

Office of Legislative
Auditor General

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March 7, 2014

FINAL REPORT TRANSMITTAL LETTER

Honorable Wayne County Commissioners:

Enclosed is our final copy of the Office of Legislative Auditor General's Engagements and Other Projects, Audit/Work Plan, Year 2014 (Plan). The Plan is dated February 14, 2014; DAP No. 2014-57-801. The contents of this report did not change from the draft report previously issued. The report was accepted by the Audit Committee at its meeting held on February 26, 2014, and formally received by the Wayne County Commission on March 6, 2014.

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, CGMA
Auditor General

REPORT DISTRIBUTION

Wayne County Commission

Honorable Gary Woronchak, Chairman
Honorable Wayne County Commissioners

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

Mark Abbo, Chief Financial Officer



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Letter of Transmittal

February 14, 2014

DAP No. 2014-57-801

Honorable Raymond E. Basham, Chairman
Audit Committee, County Commission
County of Wayne, Michigan
500 Griswold Street, Suite 727
Detroit, Michigan 48226

Re: Engagements and Other Projects, Audit/Work Plan, Year 2014

Dear Chairman Basham:

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, Year 2014 (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.

In addition, the Wayne County Charter requires the auditor general to audit the financial transactions and operations of each department at least every two years.

We requested and received input from senior management in developing this Audit/Work Plan.



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. (See Appendix) Also included are carry-over engagements from the prior year's Plan.

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 in certain cases, component units.

This audit plan is based on an estimation of 13,200 available audit hours and consists of 62 engagement projects. Our goal for the calendar year 2014 is to complete at least 36 – 40 projects depending on the number hours it will take to complete each engagement. See page 9 of 11 of our plan for additional detail. The impact of a 35 percent staff reduction over the last six years has resulted in the inability of the office to complete the number of planned engagements.

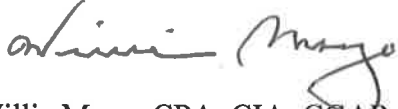
The plan will afford the OAG an opportunity to increase the range of audit/review coverage across the entire county. Based on the results obtained from these engagements, the plan will also allow us to move toward our long-term goal of developing an entity-wide risk management tool.

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.

Honorable Raymond E. Basham
Re: Engagement and Other Projects, Work/Plan, Year 2014
February 14, 2014
DAP No. 2014-57-801
Page 3 of 3

Respectfully submitted,

A handwritten signature in dark ink, appearing to read "Willie Mayo", is written over the typed name.

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

Attachment

Pc: Honorable Gary Woronchak, Chairman, Wayne County Commission
Honorable Robert Ficano, County Executive
Honorable Wayne County Commissioners
County-wide Elected Office-holders
Mark Abbo, Chief Financial Officer

**SUMMARY SCHEDULE OF ENGAGEMENTS AND OTHER PROJECTS
AUDIT/WORK PLAN
YEAR 2014**

Department / Audit Area	Engagements/Projects Scheduled
Children & Family Services	1
Commission / Legislative Branch	1
Corporation Counsel	1
Office of the County Clerk	2
Economic & Neighborhood Growth Engine	2
Office of the County Executive	1
Health & Human Services	4
Homeland Security	1
Management & Budget ^	4
Personnel/Human Resources ^	4
Office of the Prosecuting Attorney	2
Public Services ^	7
Office of the Register of Deeds	1
Senior Citizens & Veterans Affairs ^	1
Office of the Sheriff	8
Technology	2
Office of the Treasurer	4
Wayne County Employees Retirement System	1
Wayne County Component Units	4
Office of Legislative Auditor General	11
Total	62

^Commission requested/approved engagement(s)

