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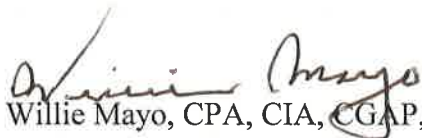
September 24, 2012

FINAL REPORT TRANSMITTAL LETTER

Honorable Wayne County Commissioners:

Enclosed is our final copy of the Office of Legislative Auditor General's Attestation Compliance Engagement Report on the Environmental Health Section, Division of Public Health, Department of Health & Human Services. Our report is dated August 1, 2012; DAP No. 2012-57-002. The contents of this final report did not change from the draft report previously issued. The report was accepted by the Audit Committee at its meeting held on Tuesday, August 28, 2012 and formally accepted by the Wayne County Commission on September 6, 2012.

We are pleased to inform you that management and staff of the Department of Health and Human Services offered their full and complete cooperation during the 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 purposes. 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

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Wayne County Executive



**Independent Auditor's Report on
Environmental Health Section
Public Health Division
Department of Health & Human Services**

**Attestation Compliance
Engagement**

August 1, 2012

DAP 2012-57-002

EXECUTIVE SUMMARY

Type of Engagement, Scope, and Methodology

This is an attestation compliance engagement being performed for the purpose of: (1) expressing an opinion regarding the Wayne County Department of Public Health's compliance with Michigan State Laws, County Resolutions and Ordinances, and Departmental Policies and Procedures as it relates to public health inspections; and, (2) assessing the adequacy of the performance related to health inspections.

The fieldwork was substantially completed on August 1, 2012, and the scope of our engagement was for fiscal years ending September 30, 2010 and 2011.

The principal methodology used for this engagement was limited to inquiries, examination of documents, observations, analytical procedures, on-site visits, and trend analysis.

Introduction

The Department of Public Health, Environmental Health Section is responsible for protecting the public's health by providing inspection services related to several areas including Food Inspection, Child Lead Abatement, Water Well/Septic Waste, Public Swimming Pools, and Body Art Facilities. The Environmental Health Unit performs approximately 6,000 inspections per year on all environmental health programs.

During Fiscal Year 2011, 5,211 inspections were attributed to food establishments, 565 to pool inspections, and 55 to body art facilities. Some inspection types are mandated to be performed by the county on an annual basis. Other inspection types are strictly complaint driven and only performed when requested.

The Environmental Health Section currently is responsible for performing 11 types of public health inspections which consist of: Food Inspection, Body Art Facilities, Public Swimming Pools, Beach Monitoring, Child Lead Abatement, Water Wells, Child/Adult Day Care Facilities, On-Site Sewage, Drinking Water, Smoke Free Air Law, and Campgrounds.

Summary of Issues:

We determined there are six (6) areas of concern and recommendations related to Environmental Health inspection operations. Five (5) of the recommendations are considered to be operational and design control deficiencies which are classified as relatively low risk, and one (1) recommendation is classified as a significant deficiency which is classified as medium risk and could have an immediate negative impact on Environmental Health operations. See the appendix for a definition of the various types of deficiencies.

We held a closing conference and discussed the findings and recommendations with management and they agreed with all of the recommendations.

We did find areas within the inspection management processes and procedures that could be strengthened, including ensuring: (a) there is an adequate rotation of inspectors for food establishments; (b) update of their computer technology; (c) update their policies and procedures to ensure follow up inspections for body art facilities are conducted in a timely manner; and, (d) ensure compliance with the State Statute on processing plan reviews within 30 days.

In our opinion none of these findings rose to the level of high risk and management stated they are already in the process of addressing the findings noted in this report.

Noteworthy Accomplishments

- The Environmental Health Section has established performance metrics to measure compliance with mandated state requirements and ensure continued accreditation.
- The Environmental Health Section has completed all accreditation requirements as mandated by the State of Michigan for environmental health inspections.
- Based on our recommendations, management has already begun to initiate changes to their standard operating procedures manuals (SOP).
- We were able to verify that all inspectors have completed the required training for the various inspection types.
- Environmental Health management team utilizes a database management system to track and record food inspections and is exploring technology enhancements to the inspection process.
- In accordance with Food and Drug Administration (FDA) guidelines, the department performs evaluations at a frequency level based on risk categories of high, medium or low. The utilization of this approach provides assurance that the inspectors are conducting inspections at a higher frequency at those establishments that pose the greatest risk.

Conclusions Reached

In summary we determined the following:

1. In fiscal year 2010-2011, the estimated minimum number of food inspectors based on the number of food establishments in Wayne County to remain compliant with the Michigan Department of Agriculture (MDA) staffing recommendations was calculated to be 17.5 food inspectors (8,051 food inspections divided by 460=17.5 FTE).
2. Based on work performed we believe a minimum of 23 FTEs are required to operate environmental health programs and at least 19 FTEs will need to be designated as food inspectors in order to remain compliant with the MDA staffing recommendations based on 3,722 food establishments located in Wayne County.
3. At present, the fiscal year 2011- 2012 is budgeted for 20 food inspectors which we believe is adequate to remain compliant and address any environmental safety risk.
4. The average number of hours for the inspection of all food establishments, including follow-ups and vending machines range between two - three hours, which does not include travel and administrative functions. Based on our analysis of the number of inspections completed over the last five years by adding travel time, administrative functions, and plan reviews we have concluded that each food establishment and plan review takes on an average of five hours to complete and re-inspections average one hour or less.
5. Using FDA guidelines we concluded each food inspector has a minimum of 1,560 hours (2,080 x 75%) on an annual basis available for food inspections, and each inspection plus plan review averages about 5 hours; therefore, dividing 1,560 hours by 5 hours per inspection and plan review, equates to 312:1 for food inspections and plan reviews on an annually basis.
6. The average annual revenue that can be generated per food inspector is \$149,136 (312 x \$478 average fee per food inspection); therefore, the average revenue generated for food inspections is approximately \$2,833,584 (149,136 x 19 FTE).
7. The average cost per inspection in Fiscal Year 2011 was \$463 (\$3,729,958 divided by 8,051 number of inspections).
8. The average direct salary and fringe cost per inspector is estimated at \$65,740 (\$38,000 x 1.73%).
9. Overhead/chargeback costs being allocated to Environmental Health Section is at 42 percent - which may not be reasonable and comparable to national averages. We determined administrative overhead costs to be approximately 24 percent and charge backs to be 18 percent for a total of 42 percent for the fiscal year 2012 based on Fiscal Year 2012 second quarter projections.

