Office of the Auditor General

Follow-Up Report on Prior Audit Recommendations

Modernization of Legacy IT Systems

Department of Technology, Management, and Budget

September 2026

State of Michigan Auditor General

Doug A. Ringler, CPA, CIA

171-0550-17F

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

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Report Summary

Follow-Up Report

Modernization of Legacy IT Systems

Department of Technology, Management, and Budget (DTMB)

Report Number: 171-0550-17F

Released: September 2026

We conducted this follow-up to determine whether DTMB had taken appropriate corrective measures in response to the two material conditions noted in our September 2018 audit report.

Prior Audit Information	Follow-Up Results: Conclusion	Follow-Up Results: Finding	Follow-Up Results: Agency Preliminary Response
Finding 1 - Material condition Expanded ITIM program needed. Agency agreed.	Partially complied	Material condition still exists. See Finding 1.	Partially agrees
Finding 2 - Material condition Additional IT investment policies and procedures needed. Agency agreed.	Not complied	Material condition still exists. See Finding 2.	Disagrees

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September 23, 2026

Kyle Guerrant, Acting Director
Department of Technology, Management, and Budget
Elliott-Larsen Building
Lansing, Michigan

Acting Director Guerrant:

This is our follow-up report on the two material conditions (Findings 1 and 2) and two corresponding recommendations reported in the performance audit of the Modernization of Legacy IT Systems, Department of Technology, Management, and Budget. That audit report was issued and distributed in September 2018.

Your agency provided preliminary responses to the follow-up recommendations included in this report. The *Michigan Compiled Laws* require an audited agency to develop a plan to comply with the recommendations and submit it to the State Budget Office (SBO) upon audit completion. State administrative procedures require the audited agency to develop the plan as early as practicable and within 60 days after report issuance and submit the plan to the Office of Internal Audit Services (OIAS), SBO. Within 30 days of receipt, OIAS will 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

Doug Ringler
Auditor General

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MODERNIZATION OF LEGACY IT SYSTEMS

INTRODUCTION, PURPOSE OF FOLLOW-UP, AND DESCRIPTION

INTRODUCTION

This report contains the results of our follow-up of the two material conditions* (Findings 1 and 2) and two corresponding recommendations reported in our performance audit* of Modernization of Legacy IT Systems, Department of Technology, Management, and Budget (DTMB), issued in September 2018.

PURPOSE OF FOLLOW-UP

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

DESCRIPTION

According to the National Association of State Chief Information Officers (NASCIO), the modernization of legacy IT systems* is a top priority for state governments as aging systems cannot meet modern capacity and capability demands. NASCIO further identifies governance, guidelines and policies as critical components for managing risk, providing oversight, and ensuring legacy modernization efforts stay on track. Within this context, DTMB established the State Unified Information Technology Environment (SUITE) initiative to standardize methodologies, procedures, training, and tools to guide all phases of the State's legacy modernization activities.

** See glossary at end of report for definition.*

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

FINDING 1

Audit Finding Classification: Material condition.

Summary of the September 2018 Finding:
DTMB should continue to formalize and expand the State's IT Investment Management (ITIM) program to help ensure that the State's IT investments* align with strategic and business objectives, minimize risk, and maximize return on investment* (ROI). These actions would help improve the State's ability to make the best use of resources by allocating them to the highest value projects.

Based on our review of the best practices identified in the U.S. Government Accountability Office's* (GAO's) Information Technology Investment Management: A Framework for Assessing and Improving Process Maturity* (ITIM Framework) and related GAO guidance, DTMB should:

a. Adopt an ITIM Framework and maturity level for the State.

   Adopting a framework, such as the ITIM Framework or IT Governance Institute's Enterprise Value: Governance of IT Investments, The Val IT Framework* (Val IT), would provide DTMB with a method for assessing how well the State manages its IT resources. Establishing a maturity level would help DTMB evaluate the state of its current processes and identify opportunities for process improvement.

b. Fully establish an enterprise* IT investment board* responsible for defining, implementing, and monitoring the State's IT investment governance process.

