



STATE OF MICHIGAN

RICK SNYDER
GOVERNOR

AUDIT

DEPARTMENT OF TECHNOLOGY, MANAGEMENT & BUDGET

LANSING

DAVID B. BEHEN
DIRECTOR

AUG 28 2015

August 21, 2015

Jeffery Bankowski, Director
Office of Internal Audit Services
State Budget Office
George W. Romney Building
111 South Capitol, 6th Floor
Lansing, Michigan 48913

Dear Mr. Bankowski:

In accordance with the State of Michigan, Financial Management Guide, Part VII, attached is a summary table identifying our responses and corrective action plans to address recommendations contained within the Office of the Auditor General's audit report of the Department of Technology, Management and Budget, State of Michigan 401K Plan.

Questions regarding the summary table or corrective action plans should be directed to me.

Sincerely,

Signature Redacted

Michael Gilliland, Director
DTMB Financial Services

- c: Representative Al Pscholka, Chair, House Appropriations
- Senator Dave Hildenbrand, Chair, Senate Appropriations
- Mark Freeman, Office of the Auditor General
- Dennis Muchmore, Executive Office
- Dick Posthumus, Executive Office
- House Fiscal Agency
- Senate Fiscal Agency
- Brom Stibitz, DTMB
- Phillip Jeffery, DTMB
- Phil Stoddard, DTMB
- John Juarez, DTMB
- Caleb Buhs, DTMB
- Rick Lowe, SBO
- Matt Sweeney, DTMB

State of Michigan 401K Plan for
Fiscal Year Ended September 30, 2014
DTMB - Office of Retirement Services
DTMB- Financial Services
Summary of Agency Responses to Recommendations

Summary of Agency Responses to Recommendations

1. Audit recommendations DTMB agrees with and will comply: #1
2. Audit recommendations DTMB fully complied with: None
3. Audit recommendations DTMB disagrees with: None

Agency Responses to Recommendations

#1. Accounting for Investment Activity

DTMB agrees with the recommendation. However, DTMB notes that the State of Michigan's 401(k) Plan accounting records and the published financial statements were materially accurate and the deficiency noted had no impact on participant accounts. The Office of Retirement Services (ORS) and Financial Services (FS) will work to improve the investment balance worksheet that is used to allocate investment balances and activity between the defined contribution and deferred compensation funds. The Office of Organizational Performance (OPM), the Office of Financial Management (OFM), ORS and FS will continue the Business Process Reengineering project which is focused on implementing various control enhancements and tracking the progress of corrective action plans. Additionally, FS will work with ORS to strengthen internal controls by performing periodic reviews and reconciliations of the financial activity reports. DTMB will fully comply with the recommendation by fiscal year end 2015.