



Michigan  
Office of the Auditor General  
**REPORT SUMMARY**

*Financial Audit*

Report Number:  
071-0155-12

*State of Michigan 457 Plan*

*October 1, 2009 through September 30, 2011*

Released:  
June 2012

*A financial audit determines if the financial statements are fairly presented; considers internal control over financial reporting; and determines compliance with requirements material to the financial statements. This financial audit of the State of Michigan 457 Plan was conducted as part of the constitutional responsibility of the Office of the Auditor General.*

**Financial Statements:**

**Auditor's Report Issued**

We issued an unqualified opinion on the State of Michigan 457 Plan's basic financial statements.

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**Internal Control Over Financial Reporting**

We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, we did identify a significant deficiency (Finding 1).

The Office of Retirement Services and Financial Services' internal control over financial reporting did not ensure that it would prevent, or detect and correct, financial statement misstatements and misclassifications in a timely manner. As a result, contributions and benefit payments were understated by \$7.4 million during fiscal year 2010-11 (Finding 1).

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**Noncompliance and Other Matters  
Material to the Financial Statements**

We did not identify any instances of noncompliance or other matters applicable to the financial statements that are required to be reported under *Government Auditing Standards*.

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**Agency Response:**

Our audit report includes 1 finding and 1 corresponding recommendation. The Department of Technology, Management, and Budget's preliminary response indicates that it agrees with the recommendation.

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**Background:**

The State of Michigan 457 Plan is a deferred compensation fund sponsored by the State of Michigan. The Plan was established by the Civil Service Commission in 1974 as a means for all

employees to build funds for retirement. All employees of the State are eligible to participate in the Plan on the first day of employment and may voluntarily contribute a portion of their compensation up to the established Internal Revenue Code limits. The Plan was amended by Act 75, P.A. 2010, to include qualifying members of the Michigan Public School Employees' Retirement System hired on or after July 1, 2010 as participants in the Plan.

There is also a State of Michigan 401K Plan, which is a deferred compensation fund and a defined contribution retirement fund sponsored by the State of Michigan. State employees are eligible to participate in either or both of these plans. Employer contributions for qualifying members of the Michigan Public School Employees' Retirement System hired on or after July 1, 2010 are reported in the 401K Plan. The State of Michigan 401K Plan annual financial report is issued separately.

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A copy of the full report can be obtained by calling 517.334.8050 or by visiting our Web site at: <http://audgen.michigan.gov>



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