In our opinion, The Wayne County Department of Public Health is complying in all material respects with applicable state laws, county resolutions and ordinances, departmental policies and

procedures, and is performing the required health inspections as mandated by the State of Michigan.

REPORT DETAILS

PURPOSE / OBJECTIVE

At the request of the Wayne County Commission, we conducted an attestation compliance engagement for the Department of Public Health – Environmental Health – Inspection Processes. The purpose of our review was to determine the department’s compliance with mandated state statutes, county resolutions and ordinances, and departmental policies and procedures. We also reviewed the performance metrics used by management in evaluating the effectiveness of inspection processes.

Our objectives for this engagement were to: (1) review compliance with applicable state laws, county resolutions and ordinances, and departmental policies and procedures as it relates to public health inspections; and, (2) assess the adequacy of the performance related to health inspections.

SCOPE

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

The scope of this engagement focused primarily on Environmental Health’s compliance with applicable state laws, county ordinances and resolutions and departmental policies and procedures and the environmentalist staffing levels required by regulators to remain compliant based on the number of food establishments located in Wayne County. The scope of our work encompassed the period October 1, 2010 – March 31, 2012. The fieldwork for this engagement was substantially completed on August 1, 2012.

METHODOLOGY

To address the objectives outlined for this engagement, we interviewed personnel from Environmental Health, as well as other county officials to acquire an understanding of Environmental Health's inspection processes. We reviewed other procedures including, but not limited to, tracking, inspection record keeping, and monitoring of inspector performance.

In addition, we reviewed applicable state laws, county ordinances and resolutions, and department policies and procedures. We also assessed the recording of financial transactions into the county's general ledger system and reviewed other relevant documents as deemed necessary.

Finally, we met with Environmental Health management and staff to discuss our findings and obtain their input and their concurrence with the report's findings and recommendations.

BACKGROUND

The Environmental Health Section is responsible for inspecting all retail food establishments, Body Art Facilities, Public Swimming Pools, and Child/Adult Day Care Facilities operating in Wayne County. The Food Safety Unit also reviews build-out plans and conducts pre-operational inspections for new and remodeled food establishments.

In addition, the Food Safety Unit investigates complaints of food borne illness and unsanitary conditions, provides certified food manager classes, and conducts food safety training and certification for food establishment managers.

In the table below we have summarized the programs along with a description of each, the required inspection rate, number of establishments in FY 2011, and the number of inspections completed in FY 2011.

Environmental Health Programs Requiring Inspections
FY 2011

Program	Description	Inspection Rate	Establishments In FY 2011	Inspections FY 2011
Food Safety Unit	The unit provides periodic food establishment inspections of businesses located in Wayne County excluding the city of Detroit. The unit represents approximately 90 percent of all Public Health Inspections.	Every 6 months-unless low risk, then annual	3,862	8,051
Body Art Facilities	Program prevents infections, illnesses and disease transmission through monitoring, education and enforcement in licensed body art facilities. New or renovated body art facilities must be approved through the Wayne County Health Division Plan Review Process.	Annual	55	55
On-Site Sewage/Septic	Issues new or repair permits for installation of septic systems. Performs inspections of septic system installations for both new and repaired systems.	By Request	N/A	63
Public Swimming	Inspects licensed public swimming pools for safety and water quality. Swimming pools include those that are utilized within parks, schools, motels, camps, resorts, apartments, clubs, hotels, mobile home parks and subdivisions.	Annual	565	565
Public Beaches	Monitored for bacteria levels at least weekly and results are given to the municipalities in which the beaches are located.	Annual plus samples At a minimum – 16	7	175*
Adult/Child Day Care Facilities	Establishments licensed by the Michigan Department of Human Services. Wayne County Department of Public Health conducts Environmental inspections.	Annual	73	73
Drinking Water	Performs site evaluations for new well construction. Issues well permits for home use as well as irrigation wells. Inspects wells to make sure they are properly abandoned or when home has been connected to municipal water system. Monitors any Type II wells in Wayne County.	By Request	N/A	33
Child Lead Safety	Program investigates any suspected cases of lead poisoning.	By Request	N/A	100
Campgrounds	Inspection of four campgrounds located within Wayne County.	Annual	4	4

*The number of bathing beach water samples collected.

Local Public Health Operation (LPHO) funds which are a component of the Comprehensive Planning, Budgeting and Contracting agreement (CPBC) between the Wayne County

Department of Health and Community Services and the State of Michigan, covers the following public health programs:

- Food Safety
- Lead Inspection
- Body Art
- Swimming Pools
- Child/Adult Care Facilities
- Water Wells
- Beach Monitoring

The state could reduce LPHO funding if the Michigan Department of Agriculture (MDA) “minimum program requirements” are not met by the county’s program. Through FY 2011, the county has met all program requirements for MDA accreditation. As shown in the table, all required inspections were performed in FY 2011. In addition to LPHO funding, the program receives revenue from license fees received with the food service applications, fees for conducting plan reviews, and for providing training to food service managers.

