

Wayne County Commission



Edward A. Boike, Jr.
Chairman

John Pfeiffer
Director

OFFICE OF POLICY RESEARCH & ANALYSIS

December 1, 2010

COMMITTEE MEMBERS

Gary Woronchak (C)
Moe Blackwell (VC)
Tim Killeen
Joseph Palamara
Diane Webb

NOTICE OF MEETING

OF THE

COMMITTEE ON AUDIT

Tuesday, December 7, 2010 – 2:00 p.m.
Hearing Room 704, Guardian Building, 500 Griswold, Detroit, MI 48226

Commissioner Gary Woronchak, Chair of the Committee on Audit has scheduled the meeting of the Committee on Tuesday, December 7, 2010 at 2:00 p.m. in Hearing Room 704, Guardian Building, 500 Griswold, Detroit, MI 48226 to consider the following:

- A. Roll Call.
- B. Approval of minutes of the November 9, 2010 meeting.
- C. Unfinished Business
- D. New Business
1. Communication dated November 5, 2010 (received November 30th) from Willie Mayo, Wayne County Legislative Auditor General, forwarding a letter to Chairman Woronchak, Chairman, Audit Committee, Wayne County Commission, indicating the termination of the Operational Assessment Review on the On Demand Copy Center, Office of the Wayne County Clerk; the letter is dated November 5, 2010; it is advised that the report is subject to the review, discussion, suggestions and recommendation to the Commission for acceptance. (2010-57-864)

Notes: This meeting is called in accordance with provisions of the "Open Meetings Act", Act No. 267, Public Acts of 1976.

The County of Wayne will provide necessary reasonable auxiliary aids and services, such as signers for the hearing impaired and audio tapes of printed materials being considered at the meeting, to individuals with disabilities at the Commission meeting upon five days notice to the Clerk of the Commission. Individuals with disabilities requiring auxiliary aids or services should contact the Wayne County Commission by writing or calling to the address and number listed below or TDD (1-800-649-3777).



2. Communication dated November 30, 2010 (received November 30th) from Willie Mayo, Wayne County Legislative Auditor General, forwarding a final draft copy of the Corrective Action Plan and Auditor General's Assessment Review on the Assessment and Equalization Division, Department of Management & Budget; the report is dated November 11, 2010; it is advised that the report is subject to the review, discussion, suggestions and recommendation to the Commission for acceptance. (2010-57-009)
3. Communication dated November 30, 2010 (received November 30th) from Willie Mayo, Wayne County Legislative Auditor General, forwarding a final draft copy of the Office of the Legislative Auditor General's Limited Analytical Review Report of the Wayne County Treasurer's Office, Investment Report, First Quarter (October-December 2009) Fiscal Year 2009-2010; the report is dated November 18, 2010; it is advised that the report is subject to the review, discussion, suggestions and recommendation to the Commission for acceptance. (2010-57-915)
4. Oral Report.
- E. Such other matters as may be properly submitted before the Committee.
- F. Public Comments.
- G. Adjournment

Respectfully submitted,

Makisha Morse, Legislative Research Assistant (224-8793)

Note: In accordance with the provisions of Rule 3, "The Chairperson of a Committee, when requested in advance of any given meeting, may permit a person making such request to address the Committee on any matter on the Agenda. Such address shall not be longer than the time allotted by the Chairperson, subject to the approval of the Committee".

COMMITTEE ON AUDIT

December 7, 2010

B. - Minutes of the November 9, 2010

**MINUTES
COMMITTEE ON AUDIT**

Tuesday, November 9, 2010

- A. Roll Call: 9:03 a.m.
Gary Woronchak, Chairman - Present
Moe Blackwell – Excused
Tim Killeen – Present
Joseph Palamara – Present
Diane Webb – Excused

Others: See Sign In Sheet

- B. Killeen/Palamara **Approved.** Minutes of the October 26, 2010 meeting. Motion carried.

- C. Unfinished Business None.

