



STATE OF MICHIGAN

DEPARTMENT OF MILITARY & VETERANS AFFAIRS
LANSING

RICK SNYDER
GOVERNOR

MG GREGORY J. VADNAIS
THE ADJUTANT GENERAL AND DIRECTOR

October 12, 2015

Mr. Jeffrey S. Bankowski, 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. Bankowski:

In accordance with the State of Michigan, Financial Management Guide, Part VII, attached are 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 Performance Audit of Michigan Youth Challenge Academy, Department of Military and Veterans Affairs, for the period October 1, 2011 through December 31, 2014.

Questions regarding the summary table or corrective action plans should be directed to Alfred Christian, Chief Financial Officer, christiana@michigan.gov or (517) 481-7645

Sincerely,

Signature Redacted

Alfred E. Christian
Chief Financial Officer

Enclosure

cc: BG Michael A. Stone, DMVA
Jeffrey Connell, DMVA
Dennis Muchmore, Executive Office
Doug Ringler, Office of Auditor General
Mary Ann Cleary, House Fiscal Agency
Ellen Jeffries, Senate Fiscal Agency
House Appropriations Sub-Committee Military and Veterans Affairs
Senate Appropriations Sub-Committee State Police and Military Affairs

**Performance Audit of the Michigan Youth Challenge Academy
Department of Military and Veterans Affairs
Summary of Agency Responses to Recommendations
October 1, 2011 thru December 31, 2014**

1. Audit recommendations the agency complied with:

- Finding 1
- Finding 2
- Finding 3
- Finding 4
- Finding 5

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

- Finding 6
- Finding 7

3. Audit recommendations the agency disagrees with:

- None

**Performance Audit of the Michigan Youth Challenge Academy
Department of Military and Veterans Affairs
October 1, 2011 thru December 31, 2014
Corrective Action Plan**

Recommendations the agency has complied with:

Finding 1: The Michigan Youth Challenge Academy (MYCA) needs to establish a comprehensive process to monitor and evaluate program effectiveness, including assessments of program strengths, weaknesses, and needs.

Action: The MYCA has implemented the following processes and management systems to ensure effective program monitoring and evaluation.

- a) Established the National Guard Bureau Annual Report metrics as the MYCA Scorecard.
- b) Implemented and utilizing a “Cadet Data Management System” as the MYCA database of record.
- c) Established a routine cycle of inspections and evaluations.

Finding 2: MYCA had not safeguarded or properly accounted for cash received from cadets’ families and various fundraising activities, increasing the risk for fraud, waste and abuse.

Action: The MYCA returned all cash on hand to the parents of Class 31 and has established cash management procedures to safeguard and account for cash. The primary concern with keeping cash revolved around the need to pay medical copay for Cadet pharmaceutical prescriptions. A petty cash account has been established with an SOP that requires quarterly audits by the Director. In addition, cash and donations received by the MYCA are logged and sent to DMVA State Operations (Budget Section) and deposited into an account for future use by the MYCA.

Finding 3: MYCA needs to establish minimum expectations to ensure that all cadets uniformly complete each core component task.

Action: The MYCA hired an Operations and Training NCO, who has developed a comprehensive training program for the 8-core components and includes training tasks in the daily operational plan. Cadets track completion through Cadre signoff of tasks in their individual Cadet Handbooks. Digital entry of tasks is input into the Cadet Data Management System.

Finding 4: MYCA needs to improve its oversight of food services provided to cadets and increase caloric intake of Cadets.

Action: The MYCA has established a monthly food service student council that includes involvement and leadership by MYCA and Marshall Schools Food Service Staff. Additionally, a 2nd snack was instituted in the evenings to bring the caloric intake up to USDA standards.

Finding 5: MYCA did not monitor the activities and responsibilities of its educational services provider.

Action: The MYCA has established a routine schedule to meet with the Marshall School District staff to discuss budget and educational curriculum. Action items are discussed to improve the MYCA educational component and due outs established with suspense dates to fix problems.

Recommendations the agency agrees with and will comply.

Finding 6: MYCA was not staffed to effectively administer the program, fulfill the mandates of the cooperative agreement, and protect the safety of cadets and staff.

Action: The MYCA receives a budget that allows it to hire 53 of the 64 required positions to attain the minimum staffing levels for a 114 Cadet program. Director Connell has requested additional funding from National Guard Bureau (NGB) for the 2016 budget that will allow hiring of the full 64 staff members and achieving the minimum staffing model in accordance with NGB policy. The MYCA expects to receive the 2016 approved budget in December 2015. If increased funding is approved by the National Guard Bureau in 2016, the MYCA will comply by April 2016.

Finding 7: MYCA did not provide required staff training to help ensure that risks to the program, as well as to the cadets, were minimized.

Action: In partnership with the National Guard Bureau, the MYCA has established a training program and instituting staff training during and between cycles. The MYCA has implemented an interim training program for staff until the National Guard Bureau can provide training. The National Guard Bureau has taken the lead to provide standardized core staff training for all Challenge programs. Expected implementation date for a national level training program is January 2016. The MYCA has budgeted travel dollars in 2016 to start the process of catching up staff on all mandatory training requirements. Will comply once the National Guard Bureau develops and funds training, expect to comply by January 2017.

Recommendations the agency disagrees with.

n/a