



STATE OF MICHIGAN

DEPARTMENT OF TECHNOLOGY, MANAGEMENT & BUDGET  
LANSING

RICK SNYDER  
GOVERNOR

JOHN E. NIXON, CPA  
DIRECTOR

December 7, 2012

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

Dear Mr. Ringler:

In accordance with the State of Michigan, Financial Management Guide, Part VII, attached is a summary table identifying our responses and corrective action plans to address recommendations contained within the Office of the Auditor General's audit report of the State of Michigan 401K Plan, Department of Technology, Management & Budget.,

Questions regarding the attached summary table or corrective action plans should be directed to me.

Sincerely,

Signature Redacted

Michael R. Gilliland, Director  
Financial Services

Attachment

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

Department of Technology, Management and Budget  
State of Michigan 401K  
October 1, 2009 through September 30, 2011

Summary of Agency Responses to Recommendations

1. Audit recommendations DTMB fully complied with: None
2. Audit recommendations DTMB agrees with and will comply: #1
3. Audit recommendations DTMB disagrees with: None

Agency's plan to address the recommendations:

**Finding #1 – Controls over Financial Reporting**

The Department of Technology, Management & Budget agrees with the recommendation and notes that the participant accounts are accurately stated with the TPA. The 401(k) plan statement preparation processes and procedures have seen significant improvement. As a result, the department has a better understanding of the ING investment activity definitions and how they translate onto the financial statements. Process improvements include: the department now has investment activity reports with SSN level detail, which enable the examination of individual accounts, and meetings among the TPA, ORS, and Financial Services have been occurring weekly to refine the reporting and data requirements of the Plan. In addition, new or enhanced monthly reports, such as the electronic SSN level activity detail reports referenced above and 957 reports, have been provided by the TPA and are being thoroughly reviewed, tested for accuracy, and verified by DTMB. DTMB's processes and procedures will continue to be reviewed and modified as necessary to improve and enhance existing internal control for determining the proper recording and reporting of financial information for the Plan. All of the aforementioned process improvements will be fully implemented by August 31, 2012.