

Office of Legislative
Auditor General

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March 18, 2015

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 2015 (Plan). The Plan is dated February 17, 2015; DAP No. 2015-57-002. 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 25, 2015, and formally received by the Wayne County Commission on March 5, 2015.

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/743.htm>.

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Auditor General

REPORT DISTRIBUTION

Wayne County Commission

Honorable Gary Woronchak, Chairman
Honorable Wayne County Commissioners

Wayne County Executive

Honorable Warren Evans

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 Robert J. Colombo, Jr. Chief Judge, Third Circuit Judicial Court

Department of Management and Budget
Lyn Roberts, Deputy Chief Financial Officer



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Letter of Transmittal

February 17, 2015

DAP No. 2015-57-002

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 2015

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 2015 (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 comments 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 47 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 oversight and decision making; improve 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 17,000 engagement hours and consists of 42 engagements and five (5) administrative projects. Based on current direct audit hours available, our goal is to complete at least 25 projects depending on the number hours it will take to complete each engagement. See page 7 of 9 of our plan for additional detail.

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 2015
February 17, 2015
DAP No. 2015-57-002
Page 3 of 3

Respectfully submitted,

A handwritten signature in cursive script that reads "Marcella Cora".

Marcella Cora, CPA, CIA, CICA, CGMA
Auditor General

Attachment

Pc: Honorable Gary Woronchak, Chairman, Wayne County Commission
Honorable Warren Evans, County Executive
Honorable Wayne County Commissioners
County-Wide Elected Office-Holders
Lyn Roberts, Deputy Chief Financial Officer

**SUMMARY SCHEDULE OF ENGAGEMENTS AND OTHER PROJECTS
AUDIT/WORK PLAN
YEAR 2015**

Department / Audit Area	Engagements/Projects Scheduled
Children & Family Services	2
Commission / Legislative Branch	2
Corporation Counsel	1
Office of the County Clerk	2
Economic & Neighborhood Growth Engine	1
Office of the County Executive #	0
Health & Human Services	2
Homeland Security	1
Management & Budget ^	2
Personnel/Human Resources ^	4
Office of the Prosecuting Attorney	1
Public Services ^	5
Office of the Register of Deeds	1
Senior Citizens & Veterans Affairs ^	1
Office of the Sheriff	2
Technology	1
Office of the Treasurer	4
Wayne County Employees Retirement System	1
Wayne County Component Units	4
Office of Legislative Auditor General^	10
Total	47

- New Elected Chief Executive Officer as of Jan. 1, 2015

^Commission requested/approved engagement(s)

**DETAIL SCHEDULE OF
ENGAGEMENTS AND OTHER PROJECTS
AUDIT/WORK PLAN
YEAR 2015**

Department Audit Area / Program (Service)	Proposed		
	Program/Service Area	Objective(s)	Engagement / Product Type
<i>Children & Family Services (2)</i>			
Community Corrections	Program Development – In Home Services	Determine if in-home placements are effective as an alternative to confinement of adult offenders.	Performance/ Corrective Action Plan
Juvenile Services	Youth Assistance Program	Determine if the program is effective in reducing juveniles at- risk for entering justice system.	Performance/ Corrective Action Plan
<i>Wayne County Commission (2)</i>			
Wayne County Commission	Wayne County Commission	Determine whether management has taken sufficient action to address the recommendations.	Corrective Action Plan
Wayne County Commission	Wayne County Commission	Assess effectiveness of internal controls, management practices, and compliance with laws, ordinances and rules.	Agreed Upon Procedures
<i>Corporation Counsel (1)</i>			
Litigation Unit	Monitoring Outside Legal Counsel Contractors' Billings	Evaluate the effectiveness of controls over the billing process from contracted external legal counsel.	Performance/ Corrective Action Plan
<i>Office of the County Clerk (2)</i>			
General Services	Vital Services	Determine if controls over cash receipts are effective.	Performance / Corrective Action Plan
Court Services	Victim Restitution	Determine if program is effective in ensuring restitution is provided to victims timely.	Performance/ Corrective Action Plan
<i>Economic Development Growth Engine (1)</i>			
Land Bank	Pinnacle Race Track	Determine whether management has taken sufficient action to address the recommendations.	Corrective Action Plan

