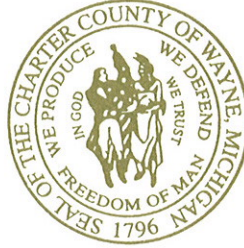


Office of Legislative
Auditor General

WILLIE MAYO, CPA, CIA, CICA
AUDITOR GENERAL

September 5, 2012



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FINAL REPORT TRANSMITTAL LETTER

Honorable Wayne County Commissioners:

Enclosed is our final copy of the Office of Legislative Auditor General's Operational Attestation Engagement on the Wayne County Department of Children and Family Services – Division of Community Corrections, Alternative Work Force. Our report is dated July 13, 2012; DAP No. 2011-57-853. The contents of this final report did not change from the draft report previously issued. The report was accepted by the Audit Committee on July 26, 2012, and formally received by the Wayne County Commission on August 16, 2012.

We are pleased to inform you that management and staff of Department of Children and Family Service - Division of Community Corrections, Alternative Work Force, provided their full cooperation during our review. 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 Children and Family Services (CFS)

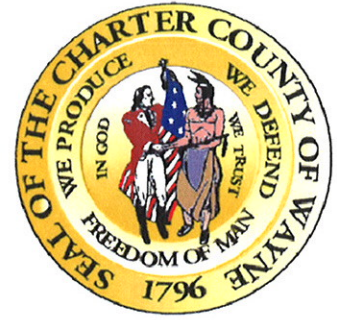
Tadarial Sturdivant, Director
Dinah Moore, Deputy Director
Tamela Aikens, Director Community Corrections

Wayne County Department of Management & Budget

Carla E. Sledge, Chief Financial Officer
Terry L. Hasse, Director, Grant Compliance and Contract Management
Michael O'Connell, Director, Finance CFS

Wayne County Commissioners





County of Wayne, Michigan
Office of Legislative Auditor General
Operational Attestation Engagement

**DEPARTMENT OF CHILDREN AND FAMILY SERVICES
DIVISION OF COMMUNITY CORRECTIONS
ALTERNATIVE WORK FORCE**

DAP No. 2011-57-853

July 13, 2012

Executive Summary

Type of Engagement, Scope, and Methodology

This is an operational attestation engagement conducted in accordance with Generally Accepted Government Auditing Standards (GAGAS) and American Institute of Certified Public Accountants (AICPA) auditing standards. Our primary objective was to assess key risks within the Department of Children and Family Services – Division of Community Corrections, Alternative Work Force Program (AWF) and determine whether management had appropriate internal controls in place to sufficiently manage or mitigate those risks. We also reviewed governance, compliance with laws and regulations, and reviewed financial activities. The scope of the engagement was October 1, 2009 through September 30, 2011. The methodology used for this engagement was primarily inquiry and discussion with management, review of documents, and walkthroughs of key business processes.

Background

The mission of the Department of Children and Family Services (CFS) is to provide quality assessment, prevention, treatment, education, detention, and enforcement services to at-risk and adjudicated juveniles and adult offenders so that they can lead law-abiding and productive lives.

The AWF program is within the division of Community Corrections. Community Corrections collaborates with a wide range of criminal justice system practitioners to plan, develop and administer community-based confinement alternatives for adult offenders. AWF is a service program available to Wayne County Court(s) as an alternative to incarceration for offenders.

Summary of Issues

Our review and assessment of the AWF program noted five areas for enhancement and/or improvement to the program's business processes and financial activities. All five were control deficiencies classified as low risk. We have provided recommendations that are designed to add value to the various program business processes if implemented.

We have outlined some of the more significant areas of concern in this executive summary, while others that are less significant can be found in the detail section of the report, which begins on page 5.

Risk Management and Controls Processes

From our inquiries, discussions with management and review of documents, overall, we generally conclude that risk management, including fraud awareness and control activities, have been assessed and controls appear to be sufficiently in place to mitigate potential risk. However, we did note areas where controls over work hours and program participants' daily activities could be strengthened.

