

**City of Detroit**

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**OFFICE OF THE AUDITOR GENERAL**



**Audit of the  
Human Rights Department**

**July 2006 – March 2011**



**City of Detroit**  
**OFFICE OF THE AUDITOR GENERAL**  
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LOREN E. MONROE, CPA  
AUDITOR GENERAL

**MEMORANDUM**

**DATE:** May 17, 2012

**TO:** Honorable City Council

**FROM:** Loren E. Monroe, CPA *Loren E. Monroe*  
Auditor General

**RE:** Audit of the Human Rights Department

**C:** Mayor Dave Bing  
Kimberly Hall-Wagner, Director  
Cheryl Johnson, Group Executive – Finance

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Attached for your review is our report on the Audit of the Human Rights Department.

This report contains our audit purpose, scope, objectives, methodology and conclusions; status of prior audit findings; background; audit findings and recommendations; and responses from the Human Rights and Finance Departments.

This report contains recommendations to strengthen internal control structures over financial transactions of the Human Rights and Finance Departments. While the recommendations are not intended to be all-inclusive, the correction of all or any number of conditions as recommended would strengthen the controls in effect. Responsibility for the installation and maintenance of a system of internal control that minimizes errors and provides reasonable safeguards rests entirely with the Human Rights and Finance Departments. Responsibility for monitoring the implementation of recommendations is set forth in Section 7.5-105(4) of the City Charter, which states in part:

Recommendations which are not put into effect by the agency shall be reviewed by the Finance Director, who shall advise the Auditor General and the City Council of action being taken with respect to the recommendations.

We appreciate the cooperation and assistance that we received from the employees of the Human Rights Department.

Copies of all of the Auditor General's reports can be found on our website at [www.detroitmi.gov/CityCouncil/LegislativeAgencies/AuditorGeneral/tabid/2517/Default.aspx](http://www.detroitmi.gov/CityCouncil/LegislativeAgencies/AuditorGeneral/tabid/2517/Default.aspx)

**Audit of the Human Rights Department**

**July 2006 – March 2011**

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## **AUDIT PURPOSE, SCOPE, OBJECTIVES, METHODOLOGY AND CONCLUSIONS**

### **Audit Purpose**

The Office of the Auditor General's (OAG) performed the Audit of the Human Rights Department in accordance with the OAG's Charter mandate to audit financial transactions of all city agencies at least once every two years and report findings and recommendations to the City Council and the Mayor.

### **Audit Scope**

The OAG performed an assessment of the Human Rights Department's internal controls over financial transactions and certification of businesses located in Detroit for the period from July 2006 through March 2011 and determined that there are certain weaknesses in the system of internal controls. We focused our audit on the weaknesses discovered during the assessment and the status of the prior audit findings.

Our audit was conducted in accordance with Government Auditing Standards issued by the Comptroller General of the United States, except for the completion of an external peer review of the Office of the Auditor General within the last three years.

### **Audit Objectives**

The objectives of the audit were to:

- Evaluate the adequacy of the Human Rights Department's internal controls over its core processes;
- Evaluate the effectiveness and efficiency of the Human Rights Department's core operations;
- Determine if the Human Rights Department is complying with applicable Finance Directives, policies, plans, procedures, laws and regulations; and
- Determine if the Human Rights Department has resolved the prior audit findings.

### **Audit Methodology**

To accomplish the audit objectives, our audit work included:

- Review of prior audit reports, applicable Finance Directives, City ordinances, laws, policies and procedures and other pertinent information related to the Human Rights Department;
- Interviews with appropriate Human Rights Department management and personnel to gain an understanding of the department's internal control structure;
- An evaluation of the Human Rights Department's internal controls over its major financial transactions and certification process;
- An examination of a sample of transactions that we considered satisfactory to achieve our objectives; and

- Determination of the status of the findings cited in the prior audit report.

### **Conclusions**

Based on our audit, we have concluded the following:

- The Human Rights Department is not fully complying with applicable Finance Directives, policies, procedures, and the ordinance relative to charging a service fee.
- The Human Rights Department has control weaknesses for cash receipts, imprest cash transactions, and the business certification process.
- The Human Rights Department's core operations are ineffective.
- The Human Rights Department has resolved one of four prior audit findings.



## BACKGROUND

The mission of the Human Rights Department is to remove discriminatory barriers through innovative, high quality, customer-driven programs that foster economic opportunity and empowerment and benefit Detroit residents, visitors and the entrepreneurial sector of the local economy.

