



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

*Report on Internal Control, Compliance, and  
 Other Matters*

Report Number:  
 071-0156-14M

*State of Michigan 401K Plan*

*Fiscal Year Ended September 30, 2013*

Released:  
 March 2014

*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 the financial audit. This report is being issued in conjunction with our financial audit of the State of Michigan 401K Plan.*

**Financial Statements:**

**Auditor's Report Issued**

We have audited the State of Michigan 401K Plan's basic financial statements as of and for the fiscal year ended September 30, 2013 and have issued a separate report thereon dated December 18, 2013. We issued an unmodified opinion on the State of Michigan 401K Plan's basic financial statements.

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**Internal Control Over Financial Reporting**

We considered the Plan's internal control over financial reporting (internal control) for the purpose of expressing our opinion on the basic financial statements. Our consideration of internal control was not designed to identify all deficiencies that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control that we consider to material weaknesses; however, we did identify a significant deficiency (Finding 1).

Reconciling Financial Activity

Financial Services, within the Department of Technology, Management, and Budget (DTMB), could improve its process to reconcile the State of Michigan 401K Plan's financial activity with the information provided by the third party administrator (Finding 1).

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**Noncompliance and Other Matters**

**Material to the Financial Statements**

We performed tests of the Plan's compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. We did not identify any instances of noncompliance or other matters applicable to the basic financial statements that are required to be reported under *Government Auditing Standards*.

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**Agency Response:**

This report contains 1 finding and 1 corresponding recommendation. DTMB's preliminary response indicates that it agrees with the recommendation.

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**Background:**

The State of Michigan 401K Plan is a deferred compensation fund and a defined contribution retirement fund sponsored by the State of Michigan. The Plan is considered part of the State and is included in the *State of Michigan Comprehensive Annual Financial Report* as a pension (and other employee benefit) trust fund.

The Plan covers employees of the State of Michigan; employees of the Michigan public school reporting units hired on or after July 1, 2010; and employees of the Education Achievement Authority.

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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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