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

June 23, 2014

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 Attestation-Assurance Report on the Wayne County Sheriff's Office, Assessment for the Vehicle Fleet Operations Report dated May 28, 2014, DAP No. 2013-57-012. The report was accepted by the Audit Committee at its meeting held on June 10, 2014, and formally received by the Wayne County Commission on June 19, 2014.

We are pleased to inform you that management and staff from the Wayne County Sheriff's Office (WCSO) Vehicle Fleet Operations provided their complete and full cooperation during our 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, CGMA, CICA
Auditor General

REPORT DISTRIBUTION

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Wayne County Executive

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WILLIE MAYO, CPA, CIA, CICA
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DETROIT, MICHIGAN 48226
TELEPHONE: (313) 224-0924

May 28, 2014 **DAP No. 2013-57-012**

Honorable Raymond E. Basham, Chairman
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 28, 2014 for the Wayne County Office of the Sheriff, Vehicle Fleet Operations, Compliance Report.

Dear Chair Basham:

In accordance with Generally Accepted Government Auditing Standards (GAGAS) issued by the Comptroller General of the United States as it relates to a performance audit engagement, the Office of Legislative Auditor General (OAG) requested the Wayne County Sheriff's Office, Electronic Monitoring Unit (Tether) to submit a Corrective Action Plan (CAP) for recommendations identified in the Compliance Review engagement dated October 22, 2013.

Sheriff Vehicle Fleet Operations management provided the CAP as requested. Attached is a Summary and Assessment of the CAP prepared by the OAG with eleven (11) 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 seventeen (11) recommendations found that management has taken sufficient action to address eight (1) recommendations identified in the report; eight (8) are considered not-implemented; and, two (2) are considered in-process.

Respectfully submitted,

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

Attachment

Wayne County Sheriff's Office
Sheriff Vehicle Fleet Operations
Compliance Review 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
13-01	We recommend the Wayne County Sheriff's Office (WCSO) exclude independent contractors from the list of those individuals who are granted permission for take-home vehicles and/or fuel credit cards.	Disagree	Director of Jails Chief Jeriel Heard is the only non-County employee (he is a Matrix employee) that has a take home vehicle and assigned gas card. He is a sworn police officer and is on call 24/7. He is in charge of the largest jail inmate population in the State and is required to respond to emergencies at the facilities.	No	Sheriff and Undersheriff	Not Implemented	We discussed with Sheriff Management the status of this recommendation and were informed that the Sheriff has decided to take no action to exclude independent contractors from having take-home vehicles. We disagree with management's assertion about the risk related to the underlying finding and associated recommendation; it appears management has assumed the risk inherent in the finding/recommendation by not implementing any corrective action. However, the OAG will continue to discuss with management other possible control activities to mitigate and manage the identified risk.

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13-02	We recommend the WCSO ensure compliance with the Wayne County Vehicle Ordinance and assess the need for take-home vehicles and complete an analysis including vehicle and fuel cost of each take-home vehicle along with documented justification as to why the individual needs to respond to emergencies in the field that require immediate response. Also, we recommend the WCSO established policies and procedures to require: • An annual review of take-home vehicles and identify opportunities to reduce the number of vehicles when	Disagree	WCSO systematically reviewed all the take home vehicles that were assigned and has since reduced the total fleet of take home vehicles to 57. The action was based on the operational needs and assignments for the agency. It was the final decision of the Sheriff and Undersheriff to approve the take home vehicle status under General Order 14-02. The Sheriff's Office already conducts an assessment of take-home vehicles to identify potential opportunities to reduce the number of take home vehicles. Comprehensive Vehicle Policy Number 3730, Procedure 1.1 states "Assignment of a vehicle to an employee is at the sole discretion of the	Yes	Sheriff Undersheriff Deputy Chief of Police Property	Not Implemented	Based on discussion with management, we were informed that the Sheriff and Undersheriff's actions to assign vehicles and fuel cards are based on the sole discretion of the Sheriff and the operational needs and assignments of the agency, which, according to them, is in compliance with the General Order 14-02. However, while we confirmed the Sheriff assessed the number of take-home vehicles and there was a 25% reduction in their number, the recommendation suggested documented justification for each person assigned a vehicle and/or fuel card. While the county's policy does requires written analysis as to the rationale for assignments and management provided a detailed explanation, no written documentation or written analysis was provided. Not documenting the justification for assignment of take-home vehicles increases the risk that take-home vehicles are being assigned without justification which could lead to perceived biases, abuse of authority, and misuse of taxpayer's

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primarily used for commuting purposes. • Review the assignment of credit cards that are used for fuel and non fuel purchases to those needed to perform mandated services such as transporting of prisoners. • Make sure there is justification for each take-home vehicle and assignment of fuel credit cards.		Sheriff or his named designee(s). The Sheriff's Office currently assigns vehicles based on the operational needs of the Agency. A credit card assigned to a particular individual is based on whether it is a take home vehicle. Annual assessment of take home vehicles will be performed to ensure it meets the operational needs for the Sheriff's Office.				funds. By establishing some written criteria to assist in determining who will be assigned a vehicle could provide some validation and support to the decision made to provide the vehicle and/or fuel card. However, the OAG will continue to discuss with management other possible control activities to mitigate and manage the identified risk.

