

Office of Legislative
Auditor General

WILLIE MAYO, CPA, CIA, CICA
AUDITOR GENERAL



500 GRISWOLD STREET
STE. 848; GUARDIAN BLDG.
DETROIT, MICHIGAN 48226
TELEPHONE: (313) 224-0924

December 15, 2011

FINAL REPORT TRANSMITTAL LETTER

Honorable Wayne County Commissioners:

Enclosed is our final copy of the Corrective Action Plan (CAP) and Auditor General's Assessment for the Revenue Collected at County Parks, Consulting Report. Our report is dated November 21, 2011; DAP No. 2011-57-814. The contents of this final report did not change from the draft report previously issued. The report was accepted by the Audit Committee December 6, 2011, and formally received by the Wayne County Commission on December 15, 2011.

We are pleased to inform you that management and staff from the Department of Public Services, Parks Division and Management & Budget-Finance Division, provided their full cooperation. If you have any questions, concerns, or desire to discuss the report in greater detail, we would be happy to do so at your convenience. This report is intended for your information and should not be used for any other purpose. Copies of all Office of Legislative Auditor General's final reports can be found on our website at:
<http://www.waynecounty.com/commission/lagreports.htm>

Willie Mayo, CPA, CIA, CGAP, CICA
Auditor General

REPORT DISTRIBUTION

Wayne County Department of Public Service

Hassan A. Saab, Director
Beverly Watts, Director, Parks Division
Lawrence Hemingway, Parks Consultant

Wayne County Department of Management and Budget

Carla E. Sledge, Chief Financial Officer
Stacie Durant, Finance Director, Mental Health
Rosalind Downer, Assistant Director, DPS-M & B Finance
Terry L. Hasse, Director, Grants Compliance and Contract Management

Corporation Counsel

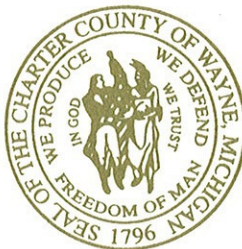
Nancy Rade, Assistant Corporation Counsel

Wayne County Executive



Office of Legislative
Auditor General

WILLIE MAYO, CPA, CIA, CICA
AUDITOR GENERAL



500 GRISWOLD STREET
STE. 848; GUARDIAN BLDG.
DETROIT, MICHIGAN 48226
TELEPHONE: (313) 224-0924

November 21, 2011

DAP No. 2011-57-814

Honorable Ilona Varga, Chairwoman
Audit Committee
Wayne County Commission
County of Wayne, Michigan
500 Griswold, Suite 766
Detroit, MI 48226

Subject: **Corrective Action Plan**, including the Auditor General's Assessment dated September 29, 2011, for the Department of Public Services-Parks Division, Revenue Collected at County Parks, Consulting Report.

Dear Chairwoman Varga:

In accordance with Generally Accepted Government Auditing Standards issued by the Comptroller General of the United States, and the International Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors, the Office of Legislative Auditor General (OAG) requested the Department of Public Services to submit a Corrective Action Plan (CAP) for the recommendations identified in the Department of Public Services Revenue Collected at County Parks Consulting Report, dated January 14, 2011.

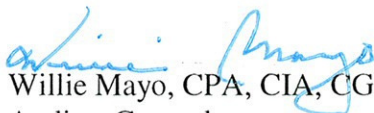
The Department of Public Services-Parks Division and Management & Budget-Finance Division provided the CAP as requested. Attached is a Summary and Assessment of the CAP prepared by the OAG. The summary schedule includes: the recommendations; management's comments on the findings and recommendations; management's action taken or planned; whether management has or intends to implement the recommendation; responsible person(s)/area; implementation or targeted implementation date; and the Auditor General's assessment.

Our assessment of the seven recommendations found that one recommendation (09-07) is partially resolved and that management has or intends to take sufficient corrective action to



address the remaining six recommendations in the report. However, a follow-up review may be necessary in the near future to verify whether the action intended or described has occurred.