Each program within Environmental Health are allocated two types of overhead costs: Health Administrative overhead that is charge to all Public Health units and an Environmental Health Administrative overhead that is charged to only Environmental Health units. The overhead costs are allocated to the various units using a percentage of the total salaries and fringes.

The administrative overhead costs being allocated to the Environment Health program in fiscal year 2011-2012 is 48% of total expenditures, which may or may not exceed national averages. However, the objective of this engagement was not to examine the reasonableness of the allocation of overhead cost to this program.

COMPLIANCE WITH LAWS, ORDINANCES AND RESOLUTIONS, AND DEPARTMENTAL POLICIES AND PROCEDURES

Objective #1 - Determine compliance with state laws, county ordinances, resolutions, and departmental policies and procedures.

Conclusion

We reviewed applicable state laws (mandates), county ordinances and resolutions, and departmental policies and procedures for inspections conducted by the Department of Environmental Health. Using this mandated criteria we selected samples of records for most of the inspection types conducted by the department and compared them to regulatory requirements in order to determine compliance with the mandated criteria.

Environmental Health management is responsible for ensuring compliance with all applicable laws, resolutions and ordinances along with county policies and procedures. Based on our

examination, we found that inspections were being conducted by Environmental Health in compliance with applicable mandates with the exception of one area of non-compliance related to plan reviews. State law mandates all plan reviews have initial contact made within 30 days of receipt of the application; however, this was not always taking place. We also noted some other areas that could be strengthened.

PLAN REVIEW INSPECTION NON-COMPLIANCE

Condition

As mandated by the MDA, the county's Department of Environmental Health must make contact with the applicant, within 30-days of application submission. To determine compliance, the audit team obtained a list of all plan reviews completed by the Wayne County Environmental Health Section, from October 2010 through April 12, 2012. For our test work, we focused our efforts on plan review applications submitted from January 2011 – April 12, 2012, which totaled 178 plan reviews.

From these 178 plan reviews submitted, we reviewed all plan reviews that were initiated by the Environmentalist after the 30-day due date. The audit team took into account the exclusion of weekends and holidays when calculating the number of days that lapse before plan review response. Of the 178 plan reviews, 10, or 6 percent, were not initiated until an average of 2 - 4 days after the 30-day due date. In addition to the 10 plan reviews not in compliance with the 30 day requirement, as of April 12, 2012 there was a backlog of seven (7) plan reviews still pending. Management stated this backlog was resolved in May 2012.

Based on our observations and discussions, there appears to be an excessive amount of time spent on providing consulting services to customers who request help with their plan reviews. A sign is posted at the front counter which directs business owners to make an appointment for plan reviews with an environmentalist. Management indicated that this is not always done. In addition, the county currently has a new fee structure which includes a fee for extensively revised plan reviews that may be necessary.

Criteria

The plan review process requires the submission of plans and specifications for approval by the local health department before starting construction or major remodeling of a food establishment. This is required to ensure the proposed construction plans adhere to state and local building codes, and to obtain licensure for a food establishment. As mandated by the MDA, agencies conducting plan reviews must complete the review within 30 business days of receiving complete plans from applicants.

Best business practices indicate that allocating costs as a fee for services performed helps ensure that costs are recovered for services performed which will result in the need for less general fund support.

Cause

According to Environmentalists, due to the increase of a number of individuals seeking to enter the food service industry with little or no experience, they have to perform more consultation type work for new businesses seeking plan specification approval. Also, according to management officials, environmentalists are not always requesting the owners to make an appointment for consulting on plan reviews and thus are spending time that could be used to complete other environmental health inspections.

Consequences

Failing to complete plan reviews within the required time period results in the Wayne County Department of Health not being compliant with the Michigan Department of Agriculture that requires a 30-day plan review, and/or an initial response to the applicant within that timeframe. Also, this has resulted in a backlog and business owners expressing complaints concerning the postponement of construction and/or the opening of their business.

In addition, not enforcing office hours for consulting on plan reviews prevents the county from capturing potential additional revenue and reduces the time spent by inspectors where they could be assigned to complete other environmental health inspections.

Recommendation 2012-01 – Significant Deficiency

We recommend Environmental Health management consider the following:

(A) Re-assigning more staff to review plans in order to eliminate the backlog and come into compliance with the MDA statutory requirements. In addition, assess staffing levels and establish a policy to ensure that plan review applicants are contacted within the mandated 30 day time frame in the future, and ensure that documentation is included in the file supporting the communication; and,

(B) Formally establish procedural guidelines as to circumstances warranting additional plan review time and reinforce the policy for specific office hours for business owners to schedule time for consultation regarding these reviews.

Views of Responsible Officials

We spoke with management of the Environmental Health Section, to discuss the issue of non-compliance with MDA regulations. Both the audit team and management reviewed each of the ten (10) plan review files that were noted as an exception, to confirm that the initial contact with applicants did in fact occur after 30 business days.

Through discussion with a plan review environmentalist, it was stated that plan review applicants are receiving initial contact from the Department of Environmental Health through e-mail, versus physical mail. This form of communication helps decrease the time needed to contact plan review applicants for application discussions, requests for more documentation, etc.

However, during the physical review of the files, neither the audit team, nor management, was able to locate supporting documentation of initial contact within the 30 business day timeframe mandated by the MDA.