- D. New Business

1. Killeen/Woronchak **Forwarded to the Full Board for Receive and File.** Legislative Auditor General's Limited Analytical Review Report for the Wayne County Prosecuting Attorney's Office, Special Operations Division-Nuisance Abatement Unit; the report is dated October 26, 2010; the report is submitted for review, discussion, and recommendation to the Commission for receive and file. (2010-57-913) Motion carried.

Wilbur Hamner, Audit Manager, provided an overview of the report and its recommendations.

2. Killeen/Woronchak **Forwarded to the Full Board for Receive and File.** Legislative Auditor General's Financial Assessment-Limited Review Report for the Metropolitan Growth and Development Corporation's audited financial statements for fiscal year ended September 30, 2009; the report is dated July 30, 2010; the report is submitted for review, discussion, and recommendation to the Commission for receive and file. (2010-57-907) Motion carried.

Terrill Binion, Deputy Auditor General, provided a summary of the report.

Marcella Cora, Audit and Administrative Manager, provided overview of the report and its recommendations.

3. Killeen/Woronchak

Forwarded to the Full Board for Receive and File. Corrective Action Plan and Auditor General's Assessment for the Compliance Report on the Department of Children and Family Services, Juvenile Services Division, Audit of the Care Management Organization contractor: Black Family Development, Inc.; the report is dated August 23, 2010; the report is submitted for review, discussion, and recommendation to the Commission for receive and file. (2010-57-007) Motion carried.

Terrill Binion, Deputy Auditor General, provided a summary of the report. Mr. Binion indicated all recommendations have been addressed; therefore, no follow-up review is necessary.

Marcella Cora, Audit and Administrative Manager, provided overview of the report and its recommendations.

4. Killeen/Palamara

Forwarded to the Full Board for Receive and File. Auditor General's Agreed-Upon Procedures Report on the Destruction of Controlled Substance Evidence, related to the Narcotics Enforcement Unit, Special Operations Division, Wayne County Sheriff's Office; the report is dated August 24, 2010; the report is submitted for review, discussion, and recommendation to the Commission for receive and file. (2010-57-011) Motion carried.

Terrill Binion, Deputy Auditor General, provided an overview of the report.

The Committee requested a written letter indicating that the Sheriff is in agreement with the recommendations.

5. Oral Report from the Auditor General.
 - Mr. Binion informed the Committee that the Office of the Auditor General would be in training on November 23, 2010 and requested the meeting be postponed to the next scheduled meeting. Mr. Binion also indicated that all outstanding items would be handled at this meeting.
- E. Such other matters as may be properly submitted before the Committee.
 - Chairman Woronchak provided well wishes for our Auditor General, Mr. Mayo.
- F. Public Comments.
- G. Adjournment Killeen/Palamara

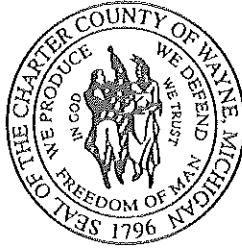
The meeting was adjourned at 9:35 a.m.

Respectfully submitted,

Makisha Morse
Legislative Research Assistant

Attachments (2)

Wayne County Commission



Edward A. Boike, Jr.
Chairman

John Pfeiffer
Director

OFFICE OF POLICY RESEARCH & ANALYSIS

November 5, 2010

COMMITTEE MEMBERS

Gary Woronchak (C)
Moe Blackwell (VC)
Tim Killeen
Joseph Palamara
Diane Webb

NOTICE OF MEETING

OF THE

COMMITTEE ON AUDIT

Tuesday, November 9, 2010 – 9:00 a.m. (Note: New Time)
Hearing Room 704, Guardian Building, 500 Griswold, Detroit, MI 48226

Commissioner Gary Woronchak, Chair of the Committee on Audit has scheduled the meeting of the Committee on Tuesday, November 9, 2010 at 9:00 a.m. in Hearing Room 704, Guardian Building, 500 Griswold, Detroit, MI 48226 to consider the following:

- A. Roll Call.
 - B. Approval of minutes of the October 26, 2010 meeting.
 - C. Unfinished Business
 - D. New Business
1. Communication dated October 27, 2010 (received November 3rd) from Willie Mayo, Wayne County Legislative Auditor General, forwarding the final draft of the Legislative Auditor General's Limited Analytical Review Report for the Wayne County Prosecuting Attorney's Office, Special Operations Division-Nuisance Abatement Unit; the report is dated October 26, 2010; the report is submitted for review, discussion, and recommendation to the Commission for receive and file. (2010-57-913)
 2. Communication dated September 22, 2010 (received November 3rd) from Willie Mayo, Wayne County Legislative Auditor General, forwarding the final draft of the Legislative Auditor General's Financial Assessment-Limited Review Report for the Metropolitan Growth and Development Corporation's audited financial statements for fiscal year ended September 30, 2009; the report is dated July 30, 2010; the report is submitted for review, discussion, and recommendation to the Commission for receive and file. (2010-57-907)

Notes: This meeting is called in accordance with provisions of the "Open Meetings Act", Act No. 267, Public Acts of 1976.

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500 GRISWOLD • SUITE 861 • DETROIT, MICHIGAN 48226 • TELEPHONE: (313) 224-0909 • FAX: (313) 224-7484



3. Communication dated October 29, 2010 (received November 4th) from Willie Mayo, Wayne County Legislative Auditor General, forwarding the final draft of the Corrective Action Plan and Auditor General's Assessment for the Compliance Report on the Department of Children and Family Services, Juvenile Services Division, Audit of the Care Management Organization contractor: Black Family Development, Inc.; the report is dated August 23, 2010; the report is submitted for review, discussion, and recommendation to the Commission for receive and file. (2010-57-007)
4. Communication dated October 29, 2010 (received November 4th) from Willie Mayo, Wayne County Legislative Auditor General, forwarding the final draft of the Auditor General's Agreed-Upon Procedures Report on the Destruction of Controlled Substance Evidence, related to the Narcotics Enforcement Unit, Special Operations Division, Wayne County Sheriff's Office; the report is dated August 24, 2010; the report is submitted for review, discussion, and recommendation to the Commission for receive and file. (2010-57-011)
5. Oral Report from the Auditor General.
- E. Such other matters as may be properly submitted before the Committee.
- F. Public Comments.
- G. Adjournment

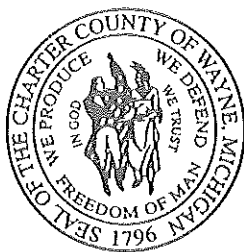
Respectfully submitted,

Makisha Morse, Legislative Research Assistant (224-8793)

Note: In accordance with the provisions of Rule 3, "The Chairperson of a Committee, when requested in advance of any given meeting, may permit a person making such request to address the Committee on any matter on the Agenda. Such address shall not be longer than the time allotted by the Chairperson, subject to the approval of the Committee".

Wayne County Commission

Moe Blackwell
Commissioner District 3



WAYNE COUNTY COMMISSION
500 GRISWOLD, 7TH FLOOR
DETROIT, MICHIGAN 48226

Commission Office:
(313) 224-0878

Memorandum

TO: Gary Woronchak
Chair of Audit

FROM: Commissioner Moe Blackwell

Cc: Makisha Morse

DATE: November 9, 2010

Re: Committee on Audit

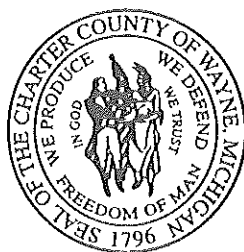
Please excuse Commissioner Moe Blackwell from Committee on Audit Meeting on meeting scheduled for Tuesday, November 9, 2010. If you have any questions please call me at 224-0878. Thank you in advance.

MB/mjj



Wayne County Commission

Diane L. Webb
Commissioner District 9



WAYNE COUNTY COMMISSION
500 GRISWOLD, 7TH FLOOR
DETROIT, MICHIGAN 48226

Commission Office:
(313) 224-0930

MEMORANDUM

TO: Commissioner Gary Woronchak
Chairman of Audit

FROM: Commissioner Webb

DATE: 11/08/2010

RE: November 9th Audit Committee Meeting

Please excuse my absence on Tuesday, November 9th 2010. I will be out of town for the week.

