

Mr. Kevin Clinton, Trustee, Michigan Education Savings Program, Michigan
Department of Treasury
Mr. Thomas H. McTavish, CPA, Auditor General, State of Michigan
Michigan Education Savings Program

In planning and performing our audit of the financial statements of the Michigan Education Savings Program (Program) as of and for the year ended September 30, 2013, in accordance with auditing standards generally accepted in the United States of America, we considered the Michigan Education Savings Program's internal control over financial reporting (internal control) as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Program's internal control. Accordingly, we do not express an opinion on the effectiveness of the Program's internal control.

However, during our audit, we became aware of certain matters that are opportunities for strengthening internal control and operating efficiency. These matters are included within this letter.

We would be pleased to discuss these matters in further detail at your convenience, to perform any study of these matters, or to assist you in implementing the recommendations.

This communication is intended solely for the information and use of the Office of the Auditor General and management, the Trustee, and others within the organization and is not intended to be, and should not be, used by anyone other than these specified parties.

Sincerely,

Andrews Hooper Pavlik PLC

Okemos, Michigan
December 6, 2013

Current Year Recommendations

Subscriptions and Redemptions

During our testing of subscription and redemption transactions, we noted that exchanges between portfolios are included in subscription and redemption activity on the financial statements. Additionally, we noted that the cancellation of subscriptions and redemptions transactions are recorded as redemptions and subscriptions, respectively, on the financial statements. We recommend that portfolio exchange transactions and subscription and redemption cancellation transactions that are currently recorded within subscriptions and redemptions be separately identified, and we recommend evaluating whether it is appropriate for these transactions to be included within subscriptions and redemptions on the Program's financial statements.

Review of SSAE No. 16 SOC 1 Reports

During our current year audit of the MI 529 Advisor Plan, we noted that the most recent SSAE No. 16 SOC 1 reports for State Street, the accounting and custodial agent of the MI 529 Advisor Plan, that were reviewed by the Program Administrator were for the period October 1, 2011 through September 30, 2012. We are aware that there are SSAE No. 16 SOC 1 reports available for State Street for the period April 1, 2012 through March 31, 2013. A review of the most recent SSAE No. 16 SOC 1 report for the period April 1, 2012 through March 31, 2013 would be more representative of the Program's current fiscal year. We recommend that the most recent SSAE No. 16 SOC 1 reports for all relevant service organization be reviewed and evaluated in a timely manner.