

Office of Legislative
Auditor General

MARCELLA CORA CPA, CIA, CICA, CGMA
AUDITOR GENERAL



500 GRISWOLD STREET
STE. 842 GUARDIAN BLDG
DETROIT, MICHIGAN 48226

TELEPHONE: (313) 224-8354

January 25, 2018

FINAL REPORT TRANSMITTAL LETTER

Honorable Wayne County Commissioners:

Enclosed is the final copy of the 2017 Annual Report from the Wayne County Office of Legislative Auditor General (OAG). The report is dated January 5, 2018; DAP No. 2018-57-800. The report was accepted by the Audit Committee at its meeting held on January 17, 2018 and formally received by the Wayne County Commission on January 25, 2018.

The report is submitted in accordance with the Rules of Procedures of the Commission, applicable standards of the Institute of Internal Auditors and best practices. The report covers the period of January 1, 2017 – December 31, 2017 and describes the significant activities, efforts and accomplishments of the OAG during that period.

Should you have any questions, concerns, or desire to discuss the report in greater detail, I am available to do so at your convenience. Copies of all final reports of the Office of Legislative Auditor General can be found at our website at:

<https://www.waynecounty.com/elected/commission/oag/legislative-auditor.aspx>

Respectfully submitted,

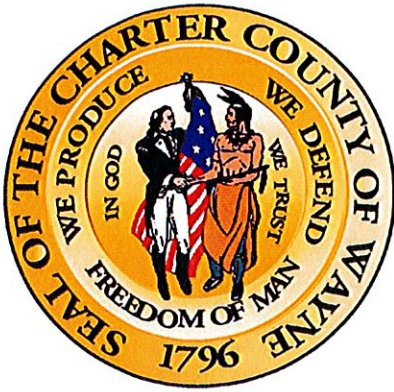
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Auditor General

REPORT DISTRIBUTION

County Executive

County-Wide Elected Officials

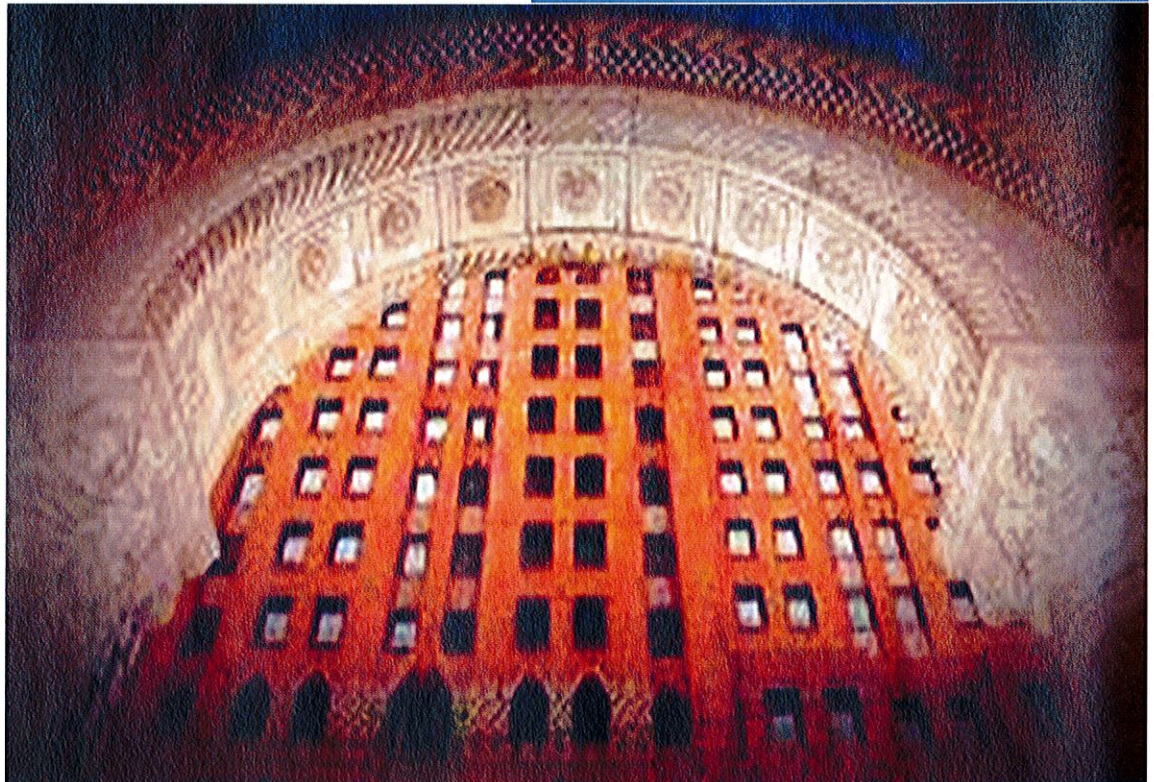
County Department / Agency Heads



Annual Report 2017

OAG Office of Legislative Auditor General

Focused * Helpful * Straight down the line * Determined * Firm * Decisive * Balanced * Objectivity * Confidentiality * Competency * Integrity * Independence



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



OAG

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TELEPHONE: (313) 224-8354

Letter of Transmittal

January 5, 2018

DAP No. 2018-57-800

Honorable Gary Woronchak, Chairman
Wayne County Commission,
Honorable Raymond Basham, Chairman
Wayne County Committee on Audit,
Members of the Wayne County Commission, and
Honorable Warren Evans, Chief Executive Officer,
County of Wayne, Michigan

Ladies and Gentlemen:

On behalf of the dedicated staff members of the Wayne County Office of Legislative Auditor General (OAG), I am honored to submit our 2017 Annual Report (report). The report highlights the collective efforts and results of the OAG primarily during the 2017 calendar year. The report is submitted in accordance with Section 3.119 of the Wayne County Home Rule Charter, applicable section(s) of the County Code of Ordinances, and Rules of Procedures of the Commission.

The Auditor General meets semi-monthly with the Committee on Audit to present audit reports containing recommendations for corrective action and other matters pertaining to County operations. Audit reports are discussed at the committee and referred to the Full Board for receipt and filing. In addition, the OAG reports annually all direct budgetary impacts as a result of our engagements to the Committee on Ways & Means.

Of the many successes and accomplishments achieved during the year, we are proud of the completion of 22 reports/projects, which included 68 new recommendations, with a financial impact to the county of over \$4 million. We are also proud to report that 90 percent of the previously issued recommendations we followed-up on had been implemented and/or resolved by management. Management's implementation rate is a clear indication of their shared commitment to mitigate and manage known and reported risk, and to improve the internal control environment here in the county.

During the year, the OAG also underwent an external peer review to assess whether the audit quality control system was sufficient to ensure compliance with both Government Auditing Standards and the International Standards for Professional Practice of Internal Auditing. The

OAG received a clean or unqualified opinion for both sets of standards.. Having a peer reviewed internal audit organization places Wayne County among the elite local governmental agencies in the Country.

The Office of Legislative Auditor General remains committed to providing high-quality audits, reviews, and special projects that present objective examinations conducted in accordance with professional auditing standards. You can be assured that throughout the audit process we will continue to work diligently to add value for commissioners and county management in their efforts to improve accountability in county government, and to enhance the delivery of services to the citizens of Wayne County.

We would like to thank Chairman Woronchak, Audit Committee Chair Basham, the current Audit Committee members and all Commissioners for their unwavering support of the internal audit function here at the county. We also recognize that any effectiveness we were able to accomplish was largely possible only through the support and cooperation of the executive branch and the other countywide elected officeholders. We look forward to working with the County Executive, Mr. Warren Evans and his executive management team. We are committed to continuing to improve the accountability of public funds and improve county operations for the benefit of the citizens.

Respectfully Submitted,

A handwritten signature in black ink that reads "Marcella Cora". The signature is fluid and cursive, with the first name "Marcella" written in a larger, more prominent script than the last name "Cora".