   To align with best practices, the board should include the State Budget Director, the State's chief information officer, and senior executives from State agencies. The GAO states that, for organizations where state agencies share responsibility for IT investment activities (as is done in Michigan), agency-based investment boards can be established. However, the enterprise IT investment board must maintain the ultimate responsibility for lower-level investment board activities. As such, the enterprise investment board should clearly define the roles, responsibilities, and criteria for determining the types of projects that will be reviewed at the different organization levels.

** See glossary at end of report for definition.*

In January 2017, DTMB approved charters for its IT governance structure. Accordingly, the IT Strategy Group and IT Steering Committee have various enterprise IT investment board responsibilities, such as ensuring technology services deliver business value and that expected benefits from investments are fully realized. In addition, the IT Steering Committee is responsible for providing oversight of the annual Call for Projects* process and managing DTMB's portfolio of enterprise investments.

However, our review disclosed that the IT Strategy Group and IT Steering Committee did not:

- Fully define roles and responsibilities for IT investment processes.
- Fully establish criteria, policies, procedures, and best practices for selecting, controlling, and evaluating IT investments.
- Monitor and evaluate the implementation of ITIM processes.
- Measure and report on the effectiveness of the State's IT investments.
- Provide oversight of IT investments that affect multiple departments, involve common infrastructure, are high cost or high risk, or have significant scope or duration. DTMB informed us the IT Strategy Group reviewed the status of enterprise projects on an informal basis and was developing guidance to determine the cadence for future periodic reviews.

c. Develop a written IT investment process guide tailored to the State's organizational structure.

According to the ITIM Framework, a process guide should be the key authoritative document to manage IT investment processes and provide a comprehensive foundation for related policies and procedures. For example, the guide should specify State agencies' authority and responsibilities for IT investment decisions as well as the authority and responsibilities retained by DTMB. The guide should also specify how IT investment related processes will be coordinated with other processes, such as strategic planning*, budgeting, and enterprise architecture* (EA) management.

** See glossary at end of report for definition.*

d. Develop a business case* and other project documentation to implement improvements in enterprise and agency IT investment processes.

   The State's Project Management Methodology (PMM) provides guidance for preparing planning documents that, when followed, will increase the likelihood key stakeholders* understand and support an enterprise investment management program.

e. Provide initial and ongoing training tailored to the various groups responsible for performing ITIM activities once an ITIM framework has been formally adopted.

Recommendation Reported in September 2018:
We recommended DTMB should continue to formalize and expand the State's ITIM program to help ensure that the State's IT investments align with strategic and business objectives, minimize risk, and maximize ROI.

AGENCY PLAN TO COMPLY*

On December 26, 2019, DTMB indicated it agreed and was implementing the IT Governance Institute's Val IT, while also establishing an enterprise IT Investment Management Board to define criteria, prioritize projects, and provide oversight. Also, DTMB stated it was expanding the SUITE initiative to include investment management, comprising business case, governance, and benefits realization, with guidance to be published in the State Administrative Guide. In addition, implementation of improvements to the Call for Projects process began in October 2018 to align agency business priorities with State of Michigan (SOM) strategic goals and DTMB IT strategies.

FOLLOW-UP CONCLUSION

Partially complied. A material condition still exists.

Our follow-up noted DTMB:

a. Partially complied.

   DTMB should adopt a formal maturity level for the State.

   DTMB formally adopted Val IT as the governing ITIM framework for the State in February 2018. However, DTMB did not adopt a maturity level for the State.

   DTMB initiated an assessment against a tailored set of Val IT practices in March 2023; however, the assessment was only partially completed and did not encompass all executive branch agencies.

* *See glossary at end of report for definition.*

b. Partially complied.

DTMB should continue to fully establish an enterprise IT investment board responsible for defining, implementing, and monitoring the State's IT investment governance process.

The SOM IT Investment Management Governance Board was established to ensure governance and management of IT investments across the State. However, the board's authority is limited to Proposal for Change* funded IT projects. The board does not provide oversight for all IT investments that are high cost, high risk, or have significant scope or duration.

We evaluated Stage 2 key practices within the GAO's ITIM Framework pertaining to investment board responsibilities and noted DTMB did not execute 12 (86%) of 14 key practices.

c. Partially complied.

DTMB should continue to develop a written IT investment process guide tailored to the State's organizational structure.

