

Office of the Auditor General
Follow-Up Report on Prior Audit Recommendations

**Collection of Delinquent Unemployment
Taxes and Reimbursements**

Unemployment Insurance Agency
Talent Investment Agency
Department of Talent and Economic Development

January 2017

The auditor general shall conduct post audits of financial transactions and accounts of the state and of all branches, departments, offices, boards, commissions, agencies, authorities and institutions of the state established by this constitution or by law, and performance post audits thereof.

Article IV, Section 53 of the Michigan Constitution



Follow-Up Report

*Collection of Delinquent Unemployment
Taxes and Reimbursements
Unemployment Insurance Agency (UIA)
Talent Investment Agency
Department of Talent and Economic
Development*

**Report Number:
641-0316-11F**

**Released:
January 2017**

We conducted this follow-up to determine whether UIA had taken appropriate corrective measures in response to the four material conditions noted in our January 2012 audit report.

Effective March 15, 2015, Executive Order No. 2014-12 transferred UIA from the Department of Licensing and Regulatory Affairs to the Talent Investment Agency, Department of Talent and Economic Development.

Prior Audit Information	Follow-Up Results		
	Conclusion	Finding	Agency Preliminary Response
<p>Finding #1 - Material condition</p> <p>UIA's Collections Unit (CU) and Tax Enforcement Unit need to initiate sufficient and timely collection efforts for delinquent State Unemployment Tax Act (SUTA) taxes.</p> <p>Agency agreed.</p>	Partially complied	Reportable condition exists. See <u>Finding #1</u> .	Agrees
<p>Finding #2 - Material condition</p> <p>UIA's CU filed real property liens against delinquent contributing employers that did not own real property. Also, CU did not have controls to verify that the county register of deeds offices recorded the liens and lien discharges and that CU documented the lien recording and discharge information in UIA's records.</p> <p>Agency agreed.</p>	Partially complied	Reportable condition exists. See <u>Finding #2</u> .	Agrees

Prior Audit Information
<p>Finding #3 - Material condition</p> <p>UIA did not use information to identify and investigate employers potentially involved in SUTA dumping or misclassifying employees as independent contractors, in bankruptcy, or not registered with UIA.</p> <p>Agency agreed.</p>
<p>Finding #4 - Material condition</p> <p>UIA's Tax Office did not timely initiate actions affecting contributing employers' SUTA tax accounts. Also, the Tax Office did not ensure that the master employer files contained up-to-date information.</p> <p>Agency agreed.</p>

Follow-Up Results		
Conclusion	Finding	Agency Preliminary Response
Partially complied	Reportable condition exists. See <u>Finding #3</u> .	Agrees
Partially complied	Reportable condition exists. See <u>Finding #4</u> .	Agrees

A copy of the full report can be obtained by calling 517.334.8050 or by visiting our Web site at: www.audgen.michigan.gov

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January 11, 2017

Mr. Bruce Noll, Acting Assistant Director
Unemployment Insurance Agency
Cadillac Place
Detroit, Michigan
and
Ms. Wanda Stokes, Director
Talent Investment Agency
300 North Washington Square
Lansing, Michigan
and
Mr. Roger Curtis, Director
Department of Talent and Economic Development
300 North Washington Square
Lansing, Michigan

Dear Mr. Noll, Ms. Stokes, and Mr. Curtis:

I am pleased to provide this follow-up report on the four material conditions (Findings #1 through #4) and six corresponding recommendations reported in the performance audit of the Collection of Delinquent Unemployment Taxes and Reimbursements, Unemployment Insurance Agency (UIA), Department of Licensing and Regulatory Affairs. That audit report was issued and distributed in January 2012. Additional copies are available on request or at www.audgen.michigan.gov.

Effective March 15, 2015, Executive Order No. 2014-12 transferred UIA from the Department of Licensing and Regulatory Affairs to the Talent Investment Agency, Department of Talent and Economic Development.

