Office of Legislative Auditor General

WILLIE MAYO, CPA, CIA, CICA
AUDITOR GENERAL

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

November 15, 2012

FINAL REPORT TRANSMITTAL LETTER

Honorable Wayne County Commissioners:

Enclosed is our final copy of the Corrective Action Plan (CAP) and Auditor General's Assessment for the Assurance Report on the Wayne County Department of Technology, Examination of Information Technology Operations. The report is dated October 24, 2012; DAP No. 2012-57-809. The report was accepted by the Audit Committee at its meeting held on November 1, 2012 and formally received by the Wayne County Commission on November 15, 2012.

We are pleased to inform you that management and staff in the Departments of Technology, Personnel/Human Resources and Management & Budget offered their full and complete cooperation during the review. If you have any questions, concerns, or desire to discuss the CAP and summary 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: http://www.waynecounty.com/commission/lagreports.htm.

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

REPORT DISTRIBUTION

Department of Technology
Edward Winfield, Chief Information Officer
Angela Stevenson, Division Director, Resource Management & Planning

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Tish King, Director

Department of Management & Budget
Carla E. Sledge, Chief Financial Officer
Mary Anna Daskas, Director of Administration
Terry L. Hasse – Director, Grants Compliance and Contract Management

Wayne County Executive

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DETROIT, MICHIGAN 48226
TELEPHONE: (313) 224-0924

October 24, 2012 **DAP No. 2012-57-809**

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

Subject: **Corrective Action Plan,** including the Auditor General's Assessment, dated August 14, 2012 for the Department of Technology, Examination of Information Technology Operations, Assurance Report

Dear Chairwoman Varga:

In accordance with the International Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors, the Office of Legislative Auditor General (OAG) requested the Departments of Technology (DoT), Management & Budget (M&B) and Personnel/Human Resources (P/HR) to submit a Corrective Action Plan (CAP) for recommendations identified in the Department of Technology, Examination of Information Technology Operations engagement, dated September 29, 2011.

All responsible departments responded to the CAP as requested. Attached is a Summary and Assessment of the CAP for seven recommendations prepared by the OAG and an additional six from the county's external auditors. The summary schedule includes: the recommendations; management's comments on the findings and recommendations; management's action taken or planned; whether management has or intends to implement the recommendations; responsible person(s)/area; implementation or targeted implementation date; and, the Auditor General's assessment.

Our assessment of the eleven (11) recommendations identified in the OAG report found that DoT management was primarily responsible for seven (7) recommendations; M&B and Personnel/Human Resources are responsible for the other four. Department of Technology has taken sufficient action to address three (3) of the seven recommendations identified in the report.

However, a follow-up review may be necessary in the near future on four recommendations to ensure that the intended action addresses the recommendation.

Management and Budget and Personnel/Human Resources has not taken action on the other four (4) recommendations identified in the report.

We also performed an assessment of the six (6) recommendations identified in the county's external auditors report titled "Wayne County, 2011 IT General Controls Audit".

Our assessment of these six recommendations found that DoT management has taken sufficient action to address four (4) recommendations identified in the report. However, a follow-up review may be necessary in the near future on two (2) recommendations to ensure that the intended action addresses the recommendation.

Respectfully submitted,

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

Pc: Edward Winfield, Chief Information Officer, Department of Technology
Angela Stevenson, Division Director, Resource Management & Planning, DoT
Tish King, Director, Personnel/Human Resources
Mary Anna Daskas, Director of Administration, M&B
Carla E. Sledge, Chief Financial Officer, M&B
Terry L. Hasse, Director, Grants Compliance and Contracts Management

Attachment

Examination of IT Operations
Wayne County Department of Technology
Assurance Engagement Report

Summary and Assessment of
CORRECTIVE ACTION PLAN

	Auditor General's Recommendation	Management's Comments on Findings and Recommendations	Management's Action Taken or Planned	Management has or Intends to Implement the Recommendation Yes/No	Responsible Person(s)/ Area	Implementation or Targeted Implementation Date	Auditor General's Assessment
09-01	In an effort to enhance the integrity of financial reporting throughout the fiscal year, we recommend Management and Budget adopt a policy to perform quarterly adjustments to budgeted amounts for Internal Services Funds to properly reflect actual costs being incurred and reduce the amount of significant adjusting journal entries at or after year end.	Disagree	DoT does not set fiscal policy regarding chargebacks. No specific action will be taken on this item.	No	M&B	Not Implemented	While DoT indicated they do not set fiscal policy, we attempted to obtain a response from M&B regarding this issue but were unable to do so. We disagree with management's assertion about the risk related to the underlying finding and associated recommendation. However, the OAG will continue to discuss with management other possible control activities to mitigate and manage the identified risk.
09-02(a)	Request Executive Office Appointee(s) that work for or are assigned to DoT or other executive departments provide documented evidence on the specific departmental assignment(s) and/or project(s) worked on by the appointees to support the hours reported.	Agree	Currently, all individuals assigned to DoT are DoT employees who work full-time on DoT projects and activities. Management provided a schedule from the county's payroll system showing all employees currently assigned to DoT.	Yes	CIO - DoT	Implemented	We obtained and reviewed payroll records for DoT business units and confirmed that only assigned DoT employees are charged to these units. Based on a limited

