

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

State Treasury Accounts Receivable System

Department of Treasury and
Department of Technology, Management, and Budget

January 2021

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.

The auditor general may make investigations pertinent to the conduct of audits.

Article IV, Section 53 of the Michigan Constitution



Follow-Up Report

State Treasury Accounts Receivable System (STAR)

Department of Treasury and Department of Technology, Management, and Budget

Report Number:
271-0590-13F

Released:
January 2021

We conducted this follow-up to determine whether the Department of Treasury and Department of Technology, Management, and Budget had taken appropriate corrective measures in response to the one material condition and two reportable conditions noted in our March 2014 audit report.

Prior Audit Information	Follow-Up Results		
	Conclusion	Finding	Agency Preliminary Response
<p>Finding #1 - Material condition</p> <p>Accurate and complete write-off of uncollectible delinquent tax assessments is needed in STAR to reduce the risk that taxes receivable and tax revenue are misstated in the <i>State of Michigan Comprehensive Annual Financial Report (SOMCAFR)</i>.</p> <p>Agency agreed.</p>	Partially complied	Reportable condition exists. See Finding #1 .	Agrees
<p>Finding #2 - Reportable condition</p> <p>Review of STAR programming logic is needed to ensure that collectability percentages are accurately reported for the <i>SOMCAFR</i>.</p> <p>Agency agreed.</p>	Partially complied	Reportable condition still exists. See Finding #2 .	Agrees

Prior Audit Information (Continued)
<p>Finding #3 - Reportable condition</p> <p>Modifications are needed in STAR to accurately calculate penalty and interest on all delinquent tax accounts.</p> <p>Agency partially agreed.</p>

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

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January 8, 2021

Ms. Rachael Eubanks
State Treasurer
Richard H. Austin Building
Lansing, Michigan
and
Mr. Brom Stibitz, Director
Department of Technology, Management, and Budget
Elliott-Larsen Building
Lansing, Michigan

Dear Ms. Eubanks and Mr. Stibitz:

This is our follow-up report on the one material condition (Finding #1), two of the reportable conditions (Findings #2 and #3), and the three corresponding recommendations reported in the performance audit of State Treasury Accounts Receivable System, Department of Treasury and Department of Technology, Management, and Budget. That audit report was issued and distributed in March 2014. Additional copies are available on request or at audgen.michigan.gov.

Your agencies 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 to submit it to the State Budget Office upon completion of an audit. Within 30 days of receipt, the Office of Internal Audit Services, State Budget Office, 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 SYSTEM DESCRIPTION

INTRODUCTION

This report contains the results of our follow-up of the one material condition* (Finding #1), two of the reportable conditions* (Findings #2 and #3), and the three corresponding recommendations reported in our performance audit* of the State Treasury Accounts Receivable System (STAR), Department of Treasury (Treasury) and Department of Technology, Management, and Budget (DTMB), issued in March 2014.

PURPOSE OF FOLLOW-UP

To determine whether Treasury and DTMB had taken appropriate corrective measures to address our corresponding recommendations.

SYSTEM DESCRIPTION

STAR is a mainframe computer system that was developed and implemented in 1987. Treasury uses STAR to manage and process delinquent tax and non-tax debts referred to Treasury. DTMB provides IT support services for STAR.

STAR contained over \$2.8 billion in delinquent tax and non-tax accounts as of September 30, 2019. Tax accounts include income tax; sales, use, and withholding tax; Michigan business tax; and other miscellaneous taxes. Non-tax accounts include delinquent debts sent to STAR from other State agencies, courts, counties, and universities. Accounts in STAR can be composed of more than one assessment*. Assessments can be composed of one or more delinquent tax or non-tax debts. Delinquent tax account information is sent to STAR daily from various Treasury tax divisions and tax systems.

