



GRETCHEN WHITMER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS
LANSING

ORLENE HAWKS
DIRECTOR

July 15, 2022

Richard Lowe, Chief Internal Auditor
Office of Internal Audit Services
Michigan 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, I submit to you LARA's Corrective Action Plan (CAP) addressing the recommendations contained within the Office of the Auditor General's performance audit report (# 641-0436-21) involving LARA's Bureau of Fire Services (BFS).

Please direct any questions you may have to me at (517) 243-5895.

Sincerely,

Kevin Kubacki
Audit Liaison

Enclosure: BFS CAP

cc: JoAnne Huls, Chief of Staff, Executive Office
Maria Martinez, Chief Compliance Officer, Executive Office
Trish Foster, Chief Operating Officer, Executive Office
Doug Ringler, Office of the Auditor General
Mary Ann Cleary, House Fiscal Agency
Kathryn Summers, Senate Fiscal Agency
Representative Thomas Albert, House Appropriations Committee
Representative Jeff Yaroch, House Appropriations Subcommittee
Representative Steven Johnson, House Oversight Committee
Senator Jim Stamas, Senate Appropriations Committee
Senator Aric Nesbitt, Senate Appropriations Subcommittee
Senator Edward McBroom, Senate Oversight Committee

Orlene Hawks, Director, LARA

Marlon Brown, Chief Administrative Officer, LARA

Adam Sandoval, Deputy Director, LARA

Suzanne Thelen, Director, Office of Communications, LARA

Dan Horn, Director, Finance and Administrative Services, LARA

Kevin Sehlmeier, Director, Bureau of Fire Services, LARA

Department of Licensing and Regulatory Affairs (LARA)
 Bureau of Fire Services (BFS)
 Storage Tank Section (STS)
 Aboveground and Underground Storage Tank Programs
 Report Number: 641-0436-21
 Office of the Auditor General
 April 14, 2022
 Department Final Corrective Action Plan

Summary Response Matrix

	Complied	Will Comply	Partially Complied	Will Not Comply
Agrees	4	1 ,2, 3		
Partially Agrees				
Disagrees				

Final Corrective Action Plan (CAP)

Finding Number 1

Finding Title: Triennial inspection processes need improvement

Related IT system, if applicable: Accela

OAG Recommendation

We recommend the STS improve its processes to conduct timely triennial storage tank inspections.

LARA Response

The department agrees with this recommendation. The STS is currently reviewing and updating existing procedures and developing new procedures while working in conjunction with industry and internal stakeholders to improve compliance with the recommendation of the audit finding.

- A. The STS supervisory staff have reviewed the current inspector assignment(s) based on facility criterion. By utilizing the mapping tools that are currently being prepared by the Michigan State Police Geographic Information System (GIS) section, the closest inspector when possible is assigned to reduce unnecessary travel, thereby increasing efficiency of resources, and placing more focus on the location of the facility rather than the date of the due/overdue triennial inspection. Additionally, supervisory staff is monitoring statistical trends to identify needed changes to improve inspector assignments based on total facility count, geographical assigned work area, and attrition.

- B. Prioritization Methodology of Triennials: The STS supervisory staff have prioritized the triennial inspections according to date of last inspection, density of population, tank contents as well as the ability to inspect a facility based on seasonal constraints. Supervisory staff now review and assign inspections based on the prioritized past due triennial inspection list. This process change ensures the prioritized past due triennial inspections are reduced as quickly as possible.
- C. Training and performance management: The STS managers and supervisors have provided detailed direction and training concerning the expectations and priorities of addressing overdue inspections. Inspectors will continue to be periodically briefed on how data is reviewed on a weekly basis and adjusted as needed to reduce the number of overdue triennial inspections. Managers and supervisors review weekly inspection data by inspector and discuss findings, trends, and best practices with each inspector and Bureau leadership.
- D. STS has implemented the above-referenced strategies to enhance inspection scheduling, inspection procedures, prioritization of inspections, and training and performance management. Evaluation and monitoring of these strategies since implementation (October 2021) have resulted in a 21 percent reduction of overdue facility inspections in addition to those that have come due since that date.
- E. The 256 identified tanks that are currently more than five years overdue for an inspection are the result of an unknown owner/address. At the time of this response, the STS has administratively closed 101 of these tanks leaving 155 to be addressed. We are in the process of identifying and assigning the remaining tanks to staff that will physically visit the owner/address on record to confirm the status of the site. Upon confirmation of the status, the STS will complete the administrative closure of these tanks and remove them from the overdue inspection list. We project to have the remaining 155 completed by September 13, 2022. The Storage Tank Section has prioritized inspections based on last inspection date instead of facility status which will alleviate future overdue inspections related to an unknown owner or address.

Anticipated Compliance Date: December 1, 2022

Responsible Individual: Joseph Forro, State Administrative Manager

Finding Number 2

Finding Title: Improvements needed over reinspection processes

Related IT system, if applicable: Accela

OAG Recommendation

We recommend that STS complete reinspections and timely attach red tags to noncompliant tanks.

