3961 (Rev. 01-11)

STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

RICK SNYDER
GOVERNOR

ANDY DILLON
STATE TREASURER

June 28, 2013

Doug Ringler, Director
Office of Internal Audit Services
Office of the State Budget
George W. Romney Building
111 South Capitol, 6th Floor
Lansing, MI 48913

Dear Director:

In accordance with the State of Michigan, Financial Management Guide, Part VII, the following is a summary table identifying our response and corrective action plan to address recommendations contained within the Office of the Auditor General's Performance Audit of the Tax Compliance Bureau, 271-0140-12, for the period of October 1, 2009 through May 31, 2012.

NOTE: Confidential information cannot be provided to any unauthorized personnel as outlined in the MCL 205.28(1)(f). Therefore the plan is limited in detail for OAG finding number 3 and the more detailed plan will be shared with the OIAS auditors when they review for compliance and have completed unauthorized disclosure training.

1. Audit recommendations the agency complied with:

Audit Guidelines

We recommend that TCB review and document audits in compliance with its audit guidelines.

Agency Plan:
Each supervisor's performance objectives include the procedure that requires supervisors to review the working papers before providing the Notice of Preliminary Audit Determinations (NOPAD) to the taxpayer. Supervisors and managers have been instructed to strictly adhere to these guidelines. Furthermore, the auditor procedures require the auditor to scan the NOPAD and the Audit Confirmation Letter into the audit case file. To ensure compliance, TCB incorporated testing for compliance with this procedure effective March 1, 2013 through the quality assurance review process. The Technical Issues Resolution Unit conducts the quality assurance review process. The process includes selecting samples of completed audits for review to ensure that supervisors review working papers before the NOPAD is provided to the taxpayer and that the auditor scanned the NOPAD and the Audit Confirmation Letter into the audit case file. Results from the quality assurance review are shared with the Tax Compliance Bureau management and responsible staff to provide guidance and opportunity for improvement.

Taxpayer Follow-up

We recommend that the Discovery and Tax Enforcement Division sufficiently pursue taxpayers with potential tax deficiencies.

Agency Plan:

The Discovery and Tax Enforcement Division has changed their process effective January 1, 2013 to address this OAG finding.

2. Audit recommendations the agency agrees with and will comply:

Taxpayer Satisfaction Surveys

We recommend that TCB collect and report taxpayer satisfaction information from all audited taxpayers.

Agency Plan:

The current process is a manual process dependent on supervisor communication with the office secretary on when an audit is complete. At that point, the secretary generates the audit evaluation survey and sends it to the taxpayer. To improve this process, TCB is exploring two options. One would be to automate the process to electronically generate the taxpayer satisfaction survey directly from the audit casefile when the audit is complete and the second option is to develop a web based confidential evaluation survey. Both options are being evaluated at this time. This will ensure that all audits have an evaluation survey made available to the taxpayer upon completion of the audit and is tentatively planned to be implemented in September 2013.

3. Audit recommendations the agency disagrees with: None

Should you have any questions regarding the summary table or corrective action plan, please contact me, Stan Weber, Bureau Director, Tax Compliance Bureau, at WeberS1@michigan.gov or (517) 636-4195.

Sincerely,

Signature Redacted

Stan Weber, Bureau Director
Tax Compliance Bureau

Cc: Dennis Muchmore, Executive Office
Wendy Siegel, Executive Office
Thomas McTavish, Office of Auditor General
Mary Ann Cleary, House Fiscal Agency
Ellen Jeffries, Senate Fiscal Agency
Earl Poleski, House Appropriation Sub-committee
John Pappageorge, Senate Appropriation Sub-committee
Jeff Farrington, House Standing Committee
Jack Brandenburg, Senate Standing Committee
Thomas Saxton, Acting Chief Deputy Treasurer
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