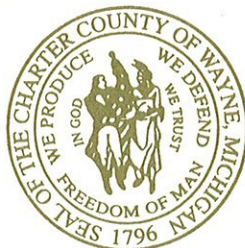


Office of Legislative
Auditor General



WILLIE MAYO, CPA, CIA, CICA
AUDITOR GENERAL

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

May 4, 2012

FINAL REPORT TRANSMITTAL LETTER

Honorable Wayne County Commissioners:

Enclosed is the final copy of the Corrective Action Plan (CAP) and Auditor General's Assessment for the Operational Assessment Review on Wayne County Land Bank Corporation, dated November 21, 2011. Our report is dated March 30, 2012; DAP No. 2012-57-850. The report was accepted by the Audit Committee April 24, 2012, and formally received by the Wayne County Commission on May 3, 2012.

We are pleased to inform you officials from Wayne County Land Bank Corporation provided their full cooperation. If you have any questions, concerns, or desire to discuss the report in greater detail, we would be happy to do so at your convenience. This report is intended for your information and should not be used for any other purpose. Copies of all Office of Legislative Auditor General's final reports can be found on our website at:

<http://www.waynecounty.com/commission/lagreports.htm>

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

REPORT DISTRIBUTION

Wayne County Treasurer

Honorable Raymond J. Wojtowicz, Chairperson, Wayne County Land Bank Corporation

Wayne County Land Bank Corporation

Jeanne Hanna, Executive Director

Department of Management & Budget

Carla E. Sledge, Chief Financial Officer

Terry L. Hasse, Director, Grants Compliance and Contract Management

Melinda G. Haner, Finance and Compliance Manager

Wayne County Executive



Office of Legislative
Auditor General

WILLIE MAYO, CPA, CIA, CICA
AUDITOR GENERAL



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

March 30, 2012

DAP No. 2012-57-850

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 March 30, 2012 for the Wayne County Land Bank Corporation, Operational Assessment Review.

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 Wayne County Land Bank Corporation to submit a Corrective Action Plan (CAP) for multiple recommendations identified in the Operational Assessment Review engagement dated November 21, 2011.

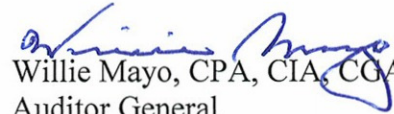
Wayne County Land Bank Corporation provided the CAP as requested. Attached is a Summary and Assessment of the CAP prepared by the OAG with thirteen (13) recommendations. The summary schedule includes: the recommendations; management's comments on the findings and recommendations; management's action 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 CAP indicated that the Wayne County Land Bank Corporation has taken sufficient action to address three (3) recommendations identified in the report. However, a follow-up review may be necessary in the near future on ten (10) recommendations to ensure that the intended action addresses the recommendation.



Honorable Ilona Varga
DAP No. 2012-57-850
March 30, 2012
Page 2 of 2

Respectfully submitted,



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

Pc: Jeanne Hanna, Executive Director, WCLB
Honorable Raymond J. Wojtowicz, Chairman, WCLB Board
Carla E. Sledge, Chief Financial Officer, M&B
Terry L. Hasse, Director, Grants Compliance and Contract Management
Melinda Haner, Finance & Compliance Manager

Attachment

Wayne County Land Bank Corporation
Operational Assessment Review 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
10-01 In the interest of transparency and objectivity, we recommend the Board require the Executive Director make a quarterly report of all transactions initiated and approved by management and present to the Board of Directors for review and discussion, as well as, work with management on establishing annual performance objectives and reporting on the outcomes.	Agree	Wayne County Land Bank (WCLB) Management is researching other similar land bank policies that define operational and financial reporting requirements. WCLB Management is also working with the Board Chair and the Wayne County Treasurer's Office to outline land bank objectives.	Yes, based on the recommendations born out of a proper review and further discussion with WCLB Board members.	WCLB Board, Management and Finance Director	Within the Next 30-60 days	During our review and inquiry, we confirmed that WCLB is in the process of collaborating with the Land Bank Board of Directors to provide a set of written goals and performance objectives for the current fiscal year, and provide a quarterly report on the activities to the Board of Directors on a quarterly basis for transparency purposes.
10-02 We recommend the WCLB Board review the threshold for the approval of expenditures by the Executive Director, increase the number of board members, and allow only the Board the authority to deed land to a developer(s).	Agree	WCLB Management reached out to the WCLB Board in November 2011 with a recommendation that this item be placed on the agenda for the next Board meeting (March 2012). The Chair of the Board expressed a strong desire to do the same.	The Executive Director of the WCLB has no voting rights or authority to alter the powers outlined in the Executive Director Resolution. The Executive Director serves at the pleasure of the Board and will carry out his/her duties in accordance with the guidelines approved by the Board.	WCLB Board	Effective immediately after the WCLB Board's decision.	Based on a 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. We agree that the Executive Director has no voting rights or authority to alter the powers outlined by the Board. We also confirmed that the WCLB Executive Director has placed the item on the agenda for the next upcoming meeting to discuss the recommendation. Therefore, if the planned action is implemented as described, the action will