^ Commission requested/approved engagement

**DETAIL SCHEDULE OF
ENGAGEMENTS AND OTHER PROJECTS
AUDIT/WORK PLAN
YEAR 2015**

Department Audit Area / Program (Service)	Proposed		
	Program/Service Area	Objective(s)	Engagement / Product Type
<i>Health & Human Services (2)</i>			
Public Health	HUD Lead Grant	Assess whether program is effective in ensuring homes are abated and in compliance with grant agreement.	Performance/ Corrective Action Plan
Medical Examiner	Medical Examiner	Assess whether the contract for operations of Medical Examiner's office is effective.	Performance/ Corrective Action Plan
<i>Homeland Security (1)</i>			
Emergency Management Division	Technical Services Section	Evaluate the collaboration with other government entities for assessing potential bio-chemical hazards to the county's population.	Performance/ Corrective Action Plan
<i>Management & Budget (2)</i>			
Cash Management/ Accounts Payable	Accounts Payable	Assess whether controls over accounts payable are effective.	Performance/ Corrective Action Plan
Division of Financial Reporting ^	Chargebacks FY 2013 - FY 2014	Evaluate the allocation of chargeback costs in the FY 2013 and FY 2014 budget.	Analytical Review / Corrective Action Plan
<i>Personnel / Human Resources (4)</i>			
Administration Division	Mileage Reimbursement	Assess compliance with the county's Mileage Reimbursement Policy.	Performance/ Corrective Action Plan
Benefits Administration Division	Workers' Compensation Program	Assess the effectiveness of program controls over workers' compensation claims.	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 2015**

Department Audit Area / Program (Service)	Proposed		
	Program/Service Area	Objective(s)	Engagement / Product Type
Benefits Administration Division - County- Wide	Health Care Allocation	Determine if the amounts allocated during FY 2013 & 2014 for health care costs are reasonable.	Analytical Review
<i>Office of the Prosecuting Attorney (1)</i>			
Special Operations	Asset Forfeiture Unit	Assess the effectiveness of controls over the seizure of forfeited assets from illegal activities.	Performance/ Corrective Action Plan
<i>Public Services (5)</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
Equipment Division	Vehicle Ordinance	Assess compliance with the County's Vehicle Use Ordinance.	Compliance/ Corrective Action Plan
Administration	Administration	Assess compliance with the use of Public Act 51 funds.	Performance/Corrective Action Plan
Buildings Division ^	Concessionaire Agreements	Assess vendors' compliance with contractual agreements.	Compliance / Corrective Action Plan
<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.	Performance/ Corrective Action Plan

^ Commission requested/approved engagement

**DETAIL SCHEDULE OF
ENGAGEMENTS AND OTHER PROJECTS
AUDIT/WORK PLAN
YEAR 2015**

Department Audit Area / Program (Service)	Proposed		
	Program/Service Area	Objective(s)	Engagement / Product Type
<i>Senior Citizens & Veterans Affairs (1)</i>			
Veterans Affairs ^	Veterans Affairs	Determine if Veterans Affairs is effective in their use of the Soldiers and Sailors Trust Fund Balance.	Performance/Corrective Action Plan
<i>Office of the Sheriff (2)</i>			
Special Operations	Jail Division	Observation - Auction of inmate property.	Non-Audit Services
Sheriff's Office	Fleet Operations, Non-Fuel Credit Card Transactions	Determine whether management has taken sufficient action to address the recommendations.	Corrective Action Plan
<i>Technology (1)</i>			
Technology	Asset Management	Assess Controls over Asset Management.	Performance/Corrective Action Plan
<i>Office of the Treasurer (4)</i>			
Tax Administration	Excise (Tourist) Tax 2013 and 2014	Perform a review of stadium excise tax activity for calendar years 2013 and 2014.	Agreed-Upon Procedures
Delinquent Tax Revolving Fund (DTRF) – Administration	DTRF - FY 2012 and FY 2013	Determine whether management has taken sufficient action to address the recommendations.	Corrective Action Plan
Treasury Management / Investments	Review of Quarterly Investment Reports Fiscal Years 2014 and 2015	Perform a limited review of the WCTO quarterly investment report for fiscal years 2014 and 2015.	Limited Analytical Review
Tax Management	Department-wide	Perform review of the Treasurer's internal controls as required by Ordinance 89-971.	Performance / Corrective Action Plan