Management of the Environmental Health Section acknowledged this deviation from regulation, and stated that this could possibly jeopardize loss of accreditation for the department to receive state funding for food service programs. Management stated they plan to have a discussion with each plan review environmentalist and explore remedial action to correct this deficiency.

FORMALIZE POLICIES AND PROCEDURES ON BODY ART INSPECTIONS

Condition

We randomly sampled 25, or 46 percent, of the licensed body art facilities, from a total population of 55. Based on our review of body art facility inspection files, we satisfactorily determined that body art inspections are being conducted on a continual basis, as required by the State of Michigan Public Act 375. However, during the review, it was noted that no formalized set of policies and procedures exist for body art inspections.

Although the Act does not specifically require follow-up inspections be performed, it is noted that department inspectors recommend and conduct follow-up inspections on critical and non-critical violations.

Criteria

Michigan Department of Community Health and local and state regulations require an inspection of all body art facilities requesting an annual license renewal. A facility cannot perform tattooing, branding, or body piercing without possessing a valid Body Art Facility License, issued by the Michigan Department of Community Health.

Cause

According to Environmental Health management, they are currently in the process of completing a formalized set of policies and procedures for inspections and follow-ups for body art facilities.

Consequences

Not formalizing a set of policies and procedures could result in a lack of uniformity and consistency in addressing critical violations, resulting in a public health risk.

Recommendation 2012-02 – Design Control Deficiency

We recommend the Environmental Health Management formalize written policies and procedures for the inspection and follow ups for body art facilities.

Views of Responsible Officials

Management concurs with this recommendation.

ADEQUACY OF PERFORMANCE

Objective #2- Assess the Adequacy of the performance related to health inspections.

Conclusion

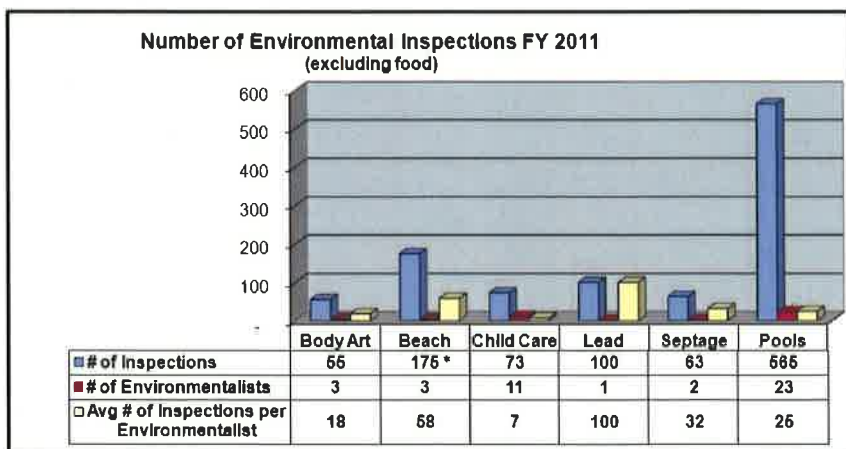
We reviewed records for environmental health inspections conducted over a three year period to assess the adequacy of the performance related to health inspections. We also reviewed the inspections conducted for a sample of 20 food establishments during this period. Based on our review, it appears that Environmental Health is performing all the required inspections. Overall, we concluded the department has adequate processes and procedures in place over the monitoring of the performance of public health inspections conducted. However, we noted some areas that could be strengthened.

NUMBER OF INSPECTIONS COMPLETED

Environment Health Inspections other than Food

The Department of Environmental Health currently has a staff of 4 full time equivalents (FTE) that perform inspections in the following categories: Lead Abatement, Public Swimming Pools, Body Art, Adult/Child Care facilities, Septic Waste, Water Wells, and Beach Monitoring.

For FY 2011, the department performed approximately 1,031 inspections in the major inspection areas other than food safety. Below is a graph depicting the number of other major non-food inspections completed during the past fiscal year, the number of environmentalists performing those inspections, and the average number of inspections per inspector.

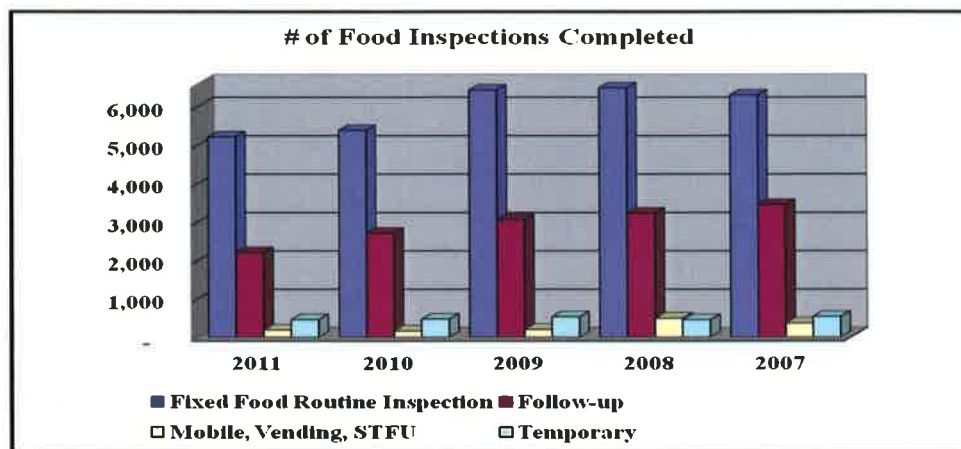


*Number of Water Samples Collected

Food Inspections

As part of our review of the department's performance measures, 89 percent of the inspections performed by the department are related to food inspections. Consequently, we reviewed the number of food related inspections conducted over a five year period from 2007 to 2011. As shown in the table below, we noted a decrease in the number of food inspections being conducted over the five year period. We also noted a proportionate decrease in the number of food establishments over the same period. Therefore, the number of inspectors in the food unit decreased from 19 in 2007 to 17.5 in 2011.

