

Office of Legislative
Auditor General

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April 25, 2012

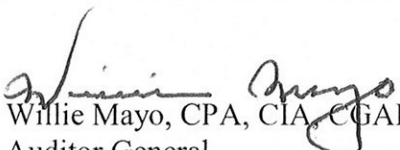
FINAL REPORT TRANSMITTAL LETTER

Honorable Wayne County Commissioners:

Enclosed is the final copy of the Office of Legislative Auditor General's Engagements and Other Projects, Audit/Work Plan, Year 2012 (Plan). The Plan is dated February 15, 2012; DAP No. 2012-57-804. 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 March 6, 2012, and formally received by the Wayne County Commission on March 15, 2012.

If you have any questions, concerns, or desire to discuss the Plan in greater detail, please feel free to contact me 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 Executive

Honorable Robert A. Ficano

County-wide Elected Office Holders

Honorable Raymond J. Wojtowicz, Treasurer

Honorable Kym L. Worthy, Prosecuting Attorney

Honorable Cathy M. Garrett, County Clerk

Honorable Bernard J. Youngblood, Register of Deeds

Honorable Benny N. Napoleon, Sheriff

Honorable Virgil C. Smith, Chief Judge, Third Circuit Judicial Court

Department of Management and Budget

Carla E. Sledge, Chief Financial Officer



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Letter of Transmittal

February 15, 2012

DAP No. 2012-57-804

Honorable Ilona Varga, Chairwoman
Audit Committee, County Commission
County of Wayne, Michigan
500 Griswold Street, Suite 756
Detroit, Michigan 48226

Re: Engagements and Other Projects, Audit/Work Plan, Year 2012

Dear Chairwoman Varga:

I, along with the staff of the Office of Legislative Auditor General (OAG), are honored and pleased to provide for your consideration the enclosed report on Engagements and Other Projects, Audit/Work Plan, for Year 2012 (Plan). The attached plan or listing is provided in accordance with the Performance Standard – 2010, *Planning*, of the International Standards for the Professional Practice of Internal Auditing, issued by the Institute of Internal Auditors.

This standard, along with best practices for professional internal auditing, requires internal audit organizations to submit their annual audit engagement plan to their oversight body for acceptance. It also requires the internal audit organization to obtain input from management to ensure their concerns, regarding risk and other factors that could impede the entity from achieving its operational objectives and goals, are considered in developing the annual plan.

The plan, prior to being finalized and transmitted, was shared with county leadership officials in its draft form. We requested input and asked for their views and comments. Nevertheless, the plan as transmitted is largely based on our internal assessment of potential risk to the county across all executive branch departments, offices managed by county-wide elected office-holders, as well as certain component units and agencies of the county.



The plan, which lists 62 engagements, includes audits, consulting, reviews and other engagement types that will be performed in accordance with Generally Accepted Government Auditing Standards (GAGAS) issued by the U.S. Comptroller General and the International Standards for the Professional Practice of Internal Auditing (IIA) issued by the Institute of Internal Auditors.

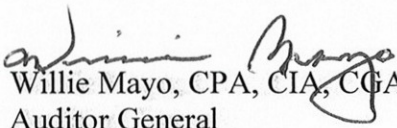
The engagements were selected to assist county leadership and management with better oversight and decision making; improve on the effectiveness and efficiency within county operations; and enhance accountability for resources. In addition, in an effort to further add value to county management and leadership, certain engagements will focus on an assessment of governance, risk management and control activities. The planned engagements will take place within county departments/agencies/divisions, and include component units.

The plan will afford the OAG an opportunity to increase the range of audit/review coverage across the entire county. Based on the results obtained from these engagements, the plan will also allow us to move toward our long-term goal of developing an entity-wide risk management tool.

As with most annual plans of activity, this plan should not be considered static, instead it should be considered dynamic or flexible and able to adapt to changing conditions during the year, if they arise. We will continuously assess the deployment of audit resources throughout the year to ensure they are being utilized in the most effective manner for the benefit of the county, its citizens and users of its services.

In conclusion, I want to assure you that we in the OAG remain motivated and committed to carrying out this plan and fulfilling the mission and purpose for which we were established.

