



Performance Audit

Michigan Integrated Tax Administration System (MIITAS)

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

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MIITAS is used to administer various State business and City of Detroit taxes, such as the Michigan Business Tax; Corporate Income Tax; sales, use, and withholding taxes; and City of Detroit individual income tax. MIITAS is an SAP solution that was implemented by Treasury and DTMB in 2008. Since 2007, Treasury and DTMB have contracted with three vendors for the development, enhancement, and maintenance of MIITAS, cloud hosting, software licensing, and training and consulting for a total cost of \$129.0 million. In fiscal year 2018, Treasury processed approximately \$19.7 billion in tax revenues and \$1.0 billion in tax refunds through MIITAS.

Audit Objective			Conclusion
Objective #1: To assess the effectiveness of selected security and access controls over MIITAS.			Moderately effective
Findings Related to This Audit Objective	Material Condition	Reportable Condition	Agency Preliminary Response
Security-related events, such as changes to sensitive and confidential information, were not monitored for appropriateness (Finding #1).	X		Agrees
High-risk access within MIITAS was not sufficiently restricted. We noted that 10 (14%) transaction codes and 22 (69%) authorization objects assigned to users were not appropriate for the users' job responsibilities (Finding #2).	X		Agrees
Security configuration checklists and baseline configurations were not developed for MIITAS to ensure protection from threats and vulnerabilities (Finding #3).		X	Agrees
Vulnerability management improvements were needed because 44% of vulnerabilities from vendor security advisories had not been remediated and the remaining 56% of vulnerabilities were not remediated in the required time frame (Finding #4).		X	Agrees

Audit Objective			Conclusion
Objective #2: To assess the sufficiency of selected tax processing controls within MIITAS.			Sufficient
Findings Related to This Audit Objective	Material Condition	Reportable Condition	Agency Preliminary Response
Improvements are needed to interface controls because 113 tax refund payments, totaling \$7.3 million, were not sent to the address provided by the taxpayer on the tax return (<u>Finding #5</u>).		X	Agrees

Audit Objective			Conclusion
Objective #3: To assess the effectiveness of Treasury and DTMB's change controls over MIITAS.			Moderately effective
Findings Related to This Audit Objective	Material Condition	Reportable Condition	Agency Preliminary Response
Sufficient testing was not performed of MIITAS changes. Testing plans were not developed and positive test results were not maintained for 100% of the system changes reviewed (<u>Finding #6</u>).		X	Agrees

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