

Office of the Auditor General
Performance Audit Report

Office of Infrastructure Protection
Department of Technology, Management, and Budget

July 2017

The auditor general shall conduct post audits of financial transactions and accounts of the state and of all branches, departments, offices, boards, commissions, agencies, authorities and institutions of the state established by this constitution or by law, and performance post audits thereof.

Article IV, Section 53 of the Michigan Constitution



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Report Summary

Performance Audit

Office of Infrastructure Protection (OIP)

Department of Technology, Management, and Budget (DTMB)

Report Number:
071-0127-16

Released:
July 2017

OIP is responsible for ensuring security and safety at all 39 DTMB-managed facilities. OIP also authorizes identification and access to DTMB-managed buildings and State parking lots for State employees, contractors, and the general public. OIP expended approximately \$8.0 million during fiscal year 2016. As of September 30, 2016, OIP had 30 full-time staff.

Audit Objective			Conclusion
Objective #1: To assess the effectiveness of OIP's security and emergency management controls at DTMB-managed facilities.			Moderately effective
Findings Related to This Audit Objective	Material Condition	Reportable Condition	Agency Preliminary Response
OIP should improve its criminal history background check process to mitigate the risk of exposure of State resources to individuals with unsuitable backgrounds (Finding #1).		X	Agrees
OIP should seek legislation to authorize fingerprint criminal history background checks for State and contractor employees responsible for developing and/or maintaining State information systems and related equipment. This change would allow for the query of national criminal history databases (Finding #2).		X	Agrees
DTMB should clarify the assignment of oversight responsibilities for the completion, review, and testing of State agency developed continuity of operations plans (Finding #3).		X	Agrees

Audit Objective			Conclusion
Objective #2: To assess OIP's controls in managing State-owned parking capacity and ensuring the reasonableness and accuracy of parking revenues.			Effective
Findings Related to This Audit Objective	Material Condition	Reportable Condition	Agency Preliminary Response
None reported.			Not applicable.

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Auditor General

July 18, 2017

Mr. Brom Stibitz, Interim Director
Department of Technology, Management, and Budget
Lewis Cass Building
Lansing, Michigan

Dear Mr. Stibitz:

I am pleased to provide this performance audit report on the Office of Infrastructure Protection, Department of Technology, Management, and Budget.

We organize our findings and observations by audit objective. Your agency provided preliminary responses to the recommendations at the end of our fieldwork. The *Michigan Compiled Laws* and administrative procedures require an audited agency to develop a plan to comply with the recommendations and submit it within 60 days of the date above to the Office of Internal Audit Services, State Budget Office. Within 30 days of receipt, the Office of Internal Audit Services is required to review the plan and either accept the plan as final or contact the agency to take additional steps to finalize the plan.

We appreciate the courtesy and cooperation extended to us during this audit.

Sincerely,

Doug Ringler
Auditor General

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AUDIT OBJECTIVES, CONCLUSIONS, FINDINGS, AND OBSERVATIONS

SECURITY AND EMERGENCY MANAGEMENT CONTROLS AT DTMB-MANAGED FACILITIES

BACKGROUND

The Office of Infrastructure Protection (OIP) manages 39 State-owned facilities located in Lansing, Dimondale, Detroit, Escanaba, Flint, Grand Rapids, Jackson, Saginaw, and Traverse City. OIP is responsible for security measures and response to and management of emergency situations in all facilities managed by the Department of Technology, Management, and Budget (DTMB). Central Control provides 24-hour monitoring of security; life safety; and heating, ventilation, and air conditioning (HVAC) systems and administers the security surveillance camera network covering DTMB-managed facilities and State parking lots. Safety and Security Services provides management and contract oversight of the State's electronic card identification and access program, offers locksmith services, and maintains building fire systems.

AUDIT OBJECTIVE

To assess the effectiveness of OIP's security and emergency management controls at DTMB-managed facilities.

CONCLUSION

Moderately effective.

FACTORS IMPACTING CONCLUSION

- OIP effectively monitored entry and interior doors at DTMB-managed buildings.
- OIP established effective controls to monitor authorized access to State facilities and secured areas.
- OIP scheduled and performed emergency drills and exercises at DTMB-managed facilities.
- Reportable conditions* related to improving OIP's criminal history background check process, the need for additional fingerprint criminal history background checks, and the need to clarify the oversight responsibility for continuity of operations plans* (COOPs) (Findings #1 through #3).