Wayne County Land Bank Corporation
Operational Assessment Review 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
						appear to sufficiently address the recommendation. However, follow-up may be necessary in the near future to verify that the described action has occurred.
10-03 We recommend the Board require the Executive Director to establish a policy that requires WCLB Management to formally report all operational and financial activity to them on a monthly or quarterly basis	Agree	WCLB Management is reviewing the establishment of formal reporting requirements. WCLB Management believes this will coincide with the development of the action for recommendation 10-01.	Yes, based on the recommendations born out of a proper review.	WCLB Board, Management and Finance Director.	Within the Next 30-60 days	We confirmed that WCLB Management is in the process of implementing a policy which requires WCLB Management to formally report all operational activities and financial activity to the Board of Directors on a quarterly basis. Based on our limited review, if the planned action is implemented as described, the action appears to sufficiently address the recommendation. However, follow-up review may be necessary in the near future to verify that the described action has occurred.

Wayne County Land Bank Corporation
Operational Assessment Review 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
<p>11-04</p> <p>The WCLB should develop and implement a comprehensive, formalized (written) policies and procedures manual for all key functions of the division. The manual should clearly outline the specific duties, authority, and responsibility for all employees, thus providing the essential foundation needed for establishing employee accountability and management oversight.</p>	<p>Agree</p>	<p>The WCLB is completing the development of a policies and procedures manual for employee duties and responsibilities.</p>	<p>Yes</p>	<p>WCLB Management and Team.</p>	<p>Within the Next 30-60 days</p>	<p>We noted that WCLB has two (2) active programs: TURBO and Project Saved. We were able to confirm WCLB management has completed a comprehensive set of formalized policies and procedures for Project Saved which we were able to review. They appear to be thorough and complete. However, the policies and procedures for TURBO are currently in the process of being written.</p> <p>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.</p>
<p>10-05</p> <p>Wayne County Land Bank Management review and enhance the policies and procedures related to the procurement of goods and services that was adopted by the Board of Directors on December 18, 2007.</p>	<p>Agree</p>	<p>WCLB Management concurs and has begun reviewing other procurement policies and procedures for best practices. WCLB Management has also had preliminary conversations with the Wayne County Director of Purchasing as well as Corporation Counsel.</p>	<p>Yes</p>	<p>WCLB Management and WCLB Board.</p>	<p>Within the next 180 days.</p>	<p>We confirmed that WCLB Management is currently working in collaboration with the Purchasing Division and Corporation Counsel to revise their current policies and procedures on procurement.</p> <p>If the planned action is implemented as described, the action appears to sufficiently address the recommendation.</p>

Wayne County Land Bank Corporation
Operational Assessment Review 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
10-06 We recommend WCLB Management establish the appropriate policies, procedures, and controls to ensure the requirements within the Intergovernmental Agreement are met.	Agree	The WCLB Team has completed the compilation of a corporate binder as well as a legal reference guide in order to better reference relevant policies. As it relates to the specific sections outlined in the Audit Report: 4.01 County Land Bank Board Composition – The WCLB has always been in full compliance with this provision. 4.07 County Land Bank Board Responsibilities – The WCLB concurs that it does not currently have specific written policies for its day-to-day operations. 4.11 Executive Director – WCLB Management and Corporation Counsel has complied with this provision. 4.12 and 4.13 Ethics and Conflicts of Interest – The	Yes	WCLB Management and WCLB Board.	The WCLB is in compliance with sections 4.01, 4.11, 4.12, 4.13, and 7.08. As to 4.07, WCLB Management and Team has completed a draft and is working to finalize within the next 90 days.	However, a follow-up review may be necessary in the near future to verify that the described action has occurred. During our inquiry and review, we confirmed that WCLB Management has compiled a comprehensive set of legal references and policies to better reference vital policies, ordinances, and regulations. In addition, management is in the process of implementing a policy on ensuring that aspects of the Intergovernmental Agreement are met. 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.

Wayne County Land Bank Corporation
Operational Assessment Review 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
10-07 We recommend WCLB develop a formal, written policy and procedure statement outlining the required compliance and regulation processes. In addition, this policy and procedure statement should incorporate all requirements listed in the Enrolled Ordinance, certain requirements as specified in the Intergovernmental Agreement and any other governing documents associated with the operation of the WCLB.	Agree	WCLB is in compliance with this provision. WCLB Management is reviewing the newly introduced Wayne County ethics policy as well. 7.08 Performance Objectives – The WCLB Management has been in compliance with this provision.	Yes	WCLB Management and Team	Within the Next 60-90 days	During our inquiry, we confirmed WCLB Management is in the process of establishing a written detailed policy and procedure on the process of complying with the requirements of the Enrolled Ordinance. 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.