DTMB established the SUITE initiative to standardize methodologies, procedures, training, and tools for investment management, project management, and a system's development lifecycle management. As part of this initiative, DTMB developed supporting methodologies, including Investment Management Methodology (IMM), Project, Program, and Portfolio Management Methodology (3PMM), and Systems Engineering Methodology (SEM) to improve the quality, performance, and productivity of the State's information systems. During our evaluation of selected Stage 2 key practices within the GAO's ITIM Framework (Finding 1, part b and Finding 2, part a), we reviewed SUITE guidance and concluded it was not sufficient to establish a comprehensive written IT investment process guide. For example, formal documentation did not exist to define the span of authority and responsibilities of agency-based boards, nor did documentation exist to establish how agency-based boards are expected to coordinate with the enterprise IT investment board.

d. Not complied.

DTMB should develop a business case and other project documentation to implement improvements in enterprise and agency IT investment processes.

** See glossary at end of report for definition.*

DTMB completes internal evaluations for the Proposal for Change and Call for Projects processes. However, these evaluations do not provide insight into industry best practices which can be utilized to make improvements to investment management processes.

e. Partially complied.

DTMB should continue to provide initial and ongoing training tailored to the various groups responsible for performing ITIM activities.

DTMB has training related to IT investment management available for project personnel. However, project personnel are not required to attend or review the available training, and the training does not include benchmarking* techniques.

FOLLOW-UP RECOMMENDATION

We again recommend DTMB continue to formalize and expand the State's ITIM program to help ensure that the State's IT investments align with strategic and business objectives, minimize risk, and maximize ROI.

FOLLOW-UP AGENCY RESPONSE

DTMB partially agrees with our follow-up conclusion.

AUDITOR'S COMMENTS TO AGENCY PRELIMINARY RESPONSE*

The agency preliminary response and our auditor's comments to Finding 1 are presented on page 15.

* *See glossary at end of report for definition.*

FINDING 2

Audit Finding Classification: Material condition.

Summary of the September 2018 Finding:
DTMB, in conjunction with State Budget Office (SBO), had not fully established policies and procedures necessary to ensure that the State's ITIM practices are defined, repeatable, and consistently implemented across all State agencies for Stages 2 through 5 of the GAO ITIM Framework.

Our follow-up noted DTMB and SBO did not develop policies and procedures related to:

a. Stage 2: Building the Investment Foundation.

   - Directing each investment board's operations.
   - Ensuring IT projects or systems support ongoing business needs.
   - Selecting new IT proposals.
   - Updating information about existing systems.
   - Reselecting ongoing IT investments.

b. Stage 3: Developing a Complete Investment Portfolio.

   - Creating and modifying IT portfolio selection criteria*.
   - Analyzing, selecting, and maintaining the investment portfolios.
   - Reviewing, evaluating, and improving the performance of the portfolios.

c. Stage 4: Improving the Investment Process.

   - Evaluating and improving the performance of the investment portfolios.
   - Managing the IT succession* process.

d. Stage 5: Leveraging IT for Strategic Outcomes.

   - Improving the ITIM process using benchmarking.
   - Conducting IT-driven strategic business change activities.

** See glossary at end of report for definition.*

Recommendation Reported in September 2018:
We recommended DTMB, in conjunction with SBO, fully establish policies and procedures necessary to ensure that the State's ITIM practices are defined, repeatable, and consistently implemented across all State agencies for Stages 2 through 5 of the GAO ITIM Framework.

AGENCY PLAN TO COMPLY

On December 26, 2019, DTMB indicated it agreed and recognized the need to continue to strengthen and broaden its foundational processes. DTMB and SBO began participating in efforts to develop standard investment management processes and incorporate these processes within SUITE to ensure compliance across all departments.

FOLLOW-UP CONCLUSION

Not complied. A material condition still exists.