Respectfully submitted,


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

Attachment

Pc: Honorable Gary Woronchak
Honorable Robert Ficano
Honorable Wayne County Commissioners
County-wide Elected Office-holders
Carla E. Sledge

**SUMMARY SCHEDULE OF ENGAGEMENTS AND OTHER PROJECTS
AUDIT/WORK PLAN
YEAR 2012**

Department / Audit Area	Engagements/Projects Scheduled
Children & Family Services *	2
Commission / Legislative Branch	0
Corporation Counsel	0
Office of the County Clerk **	3
Economic & Neighborhood Growth Engine * **	2
Office of the County Executive	0
Health & Human Services * **	6
Homeland Security	0
Management & Budget * ** ^	8
Personnel/Human Resources * **	5
Office of the Prosecuting Attorney **	2
Public Services * **	6
Office of the Register of Deeds	0
Senior Citizens & Veterans Affairs	1
Office of the Sheriff * **	5
Technology **	1
Michigan Judicial Third Circuit Court	0
Office of the Treasurer * **	5
Wayne County Employees Retirement System	0
Wayne County Component Units *	6
Office of Legislative Auditor General ^	10
Total	62

* Denotes project(s) started in 2011 or prior year

** Denotes project(s) listed on 2011 Plan but not started

^Commission requested/approved engagement(s)

**DETAIL SCHEDULE OF
ENGAGEMENTS AND OTHER PROJECTS
AUDIT/WORK PLAN
YEAR 2012**

Department Audit Area / Program (Service)	Proposed		
	Program/Service Area	Objective(s)	Engagement / Product Type Status
<i>Children & Family Services (2)</i>			
Community Corrections *	Alternative Work Force	Identify key risk and assess whether it is being adequately managed / mitigated.	Operational Assessment Review
Community Corrections	Alternative Work Force	Assess Corrective Action taken on identified findings.	Corrective Action Plan
<i>Office of the County Clerk (3)</i>			
General Services**	Vital Services	Assess controls over cash receipts.	Assurance/ Corrective Action Plan
Election **	Campaign Finance	Identify key risk and assess whether it is being adequately managed / mitigated.	Operational Assessment Assurance
Court Services	Victim Restitution	Identify key risk and assess whether it is being adequately managed / mitigated.	Operational Assessment Assurance
<i>Economic Neighborhood Growth Engine (2)</i>			
Community Development Block Grants*	CDBG Projects	Assess Corrective Action taken on identified findings.	Corrective Action Plan
Administration **	Administration	Identify key risk and assess whether it is being adequately managed / mitigated.	Operational Assessment Assurance
<i>Health & Human Services (5)</i>			
Public Health **	HUD Lead Grant	Identify key risk and assess whether it is being adequately managed / mitigated.	Operational Assessment Assurance
Public Health **	Women Infants & Children Food Program	Identify key risk and assess whether it is being adequately managed / mitigated.	Operational Assessment Assurance

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ENGAGEMENTS AND OTHER PROJECTS
AUDIT/WORK PLAN
YEAR 2012**

Department Audit Area / Program (Service)	Proposed		
	Program/Service Area	Objective(s)	Engagement / Product Type Status
Public Health **	Dental Program	Identify key risk and assess whether it is being adequately managed / mitigated.	Operational Assessment Assurance
Public Health *	Smoking Ban Program	Identify key risk and assess whether it is being adequately managed / mitigated.	Operational Assessment Assurance
Human Services	Library Program	Identify key risk and assess whether it is being adequately managed / mitigated.	Operational Assessment Assurance
Management & Budget (8)			
Cash Management/ Accounts Payable**	Accounts Payable	Identify key risk and assess whether it is being adequately managed / mitigated.	Operational Assessment Assurance
Division of Financial Reporting**	Chargebacks 2008-2009	Summarize and assess measures taken to resolve previously conveyed findings/recommendations.	Corrective Action Plan
Division of Financial Reporting ^	Chargebacks FY 2010- FY2011	Evaluate the allocation of chargeback cost in the FY 2010 and FY 2011 budget	Consulting/ Corrective Action Plan
Purchasing *	Procurement – Policies and Procedures	Summarize and assess corrective action management has implemented for outstanding recommendations.	Follow-up
Risk Management *	Procurement of Insurance Contracts	Summarize and assess corrective action management has implemented for outstanding recommendations.	Follow-up
Purchasing *	Ethics Procurement – Policies and Procedures	Summarize and assess corrective action management has implemented for outstanding recommendations.	Corrective Action Plan