* See glossary at end of report for definition.

FINDING #1

Improvements needed to criminal history background check process.

OIP should improve its criminal history background check process to mitigate the risk of exposure of State resources to individuals with unsuitable backgrounds.

Cybersecurity and Infrastructure Protection Policies and Procedures 300.50 requires contractor employees to submit to a background check upon OIP request. OIP informed us that it performs criminal history background checks on all contractor employees using the State of Michigan's Internet Criminal History Access Tool (ICHAT). If a contractor employee requires access to State facilities housing Michigan Department of State Police (MSP) information systems or data, MSP also performs a fingerprint criminal history background check in accordance with the Federal Bureau of Investigation (FBI) Criminal Justice Services Security Policy 5.12.1.1.

OIP did not:

- a. Retain ICHAT query result sheets to document the completion of criminal history background checks.
- b. Retain documentation to support the disposition of ICHAT results. ICHAT queries that produce "hits" are forwarded to an OIP analyst for further investigation and final disposition.
- c. Conduct recurring criminal history background checks for contractor employees whose employment continues for extended periods of time to identify changing conditions. DTMB Administrative Guide policy 200.32 requires DTMB to conduct a background investigation annually when a contractor employee's DTMB-issued identification card expires.
- d. Identify criminal history background checks and supporting documentation as official State records for inclusion in its records retention and disposal schedule.

OIP informed us that it does not maintain investigation documents because they include personally identifiable information (PII). However, OIP collects and maintains PII and sensitive PII in other circumstances, such as when a contractor employee submits a security access clearance form. Some State agencies include criminal history background check queries, results, and disposition documentation in their records retention and disposal schedules for periods ranging from 1 to 7 years.

RECOMMENDATION

We recommend that OIP improve its criminal history background check process to mitigate the risk of exposure of State resources to individuals with unsuitable backgrounds.

**AGENCY
PRELIMINARY
RESPONSE**

DTMB provided us with the following response:

DTMB agrees with the recommendation. The department will specifically identify the ICHAT information as official State records and will retain such records in accordance with applicable record retention schedules. DTMB will store the information with the 624 forms and ensure that the documentation is secure.

We have developed a process that will enable our office to store the ICHAT forms in a secure area where all PII will be encrypted and stored.

We will work towards ensuring that all DTMB IT contractors have a regular ICHAT background check performed.

FINDING #2

Additional fingerprint criminal history background checks needed.

OIP should seek legislation to authorize fingerprint criminal history background checks for State and contractor employees responsible for developing and/or maintaining State information systems and related equipment. This change would allow for the query of national criminal history databases to obtain comprehensive criminal history information.

Title 28, Part 50, section 12(a) of the *Code of Federal Regulations** authorizes a state government to submit fingerprints for FBI identification records if authorized by state statute and approved by the FBI director for purposes of employment and licensing. As noted in Finding #1, OIP conducts name-based criminal history background checks through ICHAT, which allows for the search of public criminal history record information maintained by MSP. All felonies and serious misdemeanors that are punishable by over 93 days are required to be reported to the State repository by law enforcement agencies, prosecutors, and courts in all 83 Michigan counties. However, ICHAT does not include federal records, tribal records, traffic records, juvenile records, local misdemeanors, and criminal histories from other states.

Current legislation provides authority for fingerprint criminal history background checks in limited or program-specific circumstances. For example, the Department of Licensing and Regulatory Affairs obtains criminal history background checks of prospective employees of homes for the aged and the Michigan Department of Health and Human Services obtains criminal history background checks of prospective employees of foster care facilities.

RECOMMENDATION

We recommend that OIP seek legislation to authorize fingerprint criminal history background checks for State and contractor employees responsible for developing and/or maintaining State information systems and related equipment.

AGENCY PRELIMINARY RESPONSE

DTMB provided us with the following response:

DTMB generally agrees with and will pursue the improvements identified in the audit finding. The department will work with Civil Service and the Office of the State Employer as we pursue enhancements to our current processes.

* See glossary at end of report for definition.

