



Michigan
Office of the Auditor General
REPORT SUMMARY

Management Letter

Report Number:
071-0154-12M

Michigan State Police Retirement System

October 1, 2009 through September 30, 2011

Released:
April 2012

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 (MSPRS).

Financial Statements:

Auditor's Report Issued

We have audited MSPRS's basic financial statements as of and for the fiscal years ended September 30, 2011 and September 30, 2010 and have issued a separate report thereon dated December 30, 2011. We issued an unqualified opinion on MSPRS's financial statements.

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Internal Control Over Financial Reporting

We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, we did identify significant deficiencies (Findings 1 and 2).

The Office of Retirement Services (ORS) and Financial Services, within the Department of Technology, Management, and Budget (DTMB), did not have sufficient controls to ensure that they properly classified MSPRS's financial activity ([Finding 1](#)).

ORS and Financial Services did not record the expenses related to the Deferred Retirement Option Program (DROP) in MSPRS's financial statements when the benefits were due and payable to the participants' DROP accounts ([Finding 2](#)).

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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 2 findings and 2 corresponding recommendations. DTMB's preliminary response indicates that it agrees with 1 recommendation and disagrees with 1 recommendation.

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Background:

MSPRS is a single-employer, Statewide, defined benefit public employee retirement plan governed by the State and operating under the provisions of Act 182, P.A. 1986, as amended. MSPRS's pension plan was established by the State to provide retirement, survivor, and disability benefits to Michigan State Police. In addition, MSPRS'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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