The following table identifies the total amount of delinquent accounts, collections, and write-offs* processed in STAR for fiscal years 2017 through 2020:

	Fiscal Year			
	2017	2018	2019	2020
Delinquent accounts	\$3,103,171,181	\$3,720,042,278	\$2,840,263,358	\$3,010,882,479
Collections	\$ 377,655,274	\$ 364,575,218	\$ 291,140,757	\$ 253,037,607
Write-offs	\$ 212,148,282	Unavailable**	\$ 161,058,372	\$ 179,548,295

** The 2018 write-off amount was unavailable because Treasury could not locate the report containing this information. However, Treasury indicated that it completed the write-offs in accordance with its policies and procedures.

* See glossary at end of report for definition.

Delinquent account data in STAR is used by Treasury to administer the collection process. This process includes pursuing enforcement action, tracking collection activity, calculating penalties and interest, determining when to write-off uncollectible* accounts, and preparing collections estimates for the *State of Michigan Comprehensive Annual Financial Report (SOMCAFR)*.

At the beginning of each month, the Collection Services Bureau (CSB) runs programs in STAR to calculate penalties and interest accrued on delinquent tax assessments outstanding as of the end of the prior month. In addition, CSB has a yearly process to identify and write off uncollectible delinquent tax accounts. Uncollectible tax accounts that are not automatically written off by STAR go through a manual process consisting of various levels of management approvals.

* See glossary at end of report for definition.

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

FINDING #1

Audit Finding Classification: Material condition.

Summary of the March 2014 Finding:

Treasury did not timely approve tax write-offs or monitor STAR write-off programs to ensure the accurate and complete removal of uncollectible tax assessments in STAR.

An assessment is considered uncollectible and should be written off in STAR after six years without a voluntary payment, acknowledgement of debt, or mutual agreement to extend. The Office of Collections, Treasury, runs an automated program in STAR to identify and write off uncollectible assessments. Our review disclosed:

- a. Treasury did not ensure the timely approval of the write-off of delinquent tax assessments in STAR. Approximately 6,270 assessments totaling \$39 million had been pending management approval from six months to over one year.
- b. Treasury did not write off all uncollectible tax assessments in STAR, including:
 - (1) 10,180 assessments totaling \$25.8 million that exceeded the statute of limitations* for collection when secondary liable assessment existed that also exceeded the statute of limitations.
 - (2) 2,379 assessments totaling \$2.9 million that exceeded an extended statute of limitations for collection.
- c. Treasury did not monitor the write-off programs to ensure that STAR wrote off all uncollectible tax assessments as intended. As a result, STAR did not write off 1,464 assessments totaling \$5.5 million that met the criteria for an uncollectible assessment.

Recommendation Reported in March 2014:

We recommended that Treasury accurately and completely write off uncollectible delinquent tax assessments in STAR.

AGENCY PLAN TO COMPLY*

Treasury's plan to comply dated May 30, 2014 indicated that it would assess the feasibility of modifying STAR and implementing compensating controls to ensure the accuracy and completeness of the STAR tax write-off process by September 2014.

* See glossary at end of report for definition.

**FOLLOW-UP
CONCLUSION**

Partially complied. A reportable condition exists.

Our follow-up noted that Treasury had:

a. Partially complied.

In 2015, Treasury implemented a process to monitor requests for the write-off of delinquent tax assessments in STAR that were pending management approval. At the beginning of each month, CSB runs a STAR report to identify requests that are pending approval and notifies Treasury management. However, this process does not identify or escalate write-off requests that are not approved in a timely manner. As a result, write-off requests could remain in STAR pending management approval indefinitely.

For the period April 2018 through April 2020, we identified 40 write-off requests totaling \$164,916 that were pending management approval for six months to one year and 25 requests totaling approximately \$5.2 million that were pending management approval for over one year. This is a significant decrease from the 2014 performance audit as shown in the following table:

	2014 Performance Audit	2020 Follow-Up Report	Increase/ (Decrease)
From six months to one year:			
Number of write-off requests	2,439	40	(98%)
Total amount of write-off requests	\$19,933,073	\$ 164,916	(99%)
More than one year:			
Number of write-off requests	3,831	25	(99%)
Total amount of write-off requests	\$19,492,191	\$5,172,987	(74%)

b. Substantially complied.

