

## EXECUTIVE DIGEST

# MICHIGAN LEGISLATIVE RETIREMENT

## SYSTEM

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**INTRODUCTION** This report contains the results of our financial audit of the Michigan Legislative Retirement System (MLRS) for the period October 1, 1992 through September 30, 1994.

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**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. This audit is required on a biennial basis by Section 38.1041 of the *Michigan Compiled Laws*.

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**BACKGROUND** The mission of MLRS is to administer and maintain the retirement system for members of the Legislature and its presiding officers and to provide retirement allowances and other benefits, such as life, health, and dental insurance to participants, survivors, and beneficiaries.

During the audit period, the MLRS director and two clerical employees performed the administrative functions. The

Office of Retirement Systems, Department of Management and Budget, provides accounting services and prepares the MLRS financial statements.

MLRS operating revenues and expenses were as follows for the fiscal years ended September 30:

	<u>1994</u>	<u>1993</u>
Revenues	\$10,124,989	\$12,486,947
Expenses	\$ 5,831,447	\$ 5,420,733

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**AUDIT  
OBJECTIVES  
AND  
CONCLUSIONS**

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

**Conclusion:** Our assessment of MLRS's internal control structure did not disclose any material weaknesses. However, we noted certain reportable conditions pertaining to members savings fund subsidiary records and financial transactions (Findings 1 and 2). These financial transactions were taken into consideration and were not significant enough to affect our opinion on the financial statements.

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

**Conclusion:** Our assessment of compliance with laws and regulations did not disclose any instances of noncompliance that could have a material effect on MLRS's financial statements.

**Audit Objective:** To audit MLRS's financial statements for the fiscal years ended September 30, 1994 and September 30, 1993.

**Conclusion:** We expressed an unqualified opinion on the financial statements.

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**AUDIT SCOPE**

Our audit scope was to examine the financial and other records of the Michigan Legislative Retirement System for the period October 1, 1992 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.

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**AGENCY  
RESPONSES  
AND PRIOR AUDIT  
FOLLOW-UP**

Our audit report includes 2 findings and 3 recommendations. MLRS agreed with our recommendations and informed us that it will develop procedures to comply with the recommendations.

MLRS had complied with all 5 of our prior audit recommendations.