



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

RICK SNYDER
GOVERNOR

NICK A. KHOURI
STATE TREASURER

November 29, 2017

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

Dear Mr. Lowe,

In accordance with the State of Michigan, Financial Management Guide, Part VII, the following is our corrective action plan to address recommendations contained within the Office of the Auditor General's Performance Audit of the Office of Privacy and Security (OPS), Report Number 271-0160-16, from October 1, 2013 – February 29, 2016.

1. Audit recommendations the agency complied with: None
2. Audit recommendations the agency agrees with and will comply:

Finding 1 - Security Access Rights Frameworks:

We recommend that OPS obtain and review security access rights frameworks from its business owners.

Agency Plan:

OPS conducted training for security liaisons regarding the importance of annual framework compliance. For fiscal year 2017, OPS received 51 of the 67 requested frameworks from business areas as of October 19, 2017. The Plan includes an aggressive escalation process, involving Office Administrator and Deputy Treasurer follow-up as necessary to ensure frameworks are received and reviewed by December 31, 2017. Frameworks will be in 100% compliance by January 31, 2018 with residual gaps resolved that were discovered during the review. Additionally, OPS is documenting all follow-up with business areas for each framework that is outstanding.

Finding 3 – Inventory of Information Systems and Applications:

We recommend that OPS implement and maintain an accurate inventory and document required information related to Treasury's information systems and applications.

Agency Plan:

DTMB Agency Services created a listing of all Treasury systems and the business owners for each system as of May 23, 2017. The inventory listed was provided to OPS on June 20, 2017. OPS along with DTMB will have a monitoring process by January 31, 2018 to ensure inventory is updated regularly and the inventory is accurate and complete.

Finding 4 – Data Classification:

We recommend that OPS ensure that business owners classify their data as public, sensitive, or confidential and assign a level of low or high based on the data's sensitivity, criticality, and risk.

Agency Plan:

OPS conducted training for security liaisons regarding data classification in April 2017. A three-phase plan has been developed to ensure all data classification forms are completed and updated timely:

1. Complete all data classification forms for the 38 systems indicated in the audit. This phase is scheduled to be completed by January 31, 2018.
 2. Complete a review of existing data classification worksheets to be transferred to the DTMB data classification form. This phase will be completed by January 31, 2018.
 3. OPS will review the systems inventory list provided by DTMB for any gaps. If gaps are found, OPS will work with the business areas to ensure compliance. This phase will be completed by April 30, 2018.
3. Audit recommendations the agency disagrees with:

Finding 2 - Security Monitoring Policy:

We recommend that OPS ensure that its security monitoring policy is updated to be in compliance with the State of Michigan standards requiring access rights to be reviewed every 120 days.

Agency Plan:

OPS received a DTMB exception approval for the State of Michigan standard requiring access rights to be reviewed every 120-days and will, therefore, continue to monitor access rights for user accounts at a minimum of annually. No further action is required.

Should you have any questions regarding the corrective action plan, please contact Brenda Lindsay at 517-636-4084 or at LindsayB2@michigan.gov.

Sincerely,

Signature Redacted

Ann E. Good, Deputy State Treasurer
Financial and Administrative Services

Cc: Dick Posthumus, Executive Office
Wendy Wisniewski, Executive Office
Doug Ringler, Office of the Auditor General
Rob VerHeulen, House Appropriations Sub-committee
Jim Stamas, Senate Appropriations Sub-committee
Lee Chatfield, House Standing Committee

Arlan Meekhof, Senate Standing Committee
Mary Ann Cleary, House Fiscal Agency
Ellen Jeffries, Senate Fiscal Agency
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