



STATE OF MICHIGAN

GRETCHEN WHITMER
GOVERNOR

DEPARTMENT OF TECHNOLOGY, MANAGEMENT & BUDGET
LANSING

BROM STIBITZ
ACTING DIRECTOR

June 9, 2020

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, Michigan State Employees' Retirement System Schedule of Employer Allocations and Schedules of Pension and Other Postemployment Benefit Amounts by Employer.

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

Sincerely,

Signature Redacted

Brom Stibitz, Acting Director

c: Representative Shane Hernandez, 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 Jay Rising, Executive Office
Anthony Estell, DTMB Phillip Jeffery, DTMB
Michael Gilliland, DTMB Michelle Lange, DTMB
Caleb Buhs, DTMB Mike Williams/John Juarez, SBO

Summary of Agency Responses to Recommendations

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

Agency Responses to Recommendations

1. Audit finding #1 – Improvement in internal control needed to ensure proper allocation of net pension and OPEB liabilities.
DTMB agrees with the recommendation and will comply by June 2020. DTMB Financial Services began working with the applicable employers in the Fall of 2019 by providing them with a list of their employees, and employee wage and contribution data in preparation for the spring 2020 audit. DTMB Financial Services, with assistance from the State Budget Office's Office of Financial Management (OFM), developed guidelines and instructions in May 2020, with feedback from the employers, to document the process and ensure compliance with requirements and to increase controls and accuracy of reporting. DTMB Financial Services, with assistance from OFM, will conduct a training workshop in early June 2020 for the applicable employers, to ensure understanding of the guidelines and assigned responsibilities. In addition, DTMB Financial Services will monitor the process and review and validate reported wage and contribution data provided by the employers for submission to the Office of the Auditor General in June 2020 and the actuary in July 2020.