Best Regards,

CC: Makisha Morse, Legislative Research



ATTENDANCE RECORD

MEETING OF THE COMMITTEE ON AUDIT _____

TIME 9:00 a.m.

PLACE OF MEETING Hearing Room 704, Guardian Building

DATE Tuesday, November 9, 2010

NAME	MAILING ADDRESS	ORGANIZATION	TITLE	PHONE
<u>M.D. O'Connell</u>	<u>640 Temple</u>	<u>MFB-LFS</u>	<u>Dir. Dir</u>	<u>3-3479</u>
<u>Jane Fernandez</u>	<u>2995 Grand Blvd</u>	<u>BFI</u>	<u>CEO</u>	<u>313 758 0150</u>
<u>Marcella Cora</u>	<u>500 Cariswald</u>	<u>OAG</u>	<u>Manager</u>	
<u>Terrill Binion</u>	<u>" "</u>	<u>OAG</u>	<u>Helpy AG</u>	
<u>Crystal Davie</u>	<u>" "</u>	<u>OAG</u>	<u>P. Senior Auditor</u>	
<u>Tony Kallett</u>	<u>" "</u>	<u>"</u>	<u>Supv.</u>	
<u>Jan Liu</u>	<u>" "</u>	<u>DAG</u>	<u>P. Sr. Auditor</u>	
<u>Wil Hammer</u>	<u>" "</u>	<u>"</u>	<u>Audit Mgr</u>	<u>4-6358</u>
<u>Vivian Shelton</u>	<u>500 Baswell</u>	<u>"</u>	<u>Sr. Auditor</u>	<u>4-8355</u>
<u>JENI NOEMAN</u>	<u>" "</u>	<u>M&B</u>	<u>INT. DIR. FIN. EFF.</u>	<u>4-3683</u>
<u>Jessica Miestzke</u>	<u>" "</u>	<u>CEO</u>	<u>Exec. Asst.</u>	<u>4-5577</u>

COMMITTEE ON AUDIT

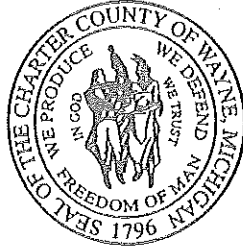
December 7, 2010

**D. 1. – Letter terminating the Operational Assessment Review of the On
Demand Copy Center**

(2010-57-864)

Office of Legislative
Auditor General

WILLIE MAYO, CPA, CIA, CICA
AUDITOR GENERAL



500 GRISWOLD STREET
STE. 848; GUARDIAN BLDG.
DETROIT, MICHIGAN 48226
TELEPHONE: (313) 224-0924

November 5, 2010

DAP No. 2010-57-864

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

Re: Engagement Termination - Operational Assessment Review, On Demand Copy Center, Office of the Wayne County Clerk, for the period October 1, 2009 through July 30, 2010;

Dear Chairman Woronchak:

The Office of Legislative Auditor General (OAG) included in the 2010 Audit Plan, the Operational Assessment Review of the On Demand Copy Center, Office of the Wayne County Clerk, for the period of October 1, 2009 to July 30, 2010. During the planning phase for this engagement, we met with the officials from the On Demand Copy Center (ODCC) at which time they indicated the ODCC was not included in the County Clerk's budget request for fiscal year 2010-2011, because they would be discontinuing its operations. We confirmed the ODCC was not funded for the 2010-2011 fiscal year with the Commission's Office of Fiscal Agency.