- Driver Log sheets need to be revised to reflect participants that are added, deleted or transferred during their daily activities to increase program accountability. ***Page 10***

- Program management will need to formalize policy and procedures for reviewing and approving on-site visits by program supervisors monitoring participants. *Page 11*

Compliance, Laws, Regulations and Ordinances

- For FYs 2010 and 2011, we found no evidence that three of the four semi-annual reports from the AWF Program had been received in accordance with the Enrolled Budget Ordinance. *Page 11*
- Also, according to the CFS – Management & Budget (M&B) finance director, follow-up procedures to collect outstanding invoices from the City of Detroit, as required by M&B Policy Statement No. 14001, has not been conducted due to personnel turnover at the City. *Page 12*

Financial Activity

Based on the procedures performed, we have identified areas that could result in additional revenue and potential cost-savings to the program.

- Cost for the lease at 174 S. Clark Street is paid entirely by the AWF Program. However, another Children & Family Services program, the Warrant Enforcement Bureau (WEB), is operating from the second floor of the facility and does not contribute to lease expense. *Page 14*

Overall Views of Responsible Officials

Management primarily agreed with three of the five issues in the report. For the remaining two issues, management disagreed with certain conditions noted but implemented some mitigating measures to address the areas of risk identified in the conditions noted.

Noteworthy Accomplishments

FY 2010 and FY 2011 accomplishments for the AWF Program included:

- ☐ Subsequent to our review period, the AWF Program had a projected FY 2012 1st Quarter deficit of nearly \$319,000. Management submitted a Deficit Elimination Plan that was approved by M&B. Management's proposed action to offset the 1st Quarter deficit was to seek additional revenues as a result of providing billable services to the Department of Public Services. Based on our review of M&B's FY 2012 2nd Quarter Projection report, the AWF Program is no longer projected to have a deficit.
- ☐ Given the turnover in senior management within AWF, the current management team has been able to establish a governance environment that is stable to ensure the continuity of the AWF Program's business objectives.
- ☐ Assisted the Goodfellows organizations in distributing over 36,000 packages and over 12,000 doll packages for kids ages 4 through 13, including six distribution sites throughout the cities of Detroit and Hamtramck.
- ☐ Worked in collaboration with the Community Corrections Divisions to schedule training with the Michigan Department of Corrections (MDOC) Probation offices in an effort to strengthen and consolidate services provided to probationers and parolees.

Conclusion

Based on our assessment of some key business processes of the AWF Program for FYs 2010 and 2011, we have provided five recommendations for AWF management that could strengthen program operations, potentially increase program revenues and reduce expenditures. Of the five recommendations, two will require AWF management to address in the near term: (1) pursuing the collection of outstanding receivables from the city of Detroit; and (2) allocating a portion of the cost of their annual lease to WEB to reduce program expenditures. We believe AWF management should be successful in obtaining positive results from these two recommendations, the program could recognize an increase in revenues and a nominal decrease in expenditures.

Management has agreed with three of the observations and recommendations in the report (see management's comments) but disagreed with two. However, management provided their full and complete cooperation during the engagement.

DETAIL REPORT

Objectives, Scope and Methodology

The Office of Legislative Auditor General has performed an Operational Attestation Engagement of the Department of Children and Family Services, – Division of Community Corrections, Alternative Work Force Program. The purpose of our review was to identify key risks to this function or activity and assess whether management has appropriate internal controls and processes in place to sufficiently manage or mitigate such risk(s). Our specific objectives for the engagement were to identify and assess key risk in the following areas:

- I. Governance;
- II. Risk Management and Control Activities;
- III. Compliance with Laws, Regulations and Ordinances; and
- IV. Financial Activity

Scope

The scope period of review for this engagement was October 1, 2009 – September 30, 2011. We compared FY 2011 financial activity to prior fiscal years and also reviewed subsequent events. The fieldwork for this engagement was primarily performed at the offices of the Alternative Work Force Program located at 640 Temple and 174 S. Clark Street and completed on July 13, 2012.

Standards

We conducted this engagement in accordance with attestation standards as established by the American Institute of Certified Public Accountants (AICPA), and applicable Generally Accepted Government Auditing Standards (GAGAS) issued by the Comptroller General of the United States, and accordingly, included examining on a test basis, evidence and documentation, as well as performing such other procedures as we considered necessary under the circumstances. We believe that our examination provides a reasonable basis for our opinion(s).

