



STATE OF MICHIGAN

DEPARTMENT OF TECHNOLOGY, MANAGEMENT & BUDGET  
LANSING

RICK SNYDER  
GOVERNOR

JOHN E. NIXON, CPA  
DIRECTOR

July 14, 2013

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 Director:

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 Department of Technology, Management & Budget, State of Michigan 401K Plan.

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

Sincerely,

Signature Redacted

Mike Gilliland, Director  
Financial Services

c: Rep. Joseph Haveman, Chair, House Appropriations  
Senator Roger 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  
John Juarez, DTMB

State of Michigan 401K Plan  
DTMB – Office of Retirement Services  
DTMB – Financial Services  
Summary of Agency Responses to Recommendations  
Audit Period: September 30, 2012 and 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 and #2
3. Audit recommendations DTMB disagrees with: None

**Recommendation No. 1 – Properly Recording Financial Activity:**

DTMB agrees with the recommendation, but notes the State's accounting records and the published financial statements were materially accurate. Financial Services will, however, revisit existing financial statement preparation and review processes to enhance existing controls, and update the Plan's procedures as needed. Anticipated date of compliance is August, 30, 2013.

**Recommendation No. 2 – Adhering to Established Deadlines:**

DTMB agrees with the recommendation, but notes that during the fiscal year Financial Services and Retirement Services implemented significant changes related to legislative reforms that required new data elements and reporting changes. As a result, significant additional staff effort was required to ensure that the activity was properly reflected in the financial statements. In addition, DTMB notes that all items listed in the finding were related to timeliness and not errors in the State's accounting records and the published financial statements were accurate. Since the issuance of the audit report, Financial Services, the Office of Retirement Services (ORS), the Office of Financial Management (OFM) and the Office of Organizational Performance (OPM) have formed a Business Process Reengineering Team focused on implementing various control enhancements and tracking the corrective action plan's progress. DTMB will continue to revisit existing financial statement preparation and review processes to enhance existing controls, and update 401K Plan timelines to ensure that the audited CAFR will be submitted by the deadline required by State law. Anticipated date of compliance is August, 30, 2013.