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



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STAFF DIRECTORY

<u>STAFF MEMBERS</u>	<u>POSITION*</u>	<u>E-MAIL ADDRESS</u>	<u>PHONE</u>
Marcella G. Cora	Auditor General	mcora@waynecounty.com	(313) 224-8354
Michael A. Sosnowski	Audit Manager	msosnows@waynecounty.com	(313) 224-7368
John C. Kellett	Supervisory Auditor	jkellett@waynecounty.com	(313) 224-7978
Crystal L. Thomas	Supervisory Auditor	cdavie@waynecounty.com	(313) 224-6706
David K. Griggs	Principal Senior Auditor	dgriggs@waynecounty.com	(313) 224-7433
Andrew D. Rea	Principal Senior Auditor	area@waynecounty.com	(313) 224-7972
Tequila Allen	Senior Auditor	tallen@waynecounty.com	(313) 224-3682
Regina Lee	Senior Auditor	rlee1@waynecounty.com	(313) 224-7395
Linda Hendricks	Project Consultant	lhendricks@waynecounty.com	(313) 224-7395
Wilbur Hamner	Project Consultant	whamner@waynecounty.com	(313) 224-6358

* As of January 1, 2018



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Executive Summary

This Annual Report covers the period from January 1 through December 31, 2017. Much was accomplished during the year; foremost was the completion of 22 audit/review reports and special projects. Many of them were noteworthy affecting a wide range of programs, operations, and services offered by the county. The issued reports and special projects identified 68 new recommendations with a financial impact of \$4 million on county operations. Equally noteworthy, is of the 31 previously conveyed recommendations, management had sufficiently, partially resolved or is in the process of implementing 28, or 90 percent of the recommendations that we followed-up on during the year through our corrective action plan engagements. The implementation rate is a testament that county elected officials and managers share our commitment to strengthening the internal control environment by identifying, managing, and mitigating risk here in the county.

*“...68 new
recommendations with a
financial impact of \$4
million on operations ...
90 percent
implementation rate on
the 31 previously
conveyed
recommendations ...”*

This report also includes brief biographical sketches for each of the Office of Legislative Auditor General (OAG) staff members. The value we are able to bring to the county is totally dependent on the quality of the personnel we are able to attract and retain. We believe the county is fortunate that the OAG has been successful in assembling an excellent team of professionals with differing and complimentary backgrounds and professional expertise.

We experienced personnel changes during the year. The OAG acquired a new employee Regina Lee as a Senior Auditor.

The OAG encourages staff to give back to the communities where they work and live. We highlighted organizations where three of our staff members volunteered their time to serve others.

The report also describes all noteworthy accomplishments achieved in 2017. In addition to the productivity performance and implementation of recommendations, we note the following: our Peer Review, unyielding commitment and success in achieving the professional continuing education and training for our staff required by the authoritative auditing standards we pledge to adhere to in the performance of our engagements.■



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Office of Legislative Auditor General

The establishment of the Wayne County Legislative Auditor General and related office (OAG) are provided for by Wayne County Home-Rule Charter, Section 3.119, within the Legislative Branch of county government. The duties and functions of the OAG were strengthened through a citizen approved revision to the Home-Rule Charter in 1996. The mission of the OAG is striving to be a world-class internal audit organization, offering value to county managers, officials responsible for governance, and citizens. Our purpose is to examine and evaluate county activities in order to achieve transparency and accountability of public funds, and improve the operations of county government for the benefit of Wayne County citizens and the customers of its services.

The OAG reports and other work products have resulted in changes and improvements to county operations that benefit county taxpayers, programs and services, and assist the commission in its oversight of county operations and resources. The OAG has the responsibility to conduct performance, financial, operational, compliance, specific scope audits, and special projects of all county departments/agencies.

Wayne County government officials and employees are accountable to the citizens of Wayne County for the proper handling of public funds and are responsible for managing county resources effectively, efficiently, and economically.

The reports and other products issued by the OAG provide the citizens of Wayne County with a measure of accountability. Our work products also assist elected officials and department administrators by providing an independent and objective evaluation of their operations. The OAG's foremost goal is to improve accountability, transparency, and mitigate risk exposures while promoting effectiveness, efficiency, and economy in county government.

The reports and other products issued by the OAG are performed in accordance with Generally Accepted Government Auditing Standards (GAGAS) issued by the Comptroller General of the United States and/or International Standards for the Professional Practice of Internal Auditing, issued by the Institute of Internal Auditors (IIA).

The OAG has established 12 Codes of Principles and Conduct to assist and guide our professional staff members in performing their duties and responsibilities in an ethical and appropriate manner. These items require staff members to pledge their allegiance not only to the standards promulgated by GAGAS and IIA but also to the 12 Codes of Principles and Conduct.

- Focused
- Helpful
- Straight Down the Line
- Determined
- Firm
- Decisive
- Balanced
- Objectivity
- Confidentiality
- Competent
- Integrity
- Independent

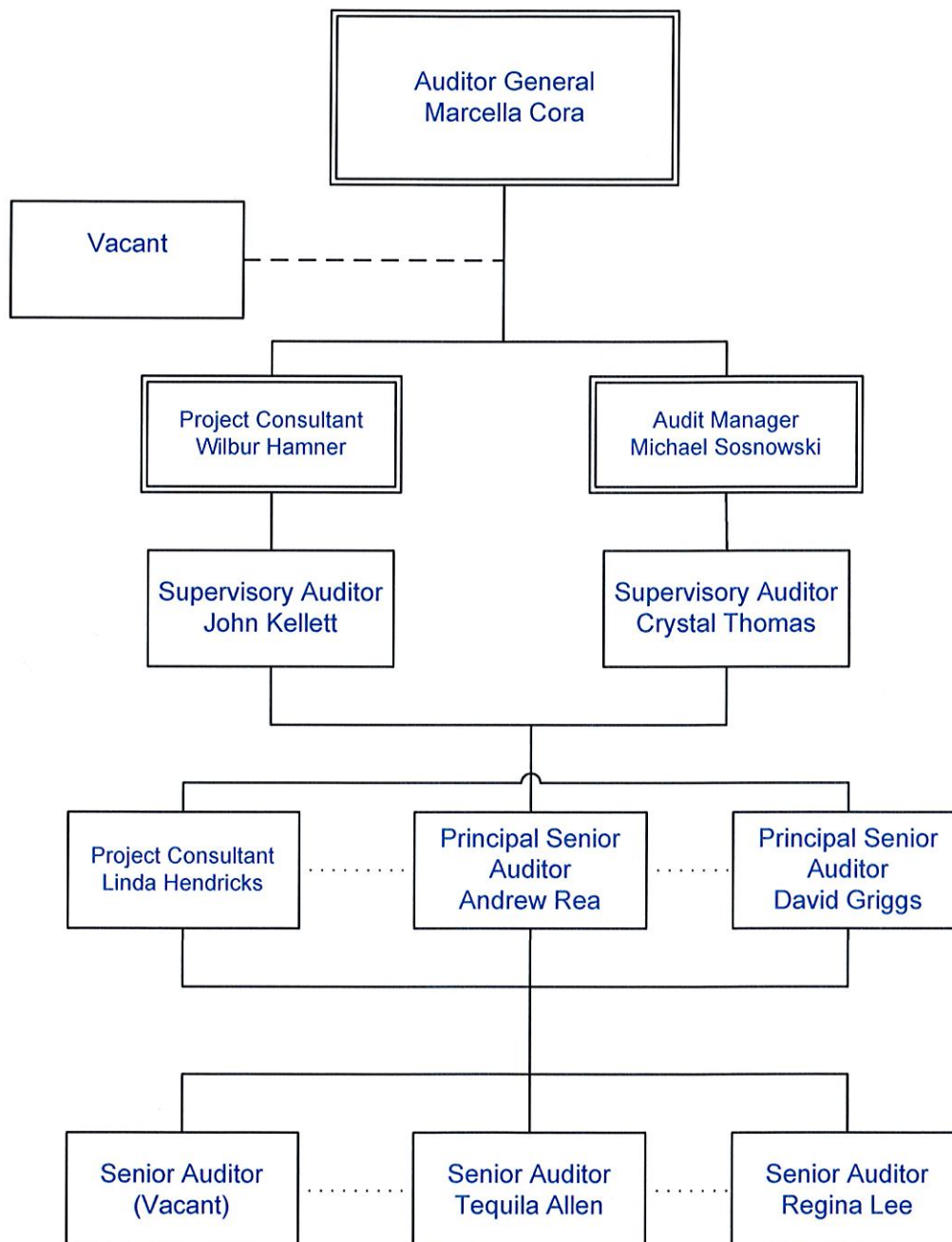


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Wayne County Office of Legislative Auditor General Organizational Chart As of January 1, 2018





