



Michigan
Office of the Auditor General
REPORT SUMMARY

Financial Audit

Report Number:
 071-0155-11

State of Michigan 457 Plan

October 1, 2008 through September 30, 2010

Released:
 May 2011

A financial audit determines if the financial statements are fairly presented; considers internal control over financial reporting; and determines compliance with requirements material to the financial statements. This financial audit of the State of Michigan 457 Plan was conducted as part of the constitutional responsibility of the Office of the Auditor General.

Financial Statements:

Auditor's Report Issued

We issued an unqualified opinion on the State of Michigan 457 Plan's basic financial statements.

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Internal Control Over Financial Reporting

We identified a material weakness in internal control over financial reporting (Finding 1).

The Office of Retirement Services (ORS) and Financial Services' internal control over financial reporting did not ensure that it would prevent, or detect and correct, financial statement misstatements and misclassifications in a timely manner. As a result, we identified several financial statement errors during our audit that, when brought to Financial Services' attention, were corrected. (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 audit report includes 1 finding and 1 corresponding recommendation. The Department of Technology, Management & Budget's preliminary response indicates that ORS and Financial Services agree with the recommendation.

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Background:

The State of Michigan 457 Plan is a deferred compensation fund sponsored by the State of Michigan. The Plan was established by the Civil Service Commission in 1974 as a means for all employees to build funds for retirement. All employees of the State are eligible to participate in the Plan on the first day of

employment and may voluntarily contribute a portion of their compensation up to the established Internal Revenue Code limits.

There is also a State of Michigan 401K Plan, which is a deferred compensation fund and a defined contribution retirement fund sponsored by the State of Michigan. State employees are eligible to participate in either or both of these plans. The State of Michigan 401K Plan annual financial report is issued separately.

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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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