



RICK SNYDER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF MILITARY & VETERANS AFFAIRS
LANSING

MG GREGORY J. VADNAIS
THE ADJUTANT GENERAL AND DIRECTOR

March 7, 2016

Jeffrey S. Bankowski, Chief Internal Auditor
Office of Internal Audit Services
Office of the State Budget
George W. Romney Building
111 South Capitol, 6th Floor
Lansing, MI 48913

Dear Mr. Bankowski:

In accordance with the State of Michigan, Financial Management Guide, Part VII, attached is a summary table identifying our responses and a corrective action plan to address the recommendations contained within the Office of the Auditor General's performance audit of the Construction and Facilities Management Office covering the period October 1, 2012 through May 31, 2015.

Please direct questions regarding the summary table or corrective action plans to Al Christian at Christiana@michigan.gov or (517) 481-7645.

Sincerely,

DEPARTMENT OF MILITARY & VETERANS AFFAIRS

Signature Redacted

MG Gregory J. Vadnais, Director

Enclosure

c: Executive Office
Office of the Auditor General
House Fiscal Agency
Senate Fiscal Agency
House Appropriations Sub-Committee Military and Veterans Affairs
Senate Appropriations Sub-Committee State Police and Military Affairs
BG Michael A. Stone
Edward Hallenbeck
Russell Gullett
Alfred Christian
Randy Shaffer, OIAS

**Responses to Office of the Auditor General's Performance Audit of
Construction and Facilities Management Office**

Summary Table	
Audit recommendations the agency complied with:	
<ul style="list-style-type: none"> 1. Improved monitoring of projects needed 3. Lack of proper armory inspection reporting and documentation 	
Audit recommendations the agency will comply with:	
Expected Compliance Date	
2. Centralized preventive maintenance program needed	July 2018

Corrective Action Plan

1. Improved monitoring of projects needed

The auditors recommended that CFMO fully monitor its construction and maintenance projects.

Agency Preliminary Response

CFMO agrees with the recommendation and has complied.

- a. *CFMO has developed a standardized submittal log for internal and external projects which the designers are maintaining, including indication of waivers when it engages in repetitive type purchasing from a contractor or when specifications indicate a submittal in error.*
- b. *CFMO has developed a process to document end-of-warranty walk-through inspections.*
- c. *CFMO has developed a new short form to document on-site inspections when no problems are identified. CFMO will continue using the long form when problems are identified.*
- d. *CFMO will continue its current practice to formally change contracts to reflect extensions when it is cost beneficial to do so based on risk. When contracts are not formally extended, CFMO has ensured that completion date extensions are documented in meeting minutes.*

2. Centralized preventive maintenance program needed

The auditors recommended that CFMO design and implement a centralized preventive maintenance program.

Agency Preliminary Response

CFMO agrees with the recommendation and will comply.

- a. CFMO is working to develop the scope of work required to implement a centralized program to include Fort Custer, Camp Grayling, and local armories. We have evaluated existing NGB software and will evaluate commercial systems for applicability and compatibility with existing cyber security requirements. Operational requirements include training, software, hardware, and infrastructure which will drive program funding requirements. Current State resources are limited to implement the program so this will be accomplished in future fiscal years.*
- b. In the meantime, CFMO will continue relying on local armory management and CFMO visits to ensure preventive maintenance activities are identified and completed at the armories to the extent scarce maintenance mechanic resources are available and qualified to do the work.*

3. Lack of proper armory inspection reporting and documentation

The auditors recommended that CFMO accurately aggregate and maintain all ISR inspection data used for reporting purposes.

Agency Preliminary Response

CFMO agrees with the recommendation and has complied.

- a. CFMO has created a repository for the ISR inspection data to facilitate proper retention.*
- b. CFMO reminded staff to ensure that scores agree with the supporting documentation and to document rationale for changing scores. CFMO certifiers are sampling ISR data to ensure accuracy and documented rationale for changes.*