
City of Lansing

Victims of Crime Act

For the Period October 1, 2016 – September 30, 2018

Audit Report – March 2020

State of Michigan
Department of Health and Human Services
Bureau of Audit
Audit Division





STATE OF MICHIGAN
DEPARTMENT OF HEALTH AND HUMAN SERVICES
LANSING

GRETCHEN WHITMER
GOVERNOR

ROBERT GORDON
DIRECTOR

March 6, 2020

Mr. Joe McClure, Financial Officer
City of Lansing
124 West Michigan Avenue
Lansing, Michigan 48933

Dear Mr. McClure:

This is our audit report of the Victims of Crime Act program administered by the City of Lansing for the period October 1, 2016 through September 30, 2018.

The Michigan Department of Health and Human Services (MDHHS) is committed to ensuring high standards of integrity and accountability for public funds. To that end, we periodically perform audits to assess the agency's compliance with fiscal reporting and other requirements contained in MDHHS agreements, and policies and procedures; and Federal regulations.

The report includes the Executive Summary, Exceptions, Recommendations, Corrective Actions, Statements of Audited Grant Revenues and Expenses, Federal and State Grant Award Information, and Scope and Methodology.

Final reports are posted for public viewing on the [MDHHS website](#).

Thank you for the cooperation extended throughout the audit process.

Sincerely,

A handwritten signature in black ink that reads "Shannah M. Havens".

Shannah M. Havens, CPA, MBA
Audit Section Manager
Public Health and Community Services Programs Audit Section
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Elizabeth Camfield, MDHHS Victim Services
Rosalind Arch, Project Director, City of Lansing
Daryl Green, Chief of Police, City of Lansing

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EXECUTIVE SUMMARY

Below is a summary of exceptions and the City’s corrective action plan.

| | |
|------------------------------|---|
| Exception 1 Page 3 | FSRs Not Supported by Accounting Records |
| Criteria | Title 2 CFR 200.302(b) |
| Amount to be Returned | \$-0- |
| Corrective Action | Run a year-end financial report and compare to the FSR. |
| Completion Date | September 30, 2020 |
| Person Responsible | Joe McClure - LPD Budget control Supervisor |

| | |
|------------------------------|--|
| Exception 2 Page 4 | Invoices Did Not Have Proper Authorization Prior to Payment |
| Criteria | Title 2 CFR 200.302(b) |
| Amount to be Returned | \$-0- |
| Corrective Action | Review, stamp, and sign all VOCA related invoices. |
| Completion Date | March 1, 2020 |
| Person Responsible | Joe McClure - LPD Budget control Supervisor |

| | |
|------------------------------|---|
| Exception 3 Page 4 | Unallowable Travel Expenses Reported |
| Criteria | 2017 Department of Justice (DOJ) Grants Financial Guide, Part II, Sections 2.3 and 3.13 |
| Amount to be Returned | \$-0- |
| Corrective Action | Reviewer to be more thorough in their review. |
| Completion Date | February 28, 2020 |
| Person Responsible | Rosalind Arch - VOCA Program Coordinator Joe McClure - LPD’s Budget Control Supervisor Capt. Robert Backus - LPD’s Administrative Captain |

| | |
|------------------------------|---|
| Exception 4 Page 5 | Purchases Did Not Comply with the City's Purchasing and Procurement Card Policy |
| Criteria | Procurement Card User's Manual, Title 2 CFR 200.318(a) |
| Amount to be Returned | \$-0- |
| Corrective Action | Approval of all VOCA purchases will now consist of four layers. Additionally, all equipment purchases will be approved via email by State of Michigan staff prior to purchase. |
| Completion Date | March 1, 2020 |
| Person Responsible | Rosalind Arch - VOCA Program Coordinator Joe McClure - LPD's Budget Control Supervisor Capt. Robert Backus - LPD's Administrative Captain City Accounting Dept. - City's Accounting Department |

| | |
|------------------------------|--|
| Exception 5 Page 7 | Volunteer Time Reports Lacking Key Information |
| Criteria | 2018 Crime Victim Assistance Grant Certified Assurances |
| Amount to be Returned | \$-0- |
| Corrective Action | Implement VMDTRs to track VOCA volunteers time spent on the Program. |
| Completion Date | January 1, 2019 |
| Person Responsible | Rosalind Arch - VOCA Program Coordinator |

Exception 1

FSRs Not Supported by Accounting Records

Condition

The City's FSR did not agree with its accounting records.

Criteria

Title 2 CFR 200.302(b)(2) states the non-Federal entity's financial management system must provide accurate, current, and complete disclosure of the financial results for each Federal award or program. In addition, Title 2 CFR 200.302(b)(3) requires financial management system records that identify the source and application of funds for federally funded activities.

Exception

During our review, we noted the City under-reported its costs by \$2,067 and misreported three line items when reconciling the FSR to the accounting records for the grant year ended September 30, 2017. The following discrepancies were identified:

- Salaries and wages were over-reported by \$315
- Fringe benefits were over-reported by \$24
- Supplies and materials were under-reported by \$2,406

Adjustments are reflected on the Statement of Audited Grant Revenues and Expenses.

Recommendation

We recommend the City implement sufficient controls and procedures to ensure its FSRs are supported by the accounting records to ensure compliance with Federal regulations.

Agency Response and Corrective Action Plan

City agrees that the FSR did not agree with accounting records. Prior to the fiscal year end, LPD's Budget Control Supervisor will run a financial report and compare it to the FSR. If they do not agree, LPD's Budget Control Supervisor will investigate any variances. Once the reason is determined, the two will be brought into agreement via adjustments to the FSRs and/or by submitting journal entries to correct accounting records.

Completion Date

September 30, 2020

Responsible Individual

Joe McClure - LPD Budget control Supervisor

Exception 2 Invoices Did Not Have Proper Authorization Prior to Payment

Condition

The City did not obtain management authorization on all invoices prior to payment.

Criteria

Title 2 CFR 200.302(b)(3) states the non-Federal entity's financial management system must provide records that identify adequately the source and application of funds for federally-funded activities. These records must contain authorizations and be supported by source documentation.

Exception

During our review, we noted that nine (53%) of 17 invoices for FY 2017 and 11 (79%) of 14 invoices for FY 2018 did not have management approval prior to payment.

Recommendation

We recommend that the City implement sufficient controls and procedures to obtain and document proper management approval on all invoices prior to payment to ensure compliance with Federal regulations.

Agency Response and Corrective Action Plan

City agrees that there were invoices that were not signed by management. Currently, invoices related to p-card purchases are not individually stamped and signed. LPD's Budget Control Supervisor will review, stamp and sign all VOCA related invoices. The new procedure will include stamping and signing each invoice individually.

Completion Date

March 1, 2020