



JENNIFER M. GRANHOLM
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF TECHNOLOGY, MANAGEMENT & BUDGET
LANSING



June 18, 2010

Doug Ringler, Director
Office of Internal Audit Services
State Budget Office
George W. Romney Building
111 South Capitol, 6th 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 Financial Audit of the State of Michigan 401K Plan.

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

State of Michigan 401K Plan
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:

#1

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

Not Applicable

3. Audit recommendations the agency disagrees with:

Not Applicable

State of Michigan 401K Plan
Office of Retirement Services
Department of Technology, Management and Budget
Final Corrective Action Plan
June 18, 2010

Recommendation #1:

Controls Over Financial Monitoring of the Third Party Administrator (TPA)

We recommend that ORS and DMB Financial Services improve their financial monitoring of the TPA for the State of Michigan 401K Plan to ensure the completeness and accuracy of the Plan's financial records.

Agency Response:

DMB Financial Services staff met on March 23, 2010, to discuss financial statement changes to ensure that defaulted loans are captured timely. DMB Financial Services also contacted the TPA on March 25, 2010, and a process to capture the unreconciled difference information was put into place during the second quarter of fiscal year 2010.