



STATE OF MICHIGAN  
DEPARTMENT OF TREASURY  
LANSING

GRETCHEN WHITMER  
GOVERNOR

RACHAEL EUBANKS  
STATE TREASURER

October 12, 2021

Rick Lowe, Director  
Office of Internal Audit Services  
Office of the State Budget  
George W. Romney Building  
111 South Capitol, 6<sup>th</sup> Floor  
Lansing, MI 48913

Dear Mr. Lowe,

In accordance with the State of Michigan, Financial Management Guide, Part VII, the following is our corrective action plan to address recommendations contained within the Office of the Auditor General's Follow-Up Report of the State Treasury Accounts Receivable System (STAR), Report Number 271-0590-13F.

1. Audit recommendations the agency complied with: None
2. Audit recommendations the agency agrees with and will comply:

**Write-Off Uncollectible Delinquent Tax Assessments in STAR**

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

**Agency Plan:**

The Collection Services Bureau (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 major system replacement has a completion period of May 2023.

**Year-End Reporting**

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

**Agency Plan:**

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 major system replacement has a completion period of May 2023.

**Penalty and Interest Calculations**

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

**Agency Plan:**

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 major system replacement has a completion period of May 2023.

3. Audit recommendations the agency disagrees with: None

Should you have any questions regarding the corrective action plan, please contact Kavita Kale, Bureau Director, Collection Services Bureau at 517-636-5300 or at [KaleK@michigan.gov](mailto:KaleK@michigan.gov).

Sincerely,

Glenn R. White, Deputy State Treasurer  
Revenue Services

Cc: JoAnne Huls, Executive Office  
Doug Ringler, Office of the Auditor General  
Greg VanWoerkom, House Appropriations Sub-committee  
Roger Victory, Senate Appropriations Sub-committee  
Mike Mueller, House Standing Committee  
Mike Shirkey, Senate Standing Committee  
Mary Ann Cleary, House Fiscal Agency  
Christopher Harkins, Senate Fiscal Agency  
Rachael Eubanks, Treasury  
Bruce Hanes, Treasury  
Kavita Kale, Treasury  
Mike Williams, Office of Internal Audit Services  
Fran Thelen, Office of Internal Audit Services