FINDING #3

Clarification needed for oversight of COOPs.

DTMB should clarify the assignment of oversight responsibilities within DTMB for the completion, review, and testing of State agency developed COOPs. The majority of State agency COOPs were not always properly completed, evaluated, and tested.

MSP develops and maintains the Michigan Emergency Management Plan (MEMP) in accordance with Section 30.407a of the *Michigan Compiled Laws*. MSP partners with State departments, agencies, and organizations to provide a framework to mitigate, prepare for, respond to, and recover from emergencies, disasters, threats, or incidents (actual, imminent, or potential) that could adversely impact the State. The MEMP identifies eight emergency support functions designed to provide the support, resources, program implementation, and services that are most likely to be needed following a disaster or emergency. MSP is the lead department for the direction and control of emergency support functions, and DTMB is 1 of the 6 supporting State departments and agencies. The MEMP requires DTMB, as "steward and coordinator of the State's COOP efforts," to oversee and monitor the implementation of individual State department COOPs.

The Federal Emergency Management Agency defines a COOP as an effort to ensure the continued performance of mission essential functions and primary mission essential functions during a wide range of emergencies, including localized acts of nature, accidents, and technological or attack-related emergencies. Section 30.408 of the *Michigan Compiled Laws* requires each department or agency of State government specified in the MEMP to prepare and continuously update its COOP to provide for the delivery of emergency management activities.

During our review:

- a. We requested COOPs from the 17 State departments and 5 State agencies (Civil Service Commission, Governor's Office, Michigan Lottery, MSP's Emergency Management and Homeland Security Division, and Office of the State Employer) with identified COOP coordinators as of July 8, 2016. However, 7 (41.2%) State departments and 3 (60.0%) State agencies did not provide us with their COOPs.
- b. We analyzed the 12 State department and State agency COOPs received and determined that:
 - 6 (50.0%) COOPs were not complete.
 - 7 (63.6%) of the 11 COOPs with annual reviews due did not have a review date documented in the last year.
 - 7 (58.3%) COOPs were not tested.
 - 2 (16.7%) COOPs did not contain a current call list.

- 6 (50.0%) COOPs were not properly approved.
- 4 (36.4%) of the 11 COOPs did not address existing critical business processes.

Within DTMB, OIP assumed the lead role in helping State departments and agencies complete their COOPs. However, there is no specific statute nor DTMB Administrative Guide policy that provides OIP with the legal authority or responsibility to oversee the preparation and review of COOPs. OIP does not believe that it has the ability to enforce State department or agency compliance with the completion, evaluation, testing, and approval of COOPs.

Recently, as part of the Material Internal Control Weakness Remediation and Accountability Program (MICWRAP), DTMB has:

- Identified the importance of the COOPs as an extension of business continuity plans* and disaster recovery plans for State of Michigan business functions.
- Obtained existing COOPs and performed gap analysis.
- Identified the individual(s) in each agency responsible for the COOPs.
- Posted a position for a Statewide business continuity coordinator to help oversee agency level business continuity plans and COOPs.
- Developed a centralized repository to track the development of COOPs.
- Drafted a Statewide standard for COOP quality validation and annual testing.

However, most of the MICWRAP activities noted have occurred without the involvement of MSP, one of the two parties with primary responsibility for COOP development and oversight.

DTMB Administrative Guide policy and/or authoritative legislation clarifying the assignment of oversight responsibilities between MSP and DTMB and within each department would help ensure the completion, review, and testing of State agency developed COOPs.

RECOMMENDATION

We recommend that DTMB clarify the assignment of oversight responsibilities for the completion, review, and testing of State agency developed COOPs.

* See glossary at end of report for definition.

**AGENCY
PRELIMINARY
RESPONSE**

DTMB provided us with the following response:

DTMB agrees with the recommendation and has begun meetings with MSP to help clarify roles and responsibilities. We are also holding internal meetings to clarify the COOP-related responsibilities of various organizations within DTMB. DTMB will document the roles and responsibilities between DTMB and MSP.

DTMB also notes that, while the department does not believe legislation is necessary related to its legal authority or responsibility to oversee the preparation and review of COOPs, it will consider issuing a new or revising an existing Administrative Guide policy.