Your agency provided preliminary responses to the follow-up recommendations included in this report. The *Michigan Compiled Laws* and administrative procedures require an audited agency to develop a plan to comply with the recommendations and submit it within 60 days of the date above to the Office of Internal Audit Services, State Budget Office. Within 30 days of receipt, the Office of Internal Audit Services is required to review the plan and either accept the plan as final or contact the agency to take additional steps to finalize the plan.

We appreciate the courtesy and cooperation extended to us during our follow-up. If you have any questions, please call me or Laura J. Hirst, CPA, Deputy Auditor General.

Sincerely,

Doug Ringler
Auditor General

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INTRODUCTION, PURPOSE OF FOLLOW-UP, AND AGENCY DESCRIPTION

INTRODUCTION

This report contains the results of our follow-up of the four material conditions* (Findings #1 through #4) and six corresponding recommendations reported in our performance audit* of the Collection of Delinquent Unemployment Taxes and Reimbursements, Unemployment Insurance Agency (UIA), Department of Licensing and Regulatory Affairs, issued in January 2012.

Effective March 15, 2015, Executive Order No. 2014-12 transferred UIA from the Department of Licensing and Regulatory Affairs to the Talent Investment Agency, Department of Talent and Economic Development.

PURPOSE OF FOLLOW-UP

To determine whether UIA had taken appropriate corrective measures to address our recommendations.

AGENCY DESCRIPTION

UIA's primary responsibilities are to collect State Unemployment Tax Act (SUTA) taxes from contributing employers* and reimbursements from reimbursing employers* and pay State and federal unemployment insurance (UI) benefits to eligible unemployed persons. Contributing employers (all nonreimbursing employers with over \$1,000 in annual employee wages) pay quarterly taxes to UIA on the first \$9,500 of each employee's annual income (\$9,000 if balance thresholds in the Unemployment Compensation Fund are met). Reimbursing employers (nonprofit organizations, governmental entities, and Indian tribes and tribal units) reimburse UIA dollar-for-dollar for UI benefits paid to their employees. As of May 31, 2016, there were approximately 221,000 active contributing employers and approximately 5,000 active reimbursing employers.

In fiscal year 2015, UIA paid UI benefits totaling \$953 million and collected SUTA tax and reimbursement revenue totaling \$1.4 billion, including \$312 million in delinquent SUTA taxes and reimbursements. As of May 31, 2016, UIA's records identified approximately \$196 million in delinquent taxes, interest, and penalties.

* See glossary at end of report for definition.

PRIOR AUDIT FINDINGS AND RECOMMENDATIONS; AGENCY PLAN TO COMPLY; AND FOLLOW-UP CONCLUSIONS, RECOMMENDATIONS, AND AGENCY RESPONSES

FINDING #1

Audit Finding Classification: Material condition.

Summary of the January 2012 Finding:

UIA's collection efforts needed improvement. The Collections Unit (CU) did not attempt to contact 16 (80%) of 20 employers by telephone; did not issue notices to withhold* to 6 (75%) of 8 employers; did not pursue civil judgments* against 7 (78%) of 9 employers; and did not refer 10 (100%) of 10 employers to the Tax Enforcement Unit (TEU).

Recommendation Reported in January 2012:

We recommended that UIA's CU and TEU initiate sufficient and timely efforts to collect delinquent SUTA taxes from contributing employers.

AGENCY PLAN TO COMPLY*

On June 1, 2012, UIA indicated that it:

- Conducted a review of collection processes and procedures for both CU and TEU, including a CU workload study.
- Provided refresher training to all CU staff on recording all collection activities, including phone contacts, in the employer's account history.
- Developed guidelines, including timelines, detailing when delinquent accounts will be forwarded from CU to TEU.
- Added 10 CU staff to detect delinquencies earlier.

FOLLOW-UP CONCLUSION

Partially complied. A reportable condition* exists.

Our follow-up noted that UIA implemented the Michigan Integrated Data Automated System (MiDAS), which automated the issuance of the notices to withhold and generated work items to prompt the pursuit of civil judgments against delinquent employers. Also, our review of UIA's collection procedures for employers with delinquent balances noted:

- a. Partially complied. CU did not attempt to make contact with 2 (10%) of the 20 employers reviewed. As of May 31, 2016, these 2 employers had delinquent SUTA taxes, interest, and penalties of \$1,912 and \$10,148.