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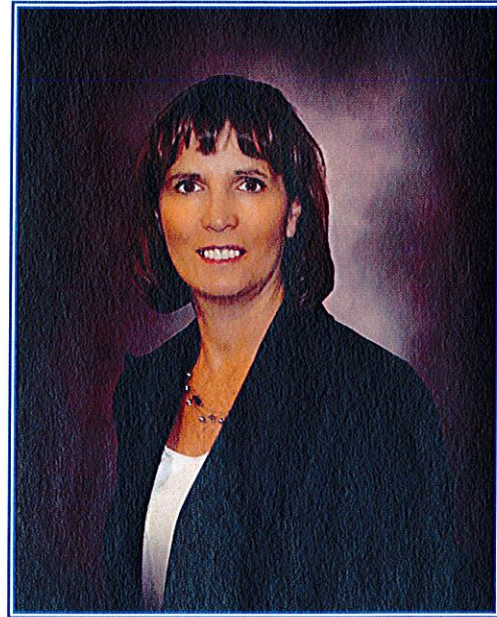
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Staff Biographical Sketches

Marcella G. Cora, CPA, CIA, CICA, CGMA – Auditor General

Ms. Cora brings over 20 years of internal auditing experience of governmental bodies. She began her career with the OAG in April 1999, after five years with the Army Audit Agency, Defense Department, United States. During her tenure with the Army Audit Agency, she received several awards for her outstanding performance. In FY 2005, Ms. Cora was promoted to Audit Manager and was appointed Deputy Auditor General January 2011 where she served until being appointed Auditor General effective January 1, 2015. In November 2017, Ms. Cora was reappointed for an additional five years. As Auditor General, she is responsible for the administrative functions of the office, policies, practices and managing the day-to-day activities of the OAG.



Since joining the OAG, Ms. Cora has been responsible for many key operational and compliance audits, and special projects, most notably the audit/reviews of the Pinnacle Race Track Development, Veterans Services Division, and several engagements in the Sheriff's Office. Ms. Cora has played a key role in the implementation of, and numerous enhancements to the audit management software package, TeamMate. She has led the office's last two peer reviews that resulted in the office being in compliance with both Generally Accepted Government Auditing and Institute of Internal Auditing Standards.

She is a graduate of Davenport University. She is a licensed Certified Public Accountant in the State of Michigan, a Certified Internal Auditor, Certified Internal Controls Auditor, and Chartered Global Management Accountant. She has memberships in several professional organizations including the American Institute of Certified Public Accountants, Michigan Association of Certified Public Accountants, Institute of Internal Auditors, Government Finance Officers Association, and the Association of Certified Fraud Examiners. She is extremely community minded and spent twelve years as a member of the River Rouge Board of Education.



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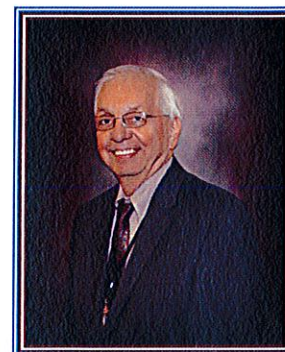
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Michael Sosnowski, CIA – Audit Manager

Michael joined the Wayne County Office of Legislative Auditor General in January 2007. He recently assumed the position of Audit Division Manager. Some of the more important engagements he has supervised include:

- Commission Payroll
- Examination of Payroll and Benefit Transactions & Processes
- Golf Course Operations
- Budget Sensitive Issues/Review of County's Annual CAFR (Annual engagement)
- Wayne County Sheriff's Office Food Service Operations
- Wayne County Vehicle Use Ordinance



He has over 30 years of business experience, 18 of which were spent at AT&T. While there, he worked in Internal Audit, Finance, Operational Planning & Support, and IT. A major accomplishment with AT&T was the development of a corporate wide cross-functional change management request process.

Michael received a Bachelor of Arts Degree in Accounting from St. Thomas University, St. Paul, MN. He received his Master's Degree in Business Administration from Wayne State University. He is a Certified Internal Auditor; a member of the Institute of Internal Auditors; and, Non-CPA affiliate member of the Michigan Association of Certified Public Accountants. Michael also serves as an adjunct instructor at two local universities – Baker College of Allen Park and Central Michigan University's Global Campus.

John C. Kellett, CGAP, CICA– Supervisory Auditor

Mr. Kellett joined the Auditor General's Office in April 1999 as a Staff Auditor. His most recent promotion was in October of 2010 when he was promoted to Supervisory Auditor. During his time with the office, Mr. Kellett has worked on many types of audits and special projects and most recently the Performance Audits on the County's Mileage Reimbursement and Clerk Vital Services.

In 2013, Mr. Kellett served as a peer review team member for the Allegheny County, PA peer review and was also selected in 2014 to serve as a team member for the Los Angeles County, CA, Metropolitan Transportation Authority peer review. The Association of Local Government Auditors (ALGA) conducts peer reviews of a governmental internal audit division and attests to their compliance with IIA auditing standards.

Over the last fourteen years he has been the leader of the Auditor General's Technical Assistance Group providing critical technical support for our computer aided auditing





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techniques and tools (CAATT) software. These CAATT help the office become more efficient and streamline audit processes. He also oversees the implementation and updates of the Teammate software for the OAG's electronic work paper system.

He presently has a professional certification from the Institute of Internal Auditors "Certified Government Auditing Professional (CGAP)." The CGAP demonstrates an individual's knowledge of Government Auditing Standards, Governance, Risk and Control Frameworks, Practice, and Auditing Skills and Techniques. He also is a Certified Internal Controls Auditor.

Mr. Kellett earned his Bachelor's Degree from Eastern Michigan University and is a graduate of Walsh College where he received his Masters of Arts Degree in Economics. Mr. Kellett is also a member of the Institute of Internal Auditors.

Crystal L. Thomas – Supervisory Auditor

Ms. Thomas joined the Office of Legislative Auditor General's Staff in April 2005 as the Legislative Staff Assistant and Confidential Secretary I. She was promoted to Office Manager, and later to Senior Auditor in 2008 after earning her Bachelors of Science degree. Ms. Thomas was promoted to Principal Senior Auditor in the fall of 2010, and most recently, Ms. Thomas was promoted to Supervisory Auditor in the winter of 2016. Ms. Thomas has been the lead auditor on numerous OAG Engagements. She is a recipient of the Recognition of Achievement Award issued by Wayne County in 2006 and was one of the recipients of the Meritorious Team Achievement Award in 2008.



Crystal Thomas is the founder of Samaritans Mission Organization, whose focus and mission is to decrease the number of homeless & hungry individuals, families and at-risk teens in our communities and city by assisting with the basic necessities and needs.

Ms. Thomas currently holds a Certificate for Online Adjunct Teaching (COAT) from Maryland College, Associate of Arts degree from Henry Ford Community College, Bachelor of Science degree from Franklin University, Master of Management degree and Human Resource Management Graduate Certificate from Walsh College. She is currently pursuing a certification designation as a Certified Internal Auditor (CIA) and Certified Governmental Auditing Professional (CGAP). Ms. Thomas is a member of the Institute of Internal Auditors and Association of Certified Fraud Examiners.



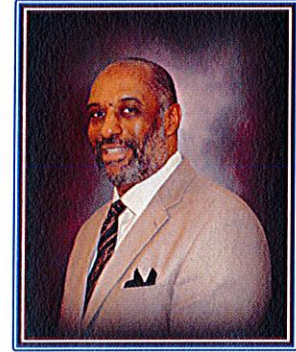
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David K. Griggs – Principal Senior Auditor

Mr. David Griggs joined the Auditor General's staff in April 2012. He brought with him 26 years of business experience, which includes external and internal auditing, corporate accounting, budgeting and finance. Mr. Griggs obtained his internal auditing experience at General Motors Acceptance Corporation (GMAC). At GMAC, he was part of the Sarbanes-Oxley (SOX) audit implementation team that successfully reviewed internal controls of the organization and developed meaningful recommendations. Most recently, Mr. Griggs spent four years working as an auditor for the City of Detroit performing operational and attestation audits and special projects.



Mr. Griggs is a graduate of Mercy College of Detroit and holds a Bachelor of Science Degree in Accounting (major) and Business Administration (minor). Mr. Griggs also plans to pursue his Certified Internal Auditor certification. He holds a professional membership with the Institute of Internal Auditors.

Andrew Rea – Principal Senior Auditor

Mr. Andrew Rea joined the Office of Legislative Auditor General's staff in June 2009. Mr. Rea brought to the OAG five (5) years of experience in the public/private sector. He also brought experience in investigative techniques acquired through his formal education. In recognition of his efforts, he was promoted to Principal Senior Auditor in 2016. As an auditor, he has played a large role in several important engagements, notably, the audits/reviews of the Pinnacle Race Track Development, Central Accounts Receivable/Billing and Collection Activity, Examination of Billing Processes - Children & Family Services, and the Wayne County Land Bank Corporation.



