Office of Legislative Auditor General

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December 20, 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 Operational Assessment Review Report on the Assessment and Equalization Division, Department of Management and Budget, dated November 11, 2010, DAP No. 2010-57-009. The contents of this final report did not change from the draft report previously issued. The report was accepted by the Audit Committee at its meeting held on December 7, 2010 and formally received by the Wayne County Commission on December 16, 2010.

We are pleased to inform you officials from the Assessment and Equalization Division 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/agreports.htm.

Willie Mayo, CPA, CIA, CICA
Auditor General

REPORT DISTRIBUTION

Wayne County Assessment and Equalization Division
Philip Mastin, Division Director
Michael Racklyeft, Deputy Division Director
David Ryan, Division Manager/Administration

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

Wayne County Executive

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DAP No. 2010-57-009

November 11, 2010

Honorable Gary Woronchak, Chairman
Audit Committee
Wayne County Commission
County of Wayne
500 Griswold, Suite 226
Detroit, MI 48226

Subject: Corrective Action Plan, including the Auditor General's Assessment, dated September 7, 2010; Operational Assessment Review Report for the Assessment and Equalization Division, Department of Management & Budget.

Dear Chairman Woronchak:

In accordance with 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 Assessment and Equalization Division to submit a Corrective Action Plan (CAP) for the seven (7) recommendations identified in our Operational Assessment Review Report dated June 7, 2010.

The Assessment and Equalization Division provided the CAP as requested. Attached is a Summary and Assessment of the CAP prepared by the OAG. The summary schedule includes: the audit 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/area, implementation or targeted implementation date, and the Auditor General's assessment.

Our assessment of the CAP indicated officials from the Assessment and Equalization Division and the Department of Management & Budget appear to have taken, or intend to take sufficient actions to resolve all six (6) recommendations directed to them. Therefore, a follow-up review of those recommendations will not be necessary. However, we were not able to obtain a response from the Department of Personnel/Human Resources regarding the one (1) recommendation directed to them. We will follow-up on this recommendation when we perform our next engagement of the department.

Respectfully submitted,

Willie Mayo, CPA, CIA, CICA
Auditor General

Pc: Philip Mastin, Division Director, A&E
Michael Racklyeft, Deputy Director, A&E
David Ryan, Division Manager, A&E
Carla E. Sledge, Chief Financial Officer, M&B
Terry Hasse, Director, Grants & Contract Administration, M&B
Tim Taylor, Director, Personnel/Human Resources
Donyale M. Stephen-Atara, Deputy Director, Personnel/Human Resources

Attachment

Assessment and Equalization Division
Wayne County Department of Management & Budget
Assessment and Equalization Operational Assessment Review

Summary and Assessment of
CORRECTIVE ACTION PLAN
September 7, 2010

	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
10-01	We recommend A&E officials adopt and implement a division policy that requires uniform job descriptions for each filled position be maintained on file and reviewed annually to ensure they are current.	We agree with the Auditor General.	Beginning with FY11, A&E management will create and compile a complete list of detailed job duties for each position that is contained in the FY11 budget. The purpose for waiting until FY11 is to ensure that time is not wasted on creating such documentation for positions that might be eliminated in the FY11 budget.	Yes	Director, A&E	FY11 Beginning Oct. 2010 Completed by March 2011	During our inquiry, we confirmed that A&E is in the process of compiling detailed job duties for all budgeted positions. If the planned action is implemented as described, the action appears to be sufficient to address the recommendation. Therefore a follow-up is not deemed necessary.
10-02	Due to budget constraints, we recommend A&E either bill the communities for the full cost of providing the service or discontinue providing property tax assessment services to the 19 communities.	We agree with the Auditor General that A&E either bill the communities for the full cost of providing the service or discontinue providing property tax assessment services.	Management at A&E has been compiling data relevant to actual costs associated with conducting local services. A new fee schedule was developed over the period April – July 2010. The revised fee schedule, if adopted with the FY11 budget, will cover the costs associated with providing local services, including overhead.	Yes	Director, A&E	In conjunction with approval of FY11 budget, new fees will be implemented before the first billing within FY 2011.	During our review and inquiry, we reviewed A&E's new fee schedule, which has been submitted to Management & Budget for consideration for continuing assessment services. We confirmed with A&E officials that the new fee schedule will cover the full cost of providing services and the Assessment & Equalization Division will continue to provide assessing services to the various communities going forward. If the planned action is implemented as described, the action appears to be sufficient to address the recommendation. Therefore a follow-up is not deemed necessary.

