

Office of Legislative
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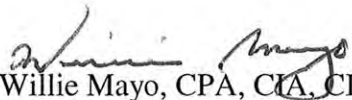
June 1, 2010

FINAL REPORT TRANSMITTAL LETTER

Honorable Wayne County Commissioners:

Enclosed is our final copy of the Corrective Action Plan (CAP) and Auditor General's Assessment for the Attestation Report, Office of the Wayne County Treasurer, Audit of the Property Foreclosure Auction Process. The contents of this final report did not change from the draft report previously issued. Our report is dated April 26, 2010; DAP No. 2010-57-002. The report was accepted by the Audit Committee May 11, 2010, and formally received by the Wayne County Commission on May 20, 2010.

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


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Auditor General

REPORT DISTRIBUTION

Office of the Wayne County Treasurer
Honorable Raymond J. Wojtowicz, Wayne County Treasurer
Terrance A. Keith, Chief Deputy Treasurer
James W. Bickley, Deputy Treasurer, Taxpayer Services/Land Management

Wayne County Department of Management and Budget
Carla E. Sledge, Chief Financial Officer
Terry Hasse, Director of Grants/Contract Administration

Wayne County Executive



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May 3, 2010

DAP No. 2010-57-002

Honorable Gary Woronchak, Chairman
Audit Committee
Wayne County Commission
County of Wayne, Michigan
500 Griswold, Suite 766
Detroit, MI 48226

Subject: **Corrective Action Plan**, including the Auditor General's Assessment dated April 26, 2010 for the Attestation Report on the Office of the Wayne County Treasurer, Audit of the Property Foreclosure Auction Process.

Dear Chairman Woronchak:

In accordance with Generally Accepted Government Auditing Standards issued by the Comptroller General of the United States, and the International Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors, the Office of Legislative Auditor General (OAG) requested the Office of the Wayne County Treasurer to submit a Corrective Action Plan (CAP) for the recommendations identified in the Attestation Report, Audit of the Property Foreclosure Auction Process, dated September 28, 2009.

The Treasurer's Office provided the CAP as requested. Attached is a Summary and Assessment of the CAP prepared by the OAG. The summary schedule includes: the recommendations; management's comments on the findings and recommendations; management's action taken or planned; whether management has or intends to implement the recommendation; responsible person(s)/area; implementation or targeted implementation date; and the Auditor General's assessment.

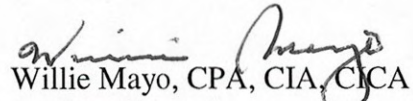
Our assessment of the three recommendations found that management intends to take sufficient action to address two of the recommendations (08-01; 08-02) in the report. However, management disagreed with finding (08-03) and related recommendation and does not intend to



Honorable Gary Woronchak
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May 3, 2010
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implement it at this time. Therefore, a follow-up review will be necessary for the two recommendations in which sufficient action has not taken place to date.

Respectfully submitted,


Willie Mayo, CPA, CIA, CICA
Auditor General

Pc: Honorable Raymond J. Wojtowicz, Wayne County Treasurer
Terrance A. Keith, Chief Deputy Treasurer
James W. Bickley, Deputy Treasurer, Taxpayer Services/Land Management
Carla E. Sledge, Chief Financial Officer
Terry Hasse, Director, Grants & Contract Administration

Attachment

Office of the Wayne County Treasurer
Audit of the Property Foreclosure Auction Process

**Summary and Assessment of
CORRECTIVE ACTION PLAN**

Auditor General's Recommendation	Management's Comments on Findings and Recommendations	Management's Action Taken or Planned	Management has or Intends to Implement the Recommendation Yes/No	Responsible Person(s)/ Area	Implementation or Targeted Implementation Date	Auditor General's Assessment
08-01 The Treasurer should formalize written policies and procedures for the business practices utilized to carry out the annual mandated foreclosure auction process.	Agree	Management agrees that policies and procedures for the foreclosure auction process should be formalized and in writing. Management has already begun to catalogue, update, and document the foreclosure auction process policies and procedures.	Yes	Department Adm., Taxpayer Services/ Land Management	September 2010	Our discussion with Treasurer Officials indicated they plan to have formalized policies and procedures finalized by the September auction. If the planned action is implemented as described, the action appears to sufficiently address the recommendation. A follow-up review will be performed during the second quarter of Fiscal Year 2011 to verify that the described action has occurred.
08-02 The Treasurer annually re-evaluate the opening bid for the second auction and adjust the opening bid as necessary, as well as maintain written evidence to support the statutory requirement that the opening bid is reasonable and sufficient to recover foreclosure and auction costs of sale.	Agree	Management indicated they will continue to follow the language in Section 211.78m (5) of Public Act (P.A.) 123 regarding establishing a reasonable opening bid for the second auction. Since the law does not list bid formula guidelines, Management interprets the "may" in this section as giving all county Treasurers in the State of Michigan the authorization to determine the best factors to use to calculate a "reasonable" opening bid for their county. Management feels the formula should not only consider cost recovery but also cost avoidance. Management will review and re-evaluate the opening bid for the second auction as deemed necessary by the Treasurer. Management will also maintain written supporting evidence of the factors used	Yes	Deputy Treasurer, Taxpayer Services/ Land Management	October 2010	Treasurer Officials indicated the Treasurer will continue to follow statutory authority to set a reasonable opening bid for the second auction in an effort to address the costs associated with the sale of the auctioned properties. Also, Treasurer Officials stated they will document the criteria used to determine the opening bid for the second auction. If the planned action is implemented as described, the action appears to sufficiently address the recommendation. A follow-up review will be performed during the second quarter of Fiscal Year 2011 to verify that the described action has occurred.

Office of the Wayne County Treasurer
Audit of the Property Foreclosure Auction Process

**Summary and Assessment of
CORRECTIVE ACTION PLAN**

Auditor General's Recommendation	Management's Comments on Findings and Recommendations	Management's Action Taken or Planned	Management has or Intends to Implement the Recommendation Yes/No	Responsible Person(s)/ Area	Implementation or Targeted Implementation Date	Auditor General's Assessment
08-02 cont'd		to determine bid reasonableness.				
08-03 The Treasurer's Office explore the feasibility of modifying the Property Tax Assessment system to allow the Treasurer the ability to generate a descriptive (i.e., vacant land; address; location) listing of inventory properties as of a specific date in time. We also recommend revising the Annual Report of Property Sale Proceeds, due June 30 of each year, to include a summary listing of inventory properties as of December 31 of the prior year.	Disagree	Management indicated their priority for the Property Tax Administration (PTA) system is upgrading to a new platform. A co-priority is implementing PTA enhancements to increase staff and system efficiency and user friendliness. Therefore, as a result of the current budgetary restrictions and staffing environment, Management does not consider the recommended feasibility study to generate a descriptive listing of inventory property a priority at this time. Further, Officials stated the Treasurer's Office is in compliance with all the statutory requirements related to the Report of Property Sale Proceeds as outlined in P.A. 123, Section 211.78m (8).	No	Not Applicable	Not Applicable	Management has indicated due to budgetary and staffing constraints and other priorities, they will not perform a feasibility study to modify the PTA system at this time. While we concur that the Treasurer is in compliance with the statutory reporting requirements, we believe a revision to the June 30 report to include a summary list of inventory properties would provide greater transparency to the public and other interested parties. The OAG has determined a follow-up on this recommendation will not be performed since Management has indicated they will not implement this recommendation and has assumed the risk of non-action.