Respectfully submitted,



Willie Mayo, CPA, CIA, CGAP, CICA
Auditor General

Pc: Hassan A. Saab, Director, Department of Public Services
Beverly Watts, Director, Department of Public Services, Parks
Lawrence Hemingway, Parks Consultant
Carla E. Sledge, Chief Financial Officer
Stacie Durant, Finance Director, Mental Health
Terry L. Hasse, Director, Grants Compliance and Contracts Management, M & B
Rosalind Downer, Assistant Director, DPS-M & B Finance
Nancy Rade, Assistant Corporation Counsel

Attachment

Wayne County Department of Public Services-Parks Division
Revenue Collected at County Parks
Consulting Engagement

**Summary and Assessment of
CORRECTIVE ACTION PLAN**

Auditor General's Recommendation	Management's Comments on Findings and Recommendations	Management's Action Taken or Planned	Management has or Intends to Implement the Recommendation Yes/No	Responsible Person(s)/ Area	Implementation or Targeted Implementation Date	Auditor General's Assessment
<p>09-01 We recommend management for the Parks Division:</p> <p>(a) Continue to expand its partnership base to explore additional revenue sources through sponsorships, partnerships, and/or changes in pricing policies in an effort to lessen the impact on the county's General Fund.</p> <p>(b) Provide the calculation for the amount of "other sources" included in the Parks Division budget to the Committee on Ways and Means and the Audit Committee to ensure compliance with the requirements of Proposition P and budget amounts for General Fund support and evaluate against the county's current economic condition.</p>	<p>Agree</p> <p>Disagree</p>	<p>Management stated that The Friends of Wayne County Parks receives various sponsorships throughout the year. The sponsorships offset various Parks expenditures such as portajohns at the Jazz Fest event and a delay at the annual Marshmallow Drop.</p> <p>Management stated the county has provided the required general fund appropriation in accordance with the millage proposal and they are in compliance with Proposition P. Management believes that no other action is required.</p> <p>Management stated that the proposed millage language requires the parks appropriation remain at the 1996 budgeted level of \$2.782 million.</p>	<p>Yes</p> <p>No</p>	<p>DPS-Parks Division and CEO office</p> <p>Management and Budget</p>	<p>Implemented</p> <p>N/A</p>	<p>DPS-Parks officials provided the OAG with a listing of the current sponsorships/partnerships and the activities or events that the contributions were applied to. We have determined that most, if not all, contributions were either in-kind donations or contributions that helped offset expenses at various county events.</p> <p>Based on our limited review, it appears that management has taken sufficient action to address the recommendation.</p> <p>Our review of the millage language found it did not specifically identify the "General Fund" as the other source. The OAG believes it is open to interpretation. Parks management is of the opinion that the "other sources" of revenue quoted in Proposition P must come from the General Fund. Our review of the FY 2011-2012 adopted budget noted the amount of general fund support approved by the Commission was reduced to the 1996 funding level of \$2.782 million dollars. This amount is a decrease from prior fiscal years' general fund support, which ranged up to \$3.8 million.</p>

Wayne County Department of Public Services-Parks Division
Revenue Collected at County Parks
Consulting Engagement

**Summary and Assessment of
CORRECTIVE ACTION PLAN**

Auditor General's Recommendation	Management's Comments on Findings and Recommendations	Management's Action Taken or Planned	Management has or Intends to Implement the Recommendation Yes/No	Responsible Person(s)/ Area	Implementation or Targeted Implementation Date	Auditor General's Assessment
(c.) We recommend senior management within the Executive branch review the proposed changes to the fee ordinance and assess its implementation during Fiscal Year 2010/2011	Agree	Management stated that the Commission passed a new user fee ordinance in May 2011, and as a result many park fees were increased.	Yes	Management and Budget	Implemented	Based on a limited review of the actions taken, county management appears to have taken sufficient action to address the recommendation. We reviewed the recently enacted revised Fee Ordinance noting that numerous park fees were increased. Although the dollar impact is not quantifiable, the increased fees should lessen the impact on the County's General Fund.
09-02 We recommend DPS – M&B Finance officials establish appropriate review and monitoring procedures to ensure vendors contracted by the division to operate the Aquatic Center and other facilities or programs charge fees in compliance with the county's Fee Ordinance.	Agree	Management stated that the fee schedule will be distributed to the management company (i.e., Aquatic Center) annually to make certain that fees are consistent with the ordinance. In addition, management stated upon our recommendation, the Water Park fee was adjusted immediately to reflect 2010 fees.	Yes	DPS-Parks Division and M&B	Spring 2011	In our discussion with Parks Management, they informed us that Parks Administrative staff visited vendor locations (Warren Valley Golf Course, Inkster Valley Golf Course, and the Chandler Park Family Aquatic Center) twice per month during the 2011 season to ensure all fee signage was correct and that fees were being collected properly. Parks management also stated since all revenues are transmitted directly to DPS – Finance, reliance is also placed on them to monitor proper

