



STATE OF MICHIGAN

GRETCHEN WHITMER
GOVERNOR

DEPARTMENT OF TECHNOLOGY, MANAGEMENT & BUDGET
LANSING

BROM STIBITZ
ACTING DIRECTOR

June 12, 2020

Rick Lowe, Director
Office of Internal Audit Services
State Budget Office
George W. Romney Building
111 South Capitol, 6th 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 plans to address recommendations contained within the Office of the Auditor General's audit report of the Department of Technology, Management and Budget, Michigan's Public Safety Communication System (MPSCS) Audit.

Questions regarding the summary table or corrective action plans should be directed to me.

Sincerely,

Brom Stibitz, Acting Director

c: Representative Shane Hernandez, Chair, House Appropriations
Senator Jim Stamas, Chair, Senate Appropriations
Mary Ann Cleary, House Fiscal Agency
Christopher Harkins, Senate Fiscal Agency
Melissa Schuiling, Office of the Auditor General
JoAnne Huls, Executive Office Jay Rising, Executive Office
Eric Swanson, DTMB Brad Stoddard, DTMB
Michelle Lange, DTMB Caleb Buhs, DTMB
Mike Williams, SBO John Juarez, SBO

Summary of Agency Responses to Recommendations

1. Audit recommendations DTMB agrees with and will comply: #1, 2, 3, 4
2. Audit recommendations DTMB fully complied with: N/A
3. Audit recommendations DTMB disagrees with: N/A

Agency Responses to Recommendations

1. Audit finding #1 – Improved contractor monitoring needed.
The Office agrees and will comply by December 31, 2021. During the OAG's preliminary survey process, the Office communicated concerns related to the contractor's billing and reporting process. The Office and the contractor have removed the previous resources managing the contract activities to address the concerns. With the 2020 budget, the Office received additional appropriated funds to address business unit staffing, to monitor contractual obligations and documentation, as well as to initiate the process to develop the RFP to rebid the contract. The Office is currently working through the staffing process. In addition, the Office has begun periodic meetings with other State agencies regarding re-bidding or amending this contract to ensure it is meeting the needs of all State agencies. This effort includes ensuring State agencies notify the Office when licenses are cancelled or amended to validate tracking of revenue that will not be coming into the State that may have been different than the initial vendor agreement.
2. Audit finding #2 - Improvements needed to ensure accuracy of contractor payments.
The Office partially agrees and will comply by October 1, 2020. While the Office's documentation reviewed by OAG did not match milestone payment detail accurately to 100%, all payments and work efforts were vetted by the Office and the Office's quality assurance contractor to validate work had been performed to the contract requirements and payments attributed to the work provided. The Office will successfully complete this statewide, 5-year, \$150 million work effort, on-time and within budget with zero negative system effects to the MPSCS public safety users. The Office, subsequent to the audit period, updated the process with the Quality Assurance contractor to validate the payment milestones prior to the Office Director sign off and approve payment for the work activity by the vendor. The Office also renewed the contract with their quality assurance contractor for 2020 to support the process. Additionally, the Office negotiated a Business Relationship Manager with said contractor to assist in the activities, invoicing, and escalation of contract activities between the contractor and the Office. The Office has started the process to add additional staff by October 1,

2020 to assist with managing the contract and business functions supporting these unique business efforts.

3. Audit finding #3 - Complete and accurate inventory of MPSCS equipment needed.

The Office agrees and will comply by August 1, 2020. The Office has an EAM workgroup that drives training, standardization and procedures for the use of EAM by the Office staff. In addition, the Office has undertaken a major data clean-up effort as EAM has gone through a system upgrade and a policy for salvaging assets is in draft review to be finalized by August 1, 2020. The method that members submit to update assets is also in review as the Office rolls out an interface to EAM that members can update information electronically to ensure all detail needed is captured. The Office also shared with the audit team that the State agency radios tracked in EAM are not Office assets, they are State agency assets and the Office is not always notified as the State agencies move radio equipment or salvage respective radio assets. Staffing to support the growth and usage of EAM across the Office and with the State agencies is required as the expanded assets and partnered toolset require adequate staff to ensure appropriate controls are in place. The Office staff required to meet the demand and increased controls have been part of a 5-year Office staffing increase plan. The Office is awaiting agency approval to move forward with Office staff increases.

4. Audit finding #4 - Improved controls over procurement cards needed.

DTMB agrees and will comply by December 1, 2020. The department has been complying and reducing spend down on contracts authorized for use by the procurement card since the rollout of the new financial system. Cardholders have been provided with the tax-exempt certificate and reminded to present certificate at point of sale. By December 1, 2020 the department will implement different colored protective sleeves for the procurement card and the lodging card to assist in avoiding confusion between the two cards.