



STATE OF MICHIGAN

GRETCHEN WHITMER
GOVERNOR

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY
LANSING

GARY HEIDEL
ACTING EXECUTIVE DIRECTOR

June 21, 2019

Mr. Rick Lowe, Director
Office of Internal Audit Services
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, Chapter 4, Section 100, enclosed are the final summary table identifying our responses and corrective action to address findings and recommendations related to the Office of the Auditor General's performance audit of Rental Assistance and Homeless Solutions, Michigan State Housing Authority, covering the period of July 1, 2015 through June 30, 2017. Please contact me directly with any questions.

Sincerely,

Signature Redacted

Jennifer Edmonds
Audit Liaison
Michigan State Housing Development Authority

Enclosure

cc: Gary Heidel, Acting Executive Director
Kelly Rose, Chief Housing Solutions Officer
Allen Williams, TED Internal Control Officer
JoAnne Huls, Chief of Staff
Doug Ringler, Auditor General
Relevant House and Senate Appropriation Sub-committees
Relevant House and Senate Standing Committees
House and Senate Fiscal Agencies

AUDIT RESPONSE SUMMARY

**Rental Assistance and Homeless Solutions
Michigan State Housing Development Authority
July 1, 2015 through June 30, 2017**

Summary Response Matrix

	Complied	Will Comply	Partially Complied	Will Not Comply
Agrees	1a, 2a, 2b, 2c, 3a, 3b, 3c	1b, 1d, 1e		
Partially Agrees			1c	
Disagrees				

**Rental Assistance and Homeless Solutions
Michigan State Housing Development Authority
July 1, 2015 through June 30, 2017**

FINDING #1 – Improved User Access and Security Controls Needed

We recommend that MSHDA improve its access and security controls over Elite, MATT 2.0 and HMIS.

Final Response:

MSHDA agrees with 1a and has complied. MSHDA agrees with 1b, 1d and 1e and will comply. MSHDA partially agrees with 1c and has partially complied with the recommendations and believes their actions fully resolve the finding.

- a) MSHDA has created new forms, implemented October 1, 2017, to properly document the approval of new Elite users and the assigning and/or changing of user security roles for existing users. MSHDA has required all users to complete the new documentation and implemented a new procedure in Elite which includes the removal of the security role form the closed user. Users will be removed no later than 9:00 AM on the first business day following notification or their last date of employment and/or contract with MSHDA. This matter is considered resolved.
- b) MSHDA IT staff will conduct reviews at least every 120 days of all administrative user's activities to ensure they are legitimate. This process is anticipated to be implemented by June 30, 2019.
- c) Effective September 1, 2018, MSHDA requires third-party security certification of MATT 2.0, Elite and all IT systems be provided in accordance with vendor contracts and make every effort to obtain appropriate documentation from the vendor if terms related to this certification are not specifically addressed in the current contract. MSHDA will obtain annual third-party internal control certifications and/or audits as required under the Contract with each stated vendor. As of January 2018, the HMIS agreement is between the Michigan Coalition Against Homelessness (MCAH) and the service provider, WellSky, not MSHDA. As such, the evaluation of controls related to the services provided by WellSky falls within the scope of the independent audit performed of MCAH, the report from which is provided to MSHDA for review. MSHDA will include in future HMIS grant agreements with MCAH that SOC reports must be reviewed by MCAH and their independent auditor. This matter is considered resolved.
- d) MSHDA is in the process of implementing an access control policy and enforcing access control procedures to greater increase security controls. This includes shifting the responsibility for provisioning of all end-user accounts to the Technical Support Services staff for MATT 2.0 and Elite. This policy will be implemented by September 30, 2019.
- e) Effective dates for account provisioning in all systems will be in accordance with employment status dates in the HRMN system. Additionally, MSHDA will require that each business unit certify that staff have the appropriate access assigned in MATT 2.0 and Elite, as well as any IT system, at least every 120 days. This process is anticipated to be implemented by June 30, 2019.

FINDING #2 – Improvements Needed to Quality Control Inspections.

We recommend that MSHDA improve its quality control inspection efforts.

Final Response:

MSHDA agrees and has fully complied.

The SEMAP Coordinator and Policy Manager conducted a meeting with QC Inspectors in September 2018 where the items identified by the OAG were highlighted. A review of the current Internal Procedure for QC Inspections was also completed.

- a) MSHDA has revised the Quality Control Summary Report to enhance documentation and the form will be retained in the SEMAP file as documentation of appropriate follow-up and required actions. This matter is considered resolved.
- b) MSHDA has begun entering “none” for item 5.1 on the QC inspection form to indicate there is no entry to be made in this section of the form. This matter is considered resolved.
- c) In calendar year 2016 MSHDA implement the use of the MSHDA 281b questionnaire as an internal tool that is completed by each MSHDA staff member who completes a QC inspection. It asks similar questions to the optional tenant questions portion of the 52580 inspection form and is reviewed by the QC Inspector and the Field Manager. In addition, MSHDA updated Standard Operating Procedure on September 26, 2017 to clearly state that pages 6 and 7 of the HUD 52580 inspection form are optional and that the form is considered complete with these pages blank. This matter is considered resolved.

FINDING #3 – Improved Documentation Needed

We recommend that MSHDA improve its ESG documentation.

Final Response:

MSHDA agrees and has fully complied.

- a) MSHDA has amended the HMIS contract to accurately reflect the contractual relationship between MCAH and WellSky. MSHDA no longer signs the agreement. This matter is considered resolved.
- b & c) MSHDA now requires grantees to upload a current conflict of interest form and basic standards certification form in the MATT 2.0 system at ESG application. The two documents are grant application threshold requirements and the grant will not be executed without the correct, completed forms. This matter is considered resolved.