Wayne County Department of Public Services-Parks Division
Revenue Collected at County Parks
Consulting Engagement

**Summary and Assessment of
CORRECTIVE ACTION PLAN**

Auditor General's Recommendation	Management's Comments on Findings and Recommendations	Management's Action Taken or Planned	Management has or Intends to Implement the Recommendation Yes/No	Responsible Person(s)/ Area	Implementation or Targeted Implementation Date	Auditor General's Assessment
<p>09-03</p> <p>We recommend management within the DPS-M&B Finance Division enhance monitoring procedures to ensure vendors submit, in a timely manner, all financial records in accordance with contract terms to support reported cash receipts and fees collected.</p>	<p>Agree</p>	<p>DPS management stated that the vendor is now required to submit an expenditure report within 15 days after month end. In addition, DPS M&B-Finance will perform its own review of the expenditure report on a regular basis.</p>	<p>Yes</p>	<p>Management and Budget</p>	<p>October 2011</p>	<p>fees collection. DPS-Finance indicated their procedure is to review vendor submitted documentation to verify that the fees charged are in accordance with the Wayne County Fee Ordinance.</p> <p>If the planned action is implemented as described, the action appears to sufficiently address the recommendation. A follow up review may be necessary in the near future to verify the described action has occurred.</p> <p>DPS-Finance stated the following procedures/timelines have been implemented to ensure financial information from vendors/contractors is received in a timely manner:</p> <ul style="list-style-type: none"> ○ <u>Chandler Park Aquatic Center</u> ○ Daily Revenue Reports are to be submitted on a weekly basis from May through September ○ An itemized monthly statement of reimbursable expenses is required to be submitted by the 15th of the following month. <u>Inkster/Warren Valley Golf Courses</u> ○ Monthly revenue statements are due from the management firm by the 15th of the following month. In addition,

Wayne County Department of Public Services-Parks Division
Revenue Collected at County Parks
Consulting Engagement

**Summary and Assessment of
CORRECTIVE ACTION PLAN**

Auditor General's Recommendation	Management's Comments on Findings and Recommendations	Management's Action Taken or Planned	Management has or Intends to Implement the Recommendation Yes/No	Responsible Person(s)/ Area	Implementation or Targeted Implementation Date	Auditor General's Assessment
<p>09-04</p> <p>To strengthen internal controls and provide for enhanced accountability and safekeeping over cash collections at the Jazz on the River event, we recommend DPS-Parks Division management</p> <p>(a) Propose a set fee for on-site parking at the Jazz on the River event, or at a minimum, conduct a comparative analysis of parking donations to assess the reasonableness of cash collections received.</p>	<p>Agree</p>	<p>Management stated that a fee study will be performed to research a reasonable parking fee for the public park in which the Jazz Fest is held.</p>	<p>Yes</p>	<p>Parks Division and Management and Budget</p>	<p>Fall 2011</p>	<p>as part of the yearly audit, an unaudited schedule of revenue is required to be submitted within six months after calendar year end.</p> <p>If the planned action is implemented as described, the action appears to sufficiently address the recommendation. A follow up review may be necessary in the near future to verify the described action has occurred.</p> <p>Our discussion with DPS management revealed they are in the process of conducting the fee study for on-site parking at the Jazz on the River event. They further stated that upon completion of the study, Parks and DPS M&B – Finance will recommend a proposed fee to Commission for approval.</p> <p>If the planned action is implemented as described, the action appears to sufficiently address the recommendation. A follow up review may be necessary in the near future to verify the described action has occurred.</p>

Wayne County Department of Public Services-Parks Division
Revenue Collected at County Parks
Consulting Engagement