Mr. Rea attended Michigan State University where he obtained a Bachelor of Arts Degree. His future goals include obtaining a Master's Degree and pursuing the Certified Internal Auditor certification. Mr. Rea is a member of the Institute of Internal Auditors.



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Tequila Allen – Senior Auditor

Ms. Tequila Allen joined the Auditor General's staff in September 2016. She joined after several years of working in the public sector. Ms. Allen has experience conducting financial statement audits, documenting and testing Sarbanes-Oxley compliance, and performing internal control and risk analysis. She has consulted on a wide variety of engagements for clients in various sectors, from Fortune 500 companies to nonprofits and local governmental units. While with the OAG, Ms. Allen has played an integral role in the Wayne County Sheriff's Jail Commissary audit and the 2015 Stadium Excise Tax engagement.



Ms. Allen graduated with honors from Wayne State University and holds a Bachelor of Science in Business Administration with a major in Finance. She has also earned a Master of Science in Accounting from Wayne State University and a Master of Business Administration from Lawrence Technological University. Ms. Allen plans to pursue a CPA license and is a member of Michigan Association of CPAs.

Regina Lee, CFE – Senior Auditor

Ms. Regina Lee joined the Auditor General's staff in July 2017. She brought with her 30 years of business experience, which includes a year as an Auditor Intern with Housing and Urban Development-Office of Inspector General; 20 years with the State of Michigan as a Senior Accountant in the Department formally known as Human Services and Corrections. During her years with the Human Services, Ms. Lee assessed program compliance with established internal controls procedures, trained Wayne County DHS fiscal staff and managers on internal control policies; conducted reviews on district offices fiscal financial and operational activities.



Regina serves faithfully within her church working within O.A.S.I.S. ministry providing meals to the homeless. O.A.S.I.S is working hard preparing to donate over 100 lap blankets, scarves and hats to residents living in a senior complex located in Melvindale, MI. In October 2017, Ms. Lee became a volunteer for Bridging Communities, LLC, an organization whose mission is to improve the quality of life for elders within their neighborhood through collaborative and innovative programming.

Ms. Lee graduated from Wayne State University and holds a Bachelor of Science in Business Administration with a major in Accounting. She also earned a Master of Science in Business Administration with a concentration in Forensic Accounting from Davenport University. In January of 2017, Ms. Lee received her license as a Certified Fraud Examiner and is a member of the Association of Fraud Examiners national and local chapter. Ms. Lee is also a member of the Institute of Internal Auditors and has plans to pursue licensure as a Certified Internal Auditor.



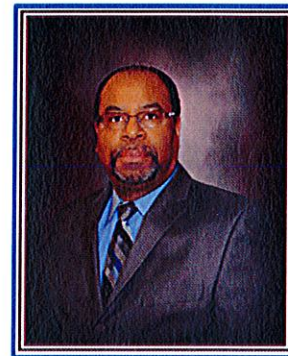
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Wilbur D. Hamner, CRMA, CICA, EA – Project Consultant

Mr. Wilbur Hamner joined the Auditor General's staff in September 1998. He brought with him over 12 years of financial accounting experience in the legal and health care fields. Since joining the office, Mr. Hamner has excelled and in 2007, he was promoted to his current position of Audit Manager. Mr. Hamner has played a vital role in the development and implementation of the OAG's risk-based audit approach, implementation of audit management software (Team Mate) and accompanying operational processes. He was a key member in the preparation of the Association of Local Government Auditors (ALGA) quality control documentation that resulted in the OAG obtaining a successful "orange book" peer review.



Mr. Wilbur Hamner has performed numerous operational, attestation, consulting, financial, and compliance audits. Mr. Hamner has been instrumental in conducting an annual agreed-upon procedures audit that has assisted the Treasurer's Office in identifying a number of county businesses that were not remitting a mandated excise tax (Stadium Excise Tax) to the County Treasurer. As a result, the County Treasurer's Office has increased its annual collections of excise tax revenues.

Mr. Hamner was selected as a Peer Review team member by the Association of Local Government Auditors (ALGA) to conduct a peer review of a governmental internal audit division and attest to their compliance with IIA auditing standards. Mr. Hamner is a graduate of Wayne State University and holds a Bachelor of Science Degree in Accounting. In July 2013, he obtained a professional certification from the Institute of Internal Auditors "Certification in Risk Management Assurance (CRMA)." The CRMA demonstrates an individual's ability to evaluate the dynamic components that comprise an organization's governance and enterprise risk management program and to provide advice and assurance on core business processes with a focus on strategic organizational risks and risk management.

He also is a Certified Internal Controls Auditor and an Enrolled Agent with the Internal Revenue Service. Mr. Hamner is presently pursuing the Certified Internal Auditor certification. He holds professional memberships with the Institute of Internal Auditors and the Association of Government Accountants. ■



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Linda Hendricks, CRMA – Project Consultant

Ms. Hendricks rejoined the OAG staff in May 2015. She has brought over ten years of experience as an internal auditor within the manufacturing, oil & gas, non-profit, hospitality, and real estate industries. Before joining the OAG, Ms. Hendricks served as the internal audit manager with Morgan's Hotel Group, headquartered in New York City, NY. Her initial internal audit experience derived from years working within the risk & advisory group at PwC, in Detroit. Ms. Hendricks has extensive experience in risk management, operational improvement, and Sarbanes-Oxley compliance work. Prior to her experience in public accounting, Ms. Hendricks held various accounting and finance positions which included: corporate budgeting & forecasting and financial analysis & reporting with AAA Michigan, Dearborn, and retail internal auditing with Sherwin Williams Company, Cleveland, OH.



Ms. Hendricks has a Certification in Risk Management Assurance (CRMA) with the Institute of Internal Auditors, is a member of the American Institute of Certified Public Accountants (AICPA), and holds the position of Secretary for the National Association of Black Accountants, Inc. (NABA) – Detroit Chapter.

Ms. Hendricks mentors three high school students on a weekly basis with Winning Futures, a 501c3 organization whose school-based program focuses on goal setting, career preparation, and strategic planning.

Ms. Hendricks is a graduate of Howard University, Washington D.C. earning a bachelor of business administration, with a concentration in accounting. She received her Masters of Business Administration from the University of Phoenix.

Personnel Changes

During the year, the OAG experienced some personnel changes. In July 2017, Ms. Regina Lee started with the Office of Legislative Auditor General as a Senior Auditor. ■

Strategic Audit Group (SAG)

The Strategic Audit Group (SAG) was established in 2007. The responsibilities of this group are to review, develop and revise audit policies and procedures and design appropriate audit/project procedures and processes to ensure the audit and other work products of the OAG are in compliance with authoritative professional standards and best practices. The members of the SAG team consist of the following OAG team members:



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- Marcella Cora, Auditor General
- Michael Sosnowski, Audit Manager
- John Kellett, Supervisory Auditor ■

Technical Assistance Group (TAG)

The OAG established the Technical Assistance Group (TAG) several years ago. The members of the TAG team consist of the following individuals:

- Marcella Cora, Auditor General
- John Kellett, Supervisory Auditor
- Andrew Rea, Principal Senior Auditor

This group has been very instrumental in providing leadership and technical support in the area of office technology including the selection, installation, implementation and daily support for the OAG's computer systems, software, and related peripherals. It also develops policies and procedures for use and care of computer hardware, software, and peripherals. The group is comprised of a team with diverse disciplines committed to ensuring the OAG utilizes the most effective and efficient computer aided auditing tools and technologies, or Computer Assisted Auditing Tools and Techniques (CAATT), in our audit and administrative processes. The group also is responsible for development and maintenance of the office's webpage. The group has allowed the OAG to eliminate many of the routine service calls that otherwise may have gone to the county's help desk. ■

Giving Back to the Community



During the year, a staff member in the OAG volunteered their time; talents and professional expertise to help a homeless pregnant young lady find low income housing and provided her with the needed items for her unborn child. Samaritans Mission Organization also put on their third annual charity themed "Cover Girls with HOPE", through one of the largest non-profit organizations, Alternatives for Girls.

Alternatives For Girls

Ms. Crystal Thomas, Supervisory Auditor, founded an organization named Samaritans Mission Organization (SMO). These individuals volunteer their time and effort into giving back to the communities within Detroit throughout the year. This year, Ms. Thomas volunteered her time to organizing 2 fundraisers for the guest of honor, Alternatives For Girls. SMO provided Alternatives For Girls with a monetary donation of \$500 and 724 In-kind donations of toiletry items.



