



May 16, 2008

**MEMORANDUM**

**TO:** Lisa Echeverri, Executive Director

**FROM:** Sharon Doredant, Inspector General  
Office of Inspector General

**SUBJECT:** Six-Month Response to Auditor General Report No. 2008-037, an Information Technology Audit of the *Agency for Workforce Innovation, Department of Revenue, and Department of Management Services Unemployment Insurance Program*

Attached is the Department's six-month status report on corrective actions taken in response to the Auditor General's Report No. 2008-037, an Information Technology Audit of the *Agency for Workforce Innovation, Department of Revenue, and Department of Management Services Unemployment Insurance Program*, during the period July 1, 2006, through June 30, 2007.

If you have any questions, please call Bob Bliss, Director of Auditing, at 487-0701.

SD/bs0

Attachment

cc: Jeff Kielbasa  
Bob McKee  
Blanca Bayó  
Bob Bliss  
Terry Shoffstall, JLAC  
Cathy Boyett, JLAC

CORRECTIVE ACTION PLAN  
6-Month Response

Rev. 11/04

Status Date		Report No.	Report Title	
May 2008		AG 2008-037	Information Technology Audit of the Agency for Workforce Innovation, Department of Revenue, and Department of Management Services Unemployment Insurance Program	
Contact Person		Program/Process		Phone No.
Donna Kornatowski		General Tax Administration Program		488-5545
Activity		Accountability		Schedule
UT Rate Calculation		Responsible Unit	Coordinating Unit	Repeat Finding
		Jim Cook Return and Revenue Processing	Nancy Jarvis and Louis Panebianco Office of the Director	Yes
				Anticipated Completion Date
				January 2008 Complete
Finding		The Agency did not maintain adequate policies and procedures or other guidance to support the decision-making process for the methodology used in the annual calculation of employers' experience-based tax rates. Neither was there sufficient systems documentation of the calculation process.		
No.	7			
Date	10/17/07			
Recommendation		The Agency and DOR should ensure that, as key decisions are made in the application of governing law in the tax rate calculation methodology, the bases for their decisions are clearly documented through written policy, procedure, or other guidance, especially where aspects of the calculation are not explicitly defined in the law. In addition, the aforementioned agencies should establish and maintain current, comprehensive systems documentation for the UI tax rate calculation.		
Original Response		<p>This is a repeat finding. The Department of Revenue will continue to work with AWI to improve the documentation for any decisions made regarding the application of governing law in the tax rate calculation methodology, via written policy, procedure or other guidance.</p> <p>The Department is in the process of moving unemployment tax into our integrated SUNTAX system. A complete, comprehensive accounting of the entire rate process is being documented during the requirements and design sessions.</p> <p>Unemployment tax is scheduled to be implemented in January 2008.</p>		
Status Updates		5/15/08 - Unemployment tax was successfully moved to SUNTAX 3/10/08. The entire rate process has been fully documented. Complete.		
<input type="checkbox"/> Open <input type="checkbox"/> Management assumes risk <input type="checkbox"/> Partially complete <input type="checkbox"/> Complete pending verification by OIG <input checked="" type="checkbox"/> Complete		NOTE: OIG auditor confirmed documentation of rate process.		