According to ODCC Officials, when the ODCC was initially proposed and funded, all or most of the copying needs of the county was anticipated to be performed by the ODCC. However, that plan never materialized and the ODCC did not receive sufficient business from county departments/agencies or external sources to cover its costs. As a result, the ODCC has generated a total combined deficit of \$1,113,576, for fiscal years 2008, 2009 and 2010 of \$171,254, \$537,443, and \$404,879, respectively. The ODCC officials

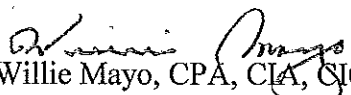


Honorable Gary Woronchak
DAP No. 2010-57-864
November 5, 2010
Page 2 of 2

further indicated and we confirmed the County will not incur any financial penalties for early termination of its printing equipment leases. Though we understand the ODCC was not funded beyond the prior 2009-2010 fiscal year, county officials should consider the cost-benefit of keeping the equipment and continuing the lease payments since the equipment reverts to the County for \$1 (county has made 3 years of payments on the 5 year lease agreement), if the equipment can be effectively and efficiently used by the Office of the County Clerk or elsewhere in the county.

As a result of the recent decision to discontinue the ODCC, and in order to ensure the most efficient and effective use of limited audit resources, the OAG has determined to terminate or discontinue this engagement.

Respectfully submitted,


Willie Mayo, CPA, CIA, CICA
Auditor General

Pc: Audit Committee Members
Honorable Cathy M. Garrett, Office of the County Clerk
Caven West, Chief Deputy, Office of the County Clerk
Johnnie Johnson, Chief of Staff, Office of the County Clerk
Ronald Fields, Finance, Office of the County Clerk
John Ude, Finance, Office of the County Clerk
Carla E. Sledge, Chief Financial Officer
Terry L. Hasse, Director, Grants and Contracts Administration, M&B

COMMITTEE ON AUDIT

December 7, 2010

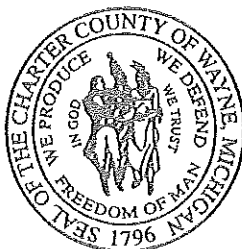
D. 2. – Corrective Action Plan on the Assessment and Equalization Division

(2010-57-009)

Office of Legislative
Auditor General

WILLIE MAYO, CPA, CIA, CICA
AUDITOR GENERAL

November 30, 2010



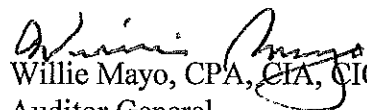
500 GRISWOLD STREET
STE. 848; GUARDIAN BLDG.
DETROIT, MICHIGAN 48226
TELEPHONE: (313) 224-0924

AUDIT COMMITTEE TRANSMITTAL LETTER

Wayne County Committee on Audit:

Enclosed is the draft 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 & Budget, dated November 11, 2010, DAP No. 2010-57-009.

We are pleased to inform you that management officials and staff of the Assessment and Equalization Division along with officials from the Department of Management & Budget provided their complete and full cooperation during our review. However, officials from the Department of Personnel/Human Resources, were not cooperative and failed to respond to our several request for information.


Willie Mayo, CPA, CIA, CICA
Auditor General

REPORT DISTRIBUTION

Assessment and Equalization Division

Philip Mastin, Director

Michael Racklyeft, Deputy Director

David Ryan, Manager

Department of Management and Budget

Carla E. Sledge, Chief Financial Officer

Terry Hasse, Director of Grants/Contract Administration

Department of Personnel/Human Resources

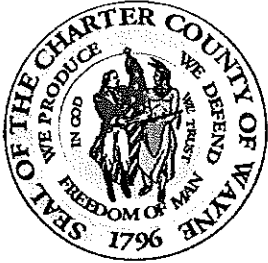
Tim Taylor, Director

Donyale Stephen-Atara, Deputy Director

Wayne County Commissioners



*FINAL DRAFT
FOR REVIEW AND DISCUSSION ONLY*



**COUNTY OF WAYNE, MICHIGAN
OFFICE OF LEGISLATIVE AUDITOR GENERAL**

**Assessment and Equalization Division,
Department of Management & Budget**

Operational Assessment Review Report

Corrective Action Plan

November 11, 2010

DAP No. 2010-57-009

Office of Legislative
Auditor General

WILLIE MAYO, CPA, CIA, CICA
AUDITOR GENERAL



500 GRISWOLD STREET
STE. 848; GUARDIAN BLDG.
DETROIT, MICHIGAN 48226
TELEPHONE: (313) 224-0924

Final Draft
For Review and Discussion Only

DAP No. 2010-57-009

November 11, 2010

Honorable Gary Woronchak, Chairman
Audit Committee
Wayne County Commission
County of Wayne
500 Griswold, Suite 726
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.



