



STATE OF MICHIGAN

GRETCHEN WHITMER
GOVERNOR

DEPARTMENT OF TECHNOLOGY, MANAGEMENT & BUDGET
LANSING

MICHELLE LANGE
ACTING DIRECTOR

December 8, 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, 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,

Michelle Lange, Acting Director

c: Representative Thomas Albert, Chair, House Appropriations
Senator Jim Stamas, Chair, Senate Appropriations
Mary Ann Cleary, House Fiscal Agency
Kathryn Summers, Senate Fiscal Agency
Mary Lowe, Office of the Auditor General
JoAnne Huls, Executive Office Trish Foster, Executive Office
Anthony Estelle, DTMB Phillip Jeffery, DTMB
Michael Gilliland, DTMB Jacqueline Huhn, DTMB
Sherri Irwin, DTMB Mike Williams, SBO
John Juarez, SBO

Michigan Department of Technology, Management and Budget's
preliminary agency response to the Report on internal control over financial
reporting of Michigan State Employees Retirement System (071-0165-21)

Summary of Agency Responses to Recommendations

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

Audit finding #1 – Improvement in internal control needed to ensure proper allocation of net pension and OPEB liabilities.

The Department agrees with the recommendation and has complied as of September 30, 2021. DTMB Financial Services, with assistance from the State Budget Office's Office of Financial Management, has updated and enhanced the guidelines and instructions to further educate agency personnel regarding summary level payroll adjustments. Furthermore, DTMB Financial Services will continue to expand its efforts to establish more effective controls to mitigate errors during the compilation of employer wage and contribution information. DTMB Financial Services has updated the process to identify any new pay codes that have been created before compiling the wages and contributions by employers for reporting at the end of the fiscal year.