

Office of the Auditor General  
Report on Internal Control, Compliance, and Other Matters

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**Michigan Public School Employees'  
Retirement System**  
(A Fiduciary Component Unit of the State of Michigan)

Fiscal Year Ended September 30, 2024

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The auditor general shall conduct post audits of financial transactions and accounts of the state and of all branches, departments, offices, boards, commissions, agencies, authorities and institutions of the state established by this constitution or by law, and performance post audits thereof.

The auditor general may make investigations pertinent to the conduct of audits.



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Office of the Auditor General

## Report Summary

### *Report on Internal Control, Compliance, and Other Matters Michigan Public School Employees' Retirement System*

*(A Fiduciary Component Unit of the State of Michigan)  
Fiscal Year Ended September 30, 2024*

**Report Number:**  
**171-0152-25**

**Released:**  
**April 2025**

Generally accepted government auditing standards require an auditor to report on internal control over financial reporting; compliance with provisions of laws, regulations, contracts, or grant agreements that have a material effect on the financial statements; and other matters coming to the attention of the auditor during the completion of a financial audit. We are issuing this report in conjunction with our independent auditor's report on the Michigan Public School Employees' Retirement System's financial statements dated February 27, 2025.

Findings Related to Internal Control, Compliance, and Other Matters	Material Weakness	Significant Deficiency	Agency Preliminary Response
The Department of Technology, Management, and Budget's Office of Retirement Services lacked effective processes for semiannually and annually recertifying the appropriateness of users' roles and permissions in miAccount ( <a href="#">Finding 1</a> ).		X	Agrees

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**Doug A. Ringler, CPA, CIA**  
Auditor General

**Laura J. Hirst, CPA**  
Deputy Auditor General





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**Doug A. Ringler, CPA, CIA**  
Auditor General

April 16, 2025

Timothy Raymer, Chair  
Michigan Public School Employees' Retirement System Board  
Stevens T. Mason Building  
and  
Michelle Lange, Director  
Department of Technology, Management, and Budget  
Elliott-Larsen Building  
and  
Anthony J. Estell, Director  
Office of Retirement Services  
Stevens T. Mason Building  
Lansing, Michigan

Chair Raymer, Director Lange, and Director Estell:

This is our report on internal control, compliance, and other matters of the Michigan Public School Employees' Retirement System for the fiscal year ended September 30, 2024.

Your agency provided the preliminary response to the recommendation at the end of our fieldwork. The *Michigan Compiled Laws* and administrative procedures require an audited agency to develop a plan to comply with the recommendations and to submit it to the State Budget Office upon completion of the audit. Within 30 days of receipt, the Office of Internal Audit Services, State Budget Office, is required to review the plan and either accept the plan as final or contact the agency to take additional steps to finalize the plan.

We appreciate the courtesy and cooperation extended to us during this audit.

Sincerely,

Doug Ringler  
Auditor General



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# INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL AND COMPLIANCE



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**Doug A. Ringler, CPA, CIA**  
Auditor General

## Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters

Timothy Raymer, Chair  
Michigan Public School Employees' Retirement System Board  
Stevens T. Mason Building  
and  
Michelle Lange, Director  
Department of Technology, Management, and Budget  
Elliott-Larsen Building  
and  
Anthony J. Estell, Director  
Office of Retirement Services  
Stevens T. Mason Building  
Lansing, Michigan

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Michigan Public School Employees' Retirement System (System), a fiduciary component unit of the State of Michigan, as of and for the fiscal year ended September 30, 2024 and the related notes to the financial statements, which collectively comprise the System's basic financial statements, and have issued our report thereon dated February 27, 2025.

### **Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the System's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the System's internal control. Accordingly, we do not express an opinion on the effectiveness of the System's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a deficiency in internal control, as described in Finding 1, that we consider to be a significant deficiency.

