



GRETCHEN WHITMER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF
ENVIRONMENT, GREAT LAKES, AND ENERGY
LANSING



LIESL EICHLER CLARK
DIRECTOR

April 14, 2020

VIA E-MAIL

Mr. Rick Lowe, Chief Internal Auditor
Office of Internal Audit Services
State Budget Office
George W. Romney Building
111 South Capitol, 8th Floor
Lansing, Michigan 48913

Dear Mr. Lowe:

In accordance with the State of Michigan, Financial Management Guide, Part VII, enclosed is a summary identifying our responses and corrective action plans to address recommendations contained within the Office of the Auditor General's audit report of the Office of the Great Lakes, Michigan Department of Environment, Great Lakes, and Energy (EGLE).

Please contact Ms. Amy Epkey, Senior Deputy Director, at 517-242-7407, with any questions regarding the corrective action plans.

Sincerely,

Signature Redacted

Liesl Eichler Clark
Director
517-284-6700

Enclosure

Mr. Rick Lowe

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cc/enc: Senate Appropriations Subcommittee on Natural Resources and
Environmental Quality Members
Senate Environmental Quality Committee Members
Senate Natural Resources Committee Members
House Appropriations Subcommittee on Natural Resources and
Environmental Quality Members
House Natural Resources and Outdoor Recreation Committee Members
Mr. Chris Harkins, Director, Senate Fiscal Agency
Ms. Mary Ann Cleary, Director, House Fiscal Agency
Mr. Doug Ringler, Office of the Auditor General
Ms. JoAnne Huls, Governor's Office
Mr. Jay Rising, Governor's Office
Ms. Abbey Frazier, Senate Fiscal Agency
Mr. Austin Scott, House Fiscal Agency
Mr. Aaron B. Keatley, Chief Deputy Director, EGLE
Ms. Amy Epkey, Senior Deputy Director, EGLE
Mr. James Clift, Deputy Director, EGLE
Ms. Sarah M. Howes, Legislative Liaison, EGLE
Ms. Teresa Seidel, EGLE
Mr. Brad Pagratis, EGLE
Mr. Phil Argiroff, EGLE
Mr. Michael Alexander, EGLE
Mr. Richard Hobrla, EGLE
Ms. Dale Shaw, EGLE

Michigan Department of Environment, Great Lakes, and Energy (EGLE)
Office of the Great Lakes Audit (751-0321-18)
Summary of Agency Responses to Recommendations
January 1, 2014 – June 30, 2018

1. Audit recommendations the agency complied with:

Finding #4

Improvements needed in RAP updates.

The Office of the Great Lakes (OGL) completed only 1 (8%) remedial action plan (RAP) update during our 54-month audit period.

OAG Recommendation

We recommend that OGL complete required RAP updates in compliance with its cooperative agreement with the U.S. Environmental Protection Agency (EPA).

EGLE Response

EGLE agrees that language in the cooperative agreement was ambiguous and subject to different interpretations. The department intends to renegotiate the terms of the Cooperative Agreement with EPA to provide additional clarity when RAP updates are necessary.

Note: Changes to the preliminary response submitted August 2019 are indicated with italics.

Planned Corrective Action

EGLE refined the language in the new cooperative agreement with the EPA to provide additional clarity on when RAP updates will be developed. The new language commits EGLE to “Prepare RAP updates when the EPA identifies the need to do so.”

Completion Date

July 2019 – The EPA approved the new language when they issued a new cooperative agreement in September 2019.

Finding #5

Improved process needed for documenting BUI removals.

For all five beneficial use impairment (BUI) removals, OGL did not provide documentation to support who served on the technical teams and whether those individuals explicitly supported the BUI removal.

OAG Recommendation

We recommend that OGL improve its process for documenting BUI removals.

EGLE Response

The department agrees there is an opportunity to improve the documentation associated with BUI removals. The department will develop a checklist for use by the Area of Concern (AOC) coordinator during the BUI removal process. The checklist and documentation will be reviewed by the program supervisor at the conclusion of each BUI removal.

Planned Corrective Action

EGLE has drafted two checklists for use by AOC coordinators during the BUI removal process. Both checklists must be reviewed by the program supervisor at the conclusion of each BUI removal.

The first checklist titled, "BUI Removal Process Checklist" details the process steps AOC coordinators take when removing BUIs, including public notification steps.

