



RICK SNYDER  
GOVERNOR

STATE OF MICHIGAN  
DEPARTMENT OF NATURAL RESOURCES  
LANSING



RODNEY A. STOKES  
DIRECTOR

October 6, 2011

Director Doug Ringler  
Office of Internal Audit Services  
Office of the State Budget  
George W. Romney Building  
111 South Capitol, 8<sup>th</sup> Floor  
Lansing, Michigan 48913

Dear Director Ringler:

In accordance with the State of Michigan, Financial Management Guide, Part VII, Chapter 4, Section 100, attached is the Department of Natural Resources (DNR) summary table identifying our responses and corrective action plans to address recommendations contained within the Office of the Auditor General's audit of the DNR Parks and Recreation Division, Audit Report #751-0156-10, "Recreational Watercraft Access and Harbor Development Activities."

If you have questions regarding the attached summary table or corrective action plans, please contact Mr. Ronald A. Olson, Chief, Parks and Recreation Division, at 517-335-4827 or [olsonr@michigan.gov](mailto:olsonr@michigan.gov); or you may contact me.

Sincerely,

Signature Redacted

Rodney A. Stokes  
Director  
517-373-2329

Attachment

cc: Governor Rick Snyder  
Office of the Auditor General  
Senate Fiscal Agency  
House Fiscal Agency  
Senate Committee on Natural Resources, Environment  
and Great Lakes  
House Committee on Natural Resources, Tourism,  
and Outdoor Recreation  
Senate Appropriations Subcommittee on Natural Resources  
House Appropriations Subcommittee on Natural Resources  
Dr. Kelley D. Smith, Acting Natural Resources Deputy, DNR  
Mr. Gary Owen, Legislative Liaison, DNR  
Ms. Sharon Schafer, DNR  
Mr. Ronald A. Olson, DNR



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September 20, 2011  
(Updated)

Parks and Recreation Division  
Recreational Watercraft Access and Harbor Development Activities  
Summary of Responses to Recommendations  
Corrective Action Plan  
October 1, 2004 through March 31, 2010

**Audit Recommendations Parks and Recreation Division complied with:**

Finding # 1b and c, Capital Outlay Appropriation

The Department of Natural Resources (Department) recognizes that it cannot exceed the line item appropriation for any project, and cannot utilize the lump sum appropriation to supplement any project funding without prior legislative approval. The Department has already modified its funding process to include a supplemental request or transfer to the Legislature for additional funding when a project's revised cost estimate exceeds its line item appropriation.

Effective March 25, 2011, a new process has been implemented that requires all project invoices for local waterways projects to be thoroughly reviewed before providing reimbursement to a community. Whenever invoice language is unclear or appears to be misleading, the Department will seek clarification to ensure that all costs are a valid use of Waterways Program funds.

Finding # 3a, b, and c, Site Inspections

The Department established a new position in January 2011 to assist with risk management and safety inspections. The individual is responsible for coordinating and managing the inspection process for Grant-In-Aid recreational watercraft sites. Initiated on June 2, 2011, the quality control component of the inspections addresses follow-up inspections, as well as maintaining the records of inspections.

**Audit Recommendations Parks and Recreation Division agrees with and will comply:**

Finding # 1a, Capital Outlay Appropriation

Effective immediately, Capital Outlay requests for projects will reflect the latest design engineering cost estimates. If any additional funding is required, legislative authority will be sought through a supplemental request or a transfer. Budget submittals will provide adequate contingency funding.

#### Finding # 2a and b, Project Management

The Department agrees that having the ability to link with other state databases and entities would be extremely desirable along with the ability to use a unique identifier number that could be shared by all units and divisions when referencing a specific project. A standing order since 2006 for the necessary technology has not received Department-wide priority approval in order to be implemented.

The Department has been in the process of blending multiple state project lists into one comprehensive project database for the purpose of approving Capital Outlay funding for all projects with the highest need/demand. This includes projects for boating facilities and state parks and is updated manually. The completion date for the comprehensive list is September 30, 2011. With the comprehensive list in place, we are positioned to assure the projects are identified by need, have internal support as a priority, are properly approved, and are tracked for budget compliance and meet completion goals.

The Grant-In-Aid project reviews include a system that results in projects being ranked in priority order. These priorities are presented to the Michigan State Waterways Commission for review and its recommendation. The goal is to ensure the limited funds are allocated to the projects that have the greatest benefit for the Harbor of Refuge system.

