



STATE OF MICHIGAN

DEPARTMENT OF TECHNOLOGY, MANAGEMENT & BUDGET
LANSING

RICK SNYDER
GOVERNOR

JOHN E. NIXON, CPA
DIRECTOR

June 14, 2013

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 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 457 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 457 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
3. Audit recommendations DTMB disagrees with: None

Recommendation No. 1 – 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 457 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.