

City of Detroit

OFFICE OF THE AUDITOR GENERAL



**Audit of the Department of Public Works
August 2020
AMENDED TO INCLUDE ATTACHMENT B
SEPTEMBER 2020**




Office of the Auditor General

Coleman A. Young Municipal Center
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Mark W. Lockridge, Auditor General

DATE: August 25, 2020

TO: Honorable City Council
Honorable Mayor Mike Duggan

FROM: Mark W. Lockridge, CPA 
Auditor General

RE: **AUDIT OF THE DEPARTMENT OF PUBLIC WORKS**

CC: Ron Brundridge, Director, DPW
David P. Massaron, Acting Chief Financial Officer
John Wallace, Agency CFO
Avery Peeples, City Council Liaison

Attached for your review is our report on the Audit of the Department of Public Works. This report contains our audit purpose, scope, objectives, methodology and conclusions; background; our audit findings and recommendations; and the responses from the Department of Public Works and the Office of the Chief Financial Officer.

Responsibility for the installation and maintenance of a system of internal control that minimizes errors and provides reasonable safeguards rests entirely with the Department of Public Works. 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 that are not put into effect by the department shall be reviewed by the Finance Director¹ who shall advise the Auditor General and the City Council of the action being taken with respect to the recommendations.

We appreciate the cooperation and assistance that we received from the employees of the Department of Public Works.

Copies of all of the Office of the Auditor General reports can be found on our website at [www.detroitmi.gov/How-Do-I/View City of Detroit Reports/Auditors General-Audits](http://www.detroitmi.gov/How-Do-I/View-City-of-Detroit-Reports/Auditors-General-Audits).

¹ The 2012 City Charter does not reflect that the position and responsibilities of the "Finance Director" were replaced with the creation of the Office of the Chief Financial Officer and its positions in 2013.

AUDIT OF THE DEPARTMENT OF PUBLIC WORKS

July 1, 2017 – December 31, 2019

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AUDIT PURPOSE, SCOPE, OBJECTIVES, METHODOLOGY, AND CONCLUSIONS

AUDIT PURPOSE

The audit of the Department of Public Works was performed in accordance with the Office of the Auditor General's charter mandate as noted in Section 7.5-105(1) which states:

Make audits of the financial transactions, performance and operations of City agencies based on an annual risk-based audit plan prepared by the Auditor General, or as otherwise directed by City Council and report findings and recommendations to City Council and the Mayor.

AUDIT SCOPE

To conduct a performance and financial audit of the Department of Public Works for the period of July 1, 2017 through December 31, 2019.

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 audit objectives were:

- To determine the efficiency and effectiveness of the department's core operations.
- To evaluate the adequacy of the department's internal controls over the major financial reporting processes, specifically, cash receipts, disbursements, capital assets, and revenues noting any control weaknesses.
- To determine whether the department is complying with applicable Finance Directives, policies, plans, procedures, laws, and regulations.
- To determine the status of each audit finding and issue of non-compliance in the prior audit report.

AUDIT METHODOLOGY

To accomplish the audit objectives, our audit work included:

- Reviewing the prior audit report and working papers, City Charter, Municipal Manual, Oracle Cloud reports, the department's budget reports and organization charts.
- Gathering policies and procedures of core operations and similar data.
- Conducting an audit-planning meeting to determine the scope and audit objectives, and to determine the financial transactions and/or areas to audit.
- Developing questions regarding the department's transactions, controls, functions, records, and personnel.

- Identifying risks relative to financial transactions and mitigating controls with department personnel.
- Interviewing department personnel, reviewing documentation, and making observations to aid in developing audit programs.

CONCLUSIONS

We determined that the Department of Public Works:

- Was efficient and effective in their core operations.
- Lacked appropriate internal control in two processes.
- Did not comply with the City's Fuel Card policy, and the MIOSHA requirement concerning personal protective equipment.

The prior audit report "Audit of the Department of Public Works Major Street Construction and Repair Projects" did not have any audit findings.

BACKGROUND

The mission of the Department of Public Works is to provide excellence in the delivery of essential environment and infrastructure services, thereby ensuring a safe and clean environment for its customers in a cost-effective manner. The Department is continuing to achieve greater efficiencies with its core deliverables to ensure a cleaner environment, a sound infrastructure and a safer means of travel. The Department remains fully committed to operating within their budget while providing the most cost-effective and efficient services to the citizens and customers.

The Department of Public Works has five (5) divisions: Administration, Traffic Engineering, Solid Waste, Street Maintenance and City Engineering.

DPW's goals are to:

- Provide optimum municipal solid waste management in a fiscally and environmentally responsible manner, resulting in a cleaner and greener city.
- Provide high quality, cost-effective maintenance of City assets in our public right-of-ways.
- Provide cost-effective and timely design and construction engineering services to our customers.
- Provide quality, cost effective and timely services in the City's right-of-way for safe and expeditious traffic flow.

Ron Brundridge was appointed director of the Department of Public Works in 2011.