* See glossary at end of report for definition.

- b. Not complied. UIA did not issue a notice to withhold to 7 (70%) of the 10 employers reviewed. As of May 31, 2016, these 7 employers had delinquent SUTA taxes, interest, and penalties totaling \$230,872, individually ranging from \$10,954 to \$64,746.
- c. Not complied. UIA did not pursue civil judgments against all 8 employers reviewed for which civil judgment work orders were generated. As of May 31, 2016, these 8 employers had delinquent SUTA taxes, interest, and penalties totaling \$68,273, individually ranging from \$2,059 to \$18,529.
- d. Complied. CU referred all 10 employers reviewed to TEU, as appropriate.

**FOLLOW-UP
RECOMMENDATION**

We again recommend that UIA's CU and TEU initiate sufficient and timely efforts to collect delinquent SUTA taxes from contributing employers.

**FOLLOW-UP
AGENCY
RESPONSE**

UIA provided us with the following response:

UIA agrees and will comply. UIA has undergone extensive continuous process improvement efforts that have resulted in improved efficiency, increased timeliness, and a change in the order of the collections process. These changes afford employers opportunities to bring their accounts current more expeditiously.

Below are actions taken to address the unresolved subsections of this finding:

- a. *Since converting to MiDAS, UIA began utilizing an automatic contact process in which notices are generated from MiDAS. Accordingly, CU no longer utilizes telephone calls as its primary means of contact.*
- b. *UIA issues Notices to Withhold when the employer has met certain criteria and if the employer voluntarily provides their banking information. Since the employer has the option of paying by means other than check, it is often difficult for UIA to obtain banking information. UIA is exploring new ways to solve this challenge including training staff on best practices related to soliciting banking information.*
- c. *Of the eight qualified for Civil Judgment, five met the criteria for civil judgments. The UIA agrees that it must be more proactive in pursuing civil judgments through referrals to the Attorney General's Office. To that end, agency policy has been reviewed, reinforced with TEU staff, and cases are monitored weekly by managers to ensure cases are being referred to the Attorney General Office.*

FINDING #2

Audit Finding Classification: Material condition.

Summary of the January 2012 Finding:

UIA's processes regarding real property* liens* needed improvement. UIA filed 88 (91%) of 97 real property liens in counties in which the employers did not own real property; lacked recording information for 25,412 (34%) of the 75,589 real property liens filed; and inappropriately filed 4,141 liens in a Michigan county for employers whose business addresses were located outside the State of Michigan.

Recommendations Reported in January 2012:

We recommended that CU determine if delinquent contributing employers own real property before CU files real property liens against the employers.

We also recommended that CU establish controls to verify that county register of deeds offices (county offices) promptly record UIA's liens and lien discharges and that CU documents the lien recording and discharge information in UIA's records.

AGENCY PLAN TO COMPLY

On June 1, 2012, UIA indicated that it:

- Would pursue a computerized solution to determine if an employer's real property exists in a county before creating a lien.
- Implemented a new process to check the Consolidated Lead Evaluation and Reporting (CLEAR) public records for real property before issuing manual liens.
- Discontinued filing liens in Wayne County for employers whose business address on file with UIA was outside the State of Michigan.
- Would pursue the electronic exchange of liens and recording information with Michigan counties.

FOLLOW-UP CONCLUSION

Partially complied. A reportable condition exists.

Our follow-up noted:

- a. Partially complied. Effective March 16, 2016, UIA implemented a collection policy to verify that contributing employers with delinquent balances greater than \$50,000 owned real property within the county prior to filing a lien with the county office.

However, for the 5 contributing employers reviewed with liens for delinquent balances greater than \$50,000 and

* See glossary at end of report for definition.

filed after March 16, 2016, UIA did not verify that any of the employers owned real property within the county prior to filing the lien. Also, UIA filed 4 (13%) of the 31 liens that we reviewed in counties in which the contributing employers did not own real property, including 1 employer with a delinquent balance greater than \$50,000.