**DETAIL SCHEDULE OF
ENGAGEMENTS AND OTHER PROJECTS
AUDIT/WORK PLAN
YEAR 2014**

Department Audit Area / Program (Service)	Proposed		
	Program/Service Area	Objective(s)	Engagement / Product Type
<i>Children & Family Services (1)</i>			
Community Corrections	Program Development – In Home Services	Assess program effectiveness and results; economy and efficiency; internal control; and, compliance with legal or other requirements.	Performance/ Corrective Action Plan
<i>Wayne County Commission (1)</i>			
Wayne County Commission	Wayne County Commission	Assess whether recommendations were adequately managed/mitigated.	Corrective Action Plan
<i>Corporation Counsel (1)</i>			
Litigation Unit	Monitoring Outside Legal Counsel Contractor's Billings	Assess program effectiveness and results; economy and efficiency; internal control; and, compliance with legal or other requirements.	Performance/ Corrective Action Plan
<i>Office of the County Clerk (2)</i>			
General Services	Vital Services	Assess controls over cash receipts.	Assurance / Corrective Action Plan
Court Services	Victim Restitution	Assess program effectiveness and results; economy and efficiency; internal control; and, compliance with legal or other requirements.	Performance/ Corrective Action Plan
<i>Economic Development Growth Engine (2)</i>			
Administration	Administration	Assess program effectiveness and results; economy and efficiency; internal control; and, compliance with legal or other requirements.	Performance/ Corrective Action Plan
Land Bank	Pinnacle Race Track	Assess whether recommendations were adequately managed/mitigated.	Corrective Action Plan

^ Commission requested/approved engagement

**DETAIL SCHEDULE OF
ENGAGEMENTS AND OTHER PROJECTS
AUDIT/WORK PLAN
YEAR 2014**

Department Audit Area / Program (Service)	Proposed		
	Program/Service Area	Objective(s)	Engagement / Product Type
<i>Office of the County Executive (1)</i>			
Administration	Administration	Assess program effectiveness and results; economy and efficiency; internal control; and, compliance with legal or other requirements.	Performance/ Corrective Action Plan
<i>Health & Human Services (4)</i>			
Public Health	HUD Lead Grant	Assess program effectiveness and results; economy and efficiency; internal control; and, compliance with legal or other requirements.	Performance/ Corrective Action Plan
Public Health	Women Infants & Children Food Program	Assess program effectiveness and results; economy and efficiency; internal control; and, compliance with legal or other requirements.	Performance/ Corrective Action Plan
Medical Examiner	Medical Examiner	Assess program effectiveness and results; economy and efficiency; internal control; and, compliance with legal or other requirements.	Performance/ Corrective Action Plan
Human Services	Library Program	Assess program effectiveness and results; economy and efficiency; internal control; and, compliance with legal or other requirements.	Performance/ Corrective Action Plan
<i>Homeland Security (1)</i>			
Emergency Management Division	Technical Services Section	Assess program effectiveness and results; economy and efficiency; internal control; and, compliance with legal or other requirements.	Performance/ Corrective Action Plan

^ Commission requested/approved engagement

**DETAIL SCHEDULE OF
ENGAGEMENTS AND OTHER PROJECTS
AUDIT/WORK PLAN
YEAR 2014**

Department Audit Area / Program (Service)	Proposed		
	Program/Service Area	Objective(s)	Engagement / Product Type
<i>Management & Budget (4)</i>			
Cash Management/ Accounts Payable	Accounts Payable	Assess program effectiveness and results; economy and efficiency; internal control; and, compliance with legal or other requirements.	Performance/ Corrective Action Plan
Division of Financial Reporting	County Parking Operations	Assess program effectiveness and results; economy and efficiency; internal control; and, compliance with legal or other requirements.	Performance/ Corrective Action Plan
Division of Financial Reporting	Chargebacks FY 2008- FY 2009	Summarize and assess measures taken to resolve previously conveyed findings/recommendations.	Corrective Action Plan
Division of Financial Reporting ^	Chargebacks FY 2011 - FY 2012	Evaluate the allocation of chargeback costs in the FY 2011 and FY 2012 budget.	Analytical Review / Corrective Action Plan
<i>Personnel / Human Resources (4)</i>			
Administration Division	Mileage Reimbursement	Identify key risk and assess whether it is being adequately managed / mitigated.	Compliance/ Corrective Action Plan
Benefits Administration Division	Workers' Compensation	Assess program effectiveness and results; economy and efficiency; internal control; and, compliance with legal or other requirements.	Performance/ Corrective Action Plan
Administration Division ^	Administration	Review County staffing levels and adequacy of job descriptions.	Special Project

^ Commission requested/approved engagement

**DETAIL SCHEDULE OF
ENGAGEMENTS AND OTHER PROJECTS
AUDIT/WORK PLAN
YEAR 2014**

Department Audit Area / Program (Service)	Proposed		
	Program/Service Area	Objective(s)	Engagement / Product Type
Benefits Administration Division - County- Wide	Health Care Allocation	Determine amounts allocated during FY 2012 & 2013 for health care costs.	Analytical Review
<i>Office of the Prosecuting Attorney (2)</i>			
Special Operations	Child Abuse Unit	Assess program effectiveness and results; economy and efficiency; internal control; and, compliance with legal or other requirements.	Performance/ Corrective Action Plan
Special Operations	Forfeiture Unit	Assess program effectiveness and results; economy and efficiency; internal control; and, compliance with legal or other requirements.	Performance/ Corrective Action Plan
<i>Public Services (7)</i>			
Engineering Division	Permit Office	Summarize and assess measures taken to resolve previously conveyed findings/recommendations.	Follow up
Administration	Administration	Assess occupancy of county owned buildings.	Assurance
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
Equipment Division	Vehicle Ordinance	Identify key risk and assess whether it is being adequately managed / mitigated.	Compliance/ Corrective Action Plan