Methodology

The procedures performed for this engagement included an assessment of key business processes, the program's organizational structure, risk management, control activities, information systems, fraud awareness, and the recording of certain financial transactions. The procedures performed included, but were not limited to, inquiry with appropriate personnel and officials within the Department of Children and Family Services – Division of Community Corrections, Alternative Work Force Program, as well as a review of certain documents to corroborate assertions, and a walkthrough of key strategic and business processes.

Purpose and Organizational Structure

The mission of the Department of Children and Family Services (Community Justice and Prevention Services) is to provide quality assessment, prevention, treatment, education, detention and enforcement services to at-risk and adjudicated juveniles and adult offenders so that they can lead law-abiding and productive lives.

The core services of the Department of Children and Family Services (CFS) are Justice Services and Adult Corrections. The Department of CFS has sole authority for the administration of the county's juvenile justice services system. The CFS program selects and monitors services for adults who are transitioning from incarceration and are committed to the reunification of families, the provision of quality assessments and treatment and easy accessibility to prevention and diversion programs.

The Department of CFS has six (6) divisions that carry out its mandated services and delegated responsibilities and operates within Special Revenue Funds which are used to account for specific revenues that are legally restricted for expenditures for particular and identified purposes. The six divisions are:

- Administration
- Cooperative Extension
- Community Corrections
- Intervention and Apprehension
- Juvenile Services
- Juvenile Detention Facility

Division of Community Corrections - Alternative Work Force Program (AWF)

Prior to FY 2011, the Alternative Work Force program operated from within the division of Community Corrections. Community Corrections collaborates with a wide range of criminal justice system practitioners to plan, develop and administer community-based confinement alternatives for adult offenders. The Division provides eligibility screening and assessment, substance abuse treatment services and offender accountability programs. The Division operates within the framework established by the Michigan Community Corrections Act (Public Act 511). There is close collaboration with the Michigan Department of Corrections (MDOC).

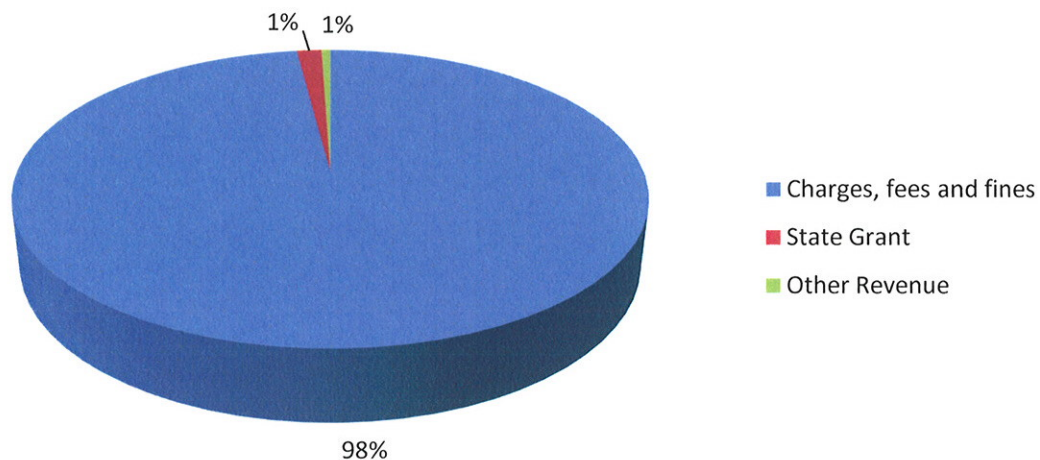
The AWF is a service program available to the Wayne County court system as an alternative to incarceration. The AWF Program provides offenders an opportunity to repay the community for their debt while instilling work values and gaining work experience. The offenders participating in the AWF Program are placed in work crews which provide services to the county departments/agencies and local communities.

The AWF Program consists primarily of two sections: administrative/supervisory and field operations. The administrative/supervisory personnel are responsible for budgetary, personnel, planning work schedules and program monitoring activities. The field operations personnel are responsible for transferring offenders to perform community service projects and assist county departments.