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ENGAGEMENTS AND OTHER PROJECTS
AUDIT/WORK PLAN
YEAR 2012**

Department Audit Area / Program (Service)	Proposed		
	Program/Service Area	Objective(s)	Engagement / Product Type Status
Central Accounts Receivable **	Central Accounts Receivable	Summarize and assess corrective action management has implemented for outstanding recommendations.	Corrective Action Plan
Purchasing	Vendor Contracts	Assess procurement, monitoring and compliance with vendor contracts	Attestation
<i>Personnel / Human Resources (5)</i>			
Benefits Administration Division *	Procurement of Insurance Contracts	Summarize and assess corrective action management has implemented for outstanding recommendations.	Follow-up
County-wide **	Independent Contractors	Determine whether the contractual agreements comply with Internal Revenue Codes for Contracted Employees.	Compliance
Benefits Administration Division	Workers' Compensation	Identify key risk and assess whether it is being adequately managed / mitigated.	Operational Assessment Assurance
Benefits Administration Division - County- Wide *	Health Care Allocation	Determine amounts allocated during FY 2010 & 2011 for health care costs.	Analytical Review
Administration Division	Personnel/Payroll	Assess Personnel/Payroll Processing Transactions	Attestation/ Corrective Action Plan
<i>Office of the Prosecuting Attorney (2)</i>			
Special Operations**	Child Abuse Unit	Identify key risk and assess whether it is being adequately managed / mitigated.	Operational Assessment Assurance

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AUDIT/WORK PLAN
YEAR 2012**

Department Audit Area / Program (Service)	Proposed		
	Program/Service Area	Objective(s)	Engagement / Product Type Status
Special Operations**	Forfeiture Unit	Identify key risk and assess whether it is being adequately managed / mitigated.	Operational Assessment Assurance
Public Services (6)			
Parks *	Golf Courses	Assess vendor compliance with key contract terms and adequacy of controls over cash receipts and reporting.	Consulting/ Corrective Action Plan
Equipment	Inventory/Personal Property Management Unit (IPPM)	Summarize and assess measures taken to resolve previously conveyed findings/recommendations.	Corrective Action Plan
Environment/ Facilities Management **	Solid Waste Management Inspection & Enforcement Program	To assess compliance with County Ordinances and State Public Act 451 and adequacy of controls to curtail the contamination, erosion, and stream sedimentation of soil.	Compliance/ Corrective Action Plan
Environment/ Facilities Management	Downriver Sewage Disposal System	Summarize and assess measures taken to resolve previously conveyed findings/recommendations.	Corrective Action Plan
Equipment Division	Vehicle Ordinance	Identify key risk and assess whether it is being adequately managed / mitigated.	Operational Assessment Assurance
Engineering Division	Permit Office	Identify key risk and assess whether it is being adequately managed / mitigated.	Operational Assessment Assurance
Senior Citizens & Veterans Affairs (1)			
Veterans Affairs	Veterans Affairs	Summarize and assess measures taken to resolve previously conveyed findings/recommendations.	Corrective Action Plan
Office of the Sheriff (6)			

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**DETAIL SCHEDULE OF
ENGAGEMENTS AND OTHER PROJECTS
AUDIT/WORK PLAN
YEAR 2012**

Department Audit Area / Program (Service)	Proposed		
	Program/Service Area	Objective(s)	Engagement / Product Type Status
Sheriff **	Fuels	Assess controls over access and fuel expenditures	Assurance / Corrective Action Plan
Special Operations**	Gun Custody Transfer #2012-01&2	Observation of custody transfer of guns.	Agreed Upon Procedures
Special Operations**	Drug Destruction #2012-01&2	Assist in the destruction of controlled substances.	Agreed Upon Procedures
Special Operations	Scheduling of Overtime	Assess cost benefits of hiring deputies against overtime hours and costs incurred	Operational Assessment Assurance
Jail Division **	Food Service	Assess cost effectiveness of food services operations.	Consulting
Jail Commissary **	Jail Commissary	Assess controls over program expenditures and operations.	Consulting
Technology (1)			
Technology **	Administration	Summarize and assess measures taken to resolve previously conveyed findings/recommendations.	Corrective Action Plan
Michigan Judicial Third Circuit Court (0)			
Office of the Treasurer (5)			
Tax Administration*	Excise (Tourist) Tax 2009 and 2010	Perform a review of stadium excise tax activity for calendar years 2009 and 2010.	Agreed-Upon Procedures/ Corrective Action Plan
Tax Management **	Department-wide	Perform annual review of the Treasurer's internal controls as required by Ordinance 89-791 for FY 2011.	Consulting / Corrective Action Plan