^ Commission requested/approved engagement

**DETAIL SCHEDULE OF
ENGAGEMENTS AND OTHER PROJECTS
AUDIT/WORK PLAN
YEAR 2015**

Department Audit Area / Program (Service)	Proposed		
	Program/Service Area	Objective(s)	Engagement / Product Type
<i>Wayne County Employees' Retirement System (1)</i>			
WCERS	Defined Benefit and Contribution Plan Audited Financial Statements for Fiscal Year 2014	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 2014	Assess the audited financial statements.	Financial Assessment – Limited Review
<i>Wayne County Building Authority (1)</i>			
Wayne County Building Authority	Audited Financial Statements for FY 2014	Assess the financial statements.	Financial Assessment – Limited Review
<i>Wayne County Airport Authority (1)</i>			
Wayne County Airport Authority	Audited Financial Statements for FY 2014	Assess the financial statements.	Financial Assessment – Limited Review

^ Commission requested/approved engagement

**DETAIL SCHEDULE OF
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AUDIT/WORK PLAN
YEAR 2015**

Department Audit Area / Program (Service)	Proposed		
	Program/Service Area	Objective(s)	Engagement / Product Type
<i>Office of Legislative Auditor General (10)</i>			
Auditor General ^	Budget Sensitive Issues / FY 2014 CAFR Review	Report budget sensitive issues and assessment of the county financial position to the Ways & Means and Audit committees.	Consulting / Special Project
Auditor General	Budget Hearings	Attend the Fiscal Year 2015- 2016 Commission Budget Hearings.	Special Project
Auditor General ^	2014 Annual Report	Report on the Office of Legislative Auditor General's Activity for 2014.	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
Auditor General ^	Budget Submission and Financial Reporting	Prepare, submit, and present the OAG FY 2016 budget. Prepare the required monthly and quarterly reports. Monitor the OAG financial activity for FY 2015 and FY 2016.	Special Project
Auditor General	Manage and monitor FY 2014 and FY 2015 external audit	Manage and monitor FY 2014 and FY 2015 external audit.	Special Project

^ Commission requested/approved engagement

**DETAIL SCHEDULE OF
ENGAGEMENTS AND OTHER PROJECTS
AUDIT/WORK PLAN
YEAR 2015**

Department Audit Area / Program (Service)	Proposed		
	Program/Service Area	Objective(s)	Engagement / Product Type
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			17,000
Total Current Available Hours (#)			12,043
Total 2015 Proposed Engagements			47

Note (#) – Based on available audit hours vs. estimated hours for engagements and projects identified in OAG 2015 Audit/Work Plan, some engagements will roll forward to the OAG's 2016 Audit/Work Plan.

^ Commission requested/approved engagement

Appendix

Types of Engagements

Engagement Types

Auditing Standards

Compliance

GAGAS*

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

Agreed-Upon Procedures

GAGAS

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

Performance

GAGAS

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

Analytical Review

GAGAS

- Addresses specific identifiable objective(s) of engagement.

Internal Control Review

GAGAS

- Assess internal controls of department/division/business unit.

Assurance

IIA**

- Objective assessment regarding an entity, operation, function, process, system, or other subject matter.

Consulting

IIA

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

Special Projects / Non-Audit Services

None

- Focus on specific item/area.

Financial Assessment – Limited Review / Limited Analytical Review

None

- Review financial statements, and other financial and operational Reports.

Legend:

* Generally Accepted Government Auditing Standards

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