Our follow-up noted DTMB did not fully develop policies and procedures to address key ITIM practices. Specifically:

a. DTMB developed Policy 1352.00 IMM which defines high level responsibilities; however, the policy was not sufficiently comprehensive to ensure Stage 2 ITIM practices were consistently defined and repeatable across all State agencies. The policy and supporting procedures did more clearly establish expectations for IT investments requesting new funding through the Proposal for Change process overseen by the IT Investment Management Governance Board. However, State agencies may not consistently implement ITIM practices for projects initiated outside of the Proposal for Change process.

b.-d. We did not evaluate Stages 3 through 5 given the deficiencies identified for Stage 2 (part a.). According to the GAO, it is common for organizations to concurrently implement key practices associated with several maturity stages* and initiate higher level processes when the organization, as a whole, is at a lower level. However, an organization cannot fully achieve the benefits of higher stages of maturity until it successfully implements and institutionalizes lower stage activities (Stage 2). DTMB should coordinate with State agencies and departments, as applicable, to develop policies and procedures for Stages 3 through 5.

FOLLOW-UP RECOMMENDATION

We recommend DTMB fully establish policies and procedures necessary to ensure the State's ITIM practices are defined, repeatable, and consistently implemented across all State agencies for Stages 2 through 5 of the GAO ITIM Framework.

** See glossary at end of report for definition.*

FOLLOW-UP AGENCY RESPONSE

DTMB disagrees with our follow-up conclusion.

AUDITOR'S COMMENTS TO AGENCY PRELIMINARY RESPONSE

The agency preliminary response and our auditor's comments to Finding 2 are presented on page 17.

AGENCY PRELIMINARY RESPONSES

MODERNIZATION OF LEGACY IT SYSTEMS
Department of Technology, Management, and Budget

Finding 1 Agency Preliminary Response and Auditor's Comments to Agency Preliminary Response

This section contains DTMB's preliminary response to Finding 1 and our auditor's comments providing further clarification and context where necessary.

Overall Auditor's Comment

As noted in Executive Order* (EO) 2009-55, the Chief Information Officer (CIO) for the State of Michigan is charged with, "developing and implementing processes to ***replicate information technology best practices and standards throughout the executive branch of government."*** As an independent auditor, we assessed DTMB's actions against this statutory criterion and determined DTMB's created policies and procedures, such as the IMM Policy 1352, do not align or fall short of expected industry practices and norms. Throughout its response, DTMB maintains it should have been audited against its policies and procedures, which we consider substandard, rather than industry best practices required by the EO 2009-55. Further, DTMB fails to recognize its required role in developing and implementing best practices and standards ***throughout the executive branch***, often attempting to push its responsibility onto non-IT experts within the various departments.

Finding 1: Expanded ITIM program needed.

DTMB provided us with the following response:

AGENCY PRELIMINARY RESPONSE	AUDITOR'S COMMENTS TO AGENCY PRELIMINARY RESPONSE
DTMB partially agrees.	
DTMB establishes and maintains the State's enterprise IT investment management methodology, guidance, processes, and training, while agencies retain responsibility and accountability for their investment governance and implementation.	
DTMB partially agrees with part 1a. A maturity assessment of investment management practices can provide value in identifying opportunities for continued improvement. DTMB previously performed an assessment of the IMM practices of the State's higher-risk agencies. DTMB will work with the remaining State agencies to conduct an assessment of their IMM practices and identify opportunities for continued improvement. Anticipated completion: December 2027.	
DTMB disagrees that assigning the State a formal maturity level is appropriate. DTMB has adopted and tailored an investment management methodology for Michigan specific to the identification and implementation of improvements appropriate to the State's operating environment. This approach focuses more effectively on the practices to achieve success versus setting a maturity level designation.	Assigning a formal maturity level based on the results of the executive branch-wide maturity assessment would establish a clear baseline for the State. Without a baseline, the State cannot demonstrate its overall level of maturity or measure progress toward it. The maturity level is a useful summary of the assessment results.
DTMB agrees with part 1d that the business justification for significant future ITIM process improvements should be consistently documented. DTMB will establish a process to document the need, anticipated value, and expected outcomes of significant ITIM improvements and consider applicable industry practices when evaluating future improvements. Anticipated completion: December 2028.	

** See glossary at end of report for definition.*

DTMB disagrees with conclusions that evaluate the State's investment management program against governance responsibilities that do not reflect Michigan's operating model. Agencies drive their business investment decisions and remain responsible and accountable for investment governance within their organizations. The IT Investment Fund (ITIF) board provides enterprise investment governance within its established scope; its current role does not include governance or oversight of agency investment boards or all agency IT investments.