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**DETAIL SCHEDULE OF
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AUDIT/WORK PLAN
YEAR 2012**

Department Audit Area / Program (Service)	Proposed		
	Program/Service Area	Objective(s)	Engagement / Product Type Status
Financial Services **	2 nd , 3 rd , 4 th Quarter Investment Reports 2010	Assess the quarterly investment reports.	Consulting
Financial Services **	Treasurers Quarterly Investment Reports FY 2010- 2011	Assess the quarterly investment reports.	Consulting
Financial Services	Treasurers Quarterly Investment Reports FY 2011- 2012	Assess the quarterly investment reports.	Consulting
<i>Wayne County Employees' Retirement System (0)</i>			
<i>Component Units:</i>			
<i>Economic Development Corporation of Wayne County (1)</i>			
Economic Development Corp of Wayne County *	Guardian Building	Assess governance, risk, control activity and financial transactions	Operational Risk Assessment
<i>HealthChoice of Michigan (1)</i>			
HealthChoice of Michigan	Audited Financial Statements for Fiscal Year 2011	Assess the audited financial statements	Review Financial Statements
<i>Wayne County Land Bank Corporation (2)</i>			
Wayne County Land Bank	FY 2011 Financial Statements	Review financial statements.	Financial Assessment – Limited Review

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AUDIT/WORK PLAN
YEAR 2012**

Department Audit Area / Program (Service)	Proposed		
	Program/Service Area	Objective(s)	Engagement / Product Type Status
Land Bank **	Land Bank	Summarize and assess measures taken to resolve previously conveyed findings/recommendations.	Corrective Action Plan
Wayne County Building Authority (1)			
Wayne County Building Authority	Audited Financial Statements for FY 2011	Review financial statements	Review Financial Statements
Wayne County Airport Authority (1)			
Wayne County Airport Authority	Audited Financial Statements for FY 2011	Review financial statements	Review Financial Statements
Office of Legislative Auditor General (9)			
Auditor General ^	Budget Sensitive Issues/FY 2011 CAFR Review	Report budget sensitive issues and assessment of the county financial position. to the Ways & Means and Audit committees.	Consulting
Auditor General	Budget Hearings	Attend the Fiscal Year 2012-2013 Commission Budget Hearings.	Special Project
Auditor General ^	2012 Annual Report	Report on the Office of Legislative Auditor General's Activity for 2012.	Special Project
Auditor General	Status Updates	Assess and provide status schedule on projects referred from Committee on Audit.	Special Project
Auditor General ^	Quarterly Updates on Appropriation Ordinance Requested Projects	Assess and provide status schedule on projects requested in Appropriation Ordinances.	Special Project

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AUDIT/WORK PLAN
YEAR 2012**

Department Audit Area / Program (Service)	Proposed		
	Program/Service Area	Objective(s)	Engagement / Product Type Status
Auditor General	Status Updates on Outstanding Recommendations	Assess and provide status schedule on outstanding recommendations	Special Project
Auditor General	Internal Quality Control Review	Perform internal assessment of engagements' compliance with professional standards.	Compliance
Auditor General ^	Budget Submission and Financial Reporting	Prepare, submit, and present the OAG FY 2013 budget. Prepare the required monthly and quarterly reports. Monitor the OAG financial activity.	Special Project
Auditor General	County Wide Risk Assessment	Perform a County-Wide Risk Assessment to Identify Areas of Risk	Special Project
Auditor General	Manage and monitor FY 2011 and FY 2012 external audit	Manage and monitor FY 2011 and FY 2012 external audit	Special Project
Total Number of Engagements and Other Projects			62

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