



Michigan
Office of the Auditor General
REPORT SUMMARY

Management Letter

Report Number:
 071-0154-10M

Michigan State Police Retirement System

October 1, 2008 through September 30, 2009

Released:
 February 2010

The management letter is used to report significant deficiencies in internal control over financial reporting and other matters that come to the auditor's attention during the completion of the financial audit conducted in accordance with generally accepted government auditing standards. This management letter is being issued in conjunction with our financial audit of the Michigan State Police Retirement System.

Financial Statements:

Auditor's Report Issued

We have audited the financial statements of the Michigan State Police Retirement System as of and for the fiscal year ended September 30, 2009 and have issued a separate report thereon dated December 23, 2009. We issued an unqualified opinion on the System's financial statements.

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Internal Control Over Financial Reporting

We identified a significant deficiency in internal control over financial reporting (Finding 1). We do not consider this significant deficiency to be a material weakness.

The Office of Retirement Services (ORS), Department of Management and Budget, and the Bureau of Investments (BOI), Department of Treasury, should work together to properly account for and report interest and dividends. Also, ORS and BOI should modify their methodology for recording the fair market value of real

estate and alternative investment holdings as of the fiscal year-end. (Finding 1)

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**Noncompliance and Other Matters
 Material to the Financial Statements**

We did not identify any instances of noncompliance or other matters applicable to the financial statements that are required to be reported under *Government Auditing Standards*.

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Agency Response:

Our management letter includes 1 finding and 2 corresponding recommendations. ORS's preliminary response indicated that it agrees with the finding.

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Background:

The Michigan State Police Retirement System is a single-employer, Statewide, defined benefit public employee retirement plan governed by the State and operates under Public Act 182 of 1986. The System's pension plan was established by

the State to provide retirement, survivor, and disability benefits to Michigan State Police. In addition, the System's other postemployment benefits (OPEB) plan provides all retirees with the option of receiving health, dental, and vision coverage under the State Police Retirement Act.

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A copy of the full report can be obtained by calling 517.334.8050 or by visiting our Web site at: <http://audgen.michigan.gov>



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