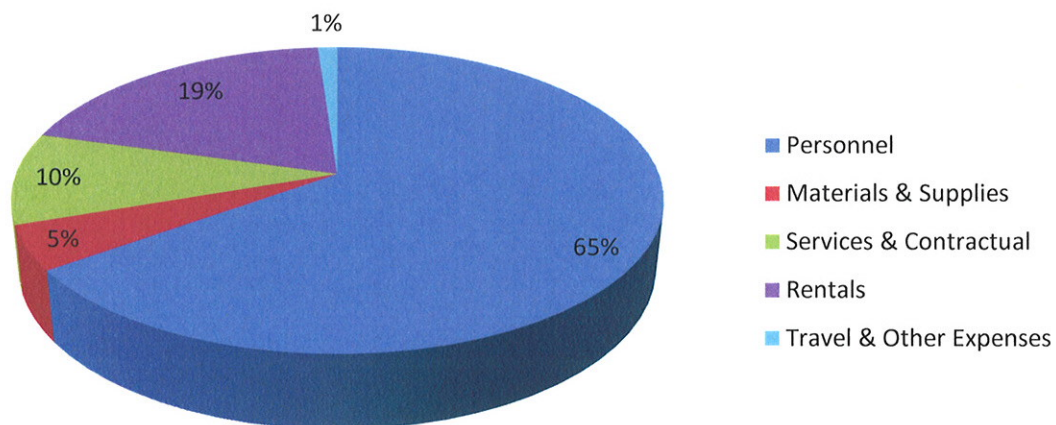
During Fiscal Year 2011, the AWF program was moved under the county's General Fund as a result of the county's implementation of GASB 54.

The AWF primary funding sources are interdepartmental charges to county departments (Charges, fees and fines) for services performed and community billings. Some participants also are mandated to pay for participation in the AWF Program. Most major expenditures are personnel administrative costs. See charts below showing primary revenues and expenditure categories.

AWF Program Source of Revenues FY 2011



Expenditures by Type FY 2011



Beginning in FY 2012, the AWF Program has 13 Full - Time Employees budgeted and operating revenues and expenditures of \$1.9 million and \$1.6 million, respectively. Financial activities are recorded in business unit 15120.

I. Governance

The governance process is considered one of the most important elements of internal control. According to auditing/accounting literature, governance (also known as the control environment) is the foundation for all other components of internal controls. The control environment sets the tone for an organization, program, or activity and provides discipline and structure influencing the control consciousness of its employees. Control environment factors include: integrity, ethical values and competency of the organization's employees; management's philosophy and operating style; the way management assigns authority and responsibility, and organizes and develops its employees.

The absence of a sound governance structure and lack of adherence to basic governance or management principles increases the risk of loss, fraudulent financial reporting, and misappropriation of the organization's assets and resources. Good governance is one of the key controls to reduce the risk of management overrides.

Conclusion

Based on inquiries, discussions and observations made by us, we have generally concluded that the control environment, organizational structure, and philosophy of the Alternative Work Force Program's leadership are quite capable and responsive to the program needs. After undergoing a major transition of upper management within CFS, including the Director and Deputy Director of CFS, the current management team overseeing the AWF Program is in position to meet the program's goals and objectives.

II. Risk Management and Control Activities

Risk Management

Risk Management is another critical internal control component. Every organization faces a variety of risks from external and internal sources that must be identified and assessed with the appropriate mechanisms in place to minimize high-risk activity. Risk Management is the identification and analysis of relevant risk, which exists within the organization as a whole, as well as within its individual components (departments, divisions, programs, etc.) regarding the achievement of the organization's objectives. After an assessment is formalized, a basis for determining how the risks should be managed and mitigated to a reasonable level of acceptance should be established.

The identification of risk is a necessary component to installing appropriate and sufficient compensating controls, where required, to enhance the probability of achieving the organizations objectives and protecting the interest of all stakeholders.

Control Activities

Control activities are policies, procedures, practices, techniques, and mechanisms that help ensure that management directives are carried out. They help ensure that necessary actions are taken to address risks to achieve the organization's objectives. Control activities occur throughout the organization, at all levels and in all functions. They include a range of activities as diverse as approvals, authorizations, verifications, reconciliations, and reviews of operations and performance, security of assets and segregation of duties. It is action taken to minimize risk. The need for a control activity is established in the risk management process.