The second checklist titled, "BUI Removal Documentation Checklist" is a documentation checklist to ensure the files for BUI removals are complete.

Completion Date

October 2019 - Both checklists were prepared and currently in use. They will be updated as needed.

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

Finding #1

Improvements needed in grant selection and work plan documentation.

OGL awarded over \$328,000 to one grantee through an informal selection process and with an initially vague work plan.

OAG Recommendation

We recommend that OGL document its process for selecting AOC program grantees and ensure that grant agreements include detailed work plans prior to execution.

EGLE Response

The department agrees that the effective use of grant funding is essential. With OGL's transition to EGLE, the department will implement appropriate controls to assure the effective use of funds.

Planned Corrective Action

EGLE will document its process for selecting AOC program grantees and ensure that grant agreements will include detailed work plans and expectations prior to execution. The work plans will describe:

- The work that will be performed.
- When the work will be accomplished.
- Performance expectations.
- Estimated costs.
- List expected outputs (the product or service produced by a program or an entity) and outcomes (the actual impact of a program or entity) and link them to the funding.
- Identify target dates and milestones.

Anticipated Completion Date

Ongoing - the detailed work plan will be effective with all new grant agreements starting December 2019.

Finding #2

Policies and procedures needed for awarding and monitoring grants.

OGL did not comply with certain state and federal grant requirements resulting in reimbursement to grantees for unallowable or unsupported costs totaling \$13,667.

OAG Recommendation

We recommend that OGL fully establish policies and procedures to ensure the effective awarding and monitoring of AOC and Coastal Zone Management (CZM) Program grants.

EGLE Response

The department agrees that the effective use of grant funding is essential. With OGL's transition to EGLE, the department will implement appropriate controls to assure the effective use of funds.

Planned Corrective Action

1. To ensure compliance with grant regulations and policies; ensure grant funds are used for the intended purposes and in compliance with federal statutes, regulations, and grant terms and conditions, EGLE will:
 - Per EGLE policy 10-005, complete federally required grantee risk assessments and document the assessment using the Risk Assessment Template. This will help determine the appropriate subrecipient monitoring to be performed based on the grantee's assessed level of risk.
 - Ensure that AOC grantees submit required financial and programmatic reports within the required time frame.
 - Require reimbursement requests are processed per EPA guidance and EGLE policies to prevent the overpayment of federal funds.
 - Not accept grant applications after the deadline to ensure a fair and equitable application process for all applicants.
 - Document the federally approved indirect cost rate at the time of grant issuance to ensure efficient use of federal funds.
2. To ensure regulations and policies are being followed, grant training will be provided to EGLE's Water Resources Division staff.

Anticipated Completion Date

1. Ongoing
2. March 2020

Finding #3

Relationships with public advisory councils (PACs) could be strengthened.

Opportunities exist to improve OGL's relationships with PACs in order to restore and remediate Michigan's waters.

OAG Recommendation

We recommend that OGL strengthen its relationships with PACs to help ensure that it meets the AOC program goal of restoring and remediating Michigan's waters.

EGLE Response

EGLE agrees that ongoing communication, collaboration, and engagement with PACs is necessary. *As implied in the audit report, 84% of PAC members surveyed were satisfied with the support that OGL provides to PACs in helping them effectively carry out their responsibilities. Each PAC is managed independently and has a different definition of what a member of their council is.*

Due to the different definition of what a member is between PACs and the ongoing change of members within a PAC, the OGL will maintain a list of PAC presidents/chairs and State PAC (SPAC) liaisons and implement processes to assure timely and relevant communication occurs.

Note: Changes to the preliminary response submitted August 2019 are indicated with italics.

Planned Corrective Action

EGLE will continue to maintain a list of PAC presidents and SPAC liaisons to assure timely and relevant communication occurs. To further improve PAC relationships, EGLE will:

1. Request PACs to provide an email distribution list of their current membership.
2. Continue to maintain a list of all active PAC presidents and SPAC liaisons to ensure that AOC Program information is distributed effectively.
3. Over the next 12 months, EGLE will ask each PAC to provide time on a PAC meeting agenda for a discussion between PAC members and AOC Program management on the topic of improving communications within the program. Additionally, this topic will be added to the agenda for the next SPAC meeting.

Anticipated Completion Date

1. January 2020
2. Ongoing – Last update was April 30, 2019
3. December 2020

- 3. Audit recommendations the agency disagrees with:**
Not applicable.