



STATE OF MICHIGAN

DEPARTMENT OF TECHNOLOGY, MANAGEMENT & BUDGET
LANSING

RICK SNYDER
GOVERNOR

JOHN E. NIXON, CPA
DIRECTOR

June 1, 2012

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

Dear Mr. Ringler:

In accordance with the State of Michigan, Financial Management Guide, Part VII, attached is a summary of our corrective action plans to address recommendations contained within the Office of the Auditor General's audit report for the State of Michigan 401K Plan, DTMB - Office of Retirement Services and DTMB - Financial Services.

Questions regarding the attached corrective action plans should be directed to me at (517) 335-1557.

Sincerely,

Signature Redacted

Michael R. Gilliland, Director
Financial Services

Attachment

c: Ron Foss, DTMB
Mark Freeman, Office of the Auditor General
House Fiscal Agency
Phillip Jeffery, DTMB
Senator Rodger Kahn, Chair, Senate Appropriations
Rick Lowe, DTMB
Rep. Chuck Moss, Chair, House Appropriations
Dennis Muchmore, Executive Office
Dick Posthumus, Executive Office
Senate Fiscal Agency
Phil Stoddard, DTMB
Matt Sweeney, DTMB
Kurt Weiss, DTMB

State of Michigan 401K Plan
DTMB – Office of Retirement Services
DTMB – Financial Services
Summary of Agency Responses to Recommendations
Audit Period: 10/1/09 – 9/30/10

Recommendation No. 1 – Controls Over the Financial Activity Provided by the Third Party Administrator:

We recommend that the Office of Retirement Services (ORS) and Financial Services improve their internal control over financial reporting to ensure that it will prevent, or detect and correct, financial statement misstatements and misclassifications in a timely manner.

Agency Response:

The published financial statements were corrected prior to issuance, and accurately reflect the financial activity of the plan. ORS and Financial Services met with the TPA throughout fiscal year 2010-11 to better define the reporting and data requirements needed for the plan. Improvements will be implemented for the fiscal year 2010-11 reporting cycle.