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INTRODUCTION

The Office of Internal Audit performed an audit of the Wayne County FIA Forest/Ellery District for the period October 1, 1999 through March 31, 2000. The objectives of our audit were to determine if internal controls in place at the local office provide reasonable assurance that departmental assets are safeguarded, transactions are properly recorded on a timely basis, and policies and procedures of Michigan Family Independence Agency (FIA) are being followed. The Forest/Ellery District had 84 full time equated positions (FTE's) at the time of our review. The Forest/Ellery District provided assistance to average 8.140 recipients per month during FY 1999, with total assistance payments of \$12,464,130 during that year.

SCOPE

Our audit was performed in accordance with Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors. We obtained descriptions of significant systems operating at the Forest/Ellery District, documented those systems, and evaluated controls in each system. We tested the systems for compliance, where feasible. We included the following systems:

Cash Receipts	Cash Disbursements
Client Processing	Safe & Controlled Documents
CIS Input	ENP/SER Program
IRS Information Security	Medical Transportation
Employment Support Services	Phone Usage
Procurement Card	Payroll Review

EXECUTIVE SUMMARY

Based on our audit, we conclude that the Forest/Ellery District internal controls are generally adequate to provide management with reasonable assurance that assets are safeguarded and transactions are executed in accordance with management's authorization. We did, however,

find a few instances of noncompliance with FIA policies and procedures, which are detailed below.

DISTRICT OFFICE RESPONSE

The District did not respond to our draft report.

FINDINGS AND RECOMMENDATIONS

Cash Receipts

No findings in this area.

Cash Disbursements

Sign-O-Meter Reconciliation

1. The Forest/Ellery District did not document the reconciliation of the Sign-O-Meter Record (FIA) with the Check Register, as required by Accounting Manual Item 410.1. Documentation that this reconciliation was performed is necessary to ensure that no checks go through the check signer that are not accounted for in the accounting records.

WE RECOMMEND that the Forest/Ellery District retain the documentation of the reconciliation of the Sign-O-Meter Record with the Check Register.

Client Processing

No findings in this area.

Controlled Documents

Control of Bus Tickets and Transfers

2. The Forest/Ellery District did not properly control bus tickets and transfers. We noted that the District did not prepare the Monthly Controlled Document Inventory and Reconciliation (FIA-4351) for bus tickets and transfers, as required by Accounting

Manual Item 403. Preparation of the Monthly Controlled Document Inventory and Reconciliation helps to ensure that loss, theft, or misuse of controlled documents would be detected on a timely basis.

WE RECOMMEND that the Forest/Ellery District prepare the Monthly Controlled Document Inventory and Reconciliation for bus tickets and transfers.

Obsolete Controlled Documents

3. The Forest/Ellery District had 499 obsolete Smart Bus Tickets on hand locked in the Fiscal Department safe. Accounting Manual Item 403 requires that these documents be returned for credit..

WE RECOMMEND that the Forest/Ellery District return Obsolete Bus Tickets for credit.

CIS Input/Output Controls

MA-010 Reconciliation – Openings and Reopening

4. The Forest/Ellery District did not reconcile all new case openings and reopenings listed on the MA-010 Report to the Request and Registration Control Record (FIA-3614), as recommended by the Primary Internal Control Criteria for FIA Local/District Office Operations. A 100% reconciliation of openings and reopening provides assurance that only their assigned workers opened cases.

WE RECOMMEND that the Forest/Ellery District reconcile all case openings and reopening on the MA-010 Report to the FIA-3614's.

ENP/SER Program

No findings in this area.

IRS Information Security

Backup Designated IRS Staff Person

5. The Forest/Ellery District did not have a backup Designated Staff Person (DSP) for IRS Information Security. The District should have a backup in case information is received on a day when the DSP is out of the office.

WE RECOMMEND that the Forest/Ellery District appoint a backup DSP for IRS information security.

Medical Transportation

No findings in this area.

Employment Support Services

No findings in this area.

Telephone Usage

No findings in this area.

Procurement Card

No findings in this area.

Payroll Review

No findings in this area.