

Mr. Kevin Clinton, Trustee, Michigan Education Savings Program, Michigan
Department of Treasury
Mr. Doug A. Ringler, CPA, CIA, 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, 2014, 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies, significant deficiencies, or material weaknesses in internal control and therefore, deficiencies, significant deficiencies, or material weaknesses may exist that were not identified.

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 5, 2014

Current Year Recommendations

None.

Prior Year Recommendations

Subscriptions and Redemptions

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

Status

Portfolio exchange transactions have been separately identified and are excluded from subscriptions and redemptions reported on the Statement of Changes in Fiduciary Net Position. Additionally, the cancellation of subscriptions and redemptions are being properly reflected with subscriptions and redemptions, respectively, on the financial statements. We make no further recommendation in this area.

Review of SSAE No. 16 SOC 1 Reports

During our prior 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 were aware that there were 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 have been more representative of the Program's current fiscal year. We recommended that the most recent SSAE No. 16 SOC 1 reports for all relevant service organization be reviewed and evaluated in a timely manner.

Status

Based on discussion with the Plan Administrator of the MI 529 Advisor Plan, the SSAE No. 16 SOC 1 reports for State Street for the periods of October 1, 2012 through September 30, 2013 and April 1, 2013 through March 31, 2014 were both reviewed by the Plan Administrator; however, documentation of this review is maintained only for the September 30 report. We make no further recommendation in this area.