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13-03	We recommend management of the WCSO enforce the vehicle policy and implement the proper controls to ensure the policy is adhered to by all WCSO personnel.	Agree	All receipts and fuel logs are forwarded monthly for reconciliation against the invoice. The Police Property Lieutenant also scans the fuel bill when first received looking for irregularities and miscellaneous purchases. If anything is found, emails are sent to the Undersheriff, Chief and Deputy Chiefs in charge of those assigned cards.	Yes	M & B Sheriff Finance Director Materials Management	Partially Implemented	During our review, we were provided evidence that some fuel and non-fuel receipts were being submitted to Sheriff Materials Management to be reconciled against the billings prior to payment. We were also provided informal written procedures regarding BP and Marathon fuel cards and invoices. However, after numerous attempts to confirm, we were not able to verify that proper reconciliation was taking place for all units. Based on discussion with a Materials Management representative, we were informed that not all units of the Sheriff's Office are following procedures and submitting receipts in a timely manner for reconciliation. Therefore, a follow-up review may need to be conducted at a later time to determine whether management has actually fully implemented the corrective action that would adequately address the finding/recommendation across all units and mitigate its risk.
13-04 (A)	We recommend the WCSO implement a monitoring mechanism to ensure	Agree	Reconciliation of the fuel invoice occurs on a monthly basis. Purchases that may be unauthorized are forwarded to Divisional Chiefs, D.C.s. for	Yes	M & B Sheriff Finance Director	Partially Implemented	During our review, management provided informal written procedures which addressed monitoring the fuel billings to

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that key provisions of the section related to credit cards in the WCSO comprehensive vehicle policy are complied with including maintaining adequate support for billings and reconciliation of monthly bills to the supporting detail.		investigation and sanctioned accordingly. The Sheriff's Office does not have financial resources to conduct the reviews.		Materials Management WCSO Command		ensure the key provisions of the policy related to fuel credit cards were complied with. However, it does not appear that key provisions of the comprehensive vehicle policy are being adhered to. Specifically, based on further discussion and review, we were not able to verify proper reconciliation was taking place across units The Finance staff takes no part in any reconciliation process for billings. Currently, two deputies are attempting to perform this duty but indicated that they are not finance people. Proper segregation of duties would require someone other than those responsible for using the fuel cards reconcile the billings, which would help mitigate the risk and help ensure all errors with the fuel billings, charges, and/or concerns are adequately addressed. Not only would there be a segregation of duties but the Sheriff deputies could be assigned other duties. We confirmed with Sheriff

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13-04 (B)	In addition, for the scope of our review, complete a reconciliation for all non-fuel charges, all fuel charges at stations housing credit cards, and sample a couple of months of each fiscal year and then, based on the outcome, a determination could be made if a 100 percent reconciliation is necessary and submit results to the audit committee.	Agree	Procedures have been implemented to reduce non-fuel purchases and the approval process for such. Effective November 2013, the Lieutenant of Police Property has to approve non-fuel purchases for emergencies only and on a case by case basis. 80% of the previous non-fuel purchases have been transferred to purchase orders.	No	M & B Sheriff Finance Director Materials Management WCSO Command	Not Implemented	management that not all receipts were maintained for the period of our review, therefore, a reconciliation could not be performed. The risk identified in the recommendation requires further analysis and therefore, a cost benefit analysis should be performed in order to determine whether further action should be taken to validate the non-fuel purchases. This issue will be addressed further in a separate follow up engagement.
13-05	We recommend the WCSO comply with the Wayne County Vehicle Ordinance and determine that all controls are in place to ensure that all required reports and documentation are submitted timely including the vehicle release forms.	Agree	Attachment A of the WCSO Vehicle Policy 3730 is completed upon receipt of take-home vehicle. The person filling out the attachment then forwards a copy to police property for record keeping and they keep the original.	Yes	Person receiving take home vehicle Police Property All WCSO Command	In-Process	During our review, Sheriff management provided a copy of Attachment A "Vehicle Release Form" from Policy 3730 for all 57 take-home vehicles. Four (4) of the 57 Vehicle Release Forms did have a signature; however it was not the supervisor responsible for the vehicles for that particular unit. While management has taken action to address the recommendation, management should follow up and ensure that the proper department