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Ms. Thomas held the annual charity brunch themed “Cover Girls with HOPE”, which was held September 16, 2017 at Granite City Food & Brewery in Detroit, Michigan where Joi Mitchell, Development Coordinator from Alternatives For Girls was invited to inform donors and volunteers of the great need to end at-risk teen homelessness in our communities and city. Moreover, she provided literature and informed the group of the impact Alternatives for Girls has on our communities and how each day they are striving to decrease the number of teen girls on the street and how our donation has helped with their cause.



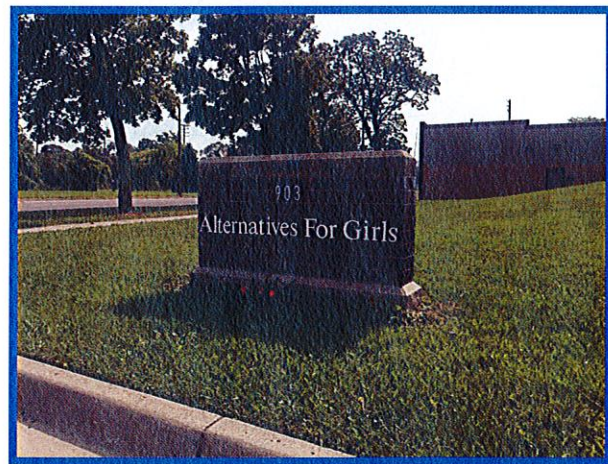
Joi Mitchell (left) Alternative for Girls, Crystal Thomas (right)



724 In-Kind Donations Boxed.



Samaritans Mission Organization Board of Directors
Crystal Thomas (middle) receiving service awards.



Items donated were dropped off at AFG for at-risk teens girls.



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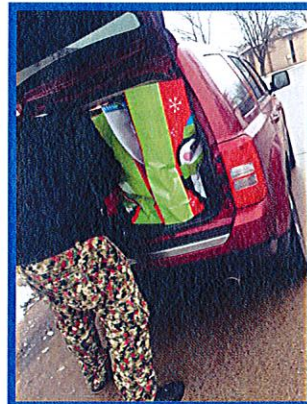
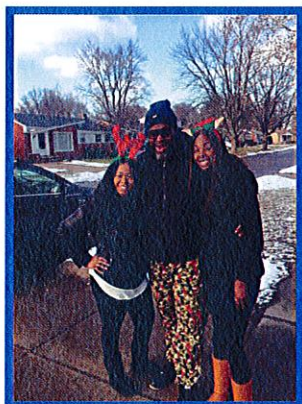
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Moreover, during the year a staff member in the OAG volunteered their time and in-kind donations through a campaign within their organization to provide Christmas gifts to families that are less fortunate.

SMO Operation: iHeart Children Christmas Program

During this past 2017 holiday season, Ms. Crystal Thomas, Supervisory Auditor, the founder of Samaritans Mission Organization (SMO) sponsored Christmas gifts for 7 families that represented 20 children and 3 teens through the 1st Annual i Heart Children Christmas Program. On December 23, 2017, Ms. Thomas and two other volunteers dressed in festive gear and loaded numerous wrapped and bagged gifts in their cars and delivered them to the 7 families. Among the gifts were clothing, shoes, coats, hats, gloves, hover board, art sets, game systems, bibles, dolls, board games, electronics, robots, Barbies, remote control cars, family hygiene baskets and more. The following are pictures of this joyous event:



(Left) some of the gifts wrapped and bagged for families. (Left Middle) Volunteers that assisted in the delivery of Christmas gifts to families. Crystal Thomas, Supervisory Auditor on the right. (Right Middle) some items being loaded for delivery. (Right) some of the items bagged and wrapped for families.



During the year, a staff member volunteered and dedicated time on a weekly basis to mentor three high school students through a program called Winning Futures. The program focuses on life skills, character value identification, goal setting, career preparation, and strategic planning.

Winning Futures

Ms. Linda Hendricks, Project Consultant, spent her time throughout the year mentoring high school students by providing them with the necessary knowledge and encouragement to help them succeed in their future endeavors. Ms. Hendricks mentors by assisting with goal setting, career preparation and strategic planning. Overall, empowering each student with a foundation



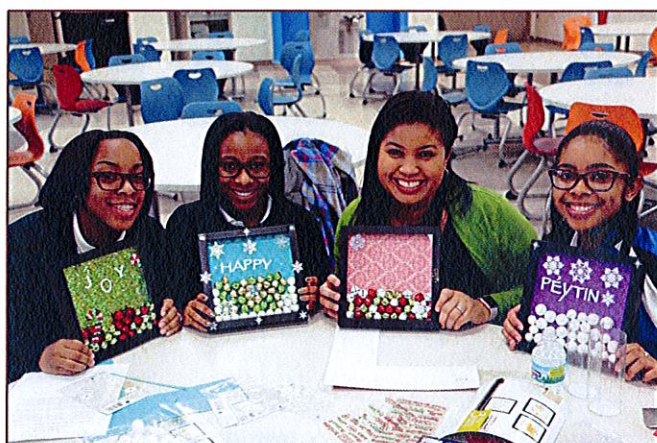
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to help them reach their goals. Winning Futures is an award winning nonprofit organization that makes a difference in the lives of young people. Winning Futures offer school-based mentoring programs and workshops for middle school and high school students in Southeast Michigan. All of their programs focus on the life skills of character, value identification, goal setting, career preparation, and strategic planning.

The following are pictures of Ms. Hendricks with her students throughout the year engaging in various activities:



Linda Hendricks (Middle) students (right/left). They were bonding during the A Day. DIY body scrubs, uno tournaments, and ultimate freebies!!! What a day!



Students building team synergy by creating towers using marshmallows and spaghetti. Students enjoyed getting to know all of the new awesome mentors Linda Hendricks (right).



During the year, a staff member in the OAG volunteered their time, talents and professional expertise to work with an organization which is a grass root collaboration involving local unions, businesses, residents, social service and faith based organizations working together to create caring communities where people of all ages can live in dignity in Southwest Detroit.

Bridging Communities

Ms. Regina Lee, Senior Auditor, main assignment is to assist the finance team with financial operational reviews and annual budget preparation; however, she enjoys fitting in any area she is needed. ■



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2017 Significant Accomplishments

OAG Peer Reviewed

Wayne County Ordinance 65 requires the Office of the Legislative Auditor General (OAG) to be peer reviewed. Generally Accepted Governmental Auditing Standards (GAGAS) requires a peer review be performed every three years and International Standards for the Professional Practice of Internal Auditing (IIA) require a peer review every five years. In January 2017, the Office of Legislative Auditor General (OAG) began the process of preparing for the peer review. This was the sixth peer review for adherence to Generally Accepted Government Auditing Standards (GAGAS) and the fourth time for adherence to International Standards for Professional Practice of Internal Auditing, issued by the Institute of Internal Auditors (IIA). The peer review was for calendar years 2014-2016 and consisted of 84 engagements subject to review and inspection by the peer review team. The OAG received a clean or unqualified opinion from the Association of Local Government Auditors (ALGA) for both standards.

The OAG is among a very select and elite group of government internal audit shops throughout the United States and the world that has achieved such a milestone. Additionally, it is important to note that in these difficult economic times that due to a collaborative relationship with ALGA, the cost for the peer review was limited to travel and out-of-pocket expenses. The cost to cover expenses was about \$3,500; while we are told the fair value of these services could cost as much as \$23,000 if we were not a member of ALGA, resulting in cost savings to the county.■

Majority of Recommendations Implemented

Arguably, the single most important measure of effectiveness of any internal audit organization is the level or rate of implementation of the recommendations contained in issued reports. We are extremely proud to report in 2017 that one completed corrective action plan engagement examined and assessed implementation status of a total of 31 previously issued recommendations. Management had sufficiently implemented, partially resolved, or is in the process of addressing 28, or 90 percent of the prior recommendations. Moreover, we recognize that the implementation rate achieved is a testament to elected officials and management's desire and willingness to improve the risk environment here in the county, despite reduced resources. Listed below is a summary status of the recommendations addressed during 2017.