- b. Partially complied. For the 13,558 liens filed between January 1, 2015 and February 29, 2016:
 - (1) As of May 31, 2016, UIA obtained the county office recording information and updated MiDAS for 13,126 (97%) of the liens filed within an average of 15 days of the county office's notification.
 - (2) UIA did not develop a process to determine that the county office recorded the lien filing in a timely manner. The county office recorded the 13,126 liens an average of 122 days after UIA filed the lien.
 - (3) UIA did not enter an accurate record date for 2 (8%) of the 26 liens reviewed.
- c. Complied. All 16,322 liens filed by UIA between January 1, 2015 and May 31, 2016 related to contributing employers who had a physical address in the State of Michigan.

**FOLLOW-UP
RECOMMENDATIONS**

We again recommend that CU determine if delinquent contributing employers own real property before CU files real property liens against the employers.

We also again recommend that CU establish controls to verify that county register of deeds offices promptly record UIA's liens and lien discharges and that CU document the lien recording and discharge information in UIA's records.

**FOLLOW-UP
AGENCY
RESPONSE**

UIA provided us with the following response:

UIA agrees and will comply.

UIA has changed its collection process to include a step where all liens are verified prior to issuance. Staff check the CLEAR system to ensure there is real property prior to issuance of the lien. If no ownership and real property can be established, other collection activities continue up through legal referral to the Attorney General's Office.

Also, UIA has noted that two of Michigan's three largest counties have developed an electronic process by which lien status can be checked. UIA is assigning specific staff to accessing those electronic records to verify lien statuses in a

timely manner. This will enable UIA to monitor lien recordings and discharges with its two largest partners. In counties where electronic means are unavailable, UIA is monitoring and tracking all outstanding liens and proactively requesting assistance from county staff to secure necessary information. This process allows the agency to improve communications with our local partners in the future, while continuously looking for ways to gain efficiencies.

FINDING #3

Audit Finding Classification: Material condition.

Summary of the January 2012 Finding:

UIA did not use available data to identify and investigate employers potentially involved in SUTA dumping*, potentially misclassifying employees, in bankruptcy, or not registering with UIA.

Recommendation Reported in January 2012:

We recommended that UIA use available data and data analysis resources to proactively identify and investigate employers potentially involved in SUTA dumping, potentially misclassifying some or all of their employees as independent contractors, in bankruptcy, or not registering with UIA.

AGENCY PLAN TO COMPLY

On June 1, 2012, UIA indicated that it:

- Would develop a data sharing agreement with the Department of Treasury to access its registration data for cross-match verification purposes.
- Developed a listing of industries to audit based on the prior year's audit adjustments related to employee misclassification and used this data along with SUTA Dumping Detection System software and Internal Revenue Service data to identify those industries/employers to target.
- Conducted a study on how to best use the federal Judiciary's Public Access to Court Electronic Records (PACER) database to timely identify the Michigan employers that filed for bankruptcy protection.

FOLLOW-UP CONCLUSION

Partially complied. A reportable condition exists.

Our follow-up noted:

- a. Complied. In calendar years 2015 and 2016, UIA implemented two Enterprise Fraud Detection Software (EFDS) alerts to utilize MiDAS data to identify potential SUTA dumping leads. Our review of 20 leads identified by EFDS noted that UIA appropriately transferred only the highest ranked leads to MiDAS.
- b. Partially complied. In calendar year 2015, UIA obtained and analyzed the employer-reported 1099 data provided by the Internal Revenue Service to identify high-risk employers that may have misclassified some or all of their employees as independent contractors. However, UIA

* See glossary at end of report for definition.

lacked documentation of its analysis regarding whether or not to pursue 10 (50%) of the 20 employer leads reviewed.