Our audit was conducted against applicable industry best practices. DTMB's operating model does not align to industry best practices, as evidenced by our testing results.

DTMB's assertion that it has no responsibility for executive branch IT investment management activities is not consistent with the broader responsibilities prescribed to DTMB under Michigan Law. Section 18.1124(2) of the *Michigan Compiled Laws (MCL*) requires DTMB, under the direction of the State's CIO, to develop and implement Statewide IT processes and standards, oversee IT project management, and develop systems and methodologies to review, evaluate, and prioritize IT projects within the executive branch. Accordingly, our assessment does not assume DTMB has direct authority over every agency's IT investment; rather, it evaluates DTMB's responsibility to establish and oversee the Statewide structure and processes through which those investments are managed.

DTMB agreed with our prior assessment regarding the need to establish an enterprise IT investment board. However, rather than establishing a board aligned with industry best practices, DTMB renamed the existing board without making substantive changes to its responsibilities or operating model. Consequently, the department's action addresses the board's name but does not address the underlying governance deficiency identified in our prior assessment.

DTMB provides enterprise ITIM training and is responsible for maintaining and evaluating the effectiveness of that training. DTMB is not responsible for monitoring/ensuring the completion of training by agency personnel outside of DTMB. Agency leadership is responsible for establishing and enforcing training requirements for its personnel.

Ensuring training is reviewed by project personnel and the enterprise investment board increases the likelihood agency personnel have the proper knowledge to execute their responsibilities. Also, it provides DTMB with a basis for evaluating whether the training is effective. Simply making the training available does not demonstrate personnel have received, reviewed, or understood the information necessary to perform their responsibilities. Further, DTMB's response did not address the lack of training regarding the succession of IT systems or benchmarking techniques.

We considered the agency response and based on our comments above, the Finding stands as written.

Go Back to Finding 1

Go to Finding 2

Finding 2 Agency Preliminary Response and Auditor's Comments to Agency Preliminary Response

This section contains DTMB's preliminary response to Finding 2 and our auditor's comments providing further clarification and context where necessary.

Overall Auditor's Comment

As noted in EO 2009-55, the CIO for the State of Michigan is charged with, "developing and implementing processes to ***replicate information technology best practices and standards throughout the executive branch of government."*** As an independent auditor, we assessed DTMB's actions against this statutory criterion and determined DTMB's created policies and procedures, such as the IMM Policy 1352, do not align or fall short of expected industry practices and norms. Throughout its response, DTMB maintains it should have been audited against its policies and procedures, which we consider substandard, rather than industry best practices required by the EO 2009-55. Further, DTMB fails to recognize its required role in developing and implementing best practices and standards ***throughout the executive branch***, often attempting to push its responsibility onto non-IT experts within the various departments.

Finding 2: Additional IT investment policies and procedures needed.

DTMB provided us with the following response:

AGENCY PRELIMINARY RESPONSE	AUDITOR'S COMMENTS TO AGENCY PRELIMINARY RESPONSE
DTMB disagrees.	
DTMB disagrees with the basis used by OAG to evaluate compliance. DTMB adopted Val IT and developed an IT investment management methodology tailored to the State of Michigan's organizational structure. However, the OAG evaluated compliance using selected practices from the GAO ITIM Framework rather than assessing compliance against Investment Management Methodology Policy 1352. DTMB does not agree that the GAO ITIM governance model accurately reflects DTMB's investment management responsibilities within the State of Michigan's governance structure.	DTMB's adoption of Val IT does not preclude the use of GAO ITIM Framework as the basis for our assessment. The GAO ITIM Framework provides recognized best practices for selecting, controlling, and evaluating IT investments. Therefore, it provides an appropriate basis for assessing the maturity of IT investment management practices, regardless of the framework adopted.
DTMB also disagrees that DTMB has the responsibility for ensuring how executive branch agencies perform investment management activities within their organizations. DTMB establishes and maintains the enterprise IT investment management policy and guidance. Agencies remain responsible and accountable for establishing their procedures and implementing the SOM policy and guidance within their organizations.	DTMB's assertion that it has no responsibility for executive branch IT investment management activities is not consistent with the broader responsibilities prescribed to DTMB under Michigan Law. *MCL* Section 18.1124(2) requires DTMB, under the direction of the State's CIO, to develop and implement Statewide IT processes and standards, oversee IT project management, and develop systems and methodologies to review, evaluate, and prioritize IT projects within the executive branch. Accordingly, our assessment does not assume DTMB has direct authority over every agency IT investment; rather, it evaluates DTMB's responsibility to establish and oversee the Statewide structure and processes through which those investments are managed.
The OAG's detailed testing results provided to DTMB during the audit reflect a disagreement with DTMB's position that agencies are responsible and accountable for agency's investment management practices. The OAG's testing identifies the OAG's expectation that the ITIF Board should provide governance and oversight of all agency investments. As part of ongoing operations, DTMB will continue to evaluate and improve the State's IT investment management methodology and related guidance based on identified needs and applicable industry practices.	Our audit was conducted against applicable industry best practices which DTMB's operating model does not align to, as evidenced by our testing results.
	We considered the agency response and based on our comments above, the Finding stands as written.

Go to Finding 2

FOLLOW-UP METHODOLOGY, PERIOD, AND AGENCY RESPONSES

METHODOLOGY

We reviewed DTMB's corrective action plan, updated policies and procedures, and interviewed Department personnel to obtain an understanding of enterprise ITIM practices. Specifically, for:

- Finding 1, we:
    - Reviewed DTMB Enterprise IT Steering Committee minutes to confirm the formal adoption of the IT Governance Institute's Val IT Framework.
    - Evaluated DTMB's assessment of selected agency and SOM IT Investment Management Governance Board practices against a tailored set of Val IT practices.
    - Assessed selected DTMB ITIM practices against the GAO ITIM Framework as of March 31, 2026 by evaluating the existence, design, and implementation of those practices. For appropriately designed practices, we randomly sampled seven active IT projects to test the implementation of those practices.
    - Reviewed the fiscal year 2027 annual retrospective surveys for the Proposal for Change and Call for Projects processes to determine if DTMB developed project documentation to implement improvements in enterprise and agency IT investment processes.
- Finding 2, we:
    - Assessed selected DTMB ITIM policies, procedures, and guidance against the GAO ITIM Framework as of March 31, 2026.

PERIOD

Our follow-up generally covered February 1, 2024 through March 31, 2026.

AGENCY RESPONSES

Our follow-up report contains 2 recommendations.

The agency preliminary response to each follow-up recommendation was taken from the agency's written comments and oral discussion at the end of our fieldwork. Section 18.1462 of the *Michigan Compiled Laws* requires an audited agency to develop a plan to comply with the recommendations and submit it to SBO upon audit completion. The State of Michigan Financial Management Guide (Part VII, Chapter 3, Section 100) requires the audited agency to develop the plan as early as practicable and within 60 days after report issuance and submit the plan to OIAS, SBO. Within 30 days of receipt, OIAS will either accept the plan as final or contact the agency to take additional steps to finalize the plan.

GLOSSARY OF ABBREVIATIONS AND TERMS

3PMM	Project, Program, and Portfolio Management Methodology.
agency plan to comply	The response required by Section 18.1462 of the *Michigan Compiled Laws* for an audited agency to develop a plan to comply with Office of the Auditor General audit recommendations and submit the plan to SBO upon audit completion. The State of Michigan Financial Management Guide (Part VII, Chapter 3, Section 100) requires the audited agency to develop the plan as early as practicable and within 60 days after report issuance and submit the plan to the OIAS, SBO. Within 30 days of receipt, OIAS will either accept the plan as final or contact the agency to take additional steps to finalize the plan.
auditor's comments to agency preliminary response	Comments the OAG includes in an audit report to comply with *Government Auditing Standards*. Auditors are required to evaluate the validity of the audited entity's response when it is inconsistent or in conflict with the findings, conclusions, or recommendations. If the auditors disagree with the response, they should explain in the report their reasons for disagreement.
benchmarking	A structured approach for identifying the best practices from industry and government and comparing and adapting them to an organization's operations. Such an approach is aimed at identifying more efficient and effective processes for achieving intended results based on outstanding practices of other organizations.
business case	A structured method for organizing and presenting a business improvement proposal. Organizational decision makers compare business cases when they are deciding to expend resources. A business case typically includes an analysis of business process performance and associated needs or problems, proposed alternative solutions, assumptions, constraints, and a risk-adjusted cost/benefit analysis.
Call for Projects	State process for identifying new IT projects. The Call for Projects process is closely coordinated with the annual budgeting process and allows each agency to plan and prioritize its IT work and budgets each new fiscal year.
CIO	Chief Information Officer.
DTMB	Department of Technology, Management, and Budget.