Budget Item	Fiscal Year Ended June 30	
	2018	2019
Expenditures	\$ 182,167,705	\$ 187,373,362
Revenues	210,203,567	223,993,556
Net Tax Cost	\$ (28,035,862)	\$ (36,620,194)
Budgeted Staff	396	392

Office of the Chief Financial Officer

Emergency Manager Order no. 41 dated March 28, 2013 ordered in part, that the Chief Financial Officer establish a centralized financial management organizational structure, to be called the Office of the Chief Financial Officer (OCFO). The OCFO is a centralized financial management operation that consolidates all finance related functions within the City. The OCFO oversees, controls and directs all finance personnel within all City departments, divisions, and agencies. The OCFO includes the following divisions: Executive Office of the Office of Chief Financial Officer, Office of Budget, Office of Assessor, Office of Contracting & Procurement, Office of Controller, Office of

Departmental Financial Services, Office of Financial Planning & Analysis, Office of Grants Management, and Office of Treasury.

The Office of Departmental Financial Services (ODFS) is a financial partner to City agencies. Areas of focus include budget administration, program analysis/evaluation, finance and accounting, internal controls, financial systems, strategic planning, and performance metrics. Finally, John Wallace is the current ODFS Agency CFO assigned to DPW and is responsible for the ODFS staff assigned to DPW. Every city department has an ODFS Agency CFO assigned to assist it in various financial transactions.

AUDIT FINDINGS AND RECOMMENDATIONS

Early Communication of Deficiency

Due to the serious nature of this finding, we communicated our concerns to the DPW Director in December 2019. DPW immediately took measures to resolve the finding. DPW established an action plan which is detailed later in this finding.

1. The Department of Public Works (DPW) Lacked Proper Internal Controls Over the Cash Receipts Process in the City Engineering Division

We reviewed the cash handling process in the City Engineering Division. There were no written policies and procedures. We interviewed staff to determine the established procedures for daily cash operations and observed the clerks to determine if they were complying with said policies. We determined that there were inadequate internal controls, specifically:

- All five (5) Office Assistants (OA) had incompatible responsibilities. The clerks were responsible for issuing permits and receipts for all applications, collecting, recording and processing payments in Tidemark Advantage database (permit billing) and the Point and Pay system. In addition, OAs could void credit card transactions in the Point and Pay system.
- Funds received were not deposited within 48 hours per City policy. On the day of our test we noted that:
 - Checks were not physically locked up and safeguarded.
 - There were 17 checks totaling \$17,312.78, with dates ranging from July 25 to December 5, 2019.
 - None of the checks had a restrictive endorsement.
 - Six checks were listed on a check log totaling \$5,812.78 dated between November 1 and December 5, 2019.
- Credit Cards information including the complete account number, expiration date and CCV was maintained for repeat customers as a customer courtesy.

CFO Directive No. 2018-101-042 - Internal Controls requires:

- Policies and procedures in relevant Finance Directives provide guidelines for City Departments to follow regarding internal controls.
 - 6.2.1 - No one person shall exercise complete control over more than one key function or activity (i.e. authorizing, certifying, disbursing, receiving, or reconciling). Duties shall be separated such as that one person's work serves as a check and balance to another person's work.

CFO Directives No. 2018-109-001 - Cash Handling requires:

- Deposit of City Funds
 - 6.2.1. Deposits of cash and checks shall be made each day when the cumulative total amount reaches \$500.00, or once per week, whichever comes first.
 - 6.3.2. Endorsement stamp – an endorsement of every check is required by the bank. Every check shall be stamped at the point of acceptance.
- Debit and Credit Cards
 - 6.8.1.1. Confirm that the debit or credit card is present for all over-the-counter transactions.
 - 6.8.1.3. Verify the signature on the receipt matches the signature on the back of the debit or credit card for swipe and / or signature transactions.
 - 6.8.1.4. Ensure debit or credit card information is not recorded or stored in any manner
- Reconciliation
 - Departments shall ensure that copies of all deposit information required for reconciliation or tracking purposes is retained prior to deposit with the bank.

The lack of segregation of duties and internal controls, when dealing with processing payment could lead to theft, fraud, and misappropriation of funds.

We determined that the OAs were not part of ODFS and were not properly trained on OCFO policies and procedures.

Recommendations

We recommend that the DPW:

- Implement appropriate internal controls over the cash management process.
- Create written policies and procedures for:
 - The office assistants to follow when they process payments.
 - Maintaining appropriate documentation to support transactions.
- Follow CFO Directive No. 2018-101-042 by segregating incompatible responsibilities.
- Follow CFO Directive No. 2018-109-001 by:
 - Taking all funds to ODFS to be deposited daily.
 - Putting all funds received in a secure location with limited access.
 - Restrictively endorsing checks when received.
- Ensure a credit card is present any time of a transaction is processed.

- Provide a time line and update on their action plan. We are aware that DPW requested training from the OCFO in February 2020 and has not received it yet due to unforeseen circumstances.

DPW's Action Plan

DPW immediately sent staff to the City Engineering Division (CED) to rectify the situation. DPW and ODFS held a meeting in December 2019, concerning the cash handling procedures in CED. They proposed the following actions at the meeting to mitigate the situation:

1. All DPW employees that handle checks/credits will go to a training that will be provided by the OCFO-Treasury.
2. All checks will be processed within 48 hours of receipt.
3. All checks will be kept in a secure locker.
4. Two (2) stamps (Chemical Bank-City of Detroit-Deposit Only) were provided to City Engineering. All checks will be stamped immediately at the time of receipt.
5. Current credit card information will be destroyed. Any future credit card information will be kept in a secured locker. Manager/Supervisor only will have access to the locker.

