

EXECUTIVE DIGEST

MICHIGAN EDUCATION TRUST

INTRODUCTION

This report contains the results of our financial audit of the Michigan Education Trust, Department of Treasury, for the period October 1, 1993 through September 30, 1994.

AUDIT PURPOSE

This financial audit was conducted as part of the constitutional responsibility of the Office of the Auditor General. Financial audits are conducted at various intervals to permit the Auditor General to express an opinion on the State's financial statements.

BACKGROUND

Act 316, P.A. 1986 (Sections 390.1421 - 390.1444 of the *Michigan Compiled Laws*), created the Michigan Education Trust (MET). MET, administratively located within the Department of Treasury, was established to allow parents and others to purchase, for a qualified beneficiary, undergraduate tuition at any Michigan public university or community college. The financial activity of MET is accounted for in the Michigan Education Trust Fund. By law, MET's assets (totaling approximately \$516 million) are not part of the State or the common cash of the State. The State is not liable if MET becomes actuarially unsound.

MET's fiscal year 1993-94 administrative costs were approximately \$822,000. As of September 30, 1994, MET had seven employees and 53,847 contracts issued and outstanding.

**AUDIT
OBJECTIVES
AND
CONCLUSIONS**

Audit Objective: To assess the adequacy of MET's internal control structure.

Conclusion: Our assessment of MET's internal control structure did not disclose any material weaknesses that could have a material effect on MET's financial statements.

Audit Objective: To assess MET's compliance with applicable statutes, the *Michigan Administrative Code*, State procedures, and department policies and procedures.

Conclusion: Our assessment of MET's compliance with applicable statutes, the *Michigan Administrative Code*, State procedures, and department policies and procedures did not disclose any instances of noncompliance that could have a material effect on MET's financial statements.

Audit Objective: To audit MET's financial statements for the fiscal year ended September 30, 1994.

Conclusion: We expressed an unqualified opinion on MET's financial statements for the fiscal year ended September 30, 1994. The independent auditor's report on the financial statements was provided to MET for inclusion in its annual report.

AUDIT SCOPE

Our audit scope was to examine the financial and other records of the Michigan Education Trust for the period October 1, 1993 through September 30, 1994. Our audit was conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* issued by the Comptroller General of the United States and, accordingly, included such tests of the records and such other auditing procedures as we considered necessary in the circumstances.