



STATE OF MICHIGAN  
**DEPARTMENT OF TRANSPORTATION**  
LANSING

RICK SNYDER  
GOVERNOR

KIRK T. STEUDLE  
DIRECTOR

February 1, 2018

Mr. Richard Lowe, Director  
Office of Internal Audit Services  
Office of the State Budget  
George W. Romney Building  
111 South Capitol Avenue, Sixth Floor  
Lansing, Michigan 48913

Dear Mr. Lowe:

In accordance with the State of Michigan Financial Management Guide Part VII, following is a summary table identifying our response and a corrective action plan. These address the recommendations contained within the Office of Auditor General's performance audit report of the Michigan Department of Transportation (MDOT) Grant System, covering the period of October 1, 2014 through June 30, 2017 (Project 591-0593-17). The Office of Internal Audit Services, Office of the State Budget, approved distribution of the plan.

Questions regarding the summary table or corrective action plan should be directed to either Michael B. Kapp, Administrator, Office of Economic Development, at 517-335-1069 or Jack Cotter, CPA, CGMA, Commission Auditor, at 517-373-1500.

Sincerely,

Signature Redacted

Kirk T. Steudle  
Director

Enclosures

cc: Executive Office  
Office of the Auditor General  
Senate Fiscal Agency  
Senate Transportation Appropriations Subcommittee  
Senate Transportation Standing Committee  
House Fiscal Agency  
House Transportation Appropriations Subcommittee  
House Transportation Standing Committee  
State Transportation Commission Chair  
Office of Economic Development  
Office of Commission Audits

Michigan Department of Transportation  
Summary Table of Agency Responses to Recommendations  
Audit Period October 1, 2014 through June 30, 2017

A. **Audit recommendations the agency has complied with:**

None.

B. **Audit recommendations the agency agrees with and will comply:**

Finding 3.

C. **Audit recommendations the agency partially agrees with:**

Finding 1 and 2.

Michigan Department of Transportation  
Corrective Action Plan  
Audit Period October 1, 2014 through June 30, 2017

**A. Audit recommendations the agency has complied with:**

None.

**B. Audit recommendations the agency agrees with and will comply:**

**AUDIT FINDING**

- 3. MDOT, in conjunction with Department of Technology, Management, and Budget (DTMB), did not fully establish controls in MDOT Grant System (MGS) to help prevent and detect inappropriate grant application approvals, increasing the risk that someone other than the Office of Economic Development (OED) administrator could preliminary approve a grant application without being detected.**

**RECOMMENDATION**

We recommend that MDOT, in conjunction with DTMB, fully establish controls in MGS to help prevent and detect inappropriate grant application approvals.

**AGENCY RESPONSE**

In January 2018, MDOT added an item to the MGS maintenance priorities list to request that DTMB configure MGS to document the identity of which user approved each grant application.

Currently, the Administrator role is restricted to the OED Administrator and only the system owner and their backup can assign this role.

**C. Audit recommendations the agency partially agrees with:**

**AUDIT FINDING**

- 1. MDOT, in conjunction with DTMB, did not fully establish and implement user access controls over MGS to ensure the authorization and authentication of users and the protection of MGS data.**

**RECOMMENDATION**

We recommend that MDOT, in conjunction with DTMB, fully establish and implement user access controls over MGS to help ensure the authorization and authentication of users.

**AGENCY RESPONSE**

MDOT will continue to establish and implement greater user access controls over MGS. These access controls include:

- The MGS system owner will grant access to MGS users by employing the principle of least privilege.

Michigan Department of Transportation  
Corrective Action Plan  
Audit Period October 1, 2014 through June 30, 2017

- The MGS system owner will remove access of departed users once the MGS system owner is notified of the departure.
- By October 1, 2018, MDOT will document the business purpose for granting access rights for new MGS users.
- By October 1, 2018, MDOT will implement procedure for reviewing MGS user access rights every 120 days.

**AUDIT FINDING**

- 2. MDOT, in conjunction with DTMB, did not fully implement security controls to protect MGS information from unauthorized use, disclosure, modification, or destruction and to ensure the integrity and availability of MGS information.**

**RECOMMENDATION**

We recommend that MDOT, in conjunction with DTMB, fully implement security controls to protect MGS information from unauthorized use, disclosure, modification, or destruction.

**AGENCY RESPONSE**

MDOT will register MGS in the new State of Michigan software, Lockpath by May 1, 2018, and complete a risk and security assessment in FY 2018-19.