2. DPW Failed to Require Employees to Wear Personal Protective Equipment (PPE)

We observed and reviewed the following processes:

- **Paving/asphalt** – This process has three phases: Asphalt/Concrete Removal, Sub-base preparation, and Asphalt/Concrete Installation.
- **Viaduct Cleaning** - Employees maintain the cleanliness of viaducts throughout the City including residential and major streets.
- **Conditioning** – Is the process of stripping the street down to the no-base stage, in order for the paving team to lay down asphalt.
- **Driveway Team** – Employees are responsible for the residential rejuvenation (leveling) of driveways after a street has been paved. They also level the residential street intersections to comply with the Americans with Disabilities (ADA) rules and regulations.
- **Speed Cushions Installation** – Speed Cushions are installed to reduce the speed driven by vehicles on residential roads. A series of small cushions are installed across the width of the road to slow down vehicles.
- **Special Projects** - Employees setup street barricades for special events throughout the City. Examples of special events are marathons, parades, festivals, etc.

We noticed that employees performing these task were not wearing required PPE in accordance with the Michigan Occupational Safety and Health Administration (MIOSHA) standards.

Personal Protective Equipment for General Industry Consultation Education and Training (CET) Division MIOSHA Michigan Department of Licensing and Regulatory Affairs (LARA) requires:

In general, employers are responsible for:

- Performing a “hazard assessment” of the workplace to identify and control hazards.
- Certifying, in writing, completion of a hazard assessment.

Employees could be injured while performing their daily work resulting in financial risk for the City from lawsuits and fines from MIOSHA.

We determined that the department had not recently reviewed and revised their standard operating procedures for the impacted processes to incorporate MIOSHA requirements.

Recommendation

We recommend that DPW:

- Perform a Hazard Assessment including a workplace survey to identify and mitigate risk in compliance with MIOSHA standards.
- Require employees to wear proper PPE for their respective responsibilities based on the outcome of the Hazard Assessment.

3. Two DPW Divisions: (1) Street Maintenance and (2) Traffic Engineering-Sign Shop, Did Not Have Adequate Communication During Installation of Speed Cushions and Signs

DPW installed speed cushions in a total of 94 residential areas throughout the City. During our observation of speed cushion installation, we noticed that no warning signs were installed on the street before or during our observation of the process.



We tested a sample of sign and speed cushion installation records for 50 residential areas. We determined that there was a weakness in internal controls in the installation process. Specifically:

- Street Maintenance did not have a written policy or procedure to notify the Sign Shop that a speed cushion was installed requiring a speed hump warning sign.
- There was a lack of communication between Street Maintenance and the Sign Shop causing a delay in warning signs. We determined that Street Maintenance:
 - Took an average of eight days to notify the Sign Shop that a speed cushion warning sign needed to be installed.
 - Did not alert the Sign Shop of a speed cushion installation on July 27, 2019 until October 24, 2019; 94 days later.
 - Did not advise the Sign Shop to install two signs in our sample.
- No one monitored the installation of speed cushions and warning signs to ensure that warning signs were installed timely to mitigate risk.

We determined for our sample, it only took an average of one day for the Sign Shop to install a warning sign once Street Maintenance notified them.

The Committee of Sponsoring Organizations of the Treadway Commission Internal Control – Integrated Framework is recognized as a leading framework for designing, implementing, and conducting internal control and assessing the effectiveness of internal control. It has five components of internal control:

- **Control Environment** – the foundation of an internal control system. It provides the discipline and structure to help an entity achieve its objectives.
- **Risk Assessment** – Assess the risk facing the entity as it seeks to achieve its objectives. This assessment provides the basis for developing appropriate risk responses.
- **Control Activities** – The actions management establishes through policies and procedures to achieve objectives and respond to risks in the internal control system, including the entity's information system.
- **Information and Communication** – The quality information management and personnel communicate and use to support the internal control system.
- **Monitoring** – Activities management establishes and operates to assess the quality of performance over time and promptly resolve the findings of audits and other reviews.

According to the Michigan Manual of Uniform Traffic Control Devices (MUTCD):

Section 2C.01 Function of Warning Signs

Warning signs call attention to unexpected conditions on or adjacent to a highway, street, or private roads open to public travel and to situations that might not be readily apparent to road users. Warning signs alert road users to conditions that might call for a reduction of speed or an action in the interest of safety and efficient traffic operations.

The internal control weaknesses in the installation process; lack of a policy, adequate communication and monitoring, caused a delay in speed hump warning signs being installed. Based on the testing of 50 installations, it took the Sign Shop an average of nine days to install speed cushion signs after the installation of the speed cushion.

The auditors determined there was a weakness in internal controls. There was a lack of a formal policy, a lack of communication between the two divisions, and the absence of monitoring by management to ensure that the process was completed.