Currently in fiscal year 2012, there are 3,722 food establishments and the number of inspectors are budgeted at 19 FTEs, which also include those performing plan reviews.



Inspection Type	2011	2010	2009	2008	2007
Fixed Food Routine Inspection	5,211	5,384	6,432	6,493	6,300
Follow-up	2,199	2,706	3,057	3,230	3,448
Mobile, Vending, STFU	185	161	202	491	365
Temporary	456	469	528	454	536
Total Food Inspections Completed	8,051	8,720	10,219	10,668	10,649
Number of Inspectors (Per MDA Report)	17.5	17.5	21	19.5	19
Avg. Number of Inspections Per Insp.	460.06	498.29	486.62	547.08	560.47
* On-Site Hours per Inspection	3.3	3.1	3.2	2.9	2.8

* (Total available hours - 1,560 x # of inspectors divided by number of inspections)

Calculations of Staffing Levels per FDA guidelines

The Food and Drug Administration (FDA) States: “A staffing level of one full-time equivalent (FTE) devoted to food for every 280 – 320 inspections performed. Inspections for purposes of this calculation include routine inspections, re-inspections, complaint investigations, outbreak investigations, compliance follow-up inspections, risk assessments reviews, process reviews, variance process reviews and other direct establishment contact time such as on-site training.”

The standards include a recommendation that 8 to 10 hours be allocated for each establishment per year to include all the activities reflected here in the definition of an inspection. The range of 280-320 broadly defined inspections per FTE is consistent with the 1976 Food Service Sanitation Manual that included two evaluations per year.

It further states a process should exist for the regulated food establishments to be grouped into at least three categories based on food safety risk. The number of inspections assigned per FTE should be adjusted within the 280-320 range depending upon the composition of low to high risk establishments in the assigned inventory. When an FTE is divided between program areas, the total number of food inspections planned for that FTE should be adjusted to compensate for the additional training time required to maintain competency in multiple program areas. An adjustment of planned inspections per FTE should also occur when food establishments are geographically dispersed due to increased travel time.

Management stated Wayne County had a program inspection ratio of 316: 1 for inspections per assigned Food Program FTE. The actual ratio based on the average number of inspections conducted was calculated to be 460:1 (8,051 divided by 17.5 Food Safety Inspectional staff) during the fiscal year 2011.

Management stated they are budgeted in fiscal year 2012 for 23 environmental health inspectors and their current staffing level is at 20. Three of those inspectors spend a majority of their time on plan reviews and the FDA inspector ratio does not include plan review.

In addition, four other inspectors spend the majority of their time on neighborhood service programs. Therefore, a total of 16 environmental health inspectors spend the majority of their time conducting activities that fall under the FDA staffing guidelines for food safety unit inspectors.

Performance of Risk Assessment

Management informed us that they utilize the FDA recommended risk based inspection approach to plan, schedule, and perform food inspections. The FDA regulations encourages food establishments be grouped into at least three categories based on food safety risk. Inspections should be assigned per FTE in the 320-280 range depending upon the composition of low-high risk establishments in the assigned inventory.

Calculations of Staffing Levels - MDA guidelines

FY 2011 – Environmentalist Staffing Level Structure

Using the staffing level standards management provided, the MDA provided the following formula for staffing levels based on reports submitted: total licensed food Service Establishments less Temporary Food Establishments (TFE) divided by 225 inspections per inspector and the number of TFE divided by 300 inspections per inspector.

Therefore, using MDA guidelines, the staffing level for fiscal year 2011 would be:

Minimum staffing – $(3862 \text{ divided by } 225) \text{ plus } (456 \text{ divided by } 300) = 17.2 + 1.5 = 18.7$

Recommended staffing – $(3862 \text{ divided } 150) \text{ plus } (456 \text{ divided by } 300) = 25.7 + 1.5 = 27.2$.

Management further stated there are currently 3,722 licensed restaurants, including vending machines in Wayne County.

Therefore, using FDA guidelines, the staffing level for fiscal year 2012 would be:

Minimum staffing – $(3,722 \text{ divided by } 225) \text{ plus } (450 \text{ divided by } 300) = 16.5 + 1.5 = 18.0$

Recommended staffing – $(3,722 \text{ divided by } 150) \text{ plus } (456 \text{ divided by } 300) = 24.8 + 1.5 = 26.3$

FY 2012 – Environmentalist Staffing Level Structure

Based on staffing levels recommended by the MDA the program has 23 FTE budgeted environmentalist positions and the breakdown is as follows:

- 19 FTEs are primarily responsible for conducting food inspections and plan reviews for restaurants.
- 4 FTEs are assigned to risk assessment for lead paint hazards, body art inspections, water sample collection at public swimming pools, nuisance complaint investigations, onsite well permits and inspections, and the FDA tobacco inspection program.

Calculations of Staffing Levels - OAG Analysis

Based on the work performed we estimate an average food inspection takes approximately five hours and each inspector has approximately 1,560 hours $(2,080 \times 75\%)$ of work hours each year after reduction for sick, vacation, and training.

Using this approach, we believe each food inspector can perform at least 312 inspection (1,560 divided by 5 hours per inspection - three hours onsite inspection and two hours travel and paperwork) on an annual basis, which includes plan reviews.