Total Number of Recommendations Examined	Status			
	Resolved	Partially Resolved	Un-Resolved	In Process
31	15	0	3	13



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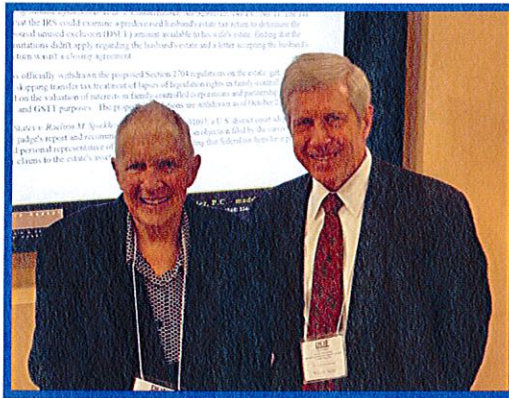
Training Goals Achieved

Ensuring that each audit professional staff member receives the required continuing professional education credits and training is essential for any effective internal audit organization; especially those peer reviewed such as the OAG. During the year, the OAG provided education and training opportunities to each professional audit staff member. This training ensures each staff member receives the proper continued professional education credits of 80 hours (every two years) required under the Generally Accepted Government Auditing Standards (GAGAS), issued by the Comptroller General of the United States. During the year we also ensure staff obtains the required training to perform audits in accordance with the International Standards for Professional Practice of Internal Auditing issued by the Institute of Internal Auditors and the American Institute of Certified Public Accountants.

We believe staff development is a continuous process that benefits both the staff and county by ensuring staff enhance their skills and stay abreast of current industry guidance and best practices. See Appendix A for a detailed listing of seminars and conferences attended by staff during the year. Much of the training received during the year was obtained through webinars, webcasts, and on-line tutorials. This was done to control our expenditures in this area.



Former Auditor General (Middle) presenting at
The Annual NABA Conference.



NABA Representative (L) presenting
a gift to NABA 2017 speaker.

Another method in which the OAG provides staff development is through the support of staff members and their efforts to obtain professional certifications, including, but not limited to:

- Certified Public Accountant (CPA)
- Certified Internal Auditor (CIA)
- Certified Government Financial Manager (CGFM)
- Certified Fraud Examiner (CFE)
- Certified Information Systems Auditor (CISA)
- Certified Government Audit Professional (CGAP)
- Certified Internal Controls Auditor (CICA)
- Certified Risk Management Auditor (CRMA)



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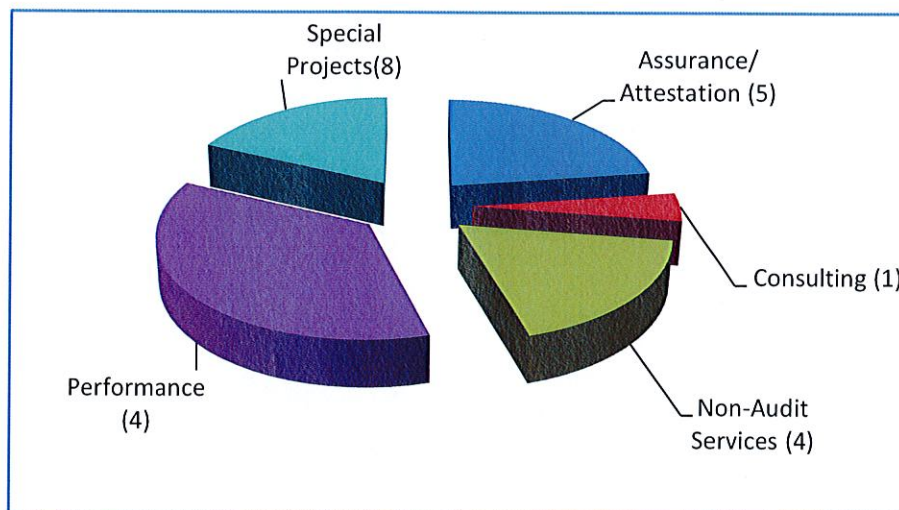
The OAG professional development goal is to maximize the value of the Auditor General's work by continuing to promote quality, professionalism, and productivity. The OAG continuously encourages all staff to pursue professional certifications and maintain memberships in various professional organizations. These memberships allow staff to interact and network with professional colleagues and stay abreast of the latest trends and best practices in the industry. In addition, through these various professional organizations, members of the OAG are able to demonstrate their leadership skills by serving on various committees. Other members of the OAG also serve in leadership positions in various professional organizations. ■

2017 Productivity in Review

Our 2017 audit work plan identified 42 reports/projects with a goal to complete 25 engagement projects for the year. The OAG completed 22 audit or review reports/projects including letters. The completed audits or review reports/projects consisted of five (5) Attestation, one (1) Consulting, four (4) Financial Assessment – Limited Review, Limited Analytical Review, eight (8) Special Project, and four (4) Performance. The audit/review reports/projects contained 68 new recommendations and had an impact of \$4 million on county operations. The types of impact included, but were not limited to: inappropriate/questionable expenditures related to operations and programs, and other dollar impacts. Based on our productivity goal of 25 completed reports/projects for 2017, we achieved approximately 88 percent of the goal.

The following pie chart illustrates a breakdown of completed audits or review reports/projects by type. We also included a synopsis of a few key reports/projects that could have a measurable impact on county operations if the recommendations contained in the reports are fully implemented. See Appendix B for a detailed listing of all completed 2017 reports/projects. ■

Summary of Completed Audits or Review Reports/Projects





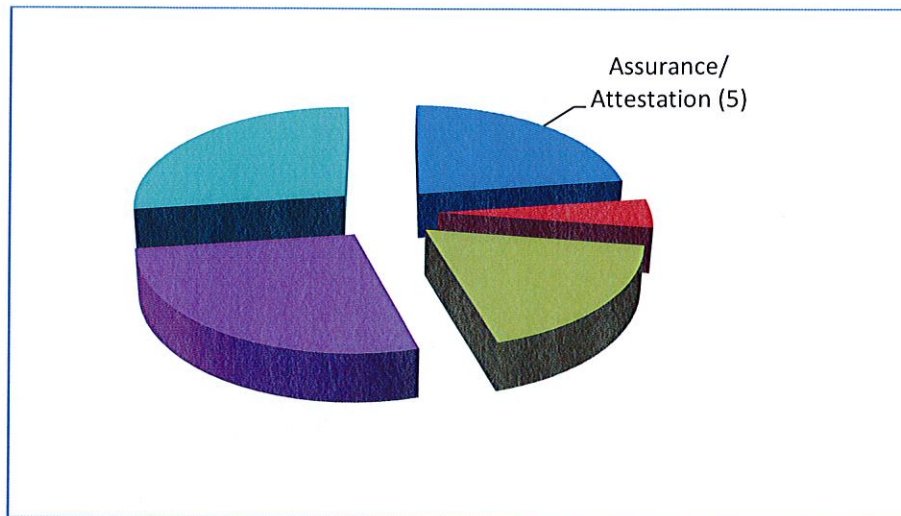
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Assurance/Attestation

During the year, 23 percent of our completed reports/projects were Assurance/Attestation engagements. These types of engagements may include Examinations, Agreed-Upon Procedures, and Compliance. These engagements involve an internal auditor's objective assessment of evidence to provide an independent opinion or conclusions regarding a process, system, or other subject matter. There are generally three parties involved in an assurance/attestation engagement: (1) the person or group directly involved with the process, system, or subject matter - the process owner; (2) the person or group making the assessment - the internal auditor; and, (3) the person or group using the assessment - the user.



Consulting

The OAG receives requests from the county commission, other elected officials, and department heads to review specific activities or programs not necessarily identified in our annual audit/work plan. Frequently, because of their intimate knowledge of county government operations and close contact with constituents, commissioners become aware of problems or areas of concern that are communicated to the OAG and request for reviews and/or assessments to be performed. As a result, we have developed a consulting review engagement to respond to these requests. Many of these engagements have resulted in confirmation of the existence of problems and formulation of solutions to address or improve county operations and services.