Treasury implemented two new computer programs in STAR. The first program regularly updates the statute of limitations for collection using current information in STAR. The second program writes off secondary liable assessments that exceed the statute of limitations for collection. However, Treasury did not implement changes to ensure that accounts having a secondary liable assessment were properly written off after the assessment

had been removed. As of May 7, 2020, we determined that:

- (1) Treasury did not write off 69 uncollectible tax assessments totaling \$602,432 that exceeded the statute of limitations for collection and did not have a secondary liable assessment in STAR. This represents a 98% decrease from the 10,180 uncollectible assessments totaling \$25.8 million noted in our 2014 performance audit.
- (2) All uncollectible tax assessments that exceeded the extended statute of limitations were properly written off in STAR.

c. Partially complied.

Treasury implemented a process to monitor the write-off programs. Treasury's Scheduling Team reviews and balances the write-off programs to ensure that they run as intended. However, this process does not include monitoring for uncollectible tax assessments in STAR that were not completely written off in prior years.

We analyzed delinquent tax assessments in STAR as of June 19, 2019 and identified 3,573 uncollectible assessments totaling \$8.04 million that had not been formally written off in STAR. This represents an increase from the 2014 performance audit, which found that 1,464 uncollectible tax assessments totaling \$5.5 million were not formally written off.

Uncollectible tax assessments that are not formally written off can result in overstated assessment balances and may impact Treasury's internal reports or the *SOMCAFR*.

**FOLLOW-UP
RECOMMENDATION**

We recommend that Treasury continue to monitor STAR to ensure the complete write-off of uncollectible delinquent tax assessments.

**FOLLOW-UP
AGENCY
PRELIMINARY
RESPONSE**

Treasury provided us with the following response:

CSB agrees with the recommendation. CSB will continue to monitor the write-off process for uncollectible delinquent tax assessments. CSB is in the process of implementing a new system to replace STAR and will include functionality to monitor the status of write-offs. CSB expects to complete this initiative in alignment with the implementation of the new system. The timeline for this system replacement has a completion period of summer 2023.

FINDING #2

Audit Finding Classification: Reportable condition.

Summary of the March 2014 Finding:

Treasury and DTMB did not review collectability reports or STAR programming logic* to ensure that proper balances are factored into the collectability percentages reported for the *SOMCAFR*. Specifically:

- a. Treasury did not ensure that collectability percentages were accurately reported for the *SOMCAFR*. STAR calculated collectability percentages using current year payments and prior year balances, which could result in overstated or understated collectability percentages.
- b. Treasury and DTMB did not program STAR to include all delinquent tax assessment balances and exclude assessments with negative balances in the projected collectability of assessments report. As a result, the assessment balances were understated and the projected collectability of assessments was overstated.
- c. Treasury did not properly cut off outstanding assessment balances at year-end, which caused the projected collectability of assessments report to be overstated.
- d. Treasury and DTMB did not program STAR to properly report the age of delinquent tax assessments in the year-end tax reports. As a result, assessments delinquent for more than 10,000 days were improperly categorized in the wrong age range, impacting the tax accruals receivable entries.
- e. Treasury and DTMB did not ensure that the collectability percentages reported in the year-end reports included all current year payments for assessments with multiple delinquent taxes, which caused the projected collectability of assessment report to be understated.

Recommendation Reported in March 2014:

We recommended that Treasury and DTMB review programming logic to ensure that collectability percentages are accurately reported for the *SOMCAFR*.

AGENCY PLAN TO COMPLY

Treasury and DTMB's plan to comply dated May 30, 2014 indicated that they would evaluate a solution based on programming resources to ensure that STAR accurately reports collectability percentages on the collectability of assessments report for fiscal year-end 2014.

* See glossary at end of report for definition.

**FOLLOW-UP
CONCLUSION**

Partially complied. A reportable condition still exists.

In preparation for the *SOMCAFR*, CSB, in coordination with Treasury's Office of Accounting Services (OAS), runs a number of programs in STAR on the first business day of each new fiscal year. These programs produce three reports of the delinquent tax assessment balances from the end of the fiscal year, the collectability percentages for assessments outstanding at the end of the prior two fiscal years, and the projected collections on delinquent tax accounts which are used to estimate the *SOMCAFR* accounts receivable balance. We replicated the three reports using STAR delinquent tax assessment data as of June 18, 2020 to assess the accuracy and completeness of the reports. We noted:

a. Partially complied.

