STATE OF MICHIGAN

RICK SNYDER
GOVERNOR

DEPARTMENT OF TECHNOLOGY, MANAGEMENT & BUDGET
LANSING

JOHN E. NIXON, CPA
DIRECTOR

September 9, 2013

Doug Ringler, Director
Office of Internal Audit Services
Office of the State Budget
George W. Romney Building
111 South Capitol, 6th Floor
Lansing, Michigan 48913

Dear Mr. Ringler:

In accordance with the State of Michigan, Financial Management Guide, Part VII, attached is a summary table identifying our responses and corrective action plans to address recommendations contained within the Office of the Auditor General's audit report of Interface and Change Controls of the Bridges Integrated Automated Eligibility Determination System, Department of Human Services and Department of Technology, Management & Budget.

Questions regarding the summary table or corrective action plans should be directed to me.

Sincerely,

Signature Redacted

Mike Gilliland, Director
Financial Services

c: Rep. Joseph Haveman, Chair, House Appropriations
Sen. Roger Kahn, Chair, Senate Appropriations
Melissa Schuiling, Office of the Auditor General
Dennis Muchmore, Executive Office
Dick Posthumus, Executive Office
House Fiscal Agency
Senate Fiscal Agency
David Behen, DTMB
Maura Corrigan, DHS
Lynn Draschil, DTMB
James Hogan, DTMB
Teresa Spalding, DHS
Josh Larsen, DHS
Chris Harkins, DTMB
Kurt Weiss, DTMB
John Juarez, DTMB
Rick Lowe, DTMB

State of Michigan
Performance audit of Interface and Change Controls of the Bridges Integrated Automated Eligibility Determination System
DHS and DTMB
Audit Period: October 2010 through December 2012

Summary of Agencies' Responses to Recommendations

1. Audit recommendations DHS and DTMB fully complied with: None.
2. Audit recommendations DHS and DTMB agree with and will comply with: #1, 2,3,4,5,6,7,8 & 9.
3. Audit recommendations DHS and DTMB disagree with: None.

Agencies' Plan to address the Recommendations

Recommendation #1. Interface Processing Controls

DHS and DTMB partially agree with the finding and related recommendation. DHS and DTMB have implemented additional controls (e.g. daily, weekly, and monthly queries, etc.) to ensure that all interfaces run according to their schedules. DHS and DTMB have developed corrective action plans to improve the effectiveness of interface processing controls which include reviewing and updating development standards and improving QA testing for interfaces. In addition, exception handling standards, an analysis of interface exceptions, and list of recommended changes to the current procedures for interface development, testing and monitoring will be documented and communicated.

With regard to part a(1), DTMB conducted research of Bridges provider data and determined that none of the providers would have been determined to be ineligible to be a child care provider. With regard to part c(1), DTMB does not agree that records excluded from interface processing by business rules approved and tested for a particular interface require further review. DTMB believes that there would be no reason to re-submit these records as no correction was needed. Regarding the FISCAM standards mentioned in this report, these records did not create any errors or exceptions and are not the result of any problems encountered during interface processing. DHS and DTMB anticipate compliance by March 2014.

Recommendation # 2. Monitoring of Bridges Processing

DTMB partially agrees with the recommendation. DTMB agrees that system generated reports may be beneficial to management. However, DTMB believes that automating the manual reports may not be cost effective because the information related to job failures depends on many dynamic factors including the root cause of the failure, corrective actions needed, impacted trading partners, changes to the schedule resulting from the failure, and the projected impact on the end users and recipients. DTMB's corrective action plan includes a feasibility study of using system generated reports for the monitoring of interface processing and focusing on the types of reports that could be automated. For each system generated report proposed, the following information will be provided: the objective of report, estimated cost and benefits, information to be

included, source, frequency and distribution, and identification of any currently manual tasks report would be replaced. DTMB anticipates compliance by March 2014.

Recommendation #3. Bridges Operations Procedures
DTMB agrees with the recommendation and has developed corrective action plans which include: reviewing, updating and organizing established formal procedures for interface scheduling and processing; developing a Bridges Batch Scheduling and Operations Manual; and training staff. DTMB anticipates compliance by October 2013.

Recommendation # 4. Interface Documentation
DTMB agrees with the recommendation and has implemented controls within the peer review process to ensure that any modifications to a screen or interface are supported by an updated storyboard which includes data mappings, and that updated design and requirements documents are checked in to the ClearCase documentation view at the time the code is checked in. In addition, interface storyboards will be updated and checked in to ClearCase; design documents for future work requests will be checked into ClearCase; and associated with the ClearQuest activity that documents the approval for the change. DTMB anticipates compliance by December 2013.

Recommendation # 5. Data-Sharing Agreements
DHS agrees with the recommendation and will continue to work with respective State agencies to ensure that current data-sharing agreements are in place for the four interfaces. DHS anticipates compliance by October 2013.

Recommendation #6. Bridges Change Controls
DTMB and DHS partially agree with the findings and recommendations and DTMB and DHS have begun to develop a corrective action plan to improve compliance with SUITE, contract provisions, and change control best practices.
Regarding part a(1), DTMB and DHS have developed an improved work request approval process that replaces the previously used structured walkthrough. DTMB and DHS have integrated the work request approval process into the established release planning process. Regarding part a(2) , DTMB Agency Services, the DTMB PMO and DHS have begun meeting to discuss a combined strategy to begin creating a repository of requirements and establish traceability. Contingent on the results of the review DTMB anticipates compliance by April 2014. Regarding part b (1 and 2), the unit test checklists have been integrated into an improved peer review process which has been approved by DTMB management and is pending approval by the contractor. DTMB anticipates compliance by December 2013. Regarding part b(3),The project management team completed an independent audit of the quality assurance process. Based on the findings of this audit, DTMB will work with the contractor to publish new standards for QA review activities and anticipates compliance by February 2014. Regarding part b(4), DTMB is working with the contractor to publish new standards for the post-implementation activities required for each release. This will include documenting the tasks that were performed, risks or issues discovered and steps taken to resolve them. DTMB and DHS anticipate compliance by January 2014. Regarding part c. DTMB will review potential detective controls to improve compliance with Bridge's change controls processes. DTMB and DHS anticipate compliance by February 2014. Regarding part (d), DTMB does not agree that the contracts need to be revised. The broad range of tasks and activities identified as contractor responsibilities change with business needs and are prioritized by management as needed. However, DTMB will review the contract to determine whether contract language related to tasks

and activities identified as contractor responsibilities should be amended to include language allowing for prioritization based on business needs.
DTMB and DHS anticipate compliance by April 2014.

Recommendation #7. ClearCase and ClearQuest Access
DTMB agrees with the recommendation and the department has already implemented a number of corrective actions through server and client upgrades. Additional corrective action plans include reviewing access controls, roles, groups and using test databases. DTMB anticipates compliance by October 2013.

Recommendation #8. Segregation of Duties
DTMB partially agrees with the finding and recommendation. However, to help ensure the efficient and accurate completion of nightly batch operations, the production batch support team may continue to be integrated with the development team. However, DTMB has already begun the process to evaluate and improve the effectiveness of controls over segregation of duties by reviewing access controls and the elimination of unnecessary service accounts. DTMB anticipates compliance by October 2013.

Recommendation #9. Bridges Configuration Management Plan
DHS and DTMB agree with the recommendation. The departments have developed corrective action plans to update and align the configuration management plan to comply with the SUITE / SEM objectives. DHS and DTMB anticipate compliance by December 2013.