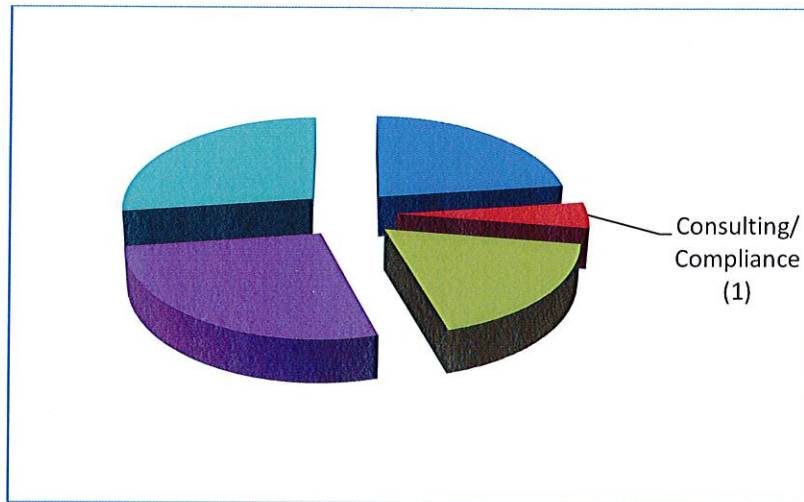


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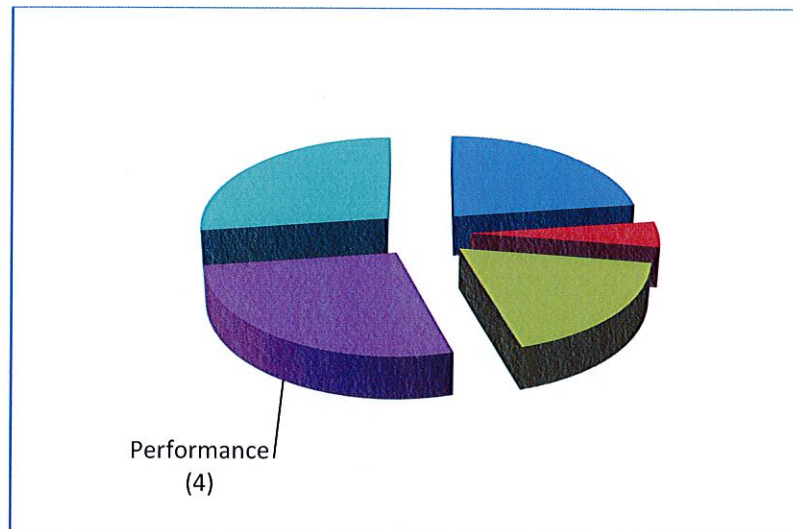
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Our responsiveness to these requests enhances the commission's and other county officials' ability to carry out their oversight responsibilities and respond to constituent concerns thoroughly and completely. During the year, five percent of the completed reports/projects were consulting engagements.



Performance

Four (4) Performance audits were completed by the OAG during 2017, which represented approximately 18 percent of the total audits/projects. This type of engagement provides an objective analysis to assist management and those charged with governance and oversight. The information provided can help improve program performance and operations, reduce costs, facilitate decision making by parties with responsibility to oversee or initiate corrective action and contribute to public accountability.





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Two (2) significant performance engagements that had an impact on county operations are summarized below.

Wayne County Office of the County Clerk, Vital Services Division

The Office of Legislative Auditor General is responsible for reviewing county-wide risk and providing an objective assessment as to whether the identified risk is being managed and/or mitigated by elected officials and County departments. As a result of the numerous activities the Office of the County Clerk is mandated to perform, the OAG conducted a performance engagement of the Clerk's Vital Services Division on the issuance of birth certificates.

Based on our review and assessment of the control environment over the issuance of birth certificates at the Clerk's Vital Services Division, we found areas within the control environment that need to be strengthened, and noted that some will require management's immediate attention. Specifically, the reconciliation over the issuance of birth certificates should be strengthened. During our review based on the sample of days selected, we noted 8,770 certificates that were not issued in sequence or chronological order. Without a systematic process in place, increases the risk that birth certificates could be lost and/or unaccounted for. More important, this increases the risk of identity theft.

The Clerk's office also is not requiring that picture identification is attached to the birth certificate request form which would substantiate the person's identity. In addition, the Clerk's Office is not ensuring each and every birth certificate is accounted for by having the clerk sign off on each control number within the log when the birth certificate is issued.

The Clerk's Office does not have a process in place to tie-out Vital Checks sales to the control numbers. Not having a daily process in place to tie-out the Vital Check online sales to the issuance of the birth certificate increases the risk exposure that the birth certificates may be unaccounted for. We also noted that birth certificates may be noted on the summary sales report as voided; however, the voided certificate is not always maintained in the file which increases the risk of missing and/or misappropriated birth certificates.

Finally, when the County Clerk receives death notices from the Michigan Department of Public Health on a monthly basis, the County Clerk is not recording "deceased" on the birth certificate as required by Michigan Public Act 368.

Enhancing the control environment of the issuance of birth certificates is essential as they validate a person's identity and can be used to obtain other critical documents such as a Social Security card, driver's license, and passports.



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Wayne County Sheriff, Jail Commissary Operations

At the request of the Wayne County Commission, the Office of Legislative Auditor General conducted a performance audit of the Office of the Wayne County Sheriff, Jail Commissary operations. The objective of the engagement was to determine compliance with key contractual provisions and assess the control environment over operations. The Jail Commissary Fund was established to sell merchandise to inmates remanded to the Wayne County Jails. After an unsolicited proposal in 2014, the county contracted with a vendor to provide commissary and inmate banking services.

However, based on our review, the vendor was not in compliance with several key contract provisions including not installing kiosks at the jail booking areas and not instituting a debit card release program that could have saved the county as much as \$200,000 annually. In addition, as a result of not accepting bail revenue at the kiosks, the county may have lost over \$12,000 in additional revenue. We also found that the vendor has paid the county less than required in the contract provisions.

We also noted based on our review, that some of the risks to the county related to Jail Commissary operations were mitigated when the county procured the services for operations. However, as a result of not having integration between the Contractor's system and the Jail Management system, risk continues to exist for the county. We identified areas that could be strengthened including ensuring that deposits are made timely into inmate accounts so that funds are available for purchases. We also identified that there was a lack of segregation of duties over Commissary operations which could lead to undetected errors and potential misuse or misappropriation of county resources.

Due to lack of discussion between representatives from the Sheriff's Office and the Department of Management and Budget, a mechanism was not established to process Commissary sales from the inmate trust accounts. This also resulted in a purchase order being inappropriately issued. Also due to the lack of discussion, the county inappropriately recorded inmate sales as revenue and the sale amount as an expenditure in the Jail Commissary business unit. Our review also noted that if the Sheriff's office developed and implemented a policy to eliminate the acceptance of inmate deposits at the front windows, the county could reduce the risk of misappropriation or losses of deposits and allow Sheriff Personnel time devoted to other functions.



OAG

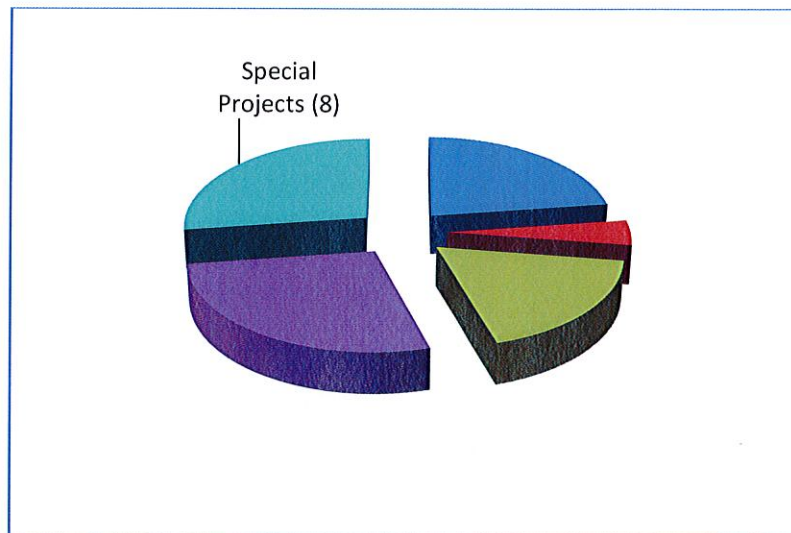
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Special Projects

Eight (8) Special Projects were completed by the OAG during 2017, which represented approximately 36 percent of the total reports/projects.

