STATE OF MICHIGAN
TERRI LYNN LAND, SECRETARY OF STATE
DEPARTMENT OF STATE
LANSING

June 30, 2008

Doug Ringler, Director
Office of Internal Audit Services
Office of the State Budget Director
George W. Romney Building
111 South Capitol Avenue, 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 the Michigan Department of State, Bureau of Information Security.

Questions regarding the summary table or corrective action plans should be directed to me at (517) 335-0218.

Sincerely,

Signature Redacted

Steve Stier, Director
Bureau of Information Security
Legal and Regulatory Services Administration

SS/ss

Enclosures

cc: Honorable Jennifer M. Granholm, Executive Office
✓Thomas H. McTavish, CPA, Auditor General
Senator Ron Jelinek, Senate Appropriations Chair
Representative George Cushingberry Jr., House Appropriations Chair
Mitchell R. Bean, Director, House Fiscal Agency
Gary S. Olson, Director, Senate Fiscal Agency

Michigan Department of State
Performance Audit of Bureau of Information Security
March 2008
Summary of Agency Responses to Recommendations

1. Audit Recommendations the agency complied with:

   2 and 4

2. Audit Recommendations the agency agrees with and will comply :

   a. Will comply

      1, 3, 5 and 6

3. Audit Recommendations the agency disagrees with:

   None

FINAL RESPONSES

PERFORMANCE AUDIT OF THE BUREAU OF INFORMATION SECURITY

March 2008

RECOMMENDATION #1

We recommend that BIS develop procedures that include criteria to identify which fraud cases should be referred to local law enforcement agencies for prosecution.

ANTICIPATED ACTION: Will Comply.

DESCRIPTION OF ANTICIPATED ACTION: The Department will comply by formalizing current procedures to consistently identify and refer cases for prosecution based on the severity of crime. The existing practices already use some criteria (e.g., the number of individuals affected and the dollar magnitude) referenced by the Auditor General. Since the audit report was issued, this new procedure has been drafted and the prosecution referral process is being closely monitored by Bureau management. The current plan is to finalize the new procedure consistent with union requirements by the anticipated compliance date.

Anticipated Compliance Date: October 1, 2008

RECOMMENDATION #2

We recommend that BIS effectively manage its caseload of open investigations to ensure timely completion of investigations involving potential violations of laws, rules and regulations

ANTICIPATED ACTION: Complied with.

DESCRIPTION OF ANTICIPATED ACTION:

The Department initiated a major organizational change, added supervision, implemented new procedures, and designed new management reports to more effectively manage its caseload of open investigations.

Anticipated Compliance Date: Not Applicable.

FINAL RESPONSES

PERFORMANCE AUDIT OF THE BUREAU OF INFORMATION SECURITY

March 2008

RECOMMENDATION # 3

We recommend that BIS effectively plan, document and budget for its branch office audits.

ANTICIPATED ACTION: Will Comply.

DESCRIPTION OF ANTICIPATED ACTION: The Department will review and enhance the sufficiency of planning documentation supporting the completion of branch office audits. During the current cycle of audits (through September 2008), additional planning-related documentation is being added to our review files and new projects are being planned and monitored using hour-based time budgets. Beginning with the October 2008 through September 2009 cycle, the annual planning process for these audits will also utilize hour-based time budgets.

Anticipated Compliance Date: September 1, 2008

RECOMMENDATION #4

We recommend that BIS select IRP registrants for audit in accordance with IRP audit guidelines.

ANTICIPATED ACTION: Complied with.

DESCRIPTION OF ANTICIPATED ACTION: The Department has implemented a new audit selection strategy that will give consideration to new registrants while still completing the high risk follow up audits over an extended period of time.

Anticipated Compliance Date: Not Applicable.

FINAL RESPONSES

PERFORMANCE AUDIT OF THE BUREAU OF INFORMATION SECURITY

March 2008

RECOMMENDATION #5

We recommend that BIS establish procedures to help ensure the timely issuance of IRP audit reports to IRP registrants.

ANTICIPATED ACTION: Will comply.

DESCRIPTION OF ANTICIPATED ACTION: The audit issuance procedures will be reviewed and revised in reference to program requirements and the new recommended criterion of the Auditor General. Since the audit was issued, management continues to monitor issuance in compliance with program requirements and is considering alternative timeliness measures to be included in the revised procedure we intend to issue later this fiscal year.

Anticipated Compliance Date: September 1, 2008

RECOMMENDATION # 6

We recommend that BIS impose assessments on registrants who maintain unacceptable mileage records. We also recommend that BIS clearly define its assessment policies for registrants with unacceptable mileage records.

ANTICIPATED ACTION: Will Comply.

DESCRIPTION OF ANTICIPATED ACTION: The Department will review existing practices, formalize policy, and publish information intended to further clarify its policy position to registrants. Since the audit was issued, a new policy, with a series of standardized communications, have been developed and approved. The current plan is to implement these procedures by the anticipated compliance date.

Anticipated Compliance Date: October 1, 2008