LARA Response

The department agrees with this recommendation. The STS is currently reviewing and updating existing procedures and developing new procedures while working in conjunction with industry and internal stakeholders to improve compliance with the recommendation of the audit finding.

- A. The STS supervisory staff have reviewed the current number of inspector assignment(s) based on facility criterion. By utilizing the mapping tools in concert with the Michigan State Police GIS section, the closest inspector when possible is used to reduce unnecessary travel, thereby increasing efficiency of resources.
- B. Prioritization Methodology of Reinspections: The supervisory staff are reviewing and assigning reinspections based on the amount of time from the triennial inspection coupled with the severity of violations. This will ensure timely delivery prohibition (red tagging) if violations are not corrected.
- C. Training and performance management: The STS managers and supervisors have provided detailed direction and training concerning the expectations and priorities of addressing reinspections. Inspectors will continue to be periodically briefed on how data is reviewed on a weekly basis. have been briefed on how data is reviewed on a weekly basis and adjusted as needed to ensure timely reinspections. Managers and supervisors review weekly reinspection trends by inspector and discuss findings, trends, and best practices with each inspector and Bureau leadership.
- D. This is an ongoing process evaluation and implementation exercise. STS has already seen a decrease in the amount of time that a reinspection is conducted from the initial finding.

Anticipated Compliance Date: June 1, 2023

Responsible Individual: Joseph Forro, State Administrative Manager

Finding Number 3

Finding Title: Improvement needed to ensure timeliness of red tag removal

Related IT system, if applicable: Accela

OAG Recommendation

We recommend the STS maintain appropriate documentation to enable it to monitor the timeliness of red tag removals.

LARA Response

The department agrees with this recommendation. The STS is currently reviewing and updating existing procedures and developing new procedures while working in conjunction with industry and internal stakeholders to improve compliance with the recommendation of the audit finding.

- A. The STS has amended internal documentation used to track the application and removal of red tags to include information related to time and date that the hazardous materials storage inspector received the request to remove red tags, which will enable it to effectively monitor the timeliness of red tag removals.
- B. Each inspector has been trained on the importance of timeliness of red tag removals. With this renewed emphasis, STS will ensure that red tags are removed in a timely manner as to not interrupt the owner/operator ability to do business.
- C. Additionally, when a red tag is applied, a notification is sent to all members of the STS leadership team so that there is monitoring to the red tag application program. This allows further oversight of the program and reduces the chances of an extended period of time between the red tag application and its removal.

Anticipated Compliance Date: December 1, 2022

Responsible Individual: Joseph Forro, State Administrative Manager

Finding Number 4

Finding Title: Security and access controls over Accela need improvement

Related IT system, if applicable: Accela

OAG Recommendation

We recommend that LARA enhance security and access controls over Accela.

LARA Response

The department agrees with this recommendation. The STS is currently reviewing and updating existing procedures and developing new procedures while working in conjunction with industry and internal stakeholders to improve compliance with the recommendation of the audit finding.

- A. Documentation of user access approval was not tracked previously. BFS now provides user access approval documentation to the user's manager and deputy director. BFS previously did not have access based on user roles/job responsibilities. The department analyst works with the hiring manager or deputy director to designate access needed. User access is labeled in the account modules according to the user's role or area.
- B. Documentation of disabled or removed user accounts was not previously tracked. Now, two procedures exist to address disabled or removed accounts for inactivity or departure. The first is an employee departure procedure in which management notifies the department analyst of a user's departure date and requests disabling of said user's Accela account. The second is our Accela 60-day audit. On a bi-monthly basis, the deputy director will send a report to the department analyst showing Accela account access, including the employee's last login date. The department analyst will review and remove any accounts that have been inactive for 60 days or more.
- C. Documentation of signed security agreements was not previously tracked. Security agreements have since been obtained for all staff and all new staff must have a signed agreement before access is given to Accela.
- D. The department reviewed the two SOC 2 Type 2 Reports received from October 1, 2018 through April 30, 2021, and it was determined that the control monitoring needs for Accela were sufficient for system security, availability, processing integrity, confidentiality, and privacy. Because Accela is a Third Party Service Organization (TPSO), the department will review their SOC 2 Type 2 Reports and complete a Risk Assessment Worksheet on an annual basis.
- E. BFS will work with LARA IT and the Department of Technology, Management, and Budget (DTMB) to integrate the Accela licensing system with the State of Michigan standard single sign-on solution by December 1, 2022, to provide better oversight of user access management.
- F. BFS has developed a bureau-wide policy and procedure to monitor system access controls, including:
- Disabling user accounts when an employee makes a change in roles or leaves the BFS.
 - Requesting access for new staff.
 - Reviewing user access every 60 days.

As part of the updated policy and procedure, BFS management will work with the department analyst to ensure documentation of user access is captured upon hiring, retiring, or transitioning employees. BFS will perform an internal audit every 60 days to ensure the new measures put in place are accurately capturing any necessary changes in a timely manner. BFS feels that by completing these measures the spirit of this audit finding has been satisfied.

Compliance Date: June 1, 2021

Responsible Individual: Joseph Forro, State Administrative Manager