



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

GRETCHEN WHITMER
GOVERNOR

RACHAEL EUBANKS
STATE TREASURER

October 28, 2021

Rick Lowe, Director
Office of Internal Audit Services
Office of the State Budget
George W. Romney Building
111 South Capitol, 6th 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 Performance Audit of the Offer in Compromise Program, Report Number 271-0145-20, from October 1, 2017 – June 30, 2020.

1. Audit recommendations the agency complied with:

Identification and Evaluation of Program Costs Needed:

We recommend that Treasury implement a reporting process to identify OIC Program expenditures to determine Treasury's cost to administer the Program.

Agency Plan:

In consideration with the OAG audit recommendations and department leadership, the OIC program and designated employees transitioned from CSB to the Office of Advocacy Services on July 11, 2021, creating the OIC Section. Employees are now focused solely on tasks and responsibilities related to the OIC program 100 percent of the time. A process that identifies OIC expenditures based on employees' salaries, benefits, equipment, and technology needs went into place July 11, 2021.

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

Improvements Needed to OIC Process:

We recommend that Treasury improve its evaluation of OIC applications and monitoring of completed offers.

Agency Plan:

Treasury will annually evaluate all documentation related to an OIC application beginning in January 2022. Evaluation will include research on similarly situated states with OIC programs, the IRS's OIC programs, and other best practices to determine if any changes should be made to Michigan's OIC program. Treasury will include the process of annually evaluating documentation related to an OIC application within written procedures to address the OAG audit recommendations.

Treasury manually monitors accepted OIC offers for potential default based on the established OIC agreement criteria. The department is evaluating the ability to implement mechanisms into the new collection system being developed that will provide for the automation of monitoring accepted OICs. Treasury will include the process of monitoring accepted OIC offers for potential default within written procedures to address the OAG audit recommendations.

3. Audit recommendations the agency disagrees with: None

Should you have any questions regarding the corrective action plan, please contact Robin Norton at 517.636.6942 or at nortonr@michigan.gov.

Sincerely,



Aaron Keel, Director
Office of Legislative Affairs

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
Linda Scott, Senate Fiscal Agency
Rachael Eubanks, Treasury
Ann Good, Treasury
Bruce Hanses, Treasury
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Mike Williams, Office of Internal Audit Services
Fran Thelen, Office of Internal Audit Services