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the System's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**System's Response to Finding**

*Government Auditing Standards* require the auditor to perform limited procedures on the System's preliminary response to the finding identified in our audit. The response is included after the finding. The response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

**Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Doug Ringler  
Auditor General  
February 27, 2025



FISCAL YEAR 2024  
FINDINGS, RECOMMENDATIONS,  
AND AGENCY PRELIMINARY RESPONSES

## **FINDING 1**

### **Improvements needed to miAccount access controls.**

The Department of Technology, Management, and Budget's (DTMB's) Office of Retirement Services (ORS) did not fully establish and implement user access controls\* over its miAccount\* recertification process, which could lead to unauthorized access, use, disclosure, modification, or destruction of personally identifiable information.

State of Michigan Technical Standard 1340.00.020.01 requires a review of accounts to verify they are still required and compliant with the account settings and access permissions through a semiannual certification of privileged accounts (i.e., system administrators, security roles, and account administrators) and annual certification of all other accounts.

Our review of fiscal year 2024 activity disclosed ORS did not complete semiannual and annual recertifications, which include a review of the appropriateness of users' roles and permissions, for any of the 142 miAccount active users.

ORS informed us miAccount recertifications were not completed during fiscal year 2024 due to an agency oversight.

## **RECOMMENDATION**

We recommend ORS fully establish and implement user access controls over its miAccount recertification process.

## **AGENCY PRELIMINARY RESPONSE**

ORS provided us with the following response:

*The Department of Technology, Management, and Budget (DTMB), Office of Retirement Services (ORS), agrees with the recommendation. ORS will expand its efforts to fully establish and implement miAccount user access recertification controls.*

\* See glossary at end of report for definition.

FISCAL YEAR 2023  
REPORT ON INTERNAL CONTROL,  
COMPLIANCE, AND OTHER MATTERS  
FOLLOW-UP

Below is the status of the reported finding from the fiscal year 2023 Michigan Public School Employees' Retirement System report on internal control, compliance, and other matters (071-0152-24):

Prior Audit Finding Number	Topic Area	Current Status	Current Finding Number
1	Improvements needed in internal control over accounting transactions.	Complied	Not applicable



## **GLOSSARY OF ABBREVIATIONS AND TERMS**

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<b>access controls</b>	Controls protecting data from unauthorized modification, loss, or disclosure by restricting access and detecting inappropriate access attempts.
<b>deficiency in internal control over financial reporting</b>	The design or operation of a control that does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis.
<b>DTMB</b>	Department of Technology, Management, and Budget.
<b>financial audit</b>	An audit designed to provide reasonable assurance about whether the financial statements of an audited entity are presented fairly, in all material respects, in accordance with the applicable financial reporting framework.
<b>generally accepted accounting principles (GAAP)</b>	A technical accounting term encompassing the conventions, rules, guidelines, and procedures necessary to define accepted accounting practice at a particular time; also cited as "accounting principles generally accepted in the United States of America."
<b>internal control</b>	A process, effected by those charged with governance, management, and other personnel, designed to provide reasonable assurance about the achievement of the entity's objectives with regard to the reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations.
<b>material misstatement</b>	A misstatement in the financial statements causing the statements to not present fairly the financial position or the changes in financial position, and, where applicable, cash flows thereof, in accordance with the applicable financial reporting framework.
<b>material weakness in internal control over financial reporting</b>	A deficiency, or a combination of deficiencies, in internal control such that a reasonable possibility exists a material misstatement of the financial statements will not be prevented, or detected and corrected, on a timely basis.
<b>miAccount</b>	ORS's secure, online system for managing retirement accounts.
<b>ORS</b>	Office of Retirement Services.

**significant deficiency in internal control over financial reporting**

A deficiency, or a combination of deficiencies, in internal control less severe than a material weakness, yet important enough to merit attention by those charged with governance.

**unmodified opinion**

The opinion expressed by the auditor when the auditor, having obtained sufficient appropriate audit evidence, concludes the financial statements are presented fairly, in all material respects, in accordance with the applicable financial reporting framework.





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