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							head/supervisor responsible for the unit actually signs the forms. A follow-up review may need to be conducted to determine whether management fully implemented the corrective action.
13-06	We recommend the WCSO and M&B re-evaluate certain take-home vehicles to determine if they qualify for tax exemption under the IRS tax code; otherwise they should be reported as a taxable fringe benefit to those individuals.	Disagree	All assigned take home vehicles are assigned to sworn law enforcement officers and deputized individuals for the furtherance of law enforcement purposes. This qualifies as not reportable under the IRS tax code.	Yes	Sheriff and Undersheriff	Implemented	We discussed with Sheriff Management the status of this recommendation, and were informed that the Sheriff has provided vehicles to sworn law enforcement officers and deputized individuals only. We also confirmed this with M&B officials. However, continue to believe that WCSO officials need to work with M&B in their future determinations to ensure continued compliance with IRS tax codes. Therefore, based on a limited review, management appears to have taken sufficient action to address the recommendation.
13-07	We recommend the Wayne County Commission adopt a written policy for credit cards that is approved by resolution and the	Agreed	The Office of Commission Counsel stated that they are in the process of developing a draft policy.	Yes	Commission Counsel	In-Process	Based on discussion with Commission Counsel they indicated that they are currently in the process of drafting proposed content for a credit card policy and would be forwarding this to the Commission for approval.

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policy is in accordance with Public Act 266 of 1995. In addition, the Wayne County Commission should include within the policy: • That quarterly reports are submitted to the Commission on the status of all credit card arrangements including the number of cards issued, who issued to, total amount paid on credit cards. • When the credit card is 30 days past due, a report is submitted to the Commission with proposed action to bring the account current.						Therefore, a follow-up review may need to be conducted to determine whether management has implemented corrective action that adequately addresses the finding/recommendation and mitigates its risk.

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13-08	To ensure that all information pertaining to the use of fuel credit cards is maintained and effective oversight is possible, we recommend that WCSO establish a centralized location and ensure that all gas card billings are received, reconciled, and maintained with the appropriate support.	Agree	All transactions are reconciled and filed in Materials Management as the central point of deposit.	Yes	Materials Management	Partially Implemented	During our review, Sheriff management stated the central location for all BP billings, receipts, reconciliation documents and other supporting documents are located in the Materials Management unit. However, when we attempted to verify that all documents are being received, reconciled and maintained, we were not able to do so for all units. Based on our review, all billings are not being reconciled with the appropriate supporting documentation attached. Therefore, a follow-up review may need to be conducted to determine whether management has actually implemented the corrective action that would adequately address the finding/recommendation and mitigate its risk.
13-09	To strengthen controls over the use of fuel credit cards, we recommend implementing comprehensive policies and procedures for designated stations and individuals authorized to make credit card	Agree	All requested minimum standards have been met.	Yes	WCSO Command Materials Management Police Property M & B Sheriff Finance Director	Not Implemented	During our inquiry with Sheriff management, we determined this recommendation has not been implemented. During our review, each fuel station with a designated fuel card has not been provided a copy of policies and procedures as it relates to what can be purchased as well as a dollar threshold and inquiries regarding purchases. We also requested a copy of any

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	transactions. The policy at a minimum should ensure: • Receipts are obtained and remitted; • Fuel logs are maintained for each vehicle; • Require a detailed description of all non-fuel purchases; and, • Receipts are reconciled to fuel logs and statements prior to payment.						communications that were provided to the fuel stations to the attendants with a contact person and phone number at the Sheriff's Office they could contact if they had any questions or concerns. However, no documentation was provided to support this assertion. However, a follow-up review may need to be conducted to determine whether management has taken the additional steps to implement the corrective action that would adequately address the finding/recommendation and mitigate its risk.
13-10	The Department of Public Services management should ensure that established procedures are followed for the dispensing of fuel; any exceptions should be documented and approved at the highest management level.	Equipment Division agrees with the findings, and will cooperate to eliminate any fuel system control deficiency.	The Department of Public Services management will ensure that established procedures are followed for the dispensing of fuel; any future exceptions will be documented and approved at the highest management level.	Yes	DPS Management – Equipment Division	Implemented	Department of Public Services management provided, and the OAG has reviewed, a copy of the policies and procedures that outline the steps for the dispensing of fuel. This includes procedures for dispensing the fuel and steps for documenting any exceptions. Therefore, based on a limited review, management appears to have taken sufficient action to address the recommendation.