Records retention policies have been researched for application to Waterways documents. Staff is assigned to both develop and assure compliance with policy and procedures. Training of staff will be the first step in establishing a records retention process. Although training is a continual process, the records retention process will be completed by December 1, 2011.

#### Finding # 4, Complaint Tracking and Resolution

There is a log letter system currently in place that tracks complaints and suggestions submitted by visitors and the corresponding response by the Department. This system applies to written and e-mailed messages sent to the Governor's office, any Legislator, or staff within the Department. Phone complaints and suggestions are returned by phone, but not currently logged in any system. In order to further track customer service expectations and enhance operational efficiencies, Parks and Recreation Division (PRD), through the Department process to request Department of Technology, Management and Budget (DTMB) projects, has sought the development of a complaint tracking system since 2006 through the DTMB projects process. This request has never received the Department-wide priority classification necessary in order to be implemented. If this is to be accomplished, it will have to be developed internally by PRD. In addition, complaints and suggestions that are received are addressed and followed up by field staff. The Department will strive to improve a tracking system that is practical and efficient to manage.

Links to e-comment, Facebook and Twitter can be added to the boating and harbor web pages. The Department will hire an analyst within three months that will update web content and serve as the PRD representative in the Department-wide web team. Accomplishing this task will become the responsibility for the new hire to complete within their first 60 days.

Finding # 5, Payroll Cost Distribution

The Department is establishing a routine monitoring process to ensure accuracy and provide effective controls to administer the restricted funds of the Waterways Program. In June 2011, staff initiated monitoring of standard distribution codes in the payroll system to assure accuracy and that they are reflective of positions assigned to the Waterways Program. Effective June 2011, payroll codes will be randomly checked twice a year, at a minimum, to assure compliance with coding. Reports will be retained per the retentions schedule. Training on proper accounting codes for payroll occurred on June 29, 2011, with district managers in attendance. The content included how to properly code time, how to change standard coding and the importance of accurately expending restricted funds based on activities. Included in the training is the responsibility of the district supervisors to provide this training to staff in field locations prior to August 15, 2011. Financial staff has offered to attend local meetings to provide this training as necessary.

**Audit Recommendations Parks and Recreation Division disagrees with:**

(None)

September 20, 2011  
(Updated)

Parks and Recreation Division  
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**Action Plan**

FINDING	ITEM-Capital Outlay	ACTION	COMPLIANCE DATE
1B	Appropriations adjust match	Review by Division budget chief to assure funds are used properly and matched per legislative approval	March 25, 2011
1C	Reimbursement to Local Communities	Review of reimbursement by Division project development team and planning chief	March 25, 2011

FINDING	ITEM--Site Inspections	ACTION	COMPLIANCE DATE
3A	Site Inspections	Improve quality control through hiring of risk management employee	June 2, 2011
3B	Underwater inspections	Removed requirement for underwater inspections due to no qualified engineering staff that could perform inspections	2008
3C	Local Waterway site inspections prior to granting additional funds	Improve quality control through hiring of risk management employee	June 2, 2011

**Preliminary Action Plan**

FINDING	ITEM-Capital Outlay	ACTION	COMPLIANCE DATE
1A	Capital Outlay-restricted fund usage	Review by Division budget chief to assure funds are used properly and matched per legislative approval	May 15, 2011

FINDING	ITEM-Project Management	ACTION	COMPLIANCE DATE
2A	Comprehensive list of projects	Establish a Capital Outlay master list of projects Establish unique numbers for each project	September 30, 2011
2B	Standardized Records Retention	Establish and follow a consistent records retention procedure for waterways projects	December 1, 2011

FINDING	ITEM-Complaint Tracking and Resolution	ACTION	COMPLIANCE DATE
4	Record all complaints	Log letter tracking currently exists	Prior to Audit
4	e-comment on web site, facebook and twitter links	New web editor position in process of filling-Expand complaint system used on individual park web pages to the waterways program sites	Within first 60 days of hire
4	Tracking process and summary of all complaints	New web editor will be assigned this task	Within first 6 months of hire

FINDING	ITEM-Payroll Cost Distribution	ACTION	COMPLIANCE DATE
5	Payroll coding	Train staff in coding payroll	June 29, 2011
5	Effective Controls	Monitor staff time in regular intervals	June 1, 2011