



STATE OF MICHIGAN
DEPARTMENT OF TECHNOLOGY, MANAGEMENT & BUDGET
LANSING

RICK SNYDER
GOVERNOR

DAVID B. BEHEN
DIRECTOR

June 1, 2015

Jeffery Bankowski, Director
Office of Internal Audit Services
State Budget Office
George W. Romney Building
111 South Capitol, 6th Floor
Lansing, Michigan 48913

Dear Mr. Bankowski:

In accordance with the State of Michigan, Financial Management Guide, Part VII, attached is a summary table identifying our responses and corrective action plans to address recommendations contained within the Office of the Auditor General's performance audit report of State Surplus.

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

Sincerely,

Signature Redacted

Michael Gilliland, Director
DTMB Financial Services

c: Rep. Al Pscholka, Chair, House Appropriations
Senator Dave Hildenbrand, Chair, Senate Appropriations
Mark Freeman, Office of the Auditor General
Dennis Muchmore, Executive Office
Dick Posthumus, Executive Office
House Fiscal Agency
Senate Fiscal Agency
Brom Stibitz, DTMB
Phillip Jeffery, DTMB
Joyce VanCoevering, DTMB
John Juarez, DTMB
Rick Lowe, SBO
Michelle Lange, DTMB
Caleb Buhs, DTMB

State of Michigan
Department of Technology, Management and Budget
Performance Audit of State Surplus

Summary of Agency Responses to Recommendations

1. Audit recommendations DTMB fully complied with: 3
2. Audit recommendations DTMB agrees with and will comply: 1, 2
3. Audit recommendations DTMB disagrees with: None

Agency Responses to Recommendations

1. Segregation of Duties

DTMB agrees with the recommendation and will work to maintain sufficient segregation of duties over the collection and recording of revenue. DTMB will implement a database solution which includes an audit trail of employee activity regarding entering, changing or deleting information in the database. In addition, DTMB will transition the monthly billing reconciliation of items sold on the auction website with payments received for those auctions from State Surplus to DTMB Financial Services. Lastly, DTMB will revise procedures to reflect changes in duties of current staff, duties transitioned to Financial Services, and new database procedures by December 31, 2015.

2. Lack of Documentation for Disposition of Surplus Items

DTMB agrees with the recommendation and will work to maintain sufficient records to accurately account for the disposition of surplus items received from State agencies. As part of DTMB's research and analysis of available options for an inventory management system (IMS), the department has identified the "Statewide Integrated Governmental Management Applications" (SIGMA), a system being created through a partnership between the State of Michigan and CGI, Inc., as a potential solution. DTMB will evaluate SIGMA, and also other inventory tracking database solutions, to identify the most effective IMS solution. In addition, DTMB will track the disposal of all surplus assets with an estimated value of \$5,000 or more, in accordance with the State of Michigan Financial Management Guide (Chapter 21, Section 100) guidelines. DTMB will comply with the recommendation by December 31, 2015.

3. Auction Controls

DTMB agrees and has complied with the recommendation. DTMB will continue to monitor access to the vault when Department of Treasury unclaimed property is kept in the vault. To comply with the recommendation, the department incorporated the use of a key sign out log to track staff that enters the vault and their reason for accessing the vault.