**Final Draft
For Review and Discussion Only**

Honorable Gary Woronchak
DAP No. 2010-57-009
November 11, 2010
Page 2

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

FINAL DRAFT
For Review and Discussion Only
Assessment and Equalization Division
Wayne County Department of Management & Budget
Operational Assessment Review Report

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 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 recommendation.	Beginning with FY 2011, A&E management will create and compile a complete list of detailed job duties for each position that is contained in the FY 2011 budget. The purpose for waiting until FY 2011 is to ensure that time is not wasted on creating such documentation for positions that might be eliminated in the FY 2011 budget.	Yes	Director, A&E	FY 2011 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 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 recommendation.	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 FY 2011 budget, will cover the costs associated with providing local services, including overhead.	Yes	Director, A&E	In conjunction with approval of FY 2011 budget, new fees will be implemented before the first billing within FY 2011.	During our review and inquiry, we reviewed A&E's new proposed 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

FINAL DRAFT
For Review and Discussion Only
Assessment and Equalization Division
Wayne County Department of Management & Budget
Operational Assessment Review Report

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 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 recommendation	A&E has been compiling file memos (written policies and procedures) since the beginning of FY 2010. The compiled data will be used to create the Policies and Procedures Manual needed by A&E. A&E began implementation prior to the operational review. This is a dynamic, ongoing process.	Yes	Director and Deputy Director, A&E	Implementation date is expected to be within FY 2011.	<p>recommendation. Therefore a follow-up is not deemed necessary.</p> <p>During our review, we confirmed A&E is in the process of gathering issued memos regarding business practices and is developing a new process which includes formalizing a comprehensive set of policies and procedures for the division.</p> <p>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.</p>

FINAL DRAFT
For Review and Discussion Only
Assessment and Equalization Division
Wayne County Department of Management & Budget
Operational Assessment Review Report

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
10-04 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 recommendation.	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 requires written acknowledgement from staff which verifies they have obtained, read, understand, and will abide by the policies and procedures being implemented by management. Based on our limited review of the action taken, management appears to have taken sufficient action to address the recommendation. Therefore, a follow-up is not deemed necessary.

FINAL DRAFT
For Review and Discussion Only

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

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
10-05 A&E should have a control mechanism in place to ensure compliance is met for filing the Annual Conflict of Interest [Disclosure] form by the due date each year.	We agree with the recommendation	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. The deadline date is March 15th.	Yes	Director, A&E	Implemented	We actually observed in the Microsoft Word Outlook Calendar of an A&E employee that the Annual Conflict of Interest Disclosure filing reminder was posted as indicated by management. Based on our limited review of the action taken, management appears to have taken sufficient action to address the recommendation. Therefore, a follow-up is not deemed necessary.
10-06 Department of Personnel/Human Resources (P/HR) formally adopt and communicate the job classification of "Project Consultant" and formulate a job description and requirements for the position.						Officials failed to respond to our several requests for information. We will follow-up on this recommendation during our next Department of Personnel/Human Resources engagement.

FINAL DRAFT
For Review and Discussion Only
Assessment and Equalization Division
Wayne County Department of Management & Budget
Operational Assessment Review Report

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
10-07 Assessment and Equalization Division should implement adequate budgetary controls to mitigate the risk of non-compliance.	We agree with the recommendation.	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 FY 2011 budget.	We confirmed the Assessment and Equalization Division has taken sufficient, appropriate and necessary steps to monitor and mitigate a re-occurrence of the risk that lead to this recommendation. Based on our limited review of the action taken, management appears to have taken sufficient action to address the recommendation. Therefore, a follow-up is not deemed necessary.

