability and improve the ability to provide services to customers. This project started in 2012, and the main system is expected to be implemented in the summer of 2015. Multiple vendors have been contracted for the MPERAtiv project, including PERIS system development.

Since MPERA is spending considerable resources on the development of PERIS and PERIS manages vital information, this audit reviewed the system development processes to help ensure PERIS meets expectations as defined in the contract. If risks are not mitigated throughout system development, the system could potentially be delayed, experience cost overruns, or not function as intended. Conducting the audit while the system is being developed allows MPERA to make improvements to the process before the next phase of development and through the remainder of the project.

Results

Audit work showed the expectations of the system set out in the contract include important controls such as security, data integrity, and user access controls. Additionally, MPERA has been involving users in system development via newsletters, workshops, webinars, and established an employer advisory group. MPERA has also developed a plan that, if implemented, ensures employers impacted by the system change will be ready for the implementation.

Audit work also found established processes to manage expectations; however, controls

to ensure each expectation is being met and documented at each stage of the process need to be established. By implementing these controls, MPERA will have better assurance that its expectations of the system are met.

MPERA established a formal change management process; however, in order to expedite changes without impact to the project schedule, an informal process is being followed. This increases the risk of a change being implemented without all involved parties knowing, without executive approval, or without formal realization and documentation of the impact to the project. By following a formal change management plan, MPERA will have better assurance that changes only occur if impact to the project is understood and all required parties have approved the change

Changes within the project that reduced the time for user acceptance testing (UAT) were also identified. UAT is done to ensure system functionality performs in business scenarios and to reduce risks to MPERA after the system is implemented. The duration of UAT needs to be sufficient in order for MPERA to complete all necessary testing to ensure the system performs as expected.

Recommendation Concurrence	
Concur	3
Partially Concur	0
Do Not Concur	0
Source: Agency audit response included in final report.	