Recommendations

We recommend that DPW:

- Create a written procedure that:
 - Explains the installation of speed cushions and speed hump warning signs.
 - Establishes clear lines of communication between the two divisions.
 - Designates an employee to monitor the installation of warning signs after speed cushions are installed.

- Consider installing speed hump warning signs during and/or prior to the installation of speed cushions.

4. DPW Did Not Comply with the City's Fuel Card Policy

The DPW's fuel usage for fiscal years 2018, 2019 and eight months of fiscal year 2020 are as follows

DPW Division	FY 2018		FY 2019		FY 2020 (July - Feb.)	
	Cost	Gallons	Cost	Gallons	Cost	Gallons
Solid Waste	\$443,985.43	215,140	\$566,549.51	241,776	\$374,251.04	160,638
City Engineering	40,165.96	21,082	54,247.63	25,105	39,575.09	18,398
Sign Shop	35,621.05	18,853	41,790.18	19,633	29,845.87	14,006
Street Maintenance	342,619.67	170,396	368,353.32	162,933	250,052.51	109,140
Traffic Engineering	7,720.85	4,064	10,023.24	4,640	7,656.38	3,539
TOTALS	\$870,112.95	429,535	\$1,040,963.87	454,088	\$701,380.90	305,721

The DPW has 360 fuel cards per the General Services Department's (GSD) fuel card report as follows: Administration (1), Street Maintenance (162), Solid Waste (97), City Engineering (61), the Sign Shop (22), Traffic Engineering (17).

We reviewed DPW's internal controls over the fuel cards. We determined that DPW did not:

- Have written policies and procedures to control fuel usage and cards.
- Notify GSD as of August 2019, to remove 87 of 360 or 24% of fuel cards holders that were no longer on active payroll.

The GSD's Fuel System Policies and Procedures require that every department:

- For security purposes and accountability, the using department administration will define the criteria and identify those department employees who will be authorized to fuel city vehicles.
- Vehicle Coordinators are the department person responsible for validating the REVS fuel employee roster. The Vehicle Coordinator is to review and validate the listing and request names to be deleted as noted on an excel spreadsheet.

Failure to maintain proper management controls can result in fuel cards being susceptible to risk of misuse, theft, and other losses that can go undetected.

We determined that DPW failed to follow the GSD's Fuel System Policies and Procedures by not creating a department policy regarding fuel cards and usage.

Recommendations

We recommend that DPW comply with the City's Fuel System Policies and Procedures by:

- Creating a fuel card users policy for the department for REVS.
- Deactivating and returning fuel cards of employees that are dismissed, laid-off, retired or otherwise unauthorized to fuel city vehicles.

NOTEWORTHY ACCOMPLISHMENT

Graffiti is unauthorized writing or drawing on a public surface. Graffiti can be found on buildings, viaducts, streets, and street signs. Graffiti can be a huge financial burden in terms of cleanup and replacement of signs throughout the City. It impacts people's perception of their surroundings and feelings of comfort and safety.



DPW started the Southwest Detroit Graffiti removal project in June 2019. The DPW-Sign Shop Division is replacing signs that have graffiti on them. When they replace those signs, they are using anti-graffiti solutions. They are putting a protective film on the signs that can prevent the surfaces from being tagged making it easier to remove most types of graffiti. The introduction of this film allows DPW to clean signs instead of replacing the signs which is a cost-effective way to mitigate graffiti damage.

As of May 31, 2019, they have replaced a total of 5,746 signs and have a little over 1,100 that still need to be replaced. The project is estimated to be completed before the Christmas holiday shutdown. The process allows for cost savings to the city since they will not have to replace the signs. We want to commend DPW for implementing this program. Nothing can be done to prevent graffiti. However, the self-adhesive graffiti film solution offers fast and economical paint or marker removal without compromising the underlying graphic on the sign or requiring the sign to be replaced.



Administration Division
Coleman A. Young Municipal Center
Detroit, MI 48226

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August 12, 2020

ATTACHMENT A

Mark Lockridge, Auditor General
Office of the Auditor General
2 Woodward Avenue, Suite 216
Detroit, Michigan 48226

Dear Mr. Lockridge:

The following presents the Department's response for the indicated findings and related recommendations in the Audit of the Department of Public Works prepared by the Office of the Auditor General.

Finding No. 1 The Department of Public Works (DPW) Lacked Proper Internal Controls Over the Cash Receipts Process in the City Engineering Division

- Department/Agency Response to the Recommendation(s):

Upon the initial audit finding, DPW immediately worked with OCFO to perform a review of cash management practices and financial operations. DPW staffs have been trained to ensure adherence to OCFO's policy. DPW performs financial duties and responsibilities consistent with the CFO Directives No. 2018-101-042 and No. 2018-109-001, and with the oversight of OCFO. DPW financial operations and practices are now consistent with OCFO-established controls, policies and procedures.

In connection with the City of Detroit's cashless and initiative to reduce person-to-person transactions effective July 2020, DPW stopped processing cash, checks and credit card transactions directly from customers. Customers now make payment via the City of Detroit's quick pay website or DivDat Kiosks.