Special projects represent an array of work projects from development of our annual audit/work plan to our annual report. ■



APPENDIX A

LIST OF TRAINING SEMINARS AND CONFERENCES ATTENDED 2017

**WAYNE COUNTY OFFICE OF LEGISLATIVE AUDITOR GENERAL
LIST OF TRAINING SEMINARS AND CONFERENCES ATTENDED
2017**

SPONSORING ORGANIZATION	SEMINAR / CONFERENCE	DATE(S) ATTENDED
Audit Command Language	Death of a Tickmark, Birth of Rockstar Internal Auditor	1/12/17
Checkpoint Learning	Governmental & Non Profit Acct. Winter 2017	1/30/17
Rehmann	2017 Governmental GAAP Update	1/30/2017
Checkpoint Learning	Governmental & Non Profit Acct. Spring 2016	4/29/2017
Checkpoint Learning	Governmental & Non Profit Acct. Summer 2016	6/23/2017
Rehmann	Rehmann Live! 2017 Single Audit Update	7/25/2017
Checkpoint Learning	Nonprofit Acct. Report Autumn 2016	10/4/2017
Checkpoint Learning	Governmental Acct. Report Autumn 2016	10/4/2017
Rehmann	Succession Planning	10/24/2017
Institute of Compliance Learning - DOF	Ralph Grant institute – CPE Conference	11/20/2017 – 11/22/2017
Audit Net	Auditing Social Media	10/1/2017 – 10/31/2017

APPENDIX B

**COMPLETED AUDIT AND REVIEW REPORTS
AND SPECIAL PROJECTS
2017**

Proj. No.	Report/Activity Title	Report Date	Date to AC	DAP No.	Activity Type
1	Budget Sensitive/CAFR FY 2016 Review	7/25/2017	8/2/2017	2017-57-802	CC
2	WCERS Defined Benefit Plan FY 2016	5/3/2017	6/7/2017	2017-57-901(A)	AA
3	WCERS Defined Contribution Plan FY 2016	5/3/2017	6/7/2017	2017-57-901(B)	AA
4	Commission Audit	3/6/2017	3/30/2017	2015-57-809	AA
5	2015 Stadium Excise Tax	3/31/2017	4/26/2017	2016-57-005	AA
6	Drug Destruction	8/16/2017	8/30/2017	2017-57-004	AA
7	Lank Bank FY 2016	5/30/2017	6/21/2017	2017-57-902	Non-Audit
8	Sewerage Disposal System FY 2016	6/2/2017	6/21/2017	2017-57-903	Non-Audit
9	Building Authority FY 2016	6/8/2017	6/21/2017	2017-57-904	Non-Audit
10	Treasurer's Investment Reports FY 2106	3/30/2017	4/26/2017	2017-57-900	Non-Audit
11	Senior Citizens Nutrition Services	2/13/2017	2/22/2017	2016-57-003	PER
12	Corporation Counsel	7/6/2017	7/19/2017	2016-57-006	PER
13	Jail Commissary Operations	9/27/2017	10/11/2017	2017-57-005	PER
14	County Clerk Vital Services	11/30/17	12/13/2017	2017-57-011	PER
15	2016 Annual Report	1/18/2017	1/25/2017	2017-57-800	SP
16	2017 Annual Audit Plan	3/14/2017	3/22/2017	2017-57-801	SP
17	SAS 114 Letter for External Auditors FY 2016	3/14/2017	4/12/2017	2016-57-805	SP
18	WCAA External Auditor Selection	7/24/2017	7/26/2017	2017-57-102	SP
19	Procurement of External Auditor	N/A	8/2/2017	2016-57-807	SP
20	OAG's Independent Peer Review Letter	9/15/2017	10/11/2017	2017-57-803	SP
21	Sheriff billings for Housing & Maintenance of Inmates	2/22/2017	3/22/2017	2016-57-010	SP
22	Senior Nutrition CAP	7/28/2017	8/30/2017	2017-57-009	SP

CC – Consulting

AA - Attestation

PER – Performance

Non-Audit – Financial Assessment (Limited Review/ Limited Analytical)

SP – Special Project

Office of Legislative
Auditor General

MARCELLA CORA CPA, CIA, CICA, CGMA
AUDITOR GENERAL



500 GRISWOLD STREET
STE. 842 GUARDIAN BLDG
DETROIT, MICHIGAN 48226

TELEPHONE: (313) 224-8354

Statement of Organizational Independence

IIA Standards – Attribute Standard

1110 – Organizational Independence

The chief audit executive must report to a level within the organization that allows the internal audit activity to fulfill its responsibilities. The chief audit executive must confirm to the board, at least annually, the organizational independence of the internal audit activity.

1110.01 – The internal audit activity must be free from interference in determining the scope of internal auditing, performing work, and communicating results.

GAS 3.02 – 3.59– Independence

3.02 - In all matters relating to the audit work, the audit organization and the individual auditor, whether government or public, must be independent.

Two attributes that assure the success and credibility of the Office of Legislative Auditor General (OAG) are independence and objectivity. This involves maintaining a mental attitude and perspective of independency in fact and appearance from the processes employed, the results, conclusions and reporting of engagements and projects performed under the scope of authority. These parameters are set forth in the Wayne County Charter Section 3.119 and Wayne County Code of Ordinances Chapter 65 and are applied to the OAG functions and auditors who are involved in the activities prescribed.

The Auditor General shall be appointed by a majority of the Commissioners serving. The Auditor General may be removed for cause by a 2/3 vote of the Commissioners serving. The Auditor General reports directly to the Chairs of the Audit Committee and the Wayne County Commission who has delegated the responsibility for independently managing the audit function. Therefore, the OAG is considered free from impairment to independence as stated in 3.28a and 3.29b of the Government Auditing Standards.

Office of Legislative Auditor General
Statement of Organizational Independence
Calendar Year 2018

Along with the structure as outlined above, the OAG assures this concept as it applies to the internal audit function on an annual basis and/or as required. These elements joined together must meet the requirement for Organizational Independence required under Standard 1110 of the International Standards for the Professional Practice of Internal Auditing as issued by the Institute of Internal Auditors.

NOTE: The most relevant Generally Accepted Government Auditing Standards (GAGAS) and Institute of Internal Auditors (IIA) Standards are listed at the bottom of this statement.

Identify audit areas that may be affected or where organizational independence may be impaired:

Wayne County Commission Audit (Completed once every two years)

POSSIBLE ORGANIZATIONAL IMPAIRMENTS TO THE OAG'S INDPENDENCE

I have reviewed the activities, functions, organizational structure, and reporting lines with respect to Wayne County and its departments, elected officials, component units, agencies, programs, and processes. I am not aware of any circumstances that might impair or lead others to question the OAG's ability to be independent, impartial, and objective on any audit/engagement, except as indicated above. Therefore, any potential impairment listed above are areas that the OAG does not engage.

RESPONSIBILITY TO UPDATE THIS DISCLOSURE

I understand that I am also responsible to make timely written notification in the event any other circumstance arises during the course of the year that might impair or appear to impair the OAG's independence with respect to an audit or activity this includes external impairments and required disclosure related to non-audit service as noted in 3.44 of GAGAS and 1130 of the IIA Standards.



Marcella Cora, Auditor General

1-4-18

Date

Wayne County Commission Leadership

Chairman

Vice Chair



Alisha R. Bell



Gary Woronchak

Vice Chair Pro Tempore

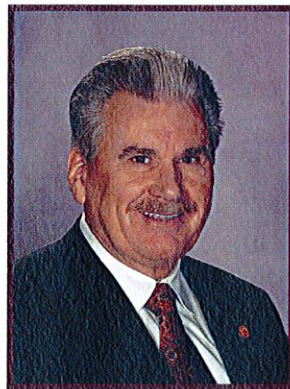


Jewel Ware

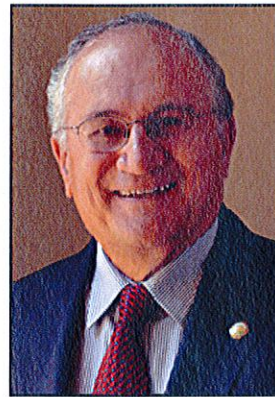
The Audit Committee Members

Responsibilities:

Mandated by the Wayne County Charter, the committee reviews the reports of the independent external auditor and the Auditor General. It also monitors compliance with audit findings and the county's internal control environment.



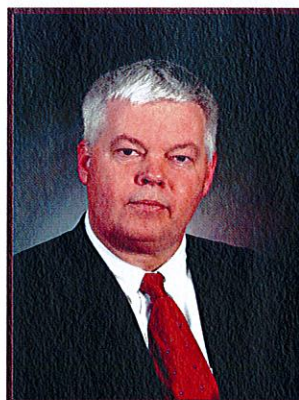
Ray Basham
Chairman



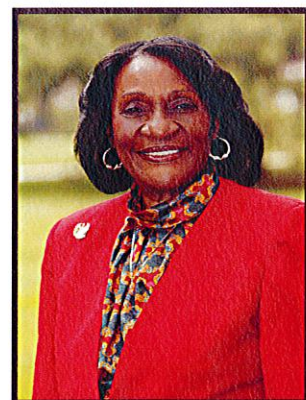
Al Haidous
Vice Chair



Diane Webb



Tim Killeen



Irma Clark-Coleman