COMMITTEE ON AUDIT

December 7, 2010

D. 3. – Limited Analytical Review Report on the W. C. Treasurer’s Office

(2010-57-915)

Office of Legislative
Auditor General

WILLIE MAYO, CPA, CIA, CICA
AUDITOR GENERAL

December 1, 2010



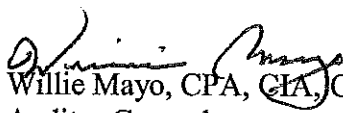
500 GRISWOLD STREET
STE. 848; GUARDIAN BLDG.
DETROIT, MICHIGAN 48226
TELEPHONE: (313) 224-0924

AUDIT COMMITTEE TRANSMITTAL LETTER

Wayne County Audit Committee:

Enclosed is our final draft copy of the Office of Legislative Auditor General's Limited Analytical Review report of the Wayne County Treasurer's Office, Investment Report, First Quarter (October – December 2009) Fiscal Year 2009-2010. Our report is dated November 18, 2010; DAP No. 2010-57-915.

We are pleased to inform you that officials from the Office of the Wayne County Treasurer provided their full cooperation during the engagement. 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.


Willie Mayo, CPA, CIA, CICA
Auditor General

REPORT DISTRIBUTION

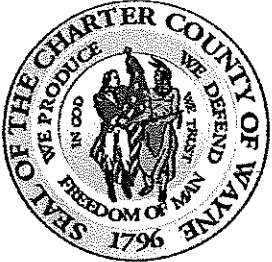
Office of the Wayne County Treasurer
Honorable Raymond J. Wojtowicz, County Treasurer
Terrance Keith, Chief Deputy Treasurer
Christa J. Mclellan, Deputy Treasurer

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

Wayne County Commissioners



***FINAL DRAFT
FOR REVIEW AND DISCUSSION ONLY***



**COUNTY OF WAYNE, MICHIGAN
OFFICE OF LEGISLATIVE AUDITOR GENERAL**

Office of the Wayne County Treasurer

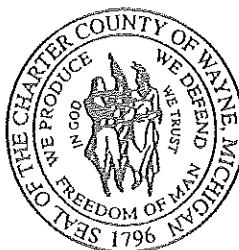
**TREASURER'S INVESTMENT REPORT
FIRST QUARTER (OCTOBER – DECEMBER 2009)
FISCAL YEAR 2009 - 2010**

**Limited Analytical Review
November 18, 2010**

DAP No. 2010-57-915

Office of Legislative
Auditor General

WILLIE MAYO, CPA, CIA, CICA
AUDITOR GENERAL



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November 18, 2010

FINAL DRAFT
For Review and Discussion Only

DAP No: 2010-57- 915

Honorable Raymond J. Wojtowicz
Wayne County Treasurer
County of Wayne, Michigan
400 Monroe, 5th Floor
Detroit, MI 48226

Re: Limited Analytical Review Engagement of the Wayne County Treasurer's Office,
Investment Report, First Quarter Fiscal Year 2009-2010, October 1, 2009-
December 31, 2009.

Dear Honorable Raymond J. Wojtowicz:

Introduction

The Wayne County Office of Legislative Auditor General (OAG) has performed a Limited Analytical Review of the Wayne County Treasurer's Office, Investment Report, First Quarter Fiscal Year 2009 - 2010, October 1, 2009 - December 31, 2009. The report was referred to the Office of Legislative Auditor General on October 12, 2010, by the Audit Committee, Wayne County Commission.

Scope of Work

The procedures we performed regarding this engagement were limited to an analytical review of investments managed by the Treasurer's Office and does not constitute an audit or review in accordance with Generally Accepted Government Auditing Standards issued by the Comptroller General of the United States or the International Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors.

Because the procedures performed did not constitute an audit or review, we do not express any conclusion(s) or opinion(s) regarding the investment activities reported in the Treasurer's report.



**FINAL DRAFT
FOR REVIEW AND DISCUSSION ONLY**

Honorable Raymond J. Wojtowicz
Investment Report 1st Quarter 2010
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Our report attempted to determine the: 1) completeness and thoroughness of the report; 2) report's compliance with applicable state statutes and the county's investment policy; and 3) trends in investment balances and interest earnings.