- Implementation Date and/or Timeline: December, 2019 to July, 2020
- Implementation Contact Name and Phone Number: Dayo Akinyemi, 313-610-9335

Finding No. 2 DPW Failed to Require Employees to Wear Personal Protective Equipment (PPE)

- Department/Agency Response to the Recommendation(s):

DPW requires staffs to wear proper and appropriate Personal Protective Equipment (PPE) and uniform. In fact, employees are paid \$170 per annum to compensate for the required uniforms, including steel toe shoes. Supervisors and Forepersons, as part of their daily responsibilities, ensure that staffs are adequately and appropriately attired

for the duties of the day, including proper PPE. Staff's failure to wear proper PPE will result in disciplinary actions.

Furthermore, the City of Detroit has a MIOSHA Coordinator who reviews the organizational practices to ensure MIOSHA compliance. MIOSHA officials previously inspected our offices and found no infraction in DPW practices.

- Implementation Date and/or Timeline: Not necessary or applicable.
- Implementation Contact Name and Phone Number: Dayo Akinyemi, 313-610-9335

Finding No. 3 Two DPW Divisions: (1) Street Maintenance and (2) Traffic Engineering-Sign Shop, Did Not Have Adequate Communication During Installation of Speed Cushions and Signs

- Department/Agency Response to the Recommendation(s):

DPW has adequate and robust communication between the division stakeholders responsible for installing the speed cushions. Although 2019 was the first year of mass installation of speed cushions in the City of Detroit, staffs from Traffic Engineering and Street Maintenance Divisions worked closely and coordinated on all project milestones, including design, siting, installation and signage. Staff developed and used Smartsheet to track major milestones, and the status of project installation was reported to the DPW leadership on a bi-weekly basis.

For the 2020 construction season, DPW uses Smartsheet as an internal project management tool to notify all internal stakeholders in real-time of installation steps. Task leaders update the Smartsheet once their task is completed, and Smartsheet notifies everyone else.

With regards to the installation of warning signs ahead of the installation of the speed cushions, traffic engineering best practices discourage the logic of signing for a non-existing road condition, as this cause traffic signs to lose their integrity and effectiveness.

Embedding Sign Mechanics into the speed cushion installation team for the sole purpose of real time sign installation is not the best use of time and resources. Please note that these speed cushions come with their chevron markings which makes them compliant as street furniture without further signage. The warning signs are installed as additional courtesy for residents and snow plows, especially for when the speed cushions are snow covered.

- Implementation Date and/or Timeline: Not necessary or applicable.
- Implementation Contact Name and Phone Number: Dayo Akinyemi, 313-610-9335

Finding No. 4 DPW Did Not Comply with the City's Fuel Card Policy

- Department/Agency Response to the Recommendation(s):

As part of their onboarding, DPW employees become familiar with GSD's fuel-card policy and procedures. The fuel cards and other City properties are collected from departing employees during exit interviews and reported to GSD for their record keeping.

DPW complies with GSD's Fuel System Policy and have Department Vehicle Coordinators that oversee fuel cards operations in our different divisions and yards. Namely:
Williams Collins (SWD),
Richard Doherty & Amir Masood (CED)
Monique Walthall (Sign Shop)
Mohamed Mohamed (SMD)
Sunny Jacob (TED)

GSD has administrative oversight over fuel cards usage, and DPW operates in accordance with GSD's written fuel card user's policy. GSD is responsible for deactivating fuel cards, including keeping an updated list of card holders. GSD sends DPW periodic list of fuel card holders to which DPW provides feedback on status of employees, and will continue to work with GSD on data validation.

- Implementation Date and/or Timeline: Not necessary or applicable.
- Implementation Contact Name and Phone Number: Dayo Akinyemi, 313-610-9335

Please do not hesitate to contact me at akinyemi@detroitmi.gov if you have any questions or need additional information.

Sincerely,


Ron Brundidge
Director



Office of the Auditor General


Mark W. Lockridge, Auditor General

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ATTACHMENT B

DATE: September 28, 2020

TO: Honorable City Council
Honorable Mayor Mike Duggan

FROM: Mark W. Lockridge, CPA 
Auditor General

RE: **AUDIT OF THE DEPARTMENT OF PUBLIC WORKS**

CC: Ron Brundridge, Director, DPW
David P. Massaron, Acting Chief Financial Officer
John Wallace, Agency CFO
Avery Peoples, City Council Liaison

This memorandum is to enhance understanding of our audit findings and recommendations in conjunction with the Department of Public Works' response to the Audit of the Department of Public Works issued in August 2020. In reporting our audit findings, we are governed by the 2018 Generally Accepted Government Auditing Standards (GASAS). We want to highlight the following section from GAGAS:

7.57 When the audited entity's comments are inconsistent or in conflict with the findings, conclusions, or recommendations in the draft report, the auditors should evaluate the validity of the audited entity's comments. ***If the auditors disagree with the comments, they should explain in the report their reasons for disagreement.*** Conversely, the auditors should modify their report as necessary if they find the comments valid and supported by sufficient, appropriate evidence.