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							review of the action taken, management appears to have taken sufficient action to address the recommendation.
09-02(b)	We also recommend these appointee timesheets be signed-off and approved by the responsible departmental official(s) overseeing the assignment to comply with the county's time reporting policy.	Agree	Peoplesoft time entries for all DoT persons are reviewed and approved by their direct supervisors who are familiar with the work being performed and the applied hours. Part of normal DoT time approval policies.	Yes	CIO - IT	Implemented	We obtained and reviewed a sample of employee payroll records and confirmed that approval was provided by proper DoT management. Based on a limited review of the action taken, management appears to have taken sufficient action to address the recommendation.

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09-03(a)	We recommend DoT management, in conjunction with M&B, develop and implement a set of policies and procedures requiring DoT employees to complete daily time logs for supervisor review and approval prior to processing bi-weekly payroll.	Disagree with the recommended method	We are open to discuss possible verification methods that will work effectively County-wide (include in meeting: M&B, DoT, P/HR, etc.). With the introduction of wcLink, all staff is required to request leave time using wcLink's "Request Time Off" function. Each request requires a supervisor's electronic approval and generates an email message confirming approval or denial. Staff then forward these email approvals to DoT's timekeeper who verifies that the biweekly aggregate time they have entered matches leave requests. If time entry does not match leave requests, the timekeeper notifies the employee and supervisor, and time will not be approved until it is corrected.	No, we do not feel a sign in sheet would be effective and in instances not feasible for all county employees.	Offices of CFO and Director of P/HR	Not Implemented	We disagree with management's assertion about the risk related to the underlying finding and associated recommendation. However, the OAG will continue to discuss with management other possible control activities to mitigate and manage the identified risk.
09-03(b)	We recommend M&B, along with the Department of Personnel, revise timekeeping policy #12003 to require all county employees that directly enter their time into PeopleSoft use sign-in sheets or a similar document for supervisor review and approval prior	Disagree with the recommended method	We are open to discuss possible verification methods that will work effectively County-wide (include in meeting: M&B, DoT, P/HR, etc.).	No, again we disagree with the method of a sign in sheet County-wide. It is our assertion that a sign in sheet would not be an effective verification of reporting employees' time for	Offices of CFO and Director of P/HR	Not Implemented	We disagree with management's assertion about the risk related to the underlying finding and associated recommendation. However, the OAG will continue to discuss with management other possible control

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	to processing weekly payroll.			all departments Countywide.			activities to mitigate and manage the identified risk.
09-04(a)	We recommend management within the DoT ensure all records, as required by the state's record retention policy and county general retention schedule, are retained for the identified time period and properly stored for future reference.	Agree	Needs to be in conjunction with government record retention policies. Review policy GS#30 received from Corporation Counsel regarding record retention for IT organizations. Develop plans per document type and duration.	Yes	CIO – DoT	In-Process 12/31/12	We confirmed DoT is reviewing the current record retention policy and developing plans to implement retention guidelines based on document type. Based on our limited review, if the planned action is implemented as described, the action appears to sufficiently address the recommendation. However, a follow-up review may be necessary in the near future to verify that the described action has occurred.

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09-04(b)	We also recommend DoT obtains proper approval for the destruction of records from Corporation Counsel as required by the Wayne County Record Retention Policy	Agree	We will review specific action plans from 09-04(a) with Corporation Counsel before final implementation.	Yes	CIO – DoT	In-Process 12/31/12	We confirmed DoT officials are working with Corporation Counsel related to the destruction of records. Based on our limited review, if the planned action is implemented as described, the action appears to sufficiently address the recommendation. However, a follow-up review may be necessary in the near future to verify that the described action has occurred.
09-05(a)	We recommend management within DoT and M&B establish policies and procedures to annually submit the results of their inventory database to the Department of M&B prior to the preparation of the cost allocation entries to ensure the proper allocation of IT services-Share costs	Agree	DoT currently supplies M&B with the inventory details prior to the budget preparations.	Yes	CIO - DoT	In-Process November 5, 2012	We were provided a walkthrough and obtained a sample of all OAG devices attached to the network. However, DoT indicated that they are still in the process of formalizing their policies and procedures for the on-line asset

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	to county business units.						management tool which will include submission to M&B. Based on our limited review, if the planned action is implemented as described, the action appears to sufficiently address the recommendation. However, a follow-up review may be necessary in the near future to verify that the described action has occurred.
09-05(b)	We also recommend the DoT and M&B establish policies and procedures to validate, on a regular basis, the inventory of devices connected to the network, the ensure the accuracy of the information captured in the inventory database and reported to M&B	Agree	DoT is in the process of formalizing policies and procedures to address this issue. DoT has also installed an on-line asset management tool that allows for the query and reporting of all devices attached to the Wayne County network. This inventory is used as the basis for determining assets held within each Department or Elected official area.	Yes	CIO - DoT	In-Process November 5, 2012	We were provided a walkthrough of the on-line asset management tool and management indicated that they are in the process of finalizing policies and procedures that will include validation of inventory. Based on our limited review, if the planned action is implemented

