STATE OF MICHIGAN
DEPARTMENT OF TECHNOLOGY, MANAGEMENT & BUDGET
LANSING

RICK SNYDER
GOVERNOR

DAVID B. BEHEN
DIRECTOR

October 31, 2016

Richard Lowe, Director
Office of Internal Audit Services
State Budget Office
George W. Romney Building
111 South Capitol, 6th Floor
Lansing, Michigan 48913

Dear Mr. Lowe:

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 Department of Technology, Management and Budget, Physical Security & Environmental Controls over IT Resources.

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

Sincerely,

Signature Redacted

Michael Gilliland, Director
DTMB Financial Services

c: Senator Dave Hildenbrand, Chair, Senate Appropriations
        Representative Al Pscholka, Chair, House Appropriations
        Melissa Schuiling, Office of the Auditor General
        Dick Posthumus, Executive Office
        Ari Adler, Executive Office
        House Fiscal Agency
        Senate Fiscal Agency
        Brom Stibitz, DTMB
        Rod Davenport, DTMB
        David Bates, DTMB
        Phillip Jeffery, DTMB
        John Juarez, DTMB
        Caleb Buhs, DTMB
        Kerry DeBano, DTMB

Department of Technology, Management and Budget
Office of Retirement Services
Physical Security & Environmental Controls over IT Resources

October 31, 2016

<u>Summary of Agency Responses to Recommendations</u>

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1. Audit recommendations DTMB agrees with and will comply: 1, 2, 3, 4, 5, 6
2. Audit recommendations DTMB fully complied with: None
3. Audit recommendations DTMB disagrees with: None

<u>Agency Responses to Recommendations</u>

<u>FINDING #1: Physical security controls vital to protecting the State's IT resources.</u>
DTMB agrees with the recommendation. DTMB has already restricted access to only those individuals who require access and the department will review card key access reports every six months. The department will conduct an analysis of possible solutions to ensure MTR/TR doors are secure. In addition, DTMB will evaluate the feasibility of isolating all telecommunication equipment located in the 9,000+ MTR/TR locations. DTMB, working in conjunction with the other state departments, will evaluate how to best improve physical security controls over MTR/TR's in leased buildings. Contingent on budgetary and state departments' approval, DTMB anticipates compliance by December 31, 2017.

<u>FINDING #2: Improved physical security needed in and around hosting centers.</u>
DTMB agrees with the recommendation. For the hosting centers, DTMB has already restricted access to only those individuals who require access. DTMB has conducted background checks for all current employees who had not previously received one by the Michigan State Police. DTMB has implemented new monthly reporting and review procedures, to strengthen the hosting centers' physical security controls. In addition, for the switch rooms, DTMB has already restricted access to only those individuals who require access and the department will review card key access reports every six months. DTMB anticipates complying with the recommendation by December 31, 2016.

<u>FINDING #3: Improvements needed to telecommunication equipment inventory controls.</u>
DTMB agrees with the recommendation. DTMB is currently able to identify all major equipment via the department's equipment monitoring and inventory systems; however, the department plans on reviewing its remote out-state located equipment for accuracy. DTMB will continue to make improvements to its legacy equipment inventory, which recently included installing and tracking RFID tags to improve and monitor the accuracy of the major equipment inventory in the ACS system, as well as the state's CMDB system. DTMB will complete a study to assess the logistics and budgetary requirements for implementing additional asset controls (e.g. RFID) throughout MTR's, and more extensively, at all State facilities and their TR's. Additional staffing and funding to improve telecommunications equipment inventory controls will be proposed, for management and budgetary approval. DTMB will achieve full compliance for new

equipment acquired as part of the network refresh cycle. 'Contingent on budgetary approval, DTMB anticipates compliance by December 31, 2017.

FINDING #4: Environmental controls vital to protecting the State's IT resources.
DTMB agrees with the recommendation. The department has already started cleaning the out-of-compliance switch rooms and has established a MTR/TRs cleaning schedule. DTMB will ensure its policies and procedures expressly prohibit eating and drinking in MTR/TRs (9,000+ locations), including posting proper signage, consistent with best practices. In addition, the department will modify its policies to prohibit use of MTR/TRs for general storage. Data Center Operations has already procured a secure storage area that will be available for use beginning April 2016. DTMB will evaluate MTR/TRs found to have water hazards; however, most MTR/TRs are located in leased facilities. DTMB, working in conjunction with the other state departments, will evaluate how to best improve environmental controls in leased buildings. MTR/TRs located in leased facilities will be addressed on an individual basis and equipment will be relocated, if reasonable accommodations and budgetary approvals can been achieved. NTSD will continue to work with DTMB Real Estate and Facilities to ensure that the State's physical security and environmental control requirements are incorporated into future lease agreements. The department will evaluate fire detection and suppression systems, alarms, and emergency lighting to meet BICSI standards. In addition, DTMB will develop a plan to inspect and correct, if necessary, all TR/MTR's to insure equipment has proper grounding and surge suppression. This action takes into account the needs for specific requirements and policies for TR's as SOM locations are being considered and negotiated. Contingent on budgetary and state departments' approval, DTMB anticipates compliance by December 31, 2017.

FINDING #5: Plan needed for replacement of aging mechanical equipment.
DTMB agrees with the recommendation. DTMB maintains a rigorous hosting center maintenance schedule for all electrical/mechanical infrastructure equipment, which is performed by manufacturer trained and certified technicians. All mechanical equipment approaching their end-of-life, are evaluated and replaced, primarily based on two factors: technician recommendations, and budgetary approval. Contingent on budgetary approval DTMB will replace mechanical equipment at or approaching their end-of-life. Portions of infrastructure will comply with the recommendation through migrations to alternate locations (e.g. co-location) by December 31, 2016. In addition, DTMB has received budgetary approval from the State Budget Office to increase hosting fees for the hosting center in FY17. The increased fees will fund the replacement of seven Power Distribution Units for Hosting Center #1. Hosting Center #2's funding has not yet been approved. Contingent on budgetary approval, DTMB anticipates compliance by December 31, 2017.

FINDING #6: Improved documentation needed to show preventive maintenance is performed.
DTMB agrees with the recommendation. Contingent on budgetary approval, DTMB will replace all TVSS units at Hosting Center #1. As a new site for Hosting Center #2 is expected to be identified by mid-2016; however, these TVSS's will not be replaced. DTMB will review all TVSS units in the switch rooms to schedule maintenance and/or their replacement, as necessary. DTMB has communicated the documentation

requirements to vendors and will ensure that the proper documentation is maintained to support the preventative maintenance schedules for the TVSS units. DTMB anticipates compliance by June 30, 2016.