STAR continues to calculate the collectability percentages using payments received in the current fiscal year that exceed the assessment balances in the prior two fiscal years. This caused certain collectability percentages to be overstated in the year-end reports and may cause the accounts receivable balance in the *SOMCAFR* to be overstated.

Delinquent tax assessment balances in STAR can increase or decrease over time as Treasury receives new information regarding the tax amount due and when additional penalty and interest are accrued. Calculating collectability percentages using current fiscal year payments and prior two fiscal year balances may result in overstated or understated collectability percentages.

b. Partially complied.

Treasury and DTMB implemented programming changes in STAR to exclude some negative balances from the collectability percentage calculation. The new programming logic excludes calculated balances that are negative after combining assessment balances into categories in the year-end reports.

We determined that the new programming logic worked as intended. However, because collectability percentages are calculated after combining assessment balances into categories, negative balances are still included in the calculation of the collectability percentages. In addition, STAR continued to exclude certain groups of balances from the report. As a result, collectability percentages may be overstated.

c. Substantially complied.

Treasury implemented new procedures to ensure that it properly performed cut-off on the first business day of the year so that the delinquent tax assessment balances did not include assessments issued in the new fiscal year. This is an important control because STAR year-end programs use delinquent tax assessment balances outstanding at the end of the fiscal year to estimate future collections.

We reviewed Treasury's year-end procedures and verified that Treasury had properly cut off outstanding delinquent tax assessment balances on the last day of the fiscal year or the first day of the new fiscal year for fiscal years 2016 through 2019. However, without implementing program logic to limit delinquent assessments that came into STAR before year end, Treasury cannot ensure proper cut-off if the year-end programs run after the first business day of the new fiscal year.

d. Complied.

Treasury implemented programming changes to the STAR year-end programs to ensure that the delinquent tax assessment age was properly calculated. STAR year-end reports categorize assessments based on the number of days since the assessment was issued and calculated a collectability percentage associated with each age range.

Our review of STAR programming changes and replication of year-end reports confirmed that STAR accurately reported the age of delinquent assessments in the year-end reports.

e. Complied.

Treasury implemented programming changes to ensure that all payments related to the delinquent tax assessment balances from prior years were included in the collectability percentages calculation. STAR year-end programs properly calculated the collectability percentage of assessments based on the payments received for prior year assessments in the current fiscal year.

We replicated the year-end reports and did not identify any payments that were excluded by STAR logic that significantly impacted the collectability percentages or the projected collectability of assessments report.

**FOLLOW-UP
RECOMMENDATION**

We recommend that Treasury and DTMB continue to review STAR programming logic to ensure that collectability percentages are accurately reported for the *SOMCAFR*.

**FOLLOW-UP
AGENCY
PRELIMINARY
RESPONSE**

Treasury provided us with the following response:

Treasury and DTMB agree with the recommendation. Treasury is in the process of implementing a new system to replace STAR and will include functionality to improve the calculation of collectability percentages used for the SOMCAFR. The timeline for this system replacement has a completion period of summer 2023.

FINDING #3

Audit Finding Classification: Reportable condition.

Summary of the March 2014 Finding:

Treasury did not program STAR to accurately calculate penalties and interest on all delinquent tax accounts. Specifically, STAR did not:

- a. Apply penalties and interest to assessments for the days accrued during the month that an assessment was paid off. As a result, STAR did not calculate penalty and interest legally accrued for these assessments.
- b. Apply penalties correctly to assessments with a due date from the 27th to the end of the month and did not calculate penalty legally accrued by this assessment in the first month that they were delinquent.
- c. Apply initial penalties correctly to assessments that were entered into STAR prior to the tax due date and did not calculate penalty legally accrued by this assessment in the first month that they were delinquent.
- d. Contain edits to identify and reject incorrect manually entered due dates. STAR contained assessments with due dates ranging from 2014 to 2030 which would prevent penalty and interest from being calculated until the due dates were corrected.