**Summary and Assessment of
CORRECTIVE ACTION PLAN**

Auditor General's Recommendation	Management's Comments on Findings and Recommendations	Management's Action Taken or Planned	Management has or Intends to Implement the Recommendation Yes/No	Responsible Person(s)/ Area	Implementation or Targeted Date	Auditor General's Assessment
b) Enhance safeguarding measures (safe or locked moneybag) after cash is collected during the 2-day event.	Agree	Management stated that better safeguarding measures have been implemented and a locked money bag will be used at the Jazz Fest event.	Yes	Parks Division	August 2011	We reviewed a copy of management's "Financial Procedures" for cash handling at the Jazz Fest event which indicated that a locked money bag will be used. However, we were unable to evaluate management's action. Based on our limited review of the action taken, it appears management has adequately addressed the recommendation. However, a follow up review may be necessary in the future to verify the described action has occurred.
(c) Establishing policy to have a second Parks official re-count and sign-off on cash collections prior to the daily night deposit. Also, in an effort to strengthen internal controls, the policy should provide for a periodic rotation of the schedules for individuals assigned to perform these functions.	Agree	Management indicated that a supervisor and second official will re-count the cash collections and verify the accuracy of the deposit slips. Management also indicated they would perform a periodic rotation of the schedules for the individuals assigned to collect cash at the Jazz Fest event.	Yes	Parks Division	August 2011	We reviewed a copy of management's "Financial Procedures" for cash handling at the Jazz Fest event. Our review of the procedures disclosed that cash recounts and appropriate sign-offs are included. However, periodic schedule rotations were not addressed in the policy. Based on our limited review, it appears management has partially addressed the recommendation. However, a follow up review may be necessary in the future to verify the described action has occurred.

Wayne County Department of Public Services-Parks Division
Revenue Collected at County Parks
Consulting Engagement

**Summary and Assessment of
CORRECTIVE ACTION PLAN**

Auditor General's Recommendation	Management's Comments on Findings and Recommendations	Management's Action Taken or Planned	Management has or Intends to Implement the Recommendation Yes/No	Responsible Person(s)/ Area	Implementation Targeted or Implementation Date	Auditor General's Assessment
09-05 We recommend DPS-M&B-Finance officials implement procedures to ensure its policies regarding the investigation of cash discrepancies are documented to ensure they are adhered to.	Agree	Management stated if discrepancies are identified by DPS-M&B Finance, they will contact the Parks Division unit that collected the cash receipts for an explanation. In addition, a review will be performed to see if any patterns of irregularity exist that would require further investigation.	Yes	Management and Budget	Spring 2011	DPS-Finance officials provided the OAG documentation which outlined investigative procedures to be taken in cases of cash discrepancies. Our review of these procedures disclosed that they adequately address the recommendation as noted in management's comments regarding the action taken.
09-06 We recommend senior management for the Parks Division amend the contract to have the 10 percent of sponsorship revenue either be removed or remitted to the county instead of the Friends of Wayne County Parks.	Agree	Management indicated the management contract was amended to remove the 10 percent sponsorship clause.	Yes	Corporation Counsel	Implemented	Corporation Counsel provided a signed and dated copy of the contract amendment removing the 10 percent donation clause. Based on our limited review of the action taken, it appears management has adequately addressed the recommendation.

Wayne County Department of Public Services-Parks Division
Revenue Collected at County Parks
Consulting Engagement

**Summary and Assessment of
CORRECTIVE ACTION PLAN**

Auditor General's Recommendation	Management's Comments on Findings and Recommendations	Management's Action Taken or Planned	Management has or Intends to Implement the Recommendation Yes/No	Responsible Person(s)/ Area	Implementation or Targeted Implementation Date	Auditor General's Assessment
09-07 We recommend that management within the DPS – Parks Division: Establish a formal reporting mechanism of Park activities and revenues generated. These reports should be circulated to the Wayne County Commission and senior executive management to assist in their review of the Division's programs	Agree	Management stated a mechanism has been established which will ensure that monthly financial statements are provided to senior management. They also stated that if either senior management or the Commission group wants a detailed revenue report, Management & Budget would submit a detailed report upon their request.	Yes	Management and Budget	Upon request	The OAG requested the monthly financial statements from Parks officials. As of the date of our report, we have not received them. Parks management stated that two mechanisms are used to report Park activities: monthly reports sent to DPS Administration; and, the MFR system. In addition, our discussion with Commission staff determined that the Parks Division has reported to the Committee on Ways and Means as required by the Enrolled Appropriations Ordinance. Based on our limited review of the action taken, it appears management has partially addressed the recommendation. However, a follow-up review may be necessary in the near future to verify the described action has occurred.