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							as described, the action appears to sufficiently address the recommendation. However, a follow-up review may be necessary in the near future to verify that the described action has occurred.
09-06	We recommend management within the DoT and M&B establish a policy, including criteria, for allocating costs to a business unit that directly received the benefit of services provided by DoT and periodically review the methodology for reasonableness on an annual basis.	Partially Agree	DoT does not set fiscal policy regarding chargebacks. DoT and M&B will review the current details of cost allocation and chargeback.	No, a new formal policy is not required but the allocation methods will be reviewed.	CIO – DoT M&B	11/1/12 for review of methods	DoT management confirmed that a review of the allocation methods will be conducted. However, M&B has indicated that a new formal policy is not required. While we agree that reviewing the details of the cost allocation is a step in the right direction, we continue to believe that the process should be formalized into policies and procedures. However, the OAG will continue to discuss with

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							management other possible control activities to mitigate and manage the identified risk.
09-07	We recommend the DoT, along with the county's external auditor, develop procedures to ensure a corrective action plan is taken to address the risks and recommendations indentify within the Plante & Moran IT General Controls Review report.	The Plante & Moran report contains 6 recommendations	Each recommendation is reviewed below	Yes	CIO – IT	Implemented	Based on discussion with DoT management, they have formulated a plan to address all external audit recommendations going forward. This includes having quarterly status meetings to monitor all recommendations to ensure implementation. Based on a limited review of the action taken, management appears to have taken sufficient action to address the recommendation.

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Plante Moran 1.4.1	We recommend the timely distribution and update of vendor security patches to County PC workstations and vendors.	Agree	DoT has implemented a new desktop management tool called Microsoft System Center Configuration Manager (SCCM) that allows for centralized management and deployment of patches and upgrades.	Yes	CIO - IT	Implemented	We were provided a walkthrough and printouts showing the steps of the new centralized management tool that show deployment of patches and upgrades. Based on a limited review of the action taken, management appears to have taken sufficient action to address the recommendation.
Plante Moran 1.4.2	We recommend the immediate disablement of terminated employee access and the performance of periodic reviews of employee accounts to identify active terminated employee accounts.	Agree	P/HR & DoT have developed an effective manual process to ensure that access of separated employees to County systems has been terminated in a timely fashion.	Yes	Office of P/HR (Office of DoT)	Implemented	We obtained and reviewed updated policies and procedures created by P/HR and DoT which outlines the manual separation notification process. Based on a limited review of the action taken, management appears to have taken sufficient action to address the recommendation.

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Plante Moran 1.4.3	We recommend the revision of current user review procedures to include a review of employees within Peoplesoft system access on an annual basis in order to validate the appropriateness of access privileges granted.	Agree	P/HR will draft a policy that will require a Peoplesoft User Access Audit to be conducted annually. P/HR will work collaboratively with DoT	Yes	Office of P/HR (Office of DoT)	In Process December 31, 2012	We confirmed with P/HR that they are developing a policy that will require an annual user access audit. Based on our limited review, if the planned action is implemented as described, the action appears to sufficiently address the recommendation. However, a follow-up review may be necessary in the near future to verify that the described action has occurred.
Plante Moran 1.4.4	We recommend a password policy parameters be established to meet accepted industry standards.	Agree	DoT has implemented all recommended parameters for password creation with the exception of complex passwords. This is due to a technical limitation on our network which should be eliminated by Dec, 2012.	Yes	CIO – IT	In Process December 31, 2012	We confirmed with DoT that all recommended parameters for password creation have been established. Based on our limited review, if the planned action is implemented as described, the action

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							appears to sufficiently address the recommendation. However, a follow-up review may be necessary in the near future to verify that the described action has occurred.
Plante Moran 1.4.5	We recommend the implementation of a quality review process to insure program change requests are adequately reviewed through the change management process with supporting evidence of change testing and approval.	Agree	DoT put in place a revised policy and procedure for change requests which is managed by the Director, Application Development. We are confident this policy/procedure is being followed and that change management is being handled appropriately.	Yes	CIO – IT	Implemented	We obtained and reviewed the policies and procedures which indicates change procedures and approval is properly obtained for each process. Based on a limited review of the action taken, management appears to have taken sufficient action to address the recommendation.

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Plante Moran 1.4.6	We recommend that the antivirus file should be updated and distributed to all PC workstations and laptops within the County's network at a minimum weekly.	Agree	DoT current technology provides for antivirus updates every 2 days. In the event of a serious known virus, the process can be executed on demand.	Yes	CIO – IT	Implemented	We confirmed that DoT has successfully implemented antivirus updates every two days. Based on a limited review of the action taken, management appears to have taken sufficient action to address the recommendation.