



# OAG

Office of the Auditor General

## Report Summary

### *Performance Audit*

### *Motor Fuel Tax Systems*

### *Department of Treasury (Treasury) and Department of Technology, Management, and Budget (DTMB)*

**Report Number:**  
271-0525-16

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The Motor Fuel Tax (MFT) Section of Treasury administers motor fuel tax returns, processes refund claims, and licenses persons involved in the sale, use, or transportation of motor fuel. Treasury and DTMB contracted with a third party vendor to host, maintain, and support the Fuel Tax Tracking and Compliance System (VISTA). DTMB also hosts and maintains systems for the processing of motor fuel tax returns and refunds. In fiscal years 2014, 2015, and 2016, the MFT Section received \$964 million, \$1.01 billion, and \$1.02 billion, respectively, in motor fuel tax revenue.

Audit Objective			Conclusion
Objective #1: To assess the sufficiency of Treasury and DTMB's oversight of the VISTA contract.			Not sufficient
Findings Related to This Audit Objective	Material Condition	Reportable Condition	Agency Preliminary Response
Treasury and DTMB did not effectively manage the VISTA contract, resulting in outdated software and unsupported servers. Also, Treasury did not assign contract management roles to persons with the knowledge and authority to make contract decisions ( <a href="#">Finding #1</a> ).	X		Agrees
Treasury and DTMB did not require the VISTA contractor to conduct and provide Service Organization Controls (SOC) reports. Also, Treasury and DTMB should implement a process for reviewing the SOC reports upon receipt. Doing so would have alerted DTMB that the contractor sold its hosting center and enabled Treasury to determine the potential impact on the operations and security of motor fuel tax data ( <a href="#">Finding #2</a> ).	X		Agrees

Audit Objective			Conclusion
Objective #2: To assess whether Treasury and DTMB sufficiently secured motor fuel tax and refund data.			Not sufficient
Findings Related to This Audit Objective	Material Condition	Reportable Condition	Agency Preliminary Response
DTMB did not require the VISTA contractor to encrypt motor fuel tax data in-transit and at-rest to minimize the risk of compromised confidential tax information ( <u>Finding #3</u> ).	X		Agrees
The Special Taxes Division did not securely store confidential information in accordance with Treasury security policies. Confidential information may be vulnerable to unauthorized access and misuse ( <u>Finding #4</u> ).		X	Agrees

Audit Objective			Conclusion
Objective #3: To assess the effectiveness of Treasury's efforts to administer the Motor Fuel Tax Act.			Effective
Findings Related to This Audit Objective	Material Condition	Reportable Condition	Agency Preliminary Response
Treasury should work with the Legislature to assess the cost/benefit of establishing funding for motor fuel tax enforcement services ( <u>Finding #5</u> ).		X	Agrees

Audit Objective			Conclusion
Objective #4: To assess the sufficiency of Treasury's motor fuel tax refund processes.			Sufficient
Findings Related to This Audit Objective	Material Condition	Reportable Condition	Agency Preliminary Response
None reported.			Not applicable

Audit Objective			Conclusion
Objective #5: To assess the effectiveness of Treasury and DTMB's general and application controls over the motor fuel tax systems.			Moderately effective
Findings Related to This Audit Objective	Material Condition	Reportable Condition	Agency Preliminary Response
The Special Taxes Division did not establish effective security administration over the motor fuel tax systems to ensure that tax data is protected from unauthorized access, modification, or disclosure ( <u>Finding #6</u> ).		X	Agrees

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