Based on GAGAS 7.57, we are taking this opportunity to explain our reasons for disagreement with DPW's audit response to three audit findings contained in the report issued in August 2020. We want to recap our audit findings to explain, clarify and increase understanding of how we perform audits. We tend to explain in depth to the auditee how an audit report gets published during an entrance conference. We do not explain how we perform our test work leading to conclusions and ultimately the audit findings contained in our audit report.

The work that we perform during an audit must comply with GAGAS. We take our responsibilities and the guidance that governs our work very seriously. While we do not

During an audit, we try to have open and on-going communications with the auditee so that they are aware throughout the audit what concerns we have about processes being reviewed. Within our audit process, DPW received eight audit status updates before receiving a draft audit report on July 14, 2020. We provide updates to ensure that we fairly and accurately reflect what a department is or is not doing. Throughout the audit process, as we communicate with management, we would hope that if there is or was additional information that would resolve an audit finding, in turn management would present that information to us during the audit. As a strategic partner to City departments and agencies, our goal is to improve operations and review compliance with applicable laws, regulations, etc. We report the facts as we know them and encourage any agency staff to point out miscommunication or missed information during an audit and before publication of an audit report.

We also inform management that we have reviewed a process and have found no concerns. During an audit, we may also discover things that an auditee has done well or has gone above and beyond what we expected to find during process review. While all of those items may not necessarily make it to an audit report, we share them with management. We do this not only to be transparent but also to let management know that we recognize a job well done.

Our eighth communication dated June 8, 2020 to DPW included all of the audit findings/conditions to be included in the audit report. DPW at no time expressed concerns about any information shared with them on multiple occasions. To that end, we would like to recap our audit findings and recommendations. Although DPW disagrees with us, they have had multiple opportunities to provide additional information to communicate any concerns they had; they did not provide any feedback. Therefore, we stand by our report.

Copies of all of the Office of the Auditor General reports can be found on our website at [www.detroitmi.gov/How-Do-I/View City of Detroit Reports/Auditors General-Audits](http://www.detroitmi.gov/How-Do-I/View-City-of-Detroit-Reports/Auditors-General-Audits).

OAG AUDIT FINDINGS RECAP

Audit Finding

1. The Department of Public Works (DPW) Lacked Proper Internal Controls Over the Cash Receipts Process in the City Engineering Division

Department/ Agency Response to the Recommendation(s):

Upon the initial audit finding, DPW immediately worked with OCFO to perform a review of cash management practices and financial operations. DPW staffs have been trained to ensure adherence to OCFO's policy. DPW performs financial duties and responsibilities consistent with the CFO Directives No. 2018-101-042 and No. 2018-109-001, and with the oversight of OCFO. DPW financial operations and practices are now consistent with OCFO established controls, policies and procedures.

In connection with the City of Detroit's cashless and initiative to reduce person-to-person transactions effective July 2020, DPW stopped processing cash, checks and credit card transactions directly from customers. Customers now make payment via the City of Detroit's quick pay website or DivDat Kiosks.

Implementation Date and/or Timeline:

December, 2019 to July, 2020

Implementation Contact Name and Phone Number:

Dayo Akinyemi

313-610-9335

OAG Recommendations

We recommend that the DPW:

- Implement appropriate internal controls over the cash management process.
- Create written policies and procedures for:
 - The office assistants to follow when they process payments.
 - Maintaining appropriate documentation to support transactions.
- Follow CFO Directive No. 2018-101-042 by segregating incompatible responsibilities.
- Follow CFO Directive No. 2018-109-001 by:
 - Taking all funds to ODFS to be deposited daily.
 - Putting all funds received in a secure location with limited access.
 - Restrictively endorsing checks when received.
 - Ensure a credit card is present any time of a transaction is processed.
- Provide a time line and update on their action plan. We are aware that DPW requested training from the OCFO in February 2020 and has not received it yet due to unforeseen circumstances.

FINDING #1 RECAP - None

2. DPW Failed to Require Employees to Wear Personal Protective Equipment (PPE)

Department/Agency Response to the Recommendation(s):

DPW requires staffs to wear proper and appropriate Personal Protective Equipment (PPE) and uniform. In fact, employees are paid \$170 per annum to compensate for the required uniforms, including steel toe shoes. Supervisors and Forepersons, as part of their daily responsibilities, ensure that staffs are adequately and appropriately attired for the duties of the day, including proper PPE. Staff's failure to wear proper PPE will result in disciplinary actions.

Furthermore, the City of Detroit has a MIOSHA Coordinator who reviews the organizational practices to ensure MIOSHA compliance. MIOSHA officials previously inspected our offices and found no infraction in DPW practices.

Implementation Date and/or Timeline:	Not necessary/applicable.
Implementation Contact Name and Phone Number:	Dayo Akinyemi 313-610-9335

OAG Recommendations

We recommend that DPW:

- Perform a Hazard Assessment including a workplace survey to identify and mitigate risk in compliance with MIOSHA standards.
- Require employees to wear proper PPE for their respective responsibilities based on the outcome of the Hazard Assessment.

FINDING #2 RECAP

When we are conducting an audit, we always ask the Department for their written policies and procedures. The Department's policies and procedures are used as criteria for our audit test work. We agree with DPW, that staff in their union contracts are given funds for PPE. However DPW did not present us with a written policy requiring a specific type of PPE for a particular job. In lieu of department policy, we use criteria from reliable sources, such as MIOSHA.

