



STATE OF MICHIGAN

GRETCHEN WHITMER
GOVERNOR

DEPARTMENT OF TECHNOLOGY, MANAGEMENT & BUDGET
LANSING

BROM STIBITZ
DIRECTOR

February 26, 2021

Rick 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, following are 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, Report on Internal control, Compliance, and Other Matters of the Michigan Public School Employees' Retirement System for the fiscal year ended September 30, 2019.

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

Sincerely,

Brom Stibitz, Director

c: Representative Thomas Albert, Chair, House Appropriations
Senator Jim Stamas, Chair, Senate Appropriations
Mary Ann Cleary, House Fiscal Agency
Christopher Harkins, Senate Fiscal Agency
Mary Lowe, Office of the Auditor General
JoAnne Huls, Executive Office Tricia L. Foster, Executive Office
Phillip Jeffery, DTMB Anthony Estell, DTMB
Michelle Lange, DTMB Caleb Buhs, DTMB
Mike Williams, SBO John Juarez, SBO

Department of Technology, Management and Budget's
Preliminary agency responses to the
Report on Internal Control, Compliance, and Other Matters of the
Michigan Public School Employees' Retirement System
for the fiscal year ended September 30, 2019 (071-0152-20)

Summary of Agency Responses to Recommendations

1. Audit recommendations DTMB fully complied with: 1, 2
2. Audit recommendations DTMB agrees with and will comply: N/A
3. Audit recommendations DTMB disagrees with: N/A

Agency Responses to Recommendations

1. Audit finding #1 – Improvements needed in internal control over accounting transactions.

Financial Services (FS) agrees and has fully complied with the recommendation, as of September 30, 2020. Upon notification by the Office of the Auditor General, FS immediately corrected the identified errors and updated the financial reports. As a result, these errors did not result in misstatements in the MPSERS Comprehensive Annual Financial Report.

FS assessed and enhanced the current controls in place and implemented additional controls to ensure misstatements in accounting transactions will be prevented or detected and corrected.

FS, in partnership with the Office of Retirement Services (ORS), has met monthly and prioritized efforts and resources to better understand the services and benefits provided by the healthcare vendors to ensure the financial transactions resulting from the vendor's contractual obligations are accurately identified, reconciled, and posted to the general ledger.

2. Audit finding #2 – Improvements needed to ensure the completeness and accuracy of actuary data.

ORS agrees and has fully complied with the recommendation, as of August 2, 2020. ORS completed its 2019 member data review on schedule for the 2020 financial audit. ORS has implemented additional reviews of critical data fields. Beginning with the 2019 payroll audit, ORS included a review of service credit accumulation for a sample of employees. Beginning with the 2020 payroll audit, ORS has engaged a third party to obtain data to verify job class codes. This review will be completed annually as part of the regular payroll audit process.