Recommendation Reported in March 2014:

We recommended that Treasury program STAR to accurately calculate penalty and interest on all delinquent accounts.

AGENCY PLAN TO COMPLY

Treasury's plan to comply dated May 30, 2014 indicated that it disagreed that, for parts a., c., and d., a system modification would be beneficial due to the immaterial amounts identified. It also indicated that for part b., it would evaluate potential solutions by fiscal year-end 2014 to accurately calculate penalty and interest on all delinquent tax accounts.

FOLLOW-UP CONCLUSION

Partially complied. A reportable condition still exists.

Treasury did not implement programming or business process changes in STAR to fully address the exceptions reported in parts a., c., and d. of the finding regarding the accurate calculation of penalty and interest on delinquent accounts. Treasury determined that changes were not necessary because of the immaterial amounts reported in the 2014 performance audit.

We reviewed the accuracy of the penalties and interest calculated in STAR for April 2020. Our follow-up noted that Treasury had:

- a. Not complied.

STAR continued to incorrectly apply penalty and interest to assessments at the time of payment. For example, for the 8,355 assessments paid off during the month of April 2020, STAR did not assess penalty and interest that accrued between the date that the taxpayers were billed and the date that payments were received. As a result, STAR did not assess \$8,595 in penalties and interest that legally accrued for these assessments for the month.

Although the amount of unassessed penalty and interest was not significant, Public Act 122 of 1941 (the Revenue Act) requires that Treasury assess penalty and interest through the date that an assessment is paid off. Treasury believes that it is not cost beneficial to change its business processes to assess the additional penalty and interest. Treasury could pursue changes to the Revenue Act to allow Treasury the discretion to forgo assessment of insignificant penalty and interest or establish a policy to reflect the rationale for its practice.

b. Partially complied.

Treasury indicated that the implementation of city income taxes in STAR indirectly impacted the exception reported in the 2014 performance audit. Treasury asserted that this issue had been corrected in fiscal year 2017.

However, STAR continued to incorrectly apply penalties to assessments with a due date near the end of the month. For the month of April 2020, we analyzed assessments with a due date from the 27th day to the last day of the month and identified 89 assessments for which STAR did not assess \$28,964 of legally accrued penalties. This represents a 72% decrease from the \$104,290 noted in our 2014 performance audit for the same time period.

c. Substantially complied.

Treasury discontinued the process of sending individual income tax assessments to STAR before the due date, which Treasury indicated was the cause for part c. of the finding. However, Treasury did not make programming changes to ensure that the initial penalty was correctly applied to all assessments entered into STAR before the due date.

We analyzed assessments with a due date in March and April 2020 and noted that STAR did not accurately apply \$204 of the initial 5% penalty that had legally accrued in April 2020 for two of the assessments.

Because of COVID-19*, Treasury discontinued the issuance of business tax assessments on March 23, 2020

* See glossary at end of report for definition.

and resumed issuing the assessments on May 19, 2020, causing the number of assessments with due dates in March and April 2020 to be significantly lower than in previous years. As a result, the number of assessments and amount of penalty that were not accurately calculated may not represent the full extent of the miscalculation.

d. Complied.

Our 2014 performance audit identified 11 assessments with improper due dates. As of May 6, 2020, only 3 out of approximately 3 million assessments had improper due dates, ranging from February 2021 to April 2029.

**FOLLOW-UP
RECOMMENDATION**

We recommend that Treasury continue to program STAR to accurately calculate penalties and interest on all delinquent accounts.

**FOLLOW-UP
AGENCY
PRELIMINARY
RESPONSE**

Treasury provided us with the following response:

CSB agrees with the recommendation. CSB is in the process of implementing a new system to replace STAR and will include functionality to improve the calculation of penalty and interest on delinquent tax assessments. CSB expects to complete this initiative in alignment with the implementation of the new system. The timeline for this system replacement has a completion period of summer 2023.