The Human Rights Department was created by the 1974 City Charter to replace the Commission on Community Relations. In 1994, the Contract Compliance Division of the Finance Department was moved to the Human Rights Department and the department took on economic development responsibilities. The department's role continues to expand as new opportunities to achieve its mission are developed and implemented and as the department is charged with new responsibilities. An 11-member Human Rights Commission appointed by the Mayor for staggered terms sets its policy. The term of membership on the Commission is three years, and not more than four members' terms expire each year. Members may be removed by the Mayor for cause.

The department works to further its mission in accordance with and using the tools provided by appropriate State, Federal and local laws and executive orders. The department also uses the myriad of tools provided by cooperative efforts and partnerships with other agencies, organizations, businesses, unions and individuals.

To address discrimination, the Human Rights Department administers equal business opportunity and equal employment opportunity policies and investigates discrimination complaints. The department does or provides the following:

- Based on Article 27 of the City's Code, Human Rights refers and or accepts for investigation complaints, by residents and visitors to Detroit, alleging discrimination. Complaints relating to housing, employment, public accommodations and public services are investigated or mediated on the basis of race, creed, color, national origin, age disability, sex, sexual orientation, or public benefit status.
- The department facilitates training Disability Service Representatives to promote excellent city service to people with disabilities.
- Telecommunications Device for the Deaf (TDD/TTY) 224-4960.
- Human Rights certifies Detroit-based and small businesses under Executive Order No. 4. The city's goal under Executive Order No. 4 is to award 30% of the dollar value of all city contracts to Detroit-based and small businesses.
- Human Rights certifies minority-owned and women-owned businesses under Executive Order No. 14. With these two programs, Detroit is the most comprehensive business certifying entity in the country.
- The department produces a quarterly City of Detroit Certified Business Register to be used as a procurement reference for city departments, businesses, public and nonprofit organizations.

- The department is responsible for the monitoring of vendor workforces for companies seeking city contract awards or tax abatement relief to ensure equitable representation of minorities and females consistent with local, state and federal equal employment opportunity policies (EEO compliance).
- Under Public Act 146, the department monitors several economic development diversity goals for obsolete property redevelopment projects that receive tax abatements.
- The department is also responsible for monitoring specific economic development goals included in agreements between the city and private developers.

The following table shows the budgeted appropriations, revenues, and number of staff of the Human Rights Department, a General Fund agency, for fiscal years 2006-2007 through 2010-2011:

	For Fiscal Years Ended June 30				
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Expenditures	\$ 874,029	\$ 1,678,927	\$ 1,378,633	\$ 1,123,354	\$ 1,013,855
Revenues (A)	0	1,353,000	650,000	548,700	442,000
Net Tax Cost	<u>\$ 874,029</u>	<u>\$ 325,927</u>	<u>\$ 728,633</u>	<u>\$ 574,654</u>	<u>\$ 571,855</u>
Number of Staff	7	17	12	10	10

(A) The Human Rights Department established business certification fees and began budgeting for the fees in fiscal year 2007-2008.

## STATUS OF PRIOR AUDIT FINDINGS

The prior audit report on the Human Rights Department for the audit period July 2004 through June 2006 with the report date January 2007, by the Office of the Auditor General, includes the findings listed below. The date in parenthesis is the date of the first report the finding is included. Of the five prior audit findings listed, four findings were not resolved, and the other finding was resolved. The last finding pertains to the Finance Department.

1. Need to Follow the Imprest Cash Manual (June 1995)  
*This finding has not been resolved and is included in Finding 1 on page 6 of this report.*
2. The Human Rights Department Does Not Perform Periodic Reviews of Its Payroll (January 2007)  
*This finding has not been resolved and is included in Finding 5 on page 13 of this report.*
3. The Human Rights Department Does Not Have Adequate Segregation of Duties for DRMS Payment Approvals (January 2007)  
*This finding has not been resolved and is included in Finding 3 on page 10 of this report.*
4. The Human Rights Department Does Not Perform an Annual Physical Count of Its Fixed Assets (January 2007)  
*This finding has been resolved.*
5. The Finance Department Lacks Adequate Controls to Prevent Unauthorized Persons From Receiving Imprest Cash Reimbursements (January 2007)  
*This finding has not been resolved and is included in Finding 1 on page 14 of this report.*



## AUDIT FINDINGS AND RECOMMENDATIONS

### 1. Imprest Cash Improperities

The Human Rights Department (Human Rights) has an authorized petty cash fund of \$350. During our surprise cash count of the fund, we noted the following:

- Of the seven unvouchered receipts processed in the last quarter of fiscal year 2010-2011, six of them included sales tax as part of the reimbursement.
- A review of the seven unvouchered receipts processed in the last quarter of fiscal year 2010-2011 revealed that Human Rights did not seek timely reimbursement. For example, one of the unvouchered receipts was dated December 1, 2010.
- Human Rights does not perform quarterly independent counts of the petty cash fund.
- Three of the seven unvouchered receipts did not include the initials of and were not dated by the buyer.
- Human Rights used the petty cash fund to reimburse parking expenses instead of seeking reimbursement by submitting a Mileage Reimbursement form to the Finance Department Accounts Payable Division.
- An Imprest Cash Purchase Approval and Reimbursement Request form was not properly approved by including the signatures of the requestor and the director.

The *Procedures Manual for Imprest/Petty Cash Custodians* mandates:

- City agencies not to pay sales tax on purchases.
- In addition to the normal monthly reconciliations performed by the custodian, supervisors or accounting personnel must perform quarterly internal audits of the petty cash fund. The audits should be unannounced, and the department must retain a written record of the audits until the Auditor General has made an audit of the period covered by the audits.
- Reimbursements of the fund be made within 30 days of the end of the month in which purchases occurred.
- Expenditures for the same item may not be repeated more frequently than once every three months.

The Human Rights Department's standard operating procedures require the signatures of the requestor and director to make an Imprest Cash Purchase Approval and Reimbursement Request.

By not adhering to the proper imprest cash procedures and its standard operating procedures, and without the proper oversight, the Department risks not having funds available for actual emergency purchases. The Department also opens itself to possible misappropriation.

A Department representative stated many of the conditions occurred due to the custodian being new to the department and unfamiliar with the proper processes and procedures. The Department representative also stated that the purchase of office supplies and the lateness in submitting receipts for reimbursement was due to the Department's move from the tenth floor to the twelfth floor in the Coleman A. Young Municipal Center.

**Recommendations**

We recommend Human Rights Department:

- Adhere to the procedures as stated in the *Procedures Manual for Imprest/Petty Cash Custodians*; and
- Comply with its standard operating procedures.

## **2. Control Deficiencies in the Cash Receipts Process**

The Human Rights Department (Human Rights) has standard operating procedures for processing the receipt of business certification fees. The Office of the Auditor General (OAG) reviewed the Cash Receipts Journal Entry (CRJE) batches for the period of April 2010 through June 2010 (totaling 12 batches) to determine whether Human Rights is following its own procedures along with the City's procedures governing cash receipts. Our review noted the following:

- The department does not use pre-numbered receipts to account for checks and money orders that it collects.
- The department did not deposit checks within 48 hours of receipt in accordance with Finance Directive 20. A CRJE batch dated May 12, 2010 contained two checks (out of the fourteen checks in the batch) received by Human Rights March 31, 2010 and May 4, 2010 respectively. The two checks were deposited May 12, 2010.
- Some of the CRJE batches did not contain copies of all of the checks that the department deposited.
- Some of the CRJE batches did not include a document totaling the amount of the checks deposited. In some cases, the total on the document did not equal the amount noted on the CRJE.
- Several check copies did not include a date stamp, indicating the receipt date of the check, and the DRMS system generated number, which is also noted on the CRJE.

According to Sawyer's Internal Auditing, Fifth Edition, a system of internal control includes policies and procedures that when followed allows an entity to have confidence that all funds it receives are properly accounted for, recorded, and deposited.

Finance Directive 20 states "Cash should not accumulate. All City departments should immediately institute procedures to insure that all cash and checks are deposited in the bank and recorded in DRMS within 48 hours after receipt."

The Human Rights Department's standard operating procedures manual requires either a tape or some other document totaling the checks be included in the CRJE batch. In addition, the Human Rights Department standard operating procedures require that each check copy include a date stamp, indicating the receipt date of the check, and the DRMS system generated number, which is also noted on the CRJE.

By not adhering to its own standard operating procedures and the City's Finance Directives, Human Rights is opening itself to possible malfeasance and theft.

A department representative indicated that policies are being reviewed and updated to improve control over cash receipts. The representative could not provide reasons why the department did not follow its own standard operating procedures and the City's Finance Directives.

## **Recommendations**

We recommend the Human Rights Department:

- Issue pre-numbered receipts for cash, checks, and money orders received;  
and
- Adhere to its standard operating procedures along with City of Detroit's applicable Finance Directives.



