



JENNIFER M. GRANHOLM  
GOVERNOR

STATE OF MICHIGAN  
DEPARTMENT OF TECHNOLOGY, MANAGEMENT & BUDGET  
LANSING



KENNETH D. THEIS  
DIRECTOR

June 18, 2010

Doug Ringler, Director  
Office of Internal Audit Services  
State Budget Office  
George W. Romney Building  
111 South Capitol, 6<sup>th</sup> Floor  
Lansing, Michigan 48913

Dear Mr. Ringler:

In accordance with the State of Michigan, Financial Management Guide, Part VII, following is a summary table identifying our response and corrective action plan to address the recommendation contained within the Office of the Auditor General's Management Letter for the Michigan State Police Retirement System.

Questions regarding the summary table or the corrective action plan should be directed to me at (517) 335-1557.

Sincerely,

Signature Redacted

Michael R. Gilliland, Director  
Financial Services

Attachments

c: Mitch Bean, House Fiscal Agency  
Bob Burns, DTMB Government Affairs  
Representative George Cushingberry, Chair, House Appropriations  
Laura Hirst, Office of the Auditor General  
Senator Mark Jansen  
Senator Ron Jelinek, Chair, Senate Appropriations  
Nathaniel Lake, Jr., Executive Office  
Rick Lowe, OIAS/GSD  
Phyllis Mellon, Senior Chief Deputy Director, DTMB  
Gary Olson, Senate Fiscal Agency  
Phil Stoddard, DTMB Office of Retirement Services

Michigan State Police Retirement System  
Office of Retirement Services  
Department of Technology, Management and Budget  
Summary of Agency Response to Recommendation  
Audit Period: 10/1/08 – 9/30/09

1. Audit recommendation the agency complied with:

Not Applicable

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

#1 Agrees

3. Audit recommendations the agency disagrees with:

Not Applicable

Michigan State Police Retirement System  
Office of Retirement Services  
Department of Technology, Management and Budget  
Final Corrective Action Plan  
June 18, 2010

**Recommendation #1: Leases Receivable**

We recommend that ORS and the Bureau of Investments (BOI) work together to properly account for and report interest and dividends.

We also recommend that ORS and BOI modify their methodology for recording the fair market value of real estate and alternative investment holdings as of the fiscal year-end.

**Agency Response:**

DMB Financial Services accounting staff met on March 25, 2010, to discuss necessary financial statement changes. DMB Financial Services has also been in contact with BOI on the finding and a meeting is scheduled for May 12, 2010, to ensure proper classification in the financial statements.

DMB Financial Services has been in contact with BOI and a meeting is scheduled on May 12, 2010, to discuss changes to the current BOI methodology. We anticipate that an updated methodology will be drafted by June 30, 2010, and will be in place for 2010 year-end close.