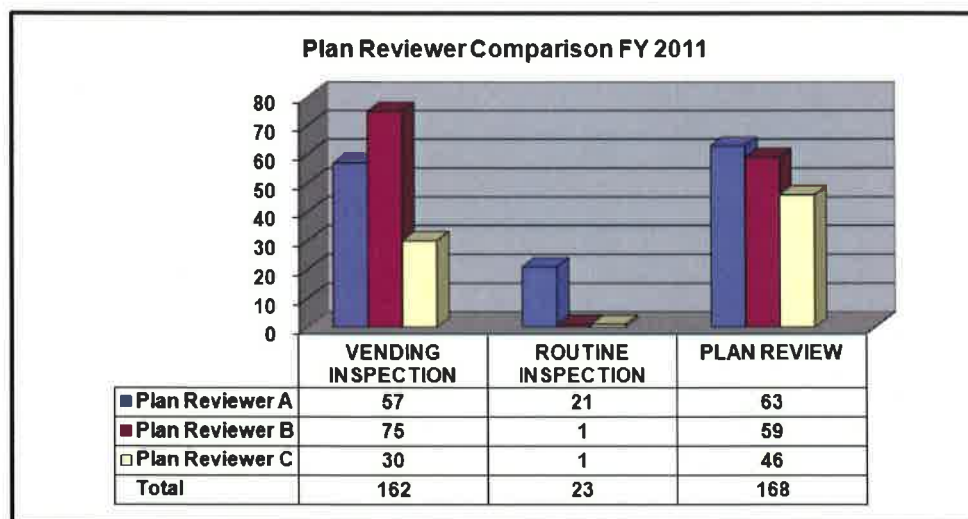
For fiscal year 2011, there was a total of 6,292 inspection $(8,051 - 2,199 \text{ plus } 2,199 \times 20\% = 5,852 + 440 \text{ for re-inspections})$ completed which calculates to be 312 inspections per inspector (312:1 ratio). Therefore, we believe 20 food inspector can perform at least 312 inspections $(1,560 \text{ divided by } 5 \text{ hours per inspection})$ on average annually, which include plan reviews. (This calculation assumes an inspection takes about 5 hours and re-inspections take on average 1 hour to complete = 20%).

Therefore, we believe 20 FTE (6,292 divided by 312) are capable of performing at least 6,240 food inspections and plan reviews on an annual basis.

Consequently, based on the number of inspections performed in fiscal year 2011 and the number of food establishments for fiscal year 2012, we believe the adequate number of environmentalist inspectors necessary to remain compliant with state regulations and operate the Environmental Health Program is 23-24 FTE; 20 food inspectors and 4 other environmentalist inspectors. As previously stated, the Environmental Health Program currently has 23 FTE environmentalist inspectors budgeted for FY 2012.

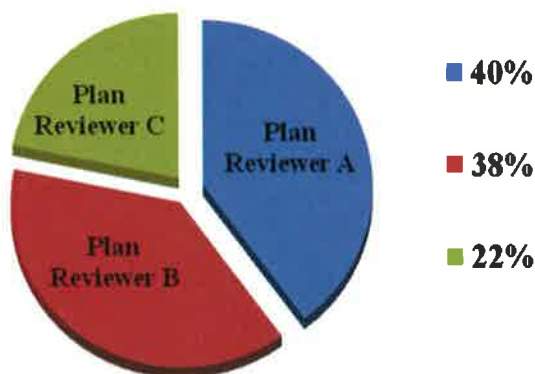
Plan Reviews

Because we had identified a backlog with the performance of Plan Reviews we performed a more in-depth analysis to determine possible reasons why. For FY 2012 there are 3 individuals responsible for Plan Reviews. This is a result of two environmentalists being displaced from October 2011 through May 2012. The plan review staff also assisted with routine inspections. These three individuals are also responsible for vending inspections. During this period, we noted there was a total of 168 plan reviews performed along with 162 vending inspections, and 23 routine inspections. We were then able to breakdown the number of inspections by inspector as shown in the following graph.



During our analysis of the number of reviews being done by the three plan reviewers, we determined that the inspections weren't being conducted on an equitable basis between the three staff. A plan reviewer completes vending inspections, routine inspections and does plan reviews. For FY 2012, Plan reviewer A completed 40 percent of the total, Plan Reviewer B completed 38 percent and Plan Reviewer C completed 22 percent as shown in the graph below:

Plan Review Comparison Percentage of Inspections FY 2011



When we brought this to the attention of management, they indicated that plan reviewer C was a union steward and that some of his time could be accounted for performing union related activity. Based on our review of the time and activity log, we determined that this individual does spend approximately 10 percent of their time performing union activities. In addition, we confirmed with management that this individual does not record his time in the county's payroll system as union activity when he is performing union work.

Recording Union Time Activity In County's Payroll System

Condition

One of the full time environmentalists is also a union steward. The collective bargaining agreement allows for the performance of union related activity. However, the time spent on union related activity is not being recorded as such within the county's payroll system.

Criteria

According to officials in the Wayne County Personnel/Human Relations department, the collective bargaining agreement requires county employees performing union related activities during normal working hours to account for this time within the county's payroll system for accountability and transparency purposes.

Cause

Environmental health management stated that they track how each employee spends their time on their activity logs; however, they were not aware of the requirement that employees performing union related activity reflect this within the county's payroll system.

Consequences

Not accounting for union related activity within the county's payroll system could result in transparency and accountability issues related to employees failing to fully account for their time during each work day.

Recommendation 2012-03 – Operational Control Deficiency

We recommend Environmental Health management ensure that all employees' time sheets are consistent with their activity logs and those employees performing union functions need to report time spent related to union activity within the county's payroll system and have it properly reviewed and approved.