enterprise	An organization. In this audit report, "enterprise" encompasses DTMB and all other State agencies that operate information systems on the State's IT network.
enterprise architecture (EA)	An integrated framework for evolving or maintaining existing IT and acquiring new IT to achieve the organization's strategic and business goals.
Enterprise Value: Governance of IT Investments, The Val IT Framework (Val IT)	A framework developed by the IT Governance Institute. It provides a comprehensive and pragmatic organizing framework that enables the creation of business value to align with Control Objectives for Information and Related Technologies (COBIT) and integrates a set of practical and proven governance principles, processes, practices, and supporting guidelines to help boards, executive management teams, and other enterprise leaders optimize the realization of value from IT Investments.
executive order (EO)	An official pronouncement of the Governor provided for in Article V, Section 2 of the Michigan Constitution.
IMM	Investment Management Methodology.
Information Technology Investment Management: A Framework for Assessing and Improving Process Maturity (ITIM Framework)	A framework developed by the GAO which identifies and organizes into five stages of maturity with 13 critical processes for successful IT investment. Such a maturity framework can be used to analyze an organization's investment management process or determine the maturity of its investment process. The framework provides three key capabilities: (1) a rigorous, standardized tool for internal and external evaluations of an agency's ITIM process; (2) a consistent and comprehensible mechanism for reporting the results of these assessments to agency executives and other interested parties; and (3) a road map that agencies can use for improving their ITIM processes.
IT	information technology.
ITIF	IT investment fund.
ITIM	IT Investment Management.
IT investment	The expenditure of resources on selected IT or IT-related initiatives with the expectation that the benefits from the expenditure will exceed the value of the resources expended.

IT investment board	A decision-making body, made up of senior program, financial, and information managers. It is responsible for making decisions about IT projects and systems based on comparisons and trade-offs among competing projects, with an emphasis on meeting mission goals.
legacy IT system	A system with a component no longer used in the SOM environment or if a component's vendor no longer provides maintenance or support.
material condition	A matter, in the auditor's judgment, which 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.
maturity stage	A well-defined evolutionary plateau toward achieving mature processes.
MCL	*Michigan Compiled Laws*.
NASCIO	National Association of State Chief Information Officers.
OIAS	Office of Internal Audit Services.
performance audit	An audit which 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.
PMM	Project Management Methodology.
Proposal for Change	Discretionary initiatives which are investments or reductions in a department's enacted budget to expand or reduce the level of services provided, and certain nondiscretionary funding adjustments necessitated by State statutory changes or audit findings.

return on investment (ROI)	A financial management approach used to explain how well a project delivers benefits in relation to its cost, including the use of nominal qualitative measures.
SBO	State Budget Office.
selection criteria	Factors identified for use by an investment review board to identify and discriminate among investments for subsequent funding.
SEM	Systems Engineering Methodology.
SOM	State of Michigan.
stakeholder	An individual or group with an interest in the success of an organization delivering intended results and maintaining the viability of its products and services. Stakeholders influence programs, products, and services.
strategic plan	A document used by an organization to align its structure and budget with its priorities, missions, and objectives.
succession	The process of retiring or replacing IT investments.
SUITE	State Unified Information Technology Environment.
U.S. Government Accountability Office (GAO)	The audit, evaluation, and investigative arm of the United States Congress. The GAO examines the use of public funds, evaluates federal programs and activities, and provides analyses, options, recommendations, and other assistance to help Congress make effective oversight, policy, and funding decisions.

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