### **3. Lack of Segregation of Duties in the DRMS Payment Process**

The Human Rights Department (Human Rights) has only one person with DRMS knowledge and responsibilities that can prepare and approve purchase requisitions and check requests to pay vendors. In addition, one staff person has the authority to approve check requests in DRMS.

According to Sawyer's Internal Auditing, Fifth Edition, a component of internal control is segregation of duties. Employees should not have a combination of duties that empower them to embezzle an organization's assets.

By not having others involved in the payment document creation and approval processes, Human Rights could be brought to a standstill if either one of the employees is off work for any significant amount of time. Furthermore, there is the possibility for fraud to occur without being detected or timely detected.

A Human Rights representative indicated that the reason for the adverse condition is discomfort in having another person trained in DRMS because the duties are not in the job specifications for the Contract Compliance Officer position. Additionally, there are only six employees in Human Rights.

#### **Recommendation**

We recommend Human Rights have additional personnel receive DRMS training so others are involved to segregate the duties of preparing and approving purchase requisitions and of preparing and approving check requests to pay vendors.

#### **4. Business Certification Process Ineffectiveness**

The Human Rights Department (Human Rights) is responsible for evaluating businesses seeking certifications and re-certifications. Available certifications are:

- Detroit Headquartered Business
- **Detroit** Based Business
- Detroit Small Business
- Minority-owned Business Enterprise
- Women-owned Business Enterprise

The certifications allow the businesses to receive additional consideration for contracts with the City of Detroit. Each of the certifications has certain requirements that a business must meet to receive the certification.

In our review of the business certification process, the Office of the Auditor General (OAG) noted the **following** issues:

- Five companies of the twenty-eight sample companies that were certified as Detroit Headquartered Business, Detroit Based Business, and Detroit Small Business did not file City of Detroit tax returns.
- Overall, Human Rights did not follow its own written standard operating procedures for certifying or re-certifying businesses. For example, Contract Compliance Officers failed to include activity logs and summaries of site visits to businesses in the companies' files.
- Although Human Rights has administrative guidelines for each certification that indicate the minimum standards a business must meet to receive the certification(s), the guidelines do not specify required documents a company must submit to the Human Rights Department to be certified or recertified.

By not having written guidelines that specify required documents that businesses must submit for certification or re-certification, the Human Rights Department staff could certify or recertify businesses that do not meet the standards.

A department representative stated that Human Rights will review its policies and procedures and will revise them to ensure the staff has a clear methodology for evaluating certification and recertification applications. The current Director of the Human Rights Department said the department began collecting the business certification fees before her appointment as director and she does not know why City Council's approval was not obtained prior to collecting the fees.

#### **Recommendation**

We recommend the Human Rights Department develop adequate policies and procedures based on the certification or recertification administrative guidelines for the staff to use outlining supporting documents necessary to allow a business to qualify for the proper certification(s).

### **5. The Human Rights Department Does Not Perform Reviews of Its Payroll**

In our previous audit report, the Human Rights Department (Human Rights) was not monitoring its payroll registers because it was unaware that the payroll registers were available upon request from the Human Resources Department. In January 2010, Human Rights was one of ten departments to start using the City of Detroit's new payroll system, Human Resources Management System (HRMS), which was to streamline the human resource and payroll processes. The Human Resources Department processes, reviews and approves the Human Rights payroll. However, Human Rights is still not monitoring its payroll registers.

According to Sawyer's Internal Auditing, Fifth Edition, a component of internal control is internal checks. Although the Human Resources Department is responsible for the processing of the Human Rights Department payroll, Human Rights is responsible for monitoring its payroll expenditures and its employees' pay and banked time.

Without periodic reviews of the payroll registers by Human Rights management, there is a possibility of errors or irregularities regarding employees' pay and banked time (vacation, sick, compensatory hours) occurring without detection.

A Human Resources Department representative stated that none of the departments using the HRMS payroll system has requested a copy of their payroll register. In addition, departments can use the computer program Noetix to create reports using information in the HRMS database. A Human Rights representative stated Human Rights has access to Workbrain reports only. (Workbrain is the time capturing program used to feed information to the Oracle payroll module.) Human Rights personnel have not received any training in use of the reporting function of the HRMS payroll system.

### **Recommendation**

We recommend the Human Rights Department obtain a copy of its payroll register each pay period from the Human Resources Department and review the register for possible errors or irregularities regarding employees' pay and banked time.