^ Commission requested/approved engagement

**DETAIL SCHEDULE OF
ENGAGEMENTS AND OTHER PROJECTS
AUDIT/WORK PLAN
YEAR 2014**

Department Audit Area / Program (Service)	Proposed		
	Program/Service Area	Objective(s)	Engagement / Product Type
Administration	Administration	Assess use of Public Act 51 funds.	Compliance/Corrective Action Plan
Parks Division	Light Fest Event	Perform a review of internal controls over cash collections.	Internal Control Review / Corrective Action Plan
Buildings Division ^	Concessionaire Agreements	Assess compliance with contractual agreement between Wayne County and The Food Plaza, Inc.	Compliance
<i>Office of the Register of Deeds (1)</i>			
Register of Deeds	Division of Plat Engineering and Remonumentation	Assess compliance with State Survey and Remonumentation Act.	Compliance/Corrective Action Plan
<i>Senior Citizens & Veterans Affairs (1)</i>			
Veterans Affairs ^	Veterans Affairs	Follow Up on status of Use of Fund Balance	Follow Up
<i>Office of the Sheriff (8)</i>			
Special Operations	Gun Custody Transfer #2014-01	Observation of custody transfer of guns.	Agreed Upon Procedures
Special Operations	Drug Destruction #2014-01	Assist in the destruction of controlled substances.	Agreed Upon Procedures
Jail Commissary	Jail Commissary	Follow-up on recommendations not fully addressed in corrective action plan.	Follow Up

^ Commission requested/approved engagement

**DETAIL SCHEDULE OF
ENGAGEMENTS AND OTHER PROJECTS
AUDIT/WORK PLAN
YEAR 2014**

Department Audit Area / Program (Service)	Proposed		
	Program/Service Area	Objective(s)	Engagement / Product Type
Sheriff's Office	Administration	Review and assess results of Sheriff's Office credit card reconciliation.	Special Project
Jail Division	Overtime and Fiscal Issues	Identify key risk and assess whether it is being adequately managed / mitigated.	Operational Assessment Assurance / Corrective Action Plan
Sheriff's Office	Food Service Operations	Determine whether management has taken sufficient action to address the recommendations.	Corrective Action Plan
Sheriff's Office	Electronic Monitoring Unit	Determine whether management has taken sufficient action to address the recommendations.	Corrective Action Plan
Sheriff's Office	Vehicle Fleet Operations	Determine whether management has taken sufficient action to address the recommendations.	Corrective Action Plan
Technology (2)			
Technology	General and Application Controls	Assess program effectiveness and results; economy and efficiency; internal control; and, compliance with legal or other requirements.	Performance/ Corrective Action Plan
Technology	Asset Management	Assess Controls over Asset Management.	Operational
Office of the Treasurer (4)			
Tax Administration	Excise (Tourist) Tax 2011 and 2012	Perform a review of stadium excise tax activity for calendar years 2011 and 2012.	Agreed-Upon Procedures
Tax Management	Department-wide	Perform annual review of the Treasurer's internal controls as required by Ordinance 89-791 for FY 2011.	Internal Control Review / Corrective Action Plan