Assessment and Equalization Division
Wayne County Department of Management & Budget
Assessment and Equalization Operational Assessment Review

Summary and Assessment of
CORRECTIVE ACTION PLAN
September 7, 2010

	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
10-03	We recommend A&E develop and implement a comprehensive formalized (written) policies and procedures manual for all key processes and functions in the division. The manual should clearly outline the specific duties, authority and responsibilities for all employees, thus providing the essential foundation needed for establishing employee accountability and management oversight.	We agree with the Auditor General.	A&E has been compiling file memos (written policies and procedures) since the beginning of FY10. The compiled data will be used to create the Policies and Procedures Manual needed by A&E. A&E began implementation prior to operational review. This is a dynamic, ongoing process	Yes	Philip Mastin Michael Racklyeft	Implementation date should be within FY11.	During our review, we confirm that A&E is in the process of gathering issued memos from past business practices and is developing a new process which includes formalizing a comprehensive set of policies and procedures for the division. If the planned action is implemented as described, the action appears to be sufficient to address the recommendation. Therefore a follow-up is not deemed necessary.
10-04	We recommend all policies and procedures implemented by A&E be formally introduced, and maintain staff acknowledgement they have obtained, read, understood, and will abide by the policies and procedures set in place.	We agree with the Auditor General.	Subsequent to the initial findings of the Auditor General being released to A&E, A&E Director Philip Mastin directed all managers to invoke the policy of written, formal communications to staff with acknowledgements by staff.	Yes	Director, A&E	Implemented	During our inquiry, we confirmed the Assessment and Equalization Division has implemented a policy, which requires formal communication of policies and procedures. The policy evokes written acknowledgement from staff which verifies they have obtained, read, understand, and will abide by the policies and procedures being implemented by management.

Summary and Assessment of
CORRECTIVE ACTION PLAN
September 7, 2010

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							Based on a limited review of the action taken, management appears to have taken sufficient action to address the recommendation.
10-05	We recommend A&E should have a control mechanism in place to ensure compliance is met by filing the annual conflict of interest form by the due date each year.	We agree with the Auditor General.	Subsequent to the initial findings of the Auditor General being released to A&E, A&E Director Philip Mastin created a control mechanism by placing the annual conflict of interest disclosure filing on his annual calendar, with a recurring cycle of each year on the Tuesday following the second Monday in January and a deadline date of March 15.	Yes	Director, A&E	Implemented	In reviewing the corrective action taken to ensure A&E complies with the procurement ordinance, management created a policy and placed a control mechanism within their daily scheduler to have a recurring cycle of reminders starting in January to remind management the conflict of interest disclosure form must be filed by March 15 to be in compliance with the procurement ordinance. Based on a limited review of the action taken, management appears to have taken sufficient action to address the recommendation.

Summary and Assessment of
CORRECTIVE ACTION PLAN
September 7, 2010

	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
10-06	We recommend P&HR formally adopt and communicate the job classification of Project Consultant and formulate a job description and requirements for the position.		Note: Auditor General needs to obtain a response from Personnel & Human Resources, since the recommendation is directed to them. This finding should be removed altogether from M&B's corrective action plan.				The OAG was not able to get a response from the Department of Personnel / Human Resources
10-07	We recommend A&E implement adequate budgetary controls to mitigate the risk of non-compliance.		Management of A&E will follow up with the Budget Division to determine the cause and will revise existing, or create new procedures as necessary.	Yes	Director, A&E	Beginning with FY11 budget.	During our inquiry, we confirmed that the Assessment and Equalization Division has taken the necessary steps to inquire to management and budget and start to monitor and control expenditures closer to comply with the approved allocated budget. If the planned action is implemented as described, the action appears to be sufficient to address the recommendation. Therefore a follow-up is not deemed necessary.