Wayne County Land Bank Corporation
Operational Assessment Review 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
10-08 We recommend that the WCLB formally develop guidelines and adhere to the criteria identified in their program descriptions, to provide equal and fair opportunity to all developers seeking the services of the WCLB.	Agree	WCLB Management has held four brainstorming sessions to address the desire to provide guidelines for various programs. An initial draft of guidelines has been circulated internally and is under review.	Yes	WCLB Management	Within the next 60-90 days.	WCLB has two active programs: TURBO and Project Saved. We were able to confirm WCLB Management is working to develop guidelines for their programs. We obtained and reviewed a comprehensive set of formalized policies and procedures for Project Saved. However, the policies and procedures for TURBO are currently in the process of being written.
10-09 We recommend adopting a corporation-wide policy that requires detailed job descriptions for each employment position be maintained on file and that they are uniform, reviewed periodically, and in accordance with the Wayne County Personnel policy.	Agree	WCLB Management has developed formal job descriptions and duties for personnel assigned to the WCLB.	Yes	WCLB Management	Within the Next 60-90 days.	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. During our review, WCLB provided detailed uniform job descriptions on each full-time position held within WCLB. However, management is in the process of implementing a policy which requires Wayne County Land Bank's Executive Director to review all job descriptions annually in accordance with the Equal and Fair Employment Opportunity Act.

Wayne County Land Bank Corporation
Operational Assessment Review 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
<p>10-10</p> <p>We recommend WCLB establish procedures to retain copies of the County's annual disclosure form, along with transmittal within the corporation in order to demonstrate compliance with this critical provision of the procurement ordinance; as well as establish controls to ensure that all potential conflicts of interest are being disclosed annually.</p>	<p>Agree</p>	<p>When this Ordinance became effective in June 2011, WCLB Management began maintaining the Annual Conflict of Interest Disclosure Statements in accordance with the amendment.</p>	<p>Yes</p>	<p>WCLB Management</p>	<p>Implemented</p>	<p>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.</p> <p>We confirmed that WCLB Management is in the process of establishing a policy on maintaining copies of the Annual Conflict of Interest Disclosure Form in accordance with the procurement ordinance. In addition at the next WCLB Board meeting the Annual Conflict of Interest Disclosure Statements will be updated for 2012.</p> <p>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.</p>

Wayne County Land Bank Corporation
Operational Assessment Review 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
10-11 We recommend that all legal contracts procured for the benefit of WCLB be stated in the title and body of the contract so that it is clear who are legally bound to fulfill the terms of the contract.	Agree	This was corrected in 2010 and all legal service contracts reflect this change and identify the Wayne County Land Bank as the contracting entity. The WCLB is in compliance with section 4.07 of the Intergovernmental Agreement.	Yes	Corporation Counsel and WCLB Management	Implemented	We confirmed that WCLB Management has revised the contract language to identify the Wayne County Land Bank Corporation as the contracting entity in the title and body of the contract. Based on the limited review of the action taken, management appears to have taken sufficient action to address the recommendation.
10-12 In an effort to enhance the integrity of financial reporting throughout the fiscal year, we recommend the Wayne County Land Bank adjust their budget to properly reflect actual costs being incurred, and because of budget constraints institute programs to make this entity self sustaining.	Agree	The new Finance Director for the WCLB has already put in place a corrective action plan. The Finance Director expects the audit recommendations to be resolved in the FY 10/11 audit.	Yes	WCLB Finance Director	Implemented	During our review of the WCLB Financial Statements, we identified that our prior year recommendation of amending the budget was addressed and corrective action has been taken. Therefore, based on the limited review of the action taken, management appears to have taken sufficient action to address the recommendation.

Wayne County Land Bank Corporation
Operational Assessment Review 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
10-13 Since approximately 90% of all properties being held in the WCLB inventory are located in Detroit, WCLB Management should take the lead and consider establishing a joint land bank board similar to the Wayne County - Detroit Community Mental Health Board with the City of Detroit.	Agree	WCLB Management maintains a very good working relationship with City of Detroit Land Bank and the State Land Bank Authority. WCLB Management intends to continue to foster these and other relationships.	Yes	WCLB Management	WCLB Management has been working with the City of Detroit Land Bank and the State Land Bank Authority for over 2 years.	We confirmed that WCLB Management does not have the authority to establish a joint land bank board with the City of Detroit Land Bank. However, WCLB Management has established a compensating control to formally work together with the City of Detroit to enhance the programs and operations of WCLB. Based on the limited review of the action taken, management appears to have taken sufficient action to address the recommendation.