Control activities can be preventive or detective. Preventive activities are designed to deter the occurrence of an undesirable event, while detective activities are designed to identify undesirable events that do occur and alert management about what has happened. This enables management to take corrective action promptly.

Conclusion

Based on our inquiries, discussions with management and review of documents, we have generally concluded that risk management, including fraud awareness, and control activities have been assessed and mitigating controls appear to be sufficiently in place to mitigate potential risk. However, we did find some areas where controls could be strengthened. Specifically, accountability over participants' daily activity; inherent risk associated with the county's PeopleSoft payroll system; and enhancing management's monitoring of off-site visits to work locations by program supervisors.

Area of Concern	Observation(s)
Participant Accountability - Driver Daily Work Report	<p>While reviewing various drivers' program daily work reports, we found participants' names were crossed off of the report and the number of crew members changed during the day without a valid explanation for the change. Some crew members were found to be reassigned to other drivers. For example, we found a participant that was deleted from one driver's crew team and reassigned to another crew team did not receive credit for the day's work hours according to his intake report. A vital component of a participant's participation in the AWF Program is that they complete the number of program work hours mandated by the court system.</p>
	<p><u>Impact</u></p> <p>Without being able to validate a change in the number of participants assigned to each driver on a daily basis diminishes accountability over each participant's daily activity.</p>
	<p>Recommendation:</p>
	<p><u>2011-01 – Design Control Deficiency</u></p> <p>We recommend, in an effort to increase accountability, AWF management modify the program's AWF Program Daily Work Reports to include explanations for program participants that are added, deleted or reassigned on any given day.</p>
	<p>Management's Response:</p> <p>Disagree - Accountability for each participant occurs daily with applicable policies, procedures and documentation. Management agrees to clarify the daily work activity of AWF participants through use of the revised AWF Daily Work Report. Management submitted a modified <i>AWF Program Daily Work Report</i> to the OAG that addresses the recommendation.</p>

Area of Concern	Observation(s)
Management Oversight of On-Site Program Monitoring	<p>Program supervisors are responsible for conducting spot checks and on - site monitoring of crew leaders and participants at work sites. However, while the driver daily work report noted the supervisor's signature on a given date, we found no documented evidence where senior AWF management reviewed and signed off (i.e., approved) on the supervisors' on-site visits. Supervisors are required to complete incident reports when exceptions are discovered during their on-site visit.</p> <p><u>Impact</u> Without established policy and procedures for conducting on-site spot checks, senior management has no method and/or control mechanism to monitor the supervisors' on-site visits, including the amount of time spent at each location.</p>
	Recommendation:
	<p><u>2011-02 – Design Control Deficiency</u> We recommend AWF management formalize policy and procedures for conducting the spot checks / on-site visits at work locations by program supervisors to enhance senior management's oversight and establish consistent practices.</p>
	Management's Response:
	<p>Disagree – The Wayne County Job Description for AWF supervisors requires on-site crew checks. Confirmation of crew checks occurs through the Division Director's review of the Daily Work Reports. A policy would eliminate the random nature of this requirement. Management has clarified the crew 'spot' checks with implementation of the AWF Crew Spot Check Confirmation Report. Management submitted a copy of a new form "<i>AWF Spot Check Confirmation and Report</i>" to the OAG which addresses the recommendation.</p>

III. Compliance, with Laws, Regulations, and Ordinances

In general, compliance means conforming to a law, regulation or ordinance. A compliance system is an organizational wide tool that links legislative and management rules to organizational policies and processes. The objective of such a system is to promote a self sustaining level of operations that minimizes the losses caused to the organization through breaches of laws, regulations and ordinances.

Conclusion

Based on inquiries and limited procedures performed, we have concluded that the Alternative Work Force Program appears to be in compliance with laws and regulations the program operates under. However, we did note areas where compliance could be strengthened.