Finally, DTMB noted that, while MSP was not involved in recent MICWRAP activities regarding agency COOPs, as of July 2017, DTMB had assisted 16 of 20 State agencies (including MSP) in getting their COOPs completed and entered into the department's central repository.

CONTROLS IN MANAGING PARKING CAPACITY AND ACCURACY OF PARKING REVENUES

BACKGROUND

OIP's Customer Service Center administers the State's parking program for employees, contractor employees, and the general public. Customer Service Center staff utilize the Automated Issuance Management System (AIMS) to manage parking capacity, process parking applications, and assign parking spaces subject to the maximum number of spaces available in the State's parking lots. Also, the Customer Service Center initiates parking deductions for State employees and ensures the accuracy of parking revenues by performing periodic reconciliations of State employee parking information in AIMS with State employee payroll deduction information recorded in the State's Human Resources Management Network* (HRMN).

AUDIT OBJECTIVE

To assess OIP's controls in managing State-owned parking capacity and ensuring the reasonableness and accuracy of parking revenues.

CONCLUSION

Effective.

FACTORS IMPACTING CONCLUSION

- Querying AIMS helped Customer Service Center staff correct State employee and contractor information and erroneous employee payroll deductions.
- Establishing and reconciling biweekly payroll deductions for parking services resulted in parking revenue collections of approximately \$5.5 million for fiscal year 2015 and \$5.4 million for fiscal year 2016.
- Reconciling parking data with employee payroll deductions generally resulted in appropriate collections.
- Assigning and managing available parking spaces generally resulted in maximized parking capacity at DTMB-managed parking lots and ramps.

* See glossary at end of report for definition.

AGENCY DESCRIPTION

Section 18.1219 of the *Michigan Compiled Laws* states that DTMB shall provide for and issue directives for the security of State-owned facilities. Section 18.1227 of the *Michigan Compiled Laws* states that DTMB shall establish, operate, and maintain parking for State buildings and facilities.

OIP is responsible for security measures and response to and management of emergency situations in 39 DTMB-managed facilities located in Lansing, Dimondale, Detroit, Escanaba, Flint, Grand Rapids, Jackson, Saginaw, and Traverse City. OIP's Central Control, Safety and Security Services, and Customer Service Center provide the following integral services:

- Issuance of State identifications and building access levels for all DTMB-managed buildings.
- 24-hour monitoring of security, life safety systems, and HVAC systems at State-owned facilities and certain DTMB-leased facilities.
- Monitoring of over 550 surveillance cameras throughout DTMB-managed facilities and parking lots.
- Assistance in conducting monitor training in DTMB-managed facilities and coordination of fire and tornado drills in DTMB-managed facilities.
- Parking services for State employees, contractors, and the general public.
- Locksmith services for DTMB-managed buildings.
- Oversight of approximately 150 security guard contractors.

For fiscal years 2015 and 2016, OIP expended approximately \$8.1 million and \$8.0 million, respectively. As of September 30, 2016, OIP had 30 full-time staff.

AUDIT SCOPE, METHODOLOGY, AND OTHER INFORMATION

AUDIT SCOPE

To examine OIP processes related to services provided to State agencies. We conducted this performance audit* in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

PERIOD

Our audit procedures, which included a preliminary survey, audit fieldwork, report preparation, analysis of agency responses, and quality assurance, generally covered October 1, 2013 through November 30, 2016.

METHODOLOGY

We conducted a preliminary survey of OIP operations to formulate a basis for defining the audit objectives and scope. During our preliminary survey, we:

- Interviewed OIP staff to obtain an understanding of the services provided to State agencies.
- Reviewed applicable laws, policies, procedures, manuals, contracts, agreements, and guidelines.
- Analyzed IT systems used by OIP.
- Observed one tornado drill that included all DTMB-managed facilities in the State.
- Observed Central Control's monitoring of DTMB-managed facilities using surveillance cameras and security, life safety, and HVAC alarm systems from their workstations.
- Reviewed security access forms for completeness and proper approval and ensured that the requested access agreed with the individual's granted access in the State's security information system.

OBJECTIVE #1

To assess the effectiveness of OIP's security and emergency management controls at DTMB-managed facilities.

To accomplish this objective, we:

- Analyzed Central Control monitoring equipment in relation to its age, features, capabilities, and performance.