- c. Partially complied. UIA developed a production report of high-risk industries to assist in selecting targeted field audits. We determined that UIA completed approximately 2,800 field audits (1,900 [68%] targeted audits and 900 [32%] random audits) from January 1, 2015 through May 31, 2016 and had 170 field audits in-process as of May 31, 2016. However, 7 (70%) of the 10 targeted audits we reviewed were not associated with the high-risk industries identified by UIA in its production report.
- d. Partially complied. UIA established a bankruptcy filing search policy, effective March 16, 2016, and indicated that it began conducting biweekly searches of the federal Judiciary's PACER database to identify employers that filed for bankruptcy protection. However, UIA did not maintain any documentation to support that it completed the biweekly searches.
- e. Complied. UIA established a comprehensive data sharing arrangement with the Department of Treasury and, in November 2015, began receiving EFDS alerts based on cross-matches of the MiDAS employer database to the Department of Treasury's employer database. As of May 31, 2016, UIA had opened investigations on all 8 employers identified by the EFDS alerts.

**NEW
RECOMMENDATIONS**

We recommend that UIA ensure that it primarily targets the high-risk industries for field audits.

We also recommend that UIA maintain documentation of its review of the 1099 data leads and its biweekly bankruptcy filing searches.

**FOLLOW-UP
AGENCY
RESPONSE**

UIA provided us with the following response:

The UIA agrees and will comply.

Effective January 1, 2017, a new procedure is being implemented that requires Field Audit Administration to conduct a quarterly review of the completed audits to ensure that the identified targeted industries are being audited.

Also, UIA has fully established documentation procedures for the 1099 investigations and has trained staff in the implementation of those procedures. UIA has established a procedure for collection staff to document PACER inquiries within the MiDAS system. These inquiries will be audited by management through the use of PACER activity reports. Additional staff was brought on board to ensure UIA is complying with documenting its searches of PACER.

FINDING #4

Audit Finding Classification: Material condition.

Summary of the January 2012 Finding:

UIA's efforts to pursue proper SUTA taxes needed improvement. UIA did not consistently:

- a. Investigate and issue liability determinations and assessments on potential SUTA dumping cases in a timely manner.
- b. Investigate business transfers.
- c. Refer employer accounts with delinquent SUTA taxes to CU.
- d. Update its master employer files to accurately reflect the employer telephone number, address, and/or mail delivery indicator.

Recommendations Reported in January 2012:

We recommended that UIA's Tax Office timely initiate actions affecting contributing employers' SUTA tax accounts.

We also recommended that UIA's Tax Office ensure that UIA's master employer files contain up-to-date information.

AGENCY PLAN TO COMPLY

On June 1, 2012, UIA indicated that it:

- Would develop an automated random selection process of determinations issued to verify accuracy and completeness.
- Began processing SUTA dumping cases on a first in, first out basis.
- Developed timeliness standards regarding the issuance of SUTA related liability determinations and assessments.
- Developed and implemented new controls to ensure that all employers liable for delinquent SUTA taxes are referred to CU.
- Developed and implemented new controls to ensure that the employer's master files contain up-to-date information.
- Would develop a program to encourage all employers to expand their use of UIA's on-line services.

FOLLOW-UP CONCLUSION

Partially complied. A reportable condition exists.

Our follow-up noted:

- a. Partially complied. UIA developed a 30- to 45-day standard regarding the issuance of SUTA related liability determinations and assessments. However, UIA had not developed a timeliness standard regarding the investigation process and had discarded 18 potential SUTA dumping cases, during January 2015 through May 2016, because the 3-year statute of limitations had elapsed. In addition, our analysis, as of May 31, 2016, of the 299 SUTA dumping cases created in MiDAS from January 2015 through May 2016 noted:
 - (1) UIA had not completed its investigations and issued liability determination assessments, where applicable, for 285 cases outstanding from 0 to 508 days, for an average of 172 days. Six of these cases were awaiting issuance of the liability determination assessment, outstanding from 53 to 147 days for an average of 84 days, after the investigation was completed.
 - (2) UIA completed its investigations and issued 11 liability determination assessments for 14 cases. These investigations took from 92 to 338 days for an average of 248 days. UIA issued the 11 liability determination assessments in a timely manner.
- b. Complied. UIA developed an EFDS alert to identify potential business transfer cases. Also, UIA completed an investigation and referred all 10 business transfer cases that we reviewed to the Tax Status Unit.
- c. Complied. UIA implemented MiDAS, which was designed, in part, to automatically generate a CU work item to begin collection procedures on the delinquent employer accounts. We verified that all employer accounts with delinquent balances of \$2,000 or greater were referred to CU as a work item.
- d. Partially complied. UIA implemented new controls to ensure that MiDAS contained up-to-date employer information. We noted:
 - (1) UIA accurately updated 9 of the 10 telephone number changes reviewed and 45 of the 48 address changes reviewed. However, UIA did not maintain documentation to support the remaining 3 (6%) address changes reviewed.
 - (2) Prior to May 18, 2016, UIA discarded all mail items returned without a forwarding address; therefore, UIA could not update the employer's mail delivery