Area of Concern	Observation(s)
Compliance with Enrolled Appropriation Ordinances	<p>For FYs 2010 and 2011, we requested from AWF management copies of the semi-annual reports that were to be submitted to the Wayne County Public Safety Committee. We were able to review one report, dated October 24, 2011, submitted by AWF management to the committee in accordance with the FY 2011 ordinance. However, management, while providing a report dated July 14, 2009 (i.e., FY 2009), was unable to provide the other three reports for FYs 2010 and 2011. Management indicated the reports were submitted to the Commission staff.</p> <p>Our request to the Commission Fiscal Agency's staff to provide copies of the reports were unsuccessful in that staff was unable to provide evidence the reports were received from AWF in accordance with the Enrollment Ordinances. Commission staff has provided evidence they notified AWF management of the ordinances' reporting requirements.</p> <p><u>Impact</u> While AWF reports for FY 2012 were received in accordance to the ordinance, we were unable to determine compliance with reporting requirements for FYs 2010 and 2011 after discussions with AWF management and Commission staff.</p>
	Recommendation:
	<p><u>2011-03 – Operational Control Deficiency</u> We recommend AWF management retain, at a minimum, electronic copies of the mandated reports submitted to the commission for their records and as evidence of compliance with the county ordinance.</p>
	Management's Response:
	Management agrees with the finding and recommendation.
Area of Concern	Observation(s)
Lack of Follow-up on Delinquent Billings	<p>A review of Central Accounts Receivable's aging ledger, as of February 2012, found approximately \$18,000 in past due invoices of sixty days or more are owed to the AWF Program by the City of Detroit for services rendered. Based on our inquiry with CFS-M&B Finance division officials, there has been no follow-up contact with City of Detroit officials regarding the outstanding A/R due.</p> <p>M&B Policy/Procedure Statement 14001– Accounts Receivable Billing and Collections, issued July 14, 2008, states outstanding invoices in excess of 60 days required the user department to contact the customer and document the discussion. A revision to the policy, effective September 12, 2011, changed the outstanding status from 60 days to 45 days and outlined additional procedures for user departments to conduct and collect outstanding billings.</p>

	<u>Impact</u> By not following the M&B policy and procedures, the outstanding receivables/revenue owed to the Alternative Work Force Program has gone uncollected. The collection of outstanding amounts could mitigate any potential program deficit and fiscal impact to the General Fund.
	Recommendation:
	<u>2011-04 – Operational Control Deficiency</u> We recommend officials within the CFS-M&B Finance Division comply with Management & Budget Policy No. 14001 - Accounts Receivable Delinquency and Collection Procedures and contact City of Detroit officials in an effort to expedite the collection of past due invoices owed to the AWF Program from the City of Detroit.
	Management's Response: Management agrees with the finding and recommendation.

IV. Financial Activity

The objective of financial statements is to provide information about the financial position, performance and changes in the financial position of an organization or segment that is useful for a wide range of users and in making economic decisions. Financial statements and related information are intended to be understandable, relevant, reliable and comparable to prior periods. Reported assets, liabilities and equity is directly related to an organization's financial position; while, receipts and expenditures are directly related to an organization's financial performance.

Financial highlights:

- For FY 2010 and 2011, we reviewed monthly invoices to county departments and local communities for services performed and noted a caption "No Charge Billing." The AWF Program bills two charges: one to the recipient entity receiving the services (i.e., chargebacks) and another to the adjudicating court (i.e., 3rd Circuit Court, 36th District Court).
- ☐ We found state offenders in the AWF Program were being billed to all parties for work performed; however, management stated they do not bill the 36th District Court for violation of state ordinances.
- For FY 2009 through FY 2011, we determined the AWF Program operated within budget. However, during FY 2011, the AWF received a budget adjustment to reallocate charges for services revenue from the Community Corrections Fund in the amount of \$428,000 to offset a deficit position resulting from reduced revenues from the Michigan Department of Transportation (MDOT) for litter collection on state highways.

Conclusion

Based on analytical procedures performed, we have concluded that the Alternative Work Force Program has adequate budgetary and monitoring controls in place over recording and reporting the department's financial activity. However, we discovered some areas where controls could be strengthened.

