



STATE OF MICHIGAN
DEPARTMENT OF INFORMATION TECHNOLOGY

LANSING



JENNIFER M. GRANHOLM
GOVERNOR

March 12, 2008

Mr. Michael J. Moody, Director
Office of Financial Management
Department of Management and Budget
George W. Romney Building
111 South Capitol Avenue
Lansing, Michigan 48923

Dear Mr. Moody:

The following are the Department of Information Technology's final responses to the recommendations contained in the report of the Auditor General's performance audit of Operating System Controls for the Unemployment Insurance Agency (UIA) Mainframe Information Systems, Michigan Department of Information Technology (MDIT) and Michigan Department of Labor and Economic Growth (DLEG).

1. Privileged Access Rights

MDIT and DLEG agree and have complied or will comply with the recommendation. MDIT does restrict the use of privileged access rights to individuals based on their job function. MDIT has removed User-IDs that do not require administrative access and removed User-IDs that do not require operations access. Additionally, MDIT and IBM established the Resource Access Control Facility (RACF) Clean Up Project to review all aspects of mainframe system security. The project began in March 2007 with a scheduled completion date of December 31, 2009.

2. Access to Unemployment Data and Operating System Files

MDIT and DLEG agree and have complied or will comply with the recommendation. MDIT will ensure unemployment data and operating system files are properly secured. Currently, only UIA, MDIT and vendors staff has access to this information and all staff has signed confidentiality statements with the state. It is important to note that the UIA mainframe system is not a public facing system and only internal state staff and the third party vendor staff have access to the mainframe system. Access to the UIA system requires a user ID and password. With the implementation of a new business model within UIA, from a local branch office structure to a virtual call center environment, employees required broader system access in order to serve customers throughout the state. MDIT, UIA and vendors adhere to the regulations in the MES Act section 11(b) and Volume 20 of the Code of Federal Regulations Part 603 as they pertain to confidentiality. Only MDIT, UIA and vendor support staff has IDs allowing access to the UIA mainframe systems. Lastly, the RACF Clean Up Project will review all aspects of mainframe system security with a scheduled completion date of December 31, 2009.

3. Security Administration and Monitoring

MDIT and DLEG agree and have complied or will comply with the recommendation. MDIT will establish effective security administration and monitoring over the third party service

provider's mainframe computer system. MDIT has implemented procedures to review all security logs on a weekly basis. MDIT agency services security staff are working with Human Resources to assure that user-ids are removed when employees leave UIA or MDIT employment. MDIT staff has been sent to RACF training to address the identified training concerns. Lastly, the RACF Clean Up Project will review all aspects of mainframe system security with a scheduled completion date of December 31, 2009.

4. Security Requirements

MDIT and DLEG agree and have complied or will comply with the recommendation. The design of the security in the mainframe systems was established over 13 years ago based on a tree/group structure. While the mainframe's system software had been kept current, at the time of the audit, we had not redefined/redeveloped the internal security structure. Proactively, UIA and MDIT began planning a system rewrite project in 2005 during which new security policies and procedures were to be implemented as a part of the rewrite project. Unfortunately, a delay in the start up of the rewrite project had delayed our implementation of the security changes. MDIT will develop and maintain complete security requirements for the mainframe security system. The RACF Clean Up Project will review all aspects of mainframe system security with a scheduled completion date of December 31, 2009.

Enclosed is Exhibit A summarizing the citations in which we agree with and are working towards compliance. If you have any questions concerning these responses, please contact Fran Wresinski, Michigan Department of Information Technology, at 241-9810.

Sincerely,

Signature Redacted

Palmer Giron, Director
Office of Employee & Financial Services

c: Nate Lake
Sarah Garcia
Pearl Dekker
Senator Ron Jelinek
Representative George Cushingberry
Gary S. Olson
Mitchell E. Bean
Bob Emerson
Thomas H. McTavish
Ken Theis
Lynn Draschil
Pat Hale
Jim Hogan
Steven Baker
Debra Patterson
Fran Wresinski
Kurt Weiss
Richard Lowe
John Juarez

EXHIBIT A
Performance Audit
of the
Operating System Controls for the Unemployment Insurance Agency's
Mainframe Information Systems

Department of Information Technology and Department of Labor and Economic Growth

Audit Response Summary

Period Covered: September 2005 through December 2006

Citations complied with:

Citations the agency agrees with and will comply with:

Will Comply: #1, #2, #3, #4

Citations the agency disagrees with:

None