## FINDING RELATED TO THE FINANCE DEPARTMENT

### **1. Finance Department Lacks Adequate Controls to Prevent Unauthorized Persons From Receiving Imprest Cash Reimbursements**

The previous audit of the Human Rights Department included a finding indicating the Finance Department lacked adequate controls to prevent unauthorized persons from receiving imprest cash reimbursements. A follow-up review of this finding revealed the following:

- The Finance Department Project Administration Division (Project Administration) does not forward to the Finance Department Accounts Payable Division (Accounts Payable) a copy of the requesting department's letter to change or add an imprest cash custodian.
- The adopted budget for fiscal year 2011-2012 eliminated Project Administration; therefore, the Finance Department needs to revise the *Procedures Manual for Imprest/Petty Cash Custodians*.
- A department can submit to the Finance Department Purchasing Division (Purchasing) a Non-PO Supplier form to change or add an imprest cash custodian. As long as an authorized signer signs the form, Purchasing adds or changes the department's imprest cash custodian in the DRMS database and does not have to share any changes made with Project Administration or the Finance Department Accounts Division Accounting Section (Accounting Section).

The *Procedures Manual for Imprest/Petty Cash Custodians* indicates that for new imprest cash custodians, the Project Administration, once receiving the Finance Director's approval to department's request, is responsible for preparing a Non-PO Supplier/Employee form and forwarding the form to Purchasing. Project Administration is also responsible for sending a copy of the request letter to Accounts Payable. Purchasing is responsible for adding the new imprest cash custodian to the DRMS database.

For a change in imprest cash custodian, a department must submit a letter to the Chief Accounting Officer, Project Administration, and to the Accounting Section indicating the change. The Accounting Section will contact the department to obtain the signature of the new custodian. The receipt of new custodian's signature must be on file in the Accounting Section before the change in custodian can be approved.

The lack of communication between the Finance Department divisions and sections could allow an unauthorized person to receive imprest cash reimbursements.

According to a Purchasing representative, Purchasing does not have to share changes in imprest cash custodian with Project Administration or the Accounting Section. The Purchasing representative stated that as long as they receive a Non-PO Supplier form that is properly signed by an authorized signer, Purchasing would make the change to the DRMS database.



A former Project Administration representative acknowledged that copies of the department letters indicating changes in imprest cash custodians are not forwarded to Accounts Payable.

An Accounts Payable representative responsible for imprest cash reimbursements stated that reimbursement approvals are based partially on matching the DRMS database information to the information on the check request. The Accounts Payable representative has a list of imprest cash custodians from Project Administration dated June 30, 2010, and the representative said that she does not have any copies of department letters making changes to the imprest cash custodian listing.

**Recommendations**

We recommend that all applicable Finance Department divisions and sections communicate all imprest cash custodian changes to ensure that all of the divisions and sections have correct and accurate imprest cash custodian information. We also recommend the Finance Department update the Procedures Manual For Imprest/Petty Cash Custodians to include the section(s) or division(s) responsible for the duties of the former Project Administration.



CITY OF DETROIT  
HUMAN RIGHTS DEPARTMENT

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TO: Loren E. Monroe, CPA  
Auditor General

FROM: Kimberly D. Hall-Wagner  
Director, Human Rights Department

CC: Patrick Aquart, Human Resources Director  
Cheryl Johnson, Group Executive – Finance Director

*K. Hall-Wagner*

**RE: *Human Rights Response to Audit: June 2006 – March 2011***

Thank you for allowing the Human Rights Department (HRS) the opportunity to respond to the Auditor General's Office (AGO) Audit Findings for June 2006 – March 2011.

**Introduction & Background:**

Pursuant to the City of Detroit Charter, the HRS is the only City of Detroit department responsible for ensuring that all Detroit citizens, businesses, employees and visitors have access to City services, buildings, functions, housing, education and employment that are free from physical barriers and discriminatory practices.

The HRS – Civil Rights Division reviews and responds to all claims filed by the United States Equal Employment Opportunity Commission, (EEOC) and the Michigan Department of Civil Rights (MDCR). The HRS investigates and responds to over 215 Charges of Discrimination, 50 Executive Order 2010-1 Workplace Violence Complaints, 75 Executive Order 2010-2 Discrimination & Sexual Harassment Complaints, and numerous citizens complaints.