Submission of Quarterly Report

The applicable state statute does not specify what information is specifically required for communication to the governing body or a specified date for submission. Based on our review, it appears the Treasurer's first quarter report for fiscal year 2009 - 2010 was complete and thorough in its reporting of the investments managed by the Treasurer. However, the governing board, or County Commission, did not receive the report until 10 months after the period ended, December 31, 2009, and after the fiscal year ended.

Compliance with State Statutes and County Ordinance

The Treasurer manages four portfolios: General Pool, Bond Reserve, Building Authority, and the Tax9 portfolio. Based on our review of the report, it appears the investments and investment types are in compliance with state statutes and the Wayne County Comprehensive Investment Policy as promulgated by the Wayne County Commission.

Trends in Investment Balances and Earnings

Increase in Investment Portfolio Balances

The Total balance for the four portfolios increased by more than \$12 million, or 6 percent, as compared to the same three month period of the prior fiscal year. The majority of the increase can primarily be attributed to the timing of payments on the Delinquent Tax Notes within the Reserve Pool.

Decrease in Interest Earned

For the first quarter 2010 (October – December 2009), combined interest earnings were \$609,876; for the same quarter in the prior fiscal year, earnings were \$1,526,114. This represents a decrease of approximately \$916,237, or 60 percent. The decrease in General Pool portfolio earnings of \$831,197 represented 91 percent of the total decrease. According to a Treasurer official, this was primarily due to lower interest rates and a decline in the General Pool Portfolio cash balance, which decreased by approximately \$18.7 million from the same quarter in FY 2009.

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As shown in the table below, the average General Pool yield decrease of 67.2 percent was primarily caused by an overall decline in interest rates, as evidenced by a decline of 73.1 percent in the average 90 day T-bill rate, the barometer used to measure the performance of the four investment portfolios

However, for the three month period ending December 31, 2009, all four investment portfolios' average yields exceeded the 90-day T-Bill average yield of 0.052, which complied with the county's Comprehensive Investment Policy.

**Wayne County Treasurer's Office
Schedule of Investment Portfolio Average Yields
For the Three-month period ending December 31, 2009**

Portfolio Name	1st Quarter FY 2010 Avg. Yield	1st Quarter FY 2009 Avg. Yield	% Increase / (Decrease)
General Pool	0.58	1.77	(67.2)%
Bond Reserve	0.65	1.59	(59.1)%
Building Authority	0.49	1.93	(74.6)%
Tax9	0.57	**	100%
90-Day T-Bill	0.052	.193	(73.1)%

Source: Wayne County Treasurer's Office, FY 2010 and FY 2009 First Quarter Investment Reports

Note: (**)- Tax9 Portfolio established in the 4th Qtr of FY 2009 - 2010

Views of Responsible Officials

We shared the report with the Treasurer Official who provided responses to our inquiries. The official agreed with the report and our conclusions.

Conclusion

It is our opinion that the Treasurer is in full compliance with the State of Michigan's investment policies, and investment holdings were in compliance with the Wayne County Comprehensive Investment Policy. Based on our limited analysis and inquiries, we have concluded that the county's General Pool, Bond Reserve, Building Authority, and Tax9 portfolios are performing at or above the 90-day T-Bill rate, and investment risk appears to be sufficiently managed.

It appears the county will continue to be adversely impacted by continued decreases in interest rates and declines in pool cash balances. This report indicates the county's interest earnings declined over \$916,237 for the three month period ending December 31, 2009,

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Honorable Raymond J. Wojtowicz
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compared to the same period for the prior year. If this level of decline in earnings continues, the county could have fewer dollars to provide necessary and essential services to county citizens.

On behalf of the OAG, we would like to thank the officials in the Wayne County Treasurer's Office for their cooperation during the engagement.

If you have any questions, comments, or concerns regarding the above please feel free to contact me or the Deputy Auditor General and we will be happy to address them.

Respectfully Submitted,

Willie Mayo, CPA, CIA, CICA
Auditor General

cc. Terrance Keith, Chief Deputy Treasurer
Christa J. Mclellan, Deputy Treasurer
Wayne County Audit Committee