We performed ride-a-longs with various DPW crews as stated in our audit finding. During our observations, we were concerned about employees performing a specific task without proper PPE as required by MIOSHA. As part of our documentation process, we took pictures of individuals performing their work.

SPEED CUSHION CRW – OBSERVATION PHOTOS



These are pictures we took of work being performed for three of six crews we observed on different days during the audit.

CONDITIONING TEAM – OBSERVATION PHOTOS





PAVING CREW - OBSERVATION PHOTOS





These photos authenticate some of our concerns about employee PPE. Employees are exposed to dangers to their eyes, face, head, foot and toe. It should be documented and accessible during an audit, what tasks require PPE. As we observed these employees performing their jobs on public roads, we couldn't help but be concerned for their safety as we witnessed their job responsibilities, the equipment being used, exposures to hazards and their PPE's inconsistency.

We received and reviewed an injury report from Risk Management for the period July 1, 2018 – June 30, 2019. The report contained 72 incidents. Incidents by division are as follows: Solid Waste (1), Traffic Engineering (1), Sign Shop (3), City Engineering (4), and Street Maintenance (63).

The 63 incidents in Street Maintenance are in the following categories:

No.	Incident	No.	Incident	No.	Incident
1	Other	2	Lifting	5	Slipped (standing, sitting, stepped on)
1	Repetitive Motion	2	Driving/Motor Vehicle	6	Eye Injury
1	Running/Jumping	3	Pushing/Pulling	15	Struck by or against
1	Unknown	3	Exposure	23	Fall – different level, same level, slip/trip, flying object

We therefore, stand by this finding and our recommendations. We have included additional criteria here from the Personal Protective Equipment for General Industry Consultation Education and Training (CET) Division MIOSHA Michigan Department of Licensing and Regulatory Affairs (LARA) to help clarify our recommendation for the Hazard Assessment.

Eye and Face Protection (3312)

Employees can be exposed to a large number of hazards that pose danger to their eyes and face. MIOSHA requires employers to ensure that employees have appropriate eye or face protection if they are exposed to front and/or side impact hazards from:

- Flying objects and particles
- Molten metal
- Liquid chemicals
- Acids or caustic liquids
- Chemical gases or vapors
- Harmful contacts
- Exposures
- A combination of these hazards
- Injurious radiation
- Glare
- Electrical flash

Use of Head Protection (3370)

A head injury can impair an employee for life or can be fatal. Protecting employees from potential head injuries by wearing a safety helmet or hardhat is one of the easiest ways to protect an employee's head from injury.

Employers must ensure that their employees wear head protection if they are exposed to any of the following:

- Falling or flying objects.
- Hair entanglement.
- Temperature extremes.
- Risk of injury from electrical shock.
- Chemicals.
- Other harmful contacts or exposures.

Foot and Toe Protection (3383)

Employees who face possible foot or toe injuries from falling or rolling objects or from crushing or penetrating materials should wear protective footwear. Also, employees whose work involves exposure to hot substances, corrosive, or poisonous materials, must have protective gear to cover exposed body parts, including legs and feet.

Examples of situations in which an employee should wear foot and/or toe protection include:

- When heavy objects such as barrels or tools might roll onto or fall on the employee's feet.
- Working with sharp objects such as nails or spikes that could pierce the soles or uppers of ordinary shoes.
- Exposure to molten metal that might splash on feet or legs (see Parts 42-Forging, 44-Foundries, and 45-Die Casting for specific requirements).
- Working on or around hot, wet or slippery surfaces.
- Working when electrical hazards are present.

3. Two DPW Divisions: (1) Street Maintenance and (2) Traffic Engineering-Sign Shop, Did Not Have Adequate Communication During Installation of Speed Cushions and Signs

Department/Agency Response to the Recommendation(s):

DPW has adequate and robust communication between the division stakeholders responsible for installing the speed cushions. Although 2019 was the first year of mass installation of speed cushions in the City of Detroit, staffs from Traffic Engineering and Street Maintenance Divisions worked closely and coordinated on all project milestones, including design, siting, installation and signage. Staff developed and used Smartsheet to track major milestones, and the status of project installation was reported to the DPW leadership on a bi-weekly basis.

For the 2020 construction season, DPW uses Smartsheet as an internal project management tool to notify all internal stakeholders in real-time of installation steps. Task leaders update the Smartsheet once their task is completed, and Smartsheet notifies everyone else.

With regards to the installation of warning signs ahead of the installation of the speed cushions, traffic engineering best practices discourage the logic of signing for a non- existing road condition, as this cause traffic signs to lose their integrity and effectiveness.

Embedding Sign Mechanics into the speed cushion installation team for the sole purpose of real time sign installation is not the best use of time and resources. Please note that these speed cushions come with their chevron markings which makes them compliant as street furniture without further signage. The warning signs are installed as additional courtesy for residents and snow plows, especially for when the speed cushions are snow covered.

Implementation Date and/or Timeline:

Not necessary/applicable.