indicator in MiDAS. UIA informed us that, in July 2016, it started to follow up on mail items returned without a forwarding address.

**FOLLOW-UP
RECOMMENDATIONS**

We again recommend that UIA timely initiate actions affecting contributing employers' SUTA tax accounts.

We also again recommend that UIA ensure that master employer files contain up-to-date information.

**FOLLOW-UP
AGENCY
RESPONSE**

UIA provided us with the following response:

The UIA agrees and will comply.

UIA has established new procedures to streamline the process to ensure SUTA investigations are initiated and completed in a more efficient and effective manner. Several units within the Trust Fund unit are working more collaboratively to ensure the SUTA investigations include more complete information during the initial stage. This will allow for the case(s) to be forwarded to Tax Status/Maintenance unit without the need to be returned to the SUTA investigator for additional information. This procedure will eliminate the current delay in getting the case to the determination pending stage.

Also, UIA has instituted a new procedure for returned mail from employers, has dedicated additional staff to this process, and appointed a monitor whose responsibility is to confirm compliance with the new procedures.

FOLLOW-UP METHODOLOGY, PERIOD, AND AGENCY RESPONSES

METHODOLOGY

We interviewed UIA personnel and reviewed UIA's corrective action plan to determine the status of compliance with the recommendations related to the material conditions.

Specifically, for:

- a. Finding #1, we reviewed the supporting documentation and MiDAS screens for 50 randomly selected employer accounts with delinquent SUTA taxes.
- b. Finding #2, we reviewed the supporting documentation for 15 randomly selected employer accounts, analyzed the state indicator field, reviewed UIA's processes related to filed liens, reviewed the supporting documentation for 10 randomly selected employer accounts with a lien and/or lien discharge, and analyzed the liens' record and discharge dates.
- c. Finding #3, we:
 - Reviewed the documentation related to the development of UIA's EFDS process to identify potential employers engaged in SUTA dumping. We compared 20 judgmentally selected leads documented in MiDAS from July 1, 2015 through March 31, 2016 with leads identified by the EFDS process.
 - Reviewed supporting documentation and MiDAS screens for 20 randomly selected employer-reported 1099 data cases in the calendar year 2015 file.
 - Analyzed the field audits, completed and in-process, from January 1, 2015 through May 31, 2016. We compared the industry type for 10 randomly selected targeted field audits with UIA's production report of high-risk industries.
 - Obtained an understanding of UIA's process related to biweekly bankruptcy searches. Also, we reviewed the bankruptcy filings for all 32 bankrupt employers identified in PACER, for the two bankruptcy districts located in Michigan, for the period March 1, 2016 through May 31, 2016 and compared the information to that documented in MiDAS.
 - Examined the terms of the interagency agreement between the Department of Treasury and UIA related to sharing the Department's tax data.

- Reviewed UIA's processes to utilize the Department of Treasury's tax data to identify and investigate any potential cross-matches for the 8 cases identified from January 1, 2015 through May 31, 2016.

d. Finding #4, we:

- Analyzed the file of SUTA dumping cases created from January 1, 2015 through May 31, 2016, randomly selected 20 cases, and reviewed UIA's processes to investigate and document any potential business transfer information within MiDAS.
- Tested the accuracy of the MiDAS collection inventory report.
- Interviewed various UIA management and staff regarding telephone number and address processing procedures.
- Randomly selected 58 employer accounts and compared supporting documentation with MiDAS.