Area of Concern	Observation(s)
Allocation of Lease Cost	Alternative Work Force has entered into a lease agreement for a 15,000 square foot structure located at 174 S. Clark Street. We found another Children & Family Service program, the Warrant Enforcement Bureau (WEB), occupy office space and operate in the building. However, the total annual lease/rental expense of \$237,220 for FY 2010 and FY 2011 was charged to the AWF Program without any rental reimbursement from the WEB program. Based on our visit to the facility, the WEB program occupies approximately one-half of the building.
	According to CFS management, the WEB unit is a program under the Juvenile Justice and Abuse/Neglect Fund (JJAN) supported business unit. The Child Care Fund is supported 50% by the General Fund and 50% by the State's Child Care Fund. As such, allowable lease/rental charges are capped at \$500 per month. This would result in \$6,000 annually being split 50/50 between the General Fund and JJAN Fund; a net savings of \$3,000 to the AWF Program.
	<u>Impact</u> The AWF Program annual rental expense could be reduced as a result of allocation lease space to the WEB program.
	Recommendation:
	<u>2011-05 – Operational Control Deficiency</u> We recommend AWF management establish a methodology to allocate a portion of the annual lease cost to WEB in an effort to reduce program expenditures.
	Management's Response: Management agrees with the finding and recommendation.

Noteworthy Accomplishments

	FY 2010 and FY 2011 accomplishments for the AWF Program included: <ul style="list-style-type: none"><input type="checkbox"/> Subsequent to our review period, the AWF Program had a projected FY 2012 1st Quarter deficit of nearly \$319,000. Management submitted a Deficit Elimination Plan that was approved by M&B. Based on our review of M&B's FY 2012 2nd Quarter Projection report, the AWF Program is no longer projected to have a deficit.
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- ☐ Given the recent turnover in senior management within AWF, it appears the current management team has been able to establish a stable governance environment to ensure the continuity of the AWF Program's business objectives.
- ☐ Assisted the Goodfellows organizations in distributing over 36,000 packages and over 12,000 doll packages for kids ages 4 through 13, including six distribution sites throughout the cities of Detroit and Hamtramck.
- ☐ Worked in collaboration with the Community Corrections Divisions to schedule training with the MDOC Probation offices in an effort to strengthen and consolidate services provided to probationers and parolees.

Conclusion


Overall Conclusion – Based on our assessment of business processes and the governance structure of the AWF Program for FYs 2010 and 2011, we have provided five recommendations for AWF management that could strengthen program operations and potentially increase program revenues or reduce expenditures. Specifically, management will need to address, in the near term, the following: (1) pursuing the collection of outstanding receivables from the City of Detroit; and (2) allocating the cost of their lease to WEB.

All five recommendations are considered control deficiencies (low risk). Management primarily agreed with three and disagreed with two observations and recommendations in the report (see management's comments). However, management provided their full and complete cooperation during the engagement.

Corrective Action Plan (CAP) – A CAP will be requested approximately 30 days after this report is formally received and filed by the Wayne County Commission. If sufficient corrective action is not taken, a follow-up review may be necessary.

This report is intended solely for the information and use for management within the Department of Children and Family Services – Division of Community Corrections, Alternative Work Force Program and the County Commission and should not be used for any other purpose. This restriction is not intended to limit distribution of the report which is a matter of public record.

Sincerely,


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

APPENDIX

Control Deficiency (low risk)

A control exists when the internal control design or operation does not allow management or employees, in the normal course of performing their assigned functions, to prevent, detect or correct errors in assertions made by management on a timely basis. A deficiency in design exists when (1) a control necessary to meet the control objective is missing or (2) an existing control is not properly designed is that, even if the control operates as designed, the control objective is not met.

A deficiency in operation exists when a properly designed control does not operate as intended, or when the person(s) performing the control does not possess the necessary authority or qualifications to perform the control effectively.

Significant Deficiency (medium risk)

A matter that, in the auditor's judgment, represents either an opportunity for improvement or significant deficiency in the management's ability to operate a program or department in an effective and efficient manner. A significant deficiency in internal control, or combination of deficiencies, that adversely affects the organization's ability to initiate, authorize, record, process or report data reliably in accordance with applicable criteria or framework such that is more than a remote likelihood that a misstatement of the subject matter that is more than inconsequential will not be prevented or detected.

Material Weakness Deficiency (high risk)

A significant deficiency that could impair the ability of management to operate the department in an effective and efficient manner and/or affect the judgment of an interested person concerning the effectiveness and efficiency of the department. A significant or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of subject matter will not be prevented or detected.