



STATE OF MICHIGAN
JOCELYN BENSON, SECRETARY OF STATE
DEPARTMENT OF STATE
LANSING

September 22, 2021

Richard Lowe, Director
Office of Internal Audit Services
George W. Romney Building
111 South Capitol Avenue, 8th Floor
Lansing, MI 48933

Dear Mr. Lowe:

In accordance with the State of Michigan Financial Management Guide, Part VII, and Article VIII, Part 2, Section 229 of P.A. 66 of 2020, attached is 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 Michigan Department of State, Enforcement Division, covering the period October 1, 2017 through May 31, 2020.

Questions regarding the summary table or corrective action plans should be directed to me at (517) 388-9373.

Sincerely,

Gena Hyde

Gena Hyde, Director
Information Security and Control Division
Michigan Department of State

Enclosures

c: Honorable Gretchen Whitmer, Executive Office
Honorable Jocelyn Benson, Secretary of State
Doug Ringler, CPA, CIA, Auditor General
David Massaron, State Budget Director
Melissa Smiley, MDOS, Chief of Staff
Mike Brady, MDOS, Chief Legal Director
Adam Reames, MDOS, Legislative Director
Senator Jim Stamas, Chair, Senate Appropriations
Representative Thomas Albert, Chair, House Appropriations
Christopher Harkins, Director, Senate Fiscal Agency
Mary Ann Cleary, Director, House Fiscal Agency

Michigan Department of State
Performance Audit of the Office of Investigative Services
Enforcement Division
Summary of Agency Responses to Recommendations
October 1, 2017 through May 31, 2020

The Auditor had four recommendations for the Office of Investigative Services, Enforcement Division.

1. Audit Recommendation the agency complied with:
Recommendation Number 3

2. Audit Recommendations the agency agrees with and will comply:
 - a. Will comply:
Recommendation Number 1, 2 and 4
 - b. Will partially comply:
N/A

3. Audit Recommendation the agency disagrees with:
None

**Michigan Department of State
Performance Audit of the Office of Investigative Services
Enforcement Division
Agency Final Response
October 1, 2017 through May 31, 2020**

RECOMMENDATION #1

IFPU timely review the insurance cases that could not be verified through the EIV program.

ANTICIPATED ACTION: Will Comply

DESCRIPTION OF ANTICIPATED ACTION:

The Office of Investigative Services Enforcement Division (ED) has implemented the following controls to comply with the audit recommendation:

- The ED identified risk indicators common in fraudulent insurance policies, established and implemented a policy to reflect this risk-based model as of January 2021.
- The ED updated its policy to define timely review standards as of July 2021. The ED developed monitoring reports to support timely review procedures.
- Efficiencies were gained when Customer and Automotive Records System (CARS) was enhanced to allow the IFPU to search by policy number, provide an EIV case status, and hyperlink to the insurance policy. Additional enhancements have been prioritized with expected completion by December 2021.

Anticipated Compliance Date: December 2021

RECOMMENDATION #2

It is recommended that the Division improve security over its case management system.

ANTICIPATED ACTION: Will Comply

DESCRIPTION OF ANTICIPATED ACTION:

The Office of Investigative Services Enforcement Division has begun implementing the following controls to comply with the audit recommendation:

- The ED worked with DTMB Agency Services to purge qualifying closed cases in August 2020 in accordance with the records retention schedule. The ED will continue to coordinate manual record purges with DTMB Agency Services on an annual basis.
- The ED will update its Business Requirements to include SOM Technical Standard requirements and detailed business operational requirements by November 30, 2021.
- The ED will evaluate its funding options and the estimated cost of a new case management system. This evaluation will be completed by September 30, 2021.
- The ED will determine whether to pursue a Request for Proposal or alternate option by December 1, 2021.
 - If funding is available, the ED will work with DTMB Purchasing to develop a Request for Proposal for other solution by January 2022. Anticipated completion date is dependent on vendor proposals.
 - If funding is not available for a vendor system or systems with sufficient capabilities are not found, the ED will work with DTMB Agency Services to move the case management application to a DTMB-developed application. It is estimated that this project would be completed by December 2022.

Anticipated Compliance Date: December 2022

RECOMMENDATION #3

It is recommended that the Division improve its process to authorize and monitor the access codes for the security alarm systems at branch offices.

ANTICIPATED ACTION: Complied

DESCRIPTION OF COMPLETED ACTION:

The Office of Investigative Services Enforcement Division implemented the following controls to comply with the audit recommendation:

- The ED established a process with the Office of Human Resources to receive a biweekly notification of employee departures which provides the ED with those employees who no longer require alarm codes.
- The ED completed an audit of all existing user codes and removed codes that are no longer needed. The ED implemented an annual alarm code audit program to ensure the removal of user access codes that are no longer needed. The associated policy was updated to reflect the audit process.
- Beginning in May 2020, the ED developed and implemented an Alarm Code Request Form requiring supervisor approval. This form must be completed before alarm code activations or deletions are processed.
- The ED added a Department Analyst position to the Security Unit and filled the vacancy in May 2021. This position assists with alarm system monitoring and alarm code activation/deactivation.

Compliance Date: May 2021

RECOMMENDATION #4

It is again recommended that the Division improve its documentation of surveillance equipment maintenance efforts.

ANTICIPATED ACTION: Will Comply

DESCRIPTION OF ANTICIPATED ACTION:

The Office of Investigative Services Enforcement Division has begun implementing the following controls to comply with the audit recommendation:

- The ED established a work order process with the Office of Occupancy Services (OOS) to utilize trained OOS staff to complete and track repairs on surveillance systems in need of maintenance. The OOS work order process provides additional documentation for surveillance equipment maintenance efforts.
- The ED added a Department Analyst to the Security Unit and filled the vacancy in May 2021. This person will be assisting with reported issues, troubleshooting issues, documenting the issues on the surveillance tracker, and documenting resolution dates by September 30, 2021.
- The ED received approval to transfer a staff member to the Security Unit on a permanent full-time basis to assist with surveillance system maintenance and tracking. This transfer will take place on August 9, 2021.
- The ED will update its policy to reflect what the Security Unit defines as timely repair. This policy will be updated by September 30, 2021.
- The ED will create procedures to document the issue repair process for the surveillance systems and monitoring the maintenance tracker for issues that have not been resolved in a timely manner. These procedures will be completed by the Security Unit by September 30, 2021.

Anticipated Compliance Date: September 2021