Implementation Contact Name and Phone Number:

Dayo Akinyemi
313-610-9335

OAG Recommendations

We recommend that DPW:

- Create a written procedure that:
 - Explains the installation of speed cushions and speed hump warning signs.
 - Establishes clear lines of communication between the two divisions.
 - Designates an employee to monitor the installation of warning signs after speed cushions are installed.
- Consider installing speed hump warning signs during and/or before to the installation of speed cushions.

FINDING #3 RECAP

During our review of the installation of speed cushions and signs, we interviewed DPW staff, and documents provided to us concerning the process. We were given Sign Shop installation orders, which had to be printed for us out of the legacy TFMS system and speed cushion reports from Excel. These documents were used to determine the lag time discussed in our audit finding. There was not one document that contained all of the information. Staff told us during interviews that they were notified of the need for installation of speed signs via email which was not always timely.

We were concerned about the communications issues we found during our test work that caused a lag in the time speed cushion warning signs were installed. We informed DPW about our concerns in our audit update on November 22, 2019.

To determine what was customary in the industry, as stated earlier, we consulted a reliable source for criteria. We contacted the U.S. Department of Transportation Federal Highway Administration about the installation of signs. We received the following information via email from a Transportation Specialist – MUTCD Team, FHWA Office of Operations. The email reads in part:

Your inquiry below was forwarded to my attention. I want to first note that Michigan has a State MUTCD which also contains provisions of the Michigan Vehicle Code which might contain additional requirements.

*Chapter 2C of the MUTCD contains the provisions for Warning Signs that call attention to unexpected conditions and situations that might not be readily apparent to road users. Section 2C.29 contains the provisions for the SPEED HUMP sign which should be used to give warning of a vertical deflection in the roadway. In general, the installation of the recommended sign should be coordinated with the installation of the feature. **To ensure that the condition is properly signed when installed, the sign can be installed first and covered until such time that the feature in which it is warning of has been installed.***

We reviewed the 2019 season for the audit. At that time, communication between the two divisions was a manual process. Based on our questions to DPW staff, we learned that the Smartsheet tracking systems was created in February 2020 **after** we notified DPW of our concerns in November 2019.

In the Department's response, we noted they did not mention having a written procedure for this process and just started using a Smartsheet for the 2020 season to improve project management. Also, it was the advice of the FHWA that the signs could be installed first. We therefore stand by this finding and our recommendations.

4. DPW Did Not Comply with the City's Fuel Card Policy

Department/Agency Response to the Recommendation(s):

As part of their onboarding, DPW employees become familiar with GSD's fuel-card policy and procedures. The fuel cards and other City properties are collected from departing employees during exit interviews and reported to GSO for their record keeping.

DPW complies with GSD's Fuel System Policy and have Department Vehicle Coordinators that oversee fuel cards operations in our different divisions and yards. Namely:

- Williams Collins (SWD),
- Richard Doherty & Amir Masood (CED) Monique Walthall (Sign Shop) Mohamed Mohamed (SMD)
- Sunny Jacob (TEO)

GSD has administrative oversight over fuel cards usage, and DPW operates in accordance with GSD's written fuel card user's policy. GSD is responsible for deactivating fuel cards, including keeping an updated list of card holders. GSD sends DPW periodic list of fuel card holders to which DPW provides feedback on status of employees, and will continue to work with GSD on data validation.

Implementation Date and/or Timeline:	Not necessary/applicable.
Implementation Contact Name and Phone Number:	Dayo Akinyemi 313-610-9335

Recommendations

We recommend that DPW comply with the City's Fuel System Policies and Procedures by:

- Creating a fuel card users policy for the department for REVS.
- Deactivating and returning fuel cards of employees that are dismissed, laid-off, retired or otherwise unauthorized to fuel city vehicles.

FINDING #4 RECAP

We concur with DPW that the General Services Department (GSD) has administrative oversight of fuel cards. DPW asserts that they operate in compliance with GSD written fuel card user's policy, GSD sends DPW periodic list of fuel cardholders to which DPW provides feedback and will continue to work with GSD on data validation.

For this test, we obtained a fuel cardholder list from DPW and GSD. They are compared to each other to find any discrepancies. We then obtain a current employee rooster from Human Resources (HR). We then compare the HR list to the fuel cardholder's list. This comparison becomes the basis for the audit finding. We would not expect to see an employee with a fuel card that is not on active payroll. As noted in the finding, we found discrepancies which were communicated to DPW in an audit update.

We realized that during 2019 when the test was performed that DPW did ask GSD to remove/deactivate employee fuel cards. In two audit update communications, DPW never provided us with any additional information nor did they question the validity of the audit finding. To ensure that the finding was still relevant, before finalizing the audit report, we tried to contact GSD (June 3, 2020) and DPW (June 5, 2020) staff to ensure that the finding was still accurate. We received no response from either department. We attribute this to City employees' modified work schedules due to COVID-19 because we usually receive timely responses when we request information.

Additionally, the GSD's Fuel System Policies and Procedures require that every department: "For security purposes and accountability, the using department administration will define the criteria and identify those department employees who will be authorized to fuel city vehicles."

Since we did not receive any additional information and DPW does not state in their response that they have created a policy in compliance with the GSD Fuel System Policy, we stand by this finding and the recommendations.