* See glossary at end of report for definition.

- Observed surveillance equipment for performance and coverage.
- Analyzed all locksmith work orders completed during our audit period to determine if work orders were processed based on priority and in a timely manner.
- Reviewed 10 State agency COOP documents to assess their completeness and reasonableness.
- Reviewed DTMB fire drill records to ensure their completion as required.

OBJECTIVE #2

To assess OIP's controls in managing State-owned parking capacity and ensuring the reasonableness and accuracy of parking revenues.

To accomplish this objective, we:

- Reviewed 13 biweekly pay period reconciliation reports to obtain an understanding of OIP's procedures to evaluate AIMS data accuracy and reconcile AIMS data with HRMN payroll records.
- Judgmentally selected and reviewed 6 biweekly pay periods to reconcile AIMS payroll deduction data with payroll deduction data maintained in HRMN and to identify instances in which State employees had assigned parking spaces but the State did not collect parking revenues from employee paychecks.
- Analyzed OIP's management of State parking capacity.

CONCLUSIONS

We base our conclusions on our audit efforts and any resulting material conditions* or reportable conditions.

When selecting activities or programs for audit, we direct our efforts based on risk and opportunities to improve State government operations. Consequently, we prepare our performance audit reports on an exception basis.

AGENCY RESPONSES

Our audit report contains 3 findings and 3 corresponding recommendations. DTMB's preliminary response indicates that it agrees with the recommendations.

The agency preliminary response that follows each recommendation in our report was taken from the agency's written comments and oral discussion at the end of our audit fieldwork. Section 18.1462 of the *Michigan Compiled Laws* and

* See glossary at end of report for definition.

the State of Michigan Financial Management Guide (Part VII, Chapter 4, Section 100) require an audited agency to develop a plan to comply with the recommendations and submit it within 60 days after release of the audit report to the Office of Internal Audit Services, State Budget Office. Within 30 days of receipt, the Office of Internal Audit Services is required to review the plan and either accept the plan as final or contact the agency to take additional steps to finalize the plan.

GLOSSARY OF ABBREVIATIONS AND TERMS

AIMS	Automated Issuance Management System.
business continuity plan	Documentation of a predetermined set of instructions or procedures, at the business process level, that describes how an organization's mission and business processes will be sustained during and after a significant disruption of operations.
<i>Code of Federal Regulations</i>	The codification of the general and permanent rules published by the departments and agencies of the federal government.
continuity of operations plan (COOP)	A predetermined set of instructions or procedures, at the department level, that describes how an organization's mission-essential functions will be sustained within 12 hours and for up to 30 days as a result of a disaster event before returning to normal operations.
DTMB	Department of Technology, Management, and Budget.
FBI	Federal Bureau of Investigation.
Human Resources Management Network (HRMN)	The State's integrated human resources system that processes personnel, payroll, and employee benefits data.
HVAC	heating, ventilation, and air conditioning.
ICHAT	Internet Criminal History Access Tool.
IT	information technology.
material condition	A matter that, in the auditor's judgment, is more severe than a reportable condition and could impair the ability of management to operate a program in an effective and efficient manner and/or could adversely affect the judgment of an interested person concerning the effectiveness and efficiency of the program.
MEMP	Michigan Emergency Management Plan.
MICWRAP	Material Internal Control Weakness Remediation and Accountability Program.

MSP	Michigan Department of State Police.
OIP	Office of Infrastructure Protection.
performance audit	An audit that provides findings or conclusions based on an evaluation of sufficient, appropriate evidence against criteria. Performance audits provide objective analysis to assist management and those charged with governance and oversight in using the information to improve program performance and operations, reduce costs, facilitate decision-making by parties with responsibility to oversee or initiate corrective action, and contribute to public accountability.
PII	personally identifiable information.
reportable condition	A matter that, in the auditor's judgment, is less severe than a material condition and falls within any of the following categories: an opportunity for improvement within the context of the audit objectives; a deficiency in internal control that is significant within the context of the audit objectives; all instances of fraud; illegal acts unless they are inconsequential within the context of the audit objectives; significant violations of provisions of contracts or grant agreements; and significant abuse that has occurred or is likely to have occurred.



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