PERIOD

Our follow-up procedures generally covered January 1, 2015 through May 31, 2016.

**AGENCY
RESPONSES**

Our follow-up report contains 7 recommendations. UIA's preliminary response indicates that it agrees with the recommendations.

The agency preliminary response that follows each recommendation in our report was taken from the agency's written comments and oral discussion at the end of our audit fieldwork. Section 18.1462 of the *Michigan Compiled Laws* and the State of Michigan Financial Management Guide (Part VII, Chapter 4, Section 100) require an audited agency to develop a plan to comply with the recommendations and submit it within 60 days after release of the report to the Office of Internal Audit Services, State Budget Office. Within 30 days of receipt, the Office of Internal Audit Services is required to review the plan and either accept the plan as final or contact the agency to take additional steps to finalize the plan.

GLOSSARY OF ABBREVIATIONS AND TERMS

agency plan to comply	The response required by Section 18.1462 of the <i>Michigan Compiled Laws</i> and the State of Michigan Financial Management Guide (Part VII, Chapter 4, Section 100). The audited agency is required to develop a plan to comply with Office of the Auditor General audit recommendations and submit the plan within 60 days after release of the audit report to the Office of Internal Audit Services, State Budget Office. Within 30 days of receipt, the Office of Internal Audit Services is required to review the plan and either accept the plan as final or contact the agency to take additional steps to finalize the plan.
civil judgment	A final court decision from a civil lawsuit often ordering a party to pay a certain sum of money to the other party.
CLEAR	Consolidated Lead Evaluation and Reporting.
contributing employer	An employing unit determined liable to pay unemployment taxes on a quarterly basis to UIA based on an assigned experience rate. Contributing employers are generally for-profit businesses and not-for-profit businesses that did not elect reimbursing status.
county office	county register of deeds office.
CU	Collections Unit.
EFDS	Enterprise Fraud Detection Software.
material condition	A matter that, in the auditor's judgment, is more severe than a reportable condition and could impair the ability of management to operate a program in an effective and efficient manner and/or could adversely affect the judgment of an interested person concerning the effectiveness and efficiency of the program.
MiDAS	Michigan Integrated Data Automated System.
notice to withhold	A collection tool used to obtain money via an employer's bank account or accounts receivable.
PACER	Public Access to Court Electronic Records.

performance audit	An economy and efficiency audit or a program audit that is designed to provide an independent assessment of the performance of a governmental entity, program, activity, or function to improve program operations, to facilitate decision making by parties responsible for overseeing or initiating corrective action, and to improve public accountability.
real property	Stationary or fixed property, such as land and buildings.
real property lien	A lien filed with a county register of deeds on the real property of employers with delinquent SUTA taxes that exceed UIA's threshold. Real property liens create a hold on the sale of all real property owned by an employer in the county in which the lien is filed.
reimbursing employer	An employer who does not pay quarterly taxes based on an assigned experience rate but instead reimburses UIA dollar-for-dollar for the UI benefits paid to the employer's employees. Reimbursing employers are nonprofit organizations that have been granted 501(c)(3) status; hospitals; governmental entities, including cities, counties, schools, and universities; and Indian tribes and tribal units.
reportable condition	A matter that, in the auditor's judgment, is less severe than a material condition and falls within any of the following categories: an opportunity for improvement within the context of the audit objectives; a deficiency in internal control that is significant within the context of the audit objectives; all instances of fraud; illegal acts unless they are inconsequential within the context of the audit objectives; significant violations of provisions of contracts or grant agreements; and significant abuse that has occurred or is likely to have occurred.
SUTA	State Unemployment Tax Act.
SUTA dumping	The transfer or acquisition of a trade or business or a portion of a trade or business for the sole or primary purpose of reducing the business's contribution rate and thereby paying less SUTA tax.
TEU	Tax Enforcement Unit.
UI	unemployment insurance.
UIA	Unemployment Insurance Agency.

