



STATE OF MICHIGAN
DEPARTMENT OF EDUCATION
LANSING

RICK SNYDER
GOVERNOR

MICHAEL P. FLANAGAN
STATE SUPERINTENDENT

May 20, 2014

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 follow-up report on Selected Payment and Related Systems, Michigan Department of Education and Department of Technology, Management and Budget.

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

Sincerely,

Signature Redacted

Naomi Krefman, CPA
Assistant Director
Office of Financial Management

cc: John S. Roberts, State Budget Director
Thomas McTavish, CPA, Auditor General
Ellen Jeffries, Senate Fiscal Agency
Mary Ann Cleary, House Fiscal Agency
Joseph Haveman, House Appropriations Committee Chair
Roger Kahn, M.D., Senate Appropriations Committee Chair
Bill Rogers, House Appropriations Sub-Committee Chair
Howard Walker, Senate Appropriations Sub-Committee Chair
Mike Flanagan, State Superintendent, MDE
Kyle Guarrant, Deputy Superintendent, MDE

Attachments

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**Agency Response to the Office of the Auditor General's follow-up report on
Selected Payment and Related Systems**

**Michigan Department of Education and Department of Technology,
Management and Budget**

Summary of Agency Responses to Recommendations

1. Audit recommendations DTMB fully complied with: #8
2. Audit recommendations DTMB agrees with and will comply: #1, 2, 4
3. Audit recommendations DTMB disagrees with: None

Schedule of Compliance

Audit Finding #	Dates reported in the audit report:	Are there any deadline dates that need to be revised? If so, please add new date below:
Finding 1	September 30, 2014	
Finding 2	June 30, 2014	
Finding 4	April 30, 2014	June 30, 2014
Finding 8	Complied with prior to the follow-up audit.	

Agency's plan to address the recommendations

1. Security Program and Access Controls

AGENCY RESPONSE

MDE and DTMB agree with the recommendation to fully establish a comprehensive information system security program and effective access controls over MDE information systems. In most cases, immediate changes were made to ensure that access controls were in effect as intended.

- a. All non-MDE employees' MEGS+ access levels have been reviewed. For MEGS+ two contract staff were immediately assigned new security levels in accordance with their responsibilities. A third user, a project manager/business analyst associated with the Child Nutrition programs had his security level down-graded and will maintain a user level access of Consultant Level 7. Access for this user will be monitored on a regular basis during the MEGS+ High Risk Transaction reviews. The CMS project manager's (not a system developer) privilege access is restricted and is monitored by the administrative CMS High Risk Activity Report which is reviewed by the Assistant Director of the Office of Financial Management on a quarterly basis. The project manager's contract is not being renewed and will be replaced by DTMB IT staff on or before September 30, 2014.
- b. MDE has reviewed all cases of users having multiple accounts. One child nutrition program employee has two distinct functions to perform in the

system and maintains two separate accounts. MDE has reviewed and changed the employee's security level. He is not able to approve and certify applications. Activities for his new level will be reviewed as part of the high risk transaction process. The other cases were resolved by removing non-required access or by reviewing the case. One MDE employee maintains two accounts for distinct purposes. An MDE account is maintained for work related functions. This user also has an approved account for a child nutrition program. These accounts do not produce any conflicts and have been approved by MDE. The final example cited is a case of same name, different person. No changes were made.

d. In response to the finding, security levels were reviewed and updated as recommended. Specifically, only OSSS GCSS staff has permission to grant access to MEGS+. MDE will develop appropriate guidance for system access for State employees based on their job duties and combination of roles. This documentation will be completed by May 31, 2014. Through the annual audit process, MDE will review and verify security agreements. For the year ending December 31, 2013 MDE completed the annual security audit as required in the MDE security policy. Note, MDE will not require signed security agreements from the Department of Treasury users of SAMS.

e. An additional monitoring report was added to address this finding. The Monitoring Activity Report will be run quarterly to identify users not covered under the High Risk Activity Report based on user roles. MDE will assign the responsibility of generating the quarterly High Risk Activity Report to the chief accountant who is not a CMS privileged user. MDE has logged the issue to be resolved and confirmed by September 30, 2014 that access for all users that have not accessed the CMS will be inactivated after 15 months of inactivity.

h. MDE is updating both MEGS and CMS to lock out users after five invalid sign-on attempts. MEGS will be updated by April 30, 2014 and CMS will be updated by September 30, 2014. The CMS update is dependent upon the upgrade of the .net framework for the system.

UPDATE FOR FINDING #1: Provide an update in the box below: Identify any accomplishments or corrective actions that have occurred since the audit report was issued (do not repeat information already noted above):

a, b. No change.

d. No change.

e. No change.

h. MEGS and CMS were both updated before April 30, 2014.

2. Database Security

AGENCY RESPONSE

DTMB and MDE agree with the recommendation to monitor privileged user activity and automated audit logs of high-risk events for SAMS, MEGS+, CMS, and FNS-FRS databases. DTMB and MDE will implement procedures to require staff to review

audit logs to comply with the finding. These procedures will be implemented by June 30, 2014.

UPDATE FOR FINDING #2: Provide an update in the box below: Identify any accomplishments or corrective actions that have occurred since the audit report was issued (do not repeat information already noted above):

The DTMB MDE DBAs are documenting the daily operations support processes and storing the documents in TFS. Daily operations support includes the reviewing of audit logs.

DTMB has an active project, the Audit Vault, which is an enterprise solution that may have a solution to log monitor privileged user activity, create audit logs, and reports. Russ Strassburg, manager of Agency Support Services for DTMB, MCSC, Governor's Office, MDE & CEPI will be providing additional information regarding this project and how it may address the audit finding.

4. Change Control Process

AGENCY RESPONSE

MDE and DTMB agree with the recommendation and will continue to develop a comprehensive change control process for MDE's selected payment and related systems. DTMB has developed Change Management Process and Guidelines that will serve as the framework of the MDE's change control process. This includes both segregation of duties and the process for requesting and tracking change requests. MDE will use Team Foundation Server (TFS) to document and approve all types of change requests including emergency changes. TFS is currently in use and over the next six weeks we will complete training for our staff to have the process and guidelines implemented by April 30, 2014.

UPDATE FOR FINDING #4: A. Have we complied with the recommendation - choose one?

Not Complied

There have been some technical issues with the transition to TFS. Full implementation is anticipated by June 30, 2014.

B. Provide an update in the box below: Identify any accomplishments or corrective actions that have occurred since the audit report was issued (do not repeat information already noted above):

8. MEGS and CMS Transactions

No response necessary.