FOLLOW-UP METHODOLOGY, PERIOD, AND AGENCY RESPONSES

METHODOLOGY

We reviewed Treasury and DTMB's corrective action plan, new and updated policies, and procedures related to STAR processes. Specifically, for:

a. Finding #1, we:

- Reviewed documentation for new STAR programming logic implemented to write off secondary assessments and update the Collection Statute Expiration Date (COLSED).
- Met with Treasury staff to obtain an understanding of the new process for monitoring uncollectible tax assessment write-offs that are pending approval.
- Reviewed uncollectible tax assessment write-offs pending approval to verify that requests were approved timely by management.
- Analyzed tax assessment data in STAR as of June 18, 2020 to determine whether tax assessments were written off appropriately.
- Reviewed procedures and supporting documentation for Treasury's monitoring of the annual write-off process.

b. Finding #2, we:

- Reviewed documentation for the STAR year-end programs used to prepare taxes receivable reported in *SOMCAFR* financial statements.
- Met with Treasury and DTMB staff to obtain an understanding of changes implemented to the STAR year-end process and STAR computer programs.
- Reviewed documentation of the new year-end process implemented by Treasury to coordinate a timely run of the STAR year-end reports and related activities.
- Analyzed STAR tax assessment data as of June 18, 2020 to assess whether the STAR year-end programs accurately calculated the age of delinquent tax assessments outstanding at year-end.
- Replicated the STAR year-end reports from a mock year-end run performed by Treasury on June 18, 2020 to verify whether the collectability

percentages of tax assessments were properly calculated.

c. Finding #3, we:

- Reviewed documentation for the STAR penalty and interest programs processed at the beginning of each month to penalty and interest accrued by delinquent tax assessments.
- Met with Treasury and DTMB staff to obtain an understanding of current penalty and interest calculations in STAR.
- Analyzed STAR delinquent tax assessment data as of May 6, 2020 to assess whether penalty and interest were accurately calculated.
- Analyzed delinquent tax assessment data in STAR as of May 6, 2020 to determine whether STAR contained edits to identify and reject incorrect assessment due dates.

PERIOD

Our follow-up generally covered April 1, 2018 through June 30, 2020.

**AGENCY
RESPONSES**

Our follow-up report contains 3 recommendations. Treasury and DTMB's preliminary response indicates that they agree with all of the recommendations.

The agency preliminary response that follows each follow-up recommendation in our report was taken from the agencies' written comments and oral discussion at the end of our 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 to submit it to the State Budget Office upon completion of an audit. Within 30 days of receipt, the Office of Internal Audit Services, State Budget Office, 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 to submit the plan to the State Budget Office upon completion of an audit. Within 30 days of receipt, the Office of Internal Audit Services, State Budget Office, 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.
assessment	An amount determined as payable to the Department of Treasury when a taxpayer fails or refuses to file a return or make payment, in whole or in part, or when the Department of Treasury believes that a taxpayer has not provided sufficient information to determine the amount of tax due.
COVID-19	The infectious disease caused by the most recently discovered coronavirus. This new virus and disease were unknown before the outbreak began in Wuhan, China, in December 2019. COVID-19 is now a pandemic affecting many countries globally.
CSB	Collection Services Bureau.
DTMB	Department of Technology, Management, and Budget.
IT	information technology.
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. Our assessment of materiality is in relation to the respective audit objective.
performance audit	An audit that provides findings or conclusions based on an evaluation of sufficient, appropriate evidence against criteria. Performance audits provide objective analysis to assist management and those charged with governance and oversight in using the information to improve program performance and operations, reduce costs, facilitate decision-making by parties with responsibility to oversee or initiate corrective action, and contribute to public accountability.

programming logic	A particular sequence of instructions in a computer program.
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.
SOMCAFR	<i>State of Michigan Comprehensive Annual Financial Report.</i>
STAR	State Treasury Accounts Receivable System.
statute of limitations	A legal restriction on the length of time within which legal proceedings may be brought.
Treasury	Department of Treasury.
uncollectible	Loans, receivables, or other debts that have virtually no chance of being paid.
write-off	A reduction of value of an asset or earnings by the amount of an expense or a loss.



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