The Civil Rights Division also serves as the City's Americans with Disabilities Act (ADA) Coordinator's Office. This office is responsible for ensuring the City's compliance with the ADA with respect to all aspects of hiring, program and physical accessibility and compliance with the United States Department of Justice ADA Settlement Agreement.

The HRS also performs additional functions in addition to those functions established in the City Charter. HRS monitors Detroit-resident hiring on various development and construction projects throughout the City. Additionally, the HRS ensures that companies seeking to receive tax abatements achieve their hiring goals while under the abatement. HRS receives revenue in excess of \$300,000 from businesses that are looking to gain Detroit-based or Detroit-headquartered status.

As the current Human Rights Director, I corrected a number of the issues in the Department prior to this audit. This audit's findings are not representative of the increased efficiency of the HRS under my leadership. Please note that it is difficult to respond to many of the audit findings because the alleged violations were committed prior to my appointment.



**Response to Finding #1 Imprest Cash Improprieties**

HRS disagrees with Finding#1. However, it should be noted that the Procedures Manual for Imprest/Petty Cash Custodians (Procedures Manual) contradicts the AGO's position on several issues. The Procedures Manual indicates that, "purchases made with cash/currency may be subject to sales taxes." (See **Procedures Manual Section 7(c)**)

Additionally, the Procedures Manual indicates: "Check Requests for reimbursement must be made within thirty (30) days from the end of the month in which the original purchase was made, however, if reimbursement is for \$100 or less, the request may be submitted quarterly." (See **Procedures Manual Section 9 (a)**).

We are in compliance with the Procedures Manual and applicable Finance Directi

**Response to Finding #2 Deficiencies in the Cash Receipts Process**

HRS agrees with Finding #2, in part. Many, if not all of the AGO's Recommendations were already corrected in 2011. The Audit does not adequately reflect that the HRS is now in compliance, and has been for some time.

**Response to Finding #3 Lack of Segregation of Duties in DRMS Payment Process**

HRS disagrees with Finding #3. During the period in question, June 2006-March 2011, several HRS personnel had segregated duties in DRMS; including Samuel Owen – retired General Manager, Otis Gatson – former Executive Secretary, Giselle Coleman – former Head Clerk, and current Executive Secretary – Tashawna Parker.

The HRS Director and one (1) Human Rights Specialist will receive additional DRMS training and access in May 2012.

**Response to Finding #4 Business Certification Process Ineffectiveness**

HRS agrees with Finding #4. However, many, if not all of the AGO's Recommendations were already corrected in 2011. The Audit does not adequately reflect that the HRS is now in compliance, and has been for some time.

**Response to Finding #5 HRS Does Not Perform Reviews of Its Payroll**

HRS agrees with Finding #5, in party. As the former General Manager for Human Resources, I am well aware that Human Resources would routinely provide department leadership with copies of payroll reports generated from the Personnel and Payroll System. I advised the AGO that after the implementation of ORACLE, similar reports were not readily available. I further advised that I do monitor the Workbrain time and attendance software biweekly, which has a direct interface with ORACLE. I also provided a listing of the various reports that I generate in Workbrain.

**Response to Finding #6 Finance Lacks Adequate Controls**

The HRS defers comment on this Finding to the Finance Department.



CITY OF DETROIT  
FINANCE DEPARTMENT  
ADMINISTRATION

**ATTACHMENT B**

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DATE: April 20, 2012  
TO: Loren E. Monroe, CPA  
Auditor General  
FROM: Cheryl R. Johnson, Group Executive/Finance Director  
RE: Response to Audit of the Human Rights Department:  
(July 2006 – March 2011)

Attached is the Finance Department's response for finding contained in the Audit of the Human Rights Department (July 2006 – March 2011)

**1. Finance Department Lacks Adequate Controls to Prevent Unauthorized Persons from Receiving Imprest Cash Reimbursements**

There has been an effort in Accounts Payable to have all staff cross-trained on the different assignments, such as processing Imprest Cash Reimbursements. This finding is a result of departments submitting reimbursement requests through the normal check request process and not through the Senior Voucher Audit Clerk who handles all imprest cash reimbursement requests. Items that would have been easily identifiable by the designated clerk may have been overlooked by the other staff members that are not familiar with the imprest cash requirements.

The Accounts Payable Division has distributed the Imprest Cash Manual, which was revised in 2011 to all staff members. Training on imprest cash reimbursements and other Accounts Payable policies and procedures is ongoing.

Also, Finance Administration will ensure that all divisions within Finance have correct and accurate imprest cash custodian information.