



STATE OF MICHIGAN

DEPARTMENT OF TECHNOLOGY, MANAGEMENT & BUDGET
LANSING

RICK SNYDER
GOVERNOR

DAVID B. BEHEN
DIRECTOR

October 31, 2016

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

Dear Mr. Lowe:

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 and Budget, Michigan Public School Employees' Retirement System.

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

Sincerely,

Signature Redacted

Michael Gilliland, Director
DTMB Financial Services

- c: Senator Dave Hildenbrand, Chair, Senate Appropriations
Representative Al Pscholka, Chair, House Appropriations
Mark Freeman, Office of the Auditor General
Dick Posthumus, Executive Office
Ari Adler, Executive Office
House Fiscal Agency
Senate Fiscal Agency
Brom Stibitz, DTMB
Kerrie Vanden Bosch, DTMB
Phillip Jeffery, DTMB
John Juarez, DTMB
Caleb Buhs, DTMB
Kerry DeBano, DTMB

Department of Technology, Management and Budget
Office of Retirement Services
Michigan Public School Employees' Retirement System Audit
October 31, 2106

Summary of Agency Responses to Recommendations

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

Agency Responses to Recommendations

Finding #1: Development of controls necessary to verify completeness and accuracy of actuary data.

ORS agrees and has complied with the OAG's recommendation. ORS agrees that the errors located do not have a material impact on the net pension liability. ORS is continuously working with all MPSERS Employers/ Reporting Units to ensure that they are educated and adequately trained to prevent inaccurate reporting. ORS conducts routine monthly data analysis, as well as annual wage reviews. During these internal checks, members' reportable compensation, job classification, years in position and reportable hours are evaluated to confirm accuracy. ORS also conducts full assessments of all members' demographic data upon retirement. During the retirement review process the member's eligibility and pension calculation are revisited for accuracy. These methods help ensure benefits are paid correctly to eligible members. As part of ORS' corrective action plan, ORS conducted a payroll audit of all 680 MPSERS Employers/ Reporting Units. The audit compared Unemployment Insurance Agency wage data against MPSERS reported wage data.