



STATE OF MICHIGAN
DEPARTMENT OF TRANSPORTATION
LANSING

RICK SNYDER
GOVERNOR

KIRK T. STEUDLE
DIRECTOR

September 5, 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 are a summary table identifying our responses and corrective action plan. This addresses the recommendations contained within the Office of Auditor General's performance audit report of the Administration of Act 51-Related Funds, Michigan Department of Transportation, covering the period of October 1, 2014 through July 31, 2017 (Project 591-0410-17). 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 Myron Frierson, Bureau Director, Finance and Administration, at 517-373-2117 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 Commission Audits

Michigan Department of Transportation
Summary Table of Agency Responses to Recommendations
Audit Period October 1, 2014 through July 31, 2017

A. Audit recommendations the agency has complied with:

None.

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

Finding 2.

C. Audit recommendations the agency partially agrees with:

Finding 1.

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A. Audit recommendations the agency has complied with:

None.

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

AUDIT FINDING

2. MDOT should more clearly define its processes and expectations for performance audits of local units of government and their use of Act 51-related funds.

RECOMMENDATION

We recommend that MDOT more clearly define its processes and expectations for performing audits of local units of government and their use of Act 51-related funds.

AGENCY RESPONSE

MDOT agrees that defined processes might be helpful relative to audits of Act 51 funds and will consider the utility of developing such processes in coordination with the Legislature and other affected entities.

C. Audit recommendations the agency partially agrees with:

AUDIT FINDING

1. Michigan Department of Transportation (MDOT), in conjunction with Department of Technology, Management, and Budget (DTMB), needs to fully establish security management and access controls over Act 51 Distribution and Reporting System (ADARS) to help prevent unauthorized or inappropriate access.

RECOMMENDATION

We recommend that MDOT, in conjunction with DTMB, fully establish security management and access controls over ADARS.

AGENCY RESPONSE

MDOT generally agrees with the recommendation.

Regarding part a., although the finding did not identify instances of unauthorized use or inappropriate access to ADARS, MDOT intends to implement a new policy to review all MDOT-employee ADARS users for proper access every 120 days. For external users of ADARS, because of their unique business processes and needs, MDOT does not plan to evaluate access every 120 days. Many of the over 1,400 external users only access the application every six months, or yearly. However, as a compensating control, MDOT

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established a System owner/System administrator guidance policy and intends to evaluate external-user access every six months. MDOT plans to have new guidance policy in place by December 31, 2018.

Regarding part b., MDOT is developing a list of compatible roles and intends to review all users for incompatibles. MDOT plans to develop and review incompatibles roles by December 31, 2018.