

COUNTY ADMINISTRATOR

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MEMORANDUM

TO: Barbara Levin Bergman, Chair
Ways & Means Committee

FROM: Robert E. Guenzel
County Administrator

DATE: April 15, 1998

SUBJECT: Independent Auditor's 1997 Management Letter with County Response

Attached for your information is the Management Letter prepared by the County's independent auditors, Rehmann Robson, P.C., for the year ended December 31, 1997. The letter describes the areas of the County's accounting function that need improvement and includes the auditor's recommendations describing the corrective action that should be taken.

During 1998, County fiscal staff will work to resolve all these findings. The results of this work will be reported to Administration. Below is the response prepared by the County as to the corrective actions we will take to implement the auditor's recommendations.

Mental Health Fund

We agree with the auditor's recommendation. We will be engaging our auditors to assist us in refining the accounting procedures followed at Mental Health. The Internal Auditor will continue to meet monthly with the Mental Health fiscal staff to review all balance sheet accounts for proper reconciliation and will report his findings to me. The Finance Director, Budget Analyst, and Internal Auditor will continue to meet monthly with Mental Health to resolve fiscal issues and monitor the budget projections for Mental Health.

Accounting for Property Tax Revenues

We agree with the auditor's recommendation. After its issuance in November 1997, we reviewed GASB Interpretation No. 5 and consulted with our auditors as to its impact on our financial statements. We have formed a work group, which will discuss this issue as to the most appropriate year to implement it. This group will report back to me by June 30 with their recommendation.

Liability for Indigent Medical Care Services

We agree with the auditor's recommendation. We have set up a new special revenue fund (Fund #295 – Indigent Health Care) to account for these services. The existing \$138,000 liability will be transferred from the General Fund to this new fund. In 1998 and future years, this new fund will receive the annual appropriation for indigent health care (\$500,000 for 1998) as well as one half of any reimbursements received from individuals.

Internal Service Fund Reserves

The County is now more carefully monitoring the fund equity in the internal service funds in order to ensure that excess reserves are not built up. Our objective is to maintain a fund equity of no more than 60 days working capital in each fund as allowed under OMB Circular A-87. During 1998, there will be no intergovernmental charges to County departments for the Unemployment Revolving Fund. The intergovernmental charges for 1998 for the Worker's Compensation Fund will be set such that the reserves are lowered. We will monitor the fund equity in these funds at the end of 1998 (and future years) to determine the amount of future intergovernmental charges.

VEBA Investments

The VEBA Board is currently exploring options for the proper investment of its monies. The Board has begun the process of selecting an investment consultant. In the interim, the Board is pursuing ways of investing the monies for the short term in order to provide a greater return.

Payroll Controls

We will review the list of people who are authorized to use the County's payroll system and will remove access for those for whom this access is not needed to fulfill their job responsibilities.

Payroll will perform a bi-weekly audit of timesheets received from County departments to verify the validity of the authorizing signature. Payroll will train new staff in the proper use of the control book containing the lists of authorized signatures for timesheets. Payroll will request on a more frequent basis that County departments update their list of authorized signatures.

Delinquent Payer Tracking System – Friend of the Court

We agree with the auditors comment and recommendation. The current Friend of the Court tracking system is being redesigned to address the need for better computerized tracking of arrearage balances. This new system is expected to be completed in 1999.

Subrecipient Monitoring

We agree with the auditor's recommendation. We will be engaging our auditors to provide assistance to us in updating and standardizing our subrecipient monitoring procedures for use by all County departments receiving federal grant monies.

Attachment

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