Establish Regular Rotation Of Food Inspectors

Condition

The Department of Environmental Health performs annual inspections of food establishments within Wayne County. However, the department does not have a regular rotation of its inspectors between the assigned areas. The last rotation of field inspectors to other food areas was during FY 2010. Moreover, the department has no policies and procedures outlining the rotation of inspectors on a regular basis.

Criteria

Best practices suggest a regular schedule of rotation for inspectors between food establishment facilities being inspected is one way to mitigate the risk that collusion or fraud may occur with vendors.

Cause

Management agreed that this could be an area of risk. Management also stated that the last rotation of food program inspectors took place during FY 2010. They indicated that they do not have any formal policies and procedures that requires inspectors be rotated.

Consequences

Not having health inspectors rotating on a regular basis could lead to violations not being identified due to complacency or favoritism. This could ultimately result the public being at risk for illness.

Recommendation 2012-04 - Operational Control Deficiency

We recommend that Environmental Health Management establish a formal set of policies and procedures requiring the rotation of the food inspectors on a one or two year interval basis.

Views of Responsible Officials

Management agrees with this issue and recommendation.

Implement Better Technology For Inspectors

Condition

Based on discussions with Environmental Health management, we noted the food inspectors do not always have the proper devices to record their work. Specifically, they rely on older laptops to record the inspection results and do not always have printers in the field. This forces the inspectors to complete some of their reports manually and could contribute towards a longer inspection time.

We obtained information regarding the technology implemented by three of the surrounding counties. Based on discussion with an environmental supervisor with Oakland County, it was stated that Oakland County utilizes touch screen tablet with WIFI capabilities. This allows their inspectors to upload inspection reports in real time to their central database and thus significantly reduces the amount of time preparing reports in the field. We also obtained information from Kent County, Michigan and found they use the same system as Wayne County. However, they use a handheld signature device compatible with their software which makes it more efficient and cuts down on paper costs.

Criteria

Best Practices has demonstrated that utilizing technology to complete manual tasks assists in streamlining operations, decreases the number of inspectors and allows the department to meet the inspection quote that is required for accreditation.

Cause

Management stated the current laptops used by their department are older and are not WIFI compatible. However, management indicated that they would be interested in exploring other options to improve overall inspection efficiency.

Consequences

Not having the proper equipment to record inspections, in conjunction with a decrease in the number of inspectors, could lead to a backlog in the number of inspections conducted and put the county at risk of failing accreditation.

Recommendation 2012-05 – Control Deficiency

In order to help protect the public's health, along with increasing the efficiency of field inspections, we recommend Environmental Health management explore procuring new technology equipment for field inspectors, similar to the devices being used by Oakland County that will assist them in streamlining the inspection process.

Views of Responsible Officials

Management concurs with this recommendation.

FINANCIAL ACTIVITY

Our review of the financial information as provided by Health & Human Services-Finance indicated that expenditures are projected to exceed revenue in fiscal year 2012 by almost \$150,000 as shown below. Based on the projected deficit, the department did submit a deficit elimination plan that was approved by Management and Budget and the Commission.

Based on FY 2011 financial data we determined the average cost per inspection for FY 2011 to be \$812 per inspection (\$6,535,473 divided by 8,051). The average direct cost for a food inspector is \$65,740 (\$38,000 x 73% fringes).

Environmental Health Summary of Revenues and Expenditures Fiscal Years 2010 – 2012

	FY2010 Actual	FY 2011 Budget	FY 2011 Actual	FY 2012 Budget	FY 2012 2nd Qtr Projections
Revenues	\$6,513,925	\$6,944,922	\$5,258,009	\$5,820,243	\$6,262,821
Expenditures	\$8,066,674	\$6,944,912	\$6,535,473	\$5,820,243	\$6,412,707
Surplus/(Deficit)	(\$1,552,379)	\$10	(\$1,277,464)	\$0	(\$149,886)

Our analysis of the revenue for Environmental Health indicates an overall increase in revenue of \$1 million based on FY 2012 projections. The Environmental Health's primary funding is from State grants, licenses, and other fees collected from food establishments; the county's general fund provides supplemental support to cover any program deficits as shown below:

**Environmental Health
Analysis of Revenues
Fiscal Years 2010 – 2012**

	FY2010 Actual	FY 2011 Actual	FY 2012 2nd Qtr Projections	Increase/(Decrease) Between FY 2011 and FY 2012
Inspection, Permits, and Plan Review Fees	\$1,236,998	\$1,236,159	\$2,427,400	\$1,191,241
Other Revenue	\$3,742,442	\$3,206,531	\$2,355,734	(\$850,797)
General Fund	\$1,534,485	\$815,319	\$1,479,687	\$664,368
Total Revenue	\$6,513,925	\$5,258,009	\$6,262,821	\$1,004,812

Projected fee collections this year are budgeted at approximately \$2.4 million which is based on the second quarter projections. The amount attributable to the Food Inspection Program is \$1.9 million. As a result of the increase in fees, the amount generated for services will be \$1.2 million more than fiscal year 2011. Of the \$1.2 million, an increase in the food inspection fees accounts for \$1.1 million.

While overall revenues based on fee collections for the Environmental Health programs were an additional \$1.2 million over last year, overall expenditures are projected to decrease to \$6.4 million, or \$122,766 less than fiscal year 2011. The increase in personnel costs is primarily the result of an increase in salaries in the Food Inspection unit as well as increases in hospitalization and pension costs.

Fee Structure

We reviewed the most recent fee study prepared by Maximus Consulting Services, Inc. and concluded that the report provided value and resulted in an increase of \$1.1 million in fees projected for the fiscal year 2012.