^ Commission requested/approved engagement

**DETAIL SCHEDULE OF
ENGAGEMENTS AND OTHER PROJECTS
AUDIT/WORK PLAN
YEAR 2014**

Department Audit Area / Program (Service)	Proposed		
	Program/Service Area	Objective(s)	Engagement / Product Type
Delinquent Tax Revolving Fund (DTRF) – Administration	DTRF - FY 2012 and FY 2013	Assess established criterion and methodology used for determining reserves and other administrative costs.	Analytical Review / Corrective Action Plan
Tax Administration	Excise (Tourist) Tax 2013	Perform a review of stadium excise tax activity for calendar year 2013.	Agreed-Upon Procedures
<i>Wayne County Employees' Retirement System (1)</i>			
WCERS	Defined Benefit Plan Audited Financial Statements for Fiscal Year 2013	Assess the audited financial statements.	Financial Assessment – Ltd. Review
<i>Component Units:</i>			
<i>Economic Development Corporation of Wayne County (1)</i>			
Economic Development Corporation of Wayne County	Guardian Building	Identify key risk and assess whether it is being adequately managed / mitigated.	Compliance/Corrective Action Plan
<i>HealthChoice of Michigan (1)</i>			
HealthChoice of Michigan	Audited Financial Statements for Fiscal Year 2013	Assess the audited financial statements.	Review Financial Statements
<i>Wayne County Building Authority (1)</i>			
Wayne County Building Authority	Audited Financial Statements for FY 2013	Review financial statements.	Financial Assessment – Limited Review

^ Commission requested/approved engagement

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AUDIT/WORK PLAN
YEAR 2014**

Department Audit Area / Program (Service)	Proposed		
	Program/Service Area	Objective(s)	Engagement / Product Type
<i>Wayne County Airport Authority (1)</i>			
Wayne County Airport Authority	Audited Financial Statements for FY 2013	Review financial statements.	Financial Assessment – Limited Review
<i>Office of Legislative Auditor General (11)</i>			
Auditor General ^	Budget Sensitive Issues / FY 2013 CAFR Review	Report budget sensitive issues and assessment of the county financial position to the Ways & Means and Audit committees.	Special Project
Auditor General	Budget Hearings	Attend the Fiscal Year 2014- 2015 Commission Budget Hearings.	Special Project
Auditor General ^	2012 Annual Report	Report on the Office of Legislative Auditor General's Activity for 2013.	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 Outstanding Recommendations	Assess and provide status schedule on outstanding recommendations contained in OAG engagements.	Special Project
Auditor General ^	Quarterly Updates on Appropriation Ordinance Requested Projects	Assess and provide status schedule on projects requested in Appropriation Ordinances.	Special Project
Auditor General	Internal Quality Control Review	Perform internal assessment of engagements compliance with professional standards.	Compliance

^ Commission requested/approved engagement

**DETAIL SCHEDULE OF
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AUDIT/WORK PLAN
YEAR 2014**

Department Audit Area / Program (Service)	Proposed		
	Program/Service Area	Objective(s)	Engagement / Product Type
Auditor General ^	Budget Submission and Financial Reporting	Prepare, submit, and present the OAG FY 2015 budget. Prepare the required monthly and quarterly reports. Monitor the OAG financial activity.	Special Project
Auditor General	Manage and monitor FY 2013 and FY 2014 external audit	Manage and monitor FY 2013 and FY 2014 external audit.	Special Project
Auditor General	Procurement of External Auditor-Management of External Audit FYs 2014-2016	Procure and Manage FY 2014-2016 External Audit.	Special Project
Auditor General	County Wide Risk Assessment	Perform a County-Wide Risk Assessment to Identify Areas of Risk.	Special Project
Total Estimated Hours for Engagements/Projects			18,170
Total Available Hours (#)			13,200
Total 2014 Proposed Engagements/Projects			62

Note (#) – Based on available audit hours vs. estimated hours for engagements and projects identified in OAG 2014 Audit/Work Plan, some engagements will roll forward to the OAG's 2015 Audit/Work Plan.

^ Commission requested/approved engagement

Appendix

Types of Engagements

Engagement Types

Auditing Standards

Compliance

GAGAS*, AICPA ***

- Assess compliance with laws, regulations, contracts and grants.

Agreed-Upon Procedures

GAGAS, AICPA

- Examining, reviewing, or performing agreed-upon procedures on a subject matter and reporting on the results.

Performance

GAGAS, IIA **

- Assess program effectiveness and results
- Assess economy and efficiency
- Assess internal control;
- Assess compliance with legal or other requirements.

Operational/Assurance

GAGAS, IIA

- Assess reliability/integrity of financial/operational information
- Assess effectiveness and efficiency of operations
- Assess safeguarding of assets
- Assess compliance with laws, regulations and contracts.

Analytical Review

GAGAS

- Addresses specific identifiable objective(s) of engagement

Internal Control Review

GAGAS

- Assess internal controls of department/division/business unit

Consulting

IIA

- Advisory in nature; performed at request of engagement client.

Special Projects

None

- Focus on specific item/area.

Financial Assessment – Limited Review

None

- Review financial statements

Legend

* = Generally Accepted Government Auditing Standards

**= International Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors

***= American Institute of Certified Public Accountants