On average, in FY 2012 each food inspector is capable of generating \$149,136 in inspection fees (312 x \$478 average fee per food inspection). Therefore, estimated revenue to be generated from food inspections is determined to be approximately \$2,833,584 (\$149,136 x 19 FTE) on an annual basis.

The sources of total program revenue based on the fiscal year 2011-2012 approved budget are derived from the following sources: license, fee and permits - 39%; grants and other revenue - 38%; and, support from the general fund 23%.

**Environmental Health
Analysis of Expenditures
Fiscal Years 2010 – 2012**

	FY2010 Actual	FY 2011 Actual	FY 2012 2nd Qtr Projections	Increase/(Decrease) Between FY 2011 and FY 2012
Salaries & Fringes	\$3,027,715	\$2,486,322	\$2,852,541	\$366,219
Chargebacks	\$1,028,587	\$1,021,393	\$1,213,591	\$192,198
Overhead	\$1,639,063	\$1,577,263	\$1,507,574	(\$69,689)
Other Expenditures	\$2,371,310	\$1,450,496	\$839,000	(\$611,496)
Total Expenditures	\$8,066,675	\$6,535,474	\$6,412,706	(\$122,768)

Salaries & Fringes

In Fiscal Year 2012 the Environmental Health unit had 36 positions. This is a decrease of 3 positions from Fiscal Year 2011. The following table provides a breakdown of the positions by type:

**Environmental Health
Positions
FY 2011 – FY 2012**

	FY2011 Positions	FY 2012 Positions	Increase/(Decrease) Between FY 2011 and FY 2012
Inspectors	23	20	(3)
Administrative Support	6	4	(2)
Total Positions	29	24	(5)

Condition

The components that comprise total program expenditures based on the fiscal year 2011-2012 approved budget consist of the following categories: salaries and fringes - 44%; administrative cost – 24%; and, charge backs – 19% for at total of 42%; and other program expenses 13%.

The overhead\chargeback expenditures represent 46% of the total expenditures for the food program.

Criteria

Best Business Practices in the Governmental/Non-Profit environment dictate that administrative cost normally should range between 20 – 30% of total program expenditures.

Cause

Each program within Environmental Health are allocated two types of overhead costs: Health Administrative overhead that is charge to all Public Health units, and an Environmental Health Administrative overhead that is charged only to the Environmental Health units. The overhead costs are allocated to the various units using a percentage of total salaries and fringes.

Consequences

Administrative expenses that exceed industry averages could be viewed as inequitable and lead to creating deficits in the Environmental Health unit.

Recommendation 2012 – 06 – Operational Control Deficiency

Management and Budget should review the overhead/chargeback cost being allocated to the Department of Environment Health to determine if it is reasonable and consistent with national average of administrative costs to operate similar food programs.

Noteworthy Accomplishments

- The Environmental Health Section has established monitoring of inspectors performance in order to continue compliance with mandated state requirements and ensure continued accreditation;
- The Environmental Health Section has completed all accreditation requirements as mandated by the State of Michigan for environmental health inspections.
- Based on our recommendations, management has already begun to initiate changes to their standard operating procedures manuals (SOP).
- We were able to verify that all inspectors have completed the required training for the various inspection types.
- Environmental Health management team utilizes a database management system to track and record food inspections and is exploring technology enhancements to the inspection process.
- In accordance with FDA guidelines the department performs risk assessments to schedule the prioritizing of inspections based on food safety risk. The utilization of this approach provides assurance that the inspectors are being assigned to those establishments that pose the greatest risk.

Based on our review of inspections performed by the Department of Environmental Health, we noted the department, overall, is in compliance with all applicable state statutes, county policies and procedures, and departmental policies and procedures.

In addition, based on work performed we believe the environmental staffing level should be at least 23- 24 environmentalists in order to remain compliant with the regulatory agencies based on the number of establishments located in Wayne County.

However, we noted one area of non-compliance with a mandated state statute concerning plan reviews conducted for food service establishments. The department has adequate policies and procedures to ensure compliance with all applicable laws, ordinances and resolutions. The department needs to look for ways to bring costs in line with revenues and decrease dependency upon general fund support.

We also noted some areas within the environmental health inspection processes and procedures that could be strengthened, including ensuring: (a) establishment of rotation of food inspectors on a regular basis; (b) complete the formalization of policies and procedures to ensure follow up inspections for body art facilities are conducted in a timely manner; and, (c) ensure timely plan reviews are conducted for food establishments.

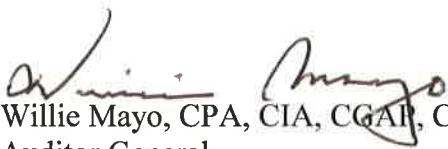
We also found management will need to ensure compliance with the State Statute on processing plan reviews within 30 days.

There were six (6) findings and recommendations related to this report. Five (5) of the recommendations are considered to be operational and design control deficiencies which are classified as relatively low risk, and one (1) recommendation is classified as a significant deficiency which is classified as medium risk and could have an immediate negative impact on Environmental Health operations. Management agreed with all six recommendations and has begun or intends to implement corrective action to address the conditions found.

A corrective action plan will be requested approximately 30 days after this report is formally received 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 of Public Health, Environmental Health officials and is not intended to be and should not be used by another other than these specified parties. This restriction is not intended to limit the distribution of the report, which is a matter of public record.

Sincerely,



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

Appendix

Definition of Various Types of Deficiencies

Definition of Various Types of Deficiencies

Control Deficiency (low risk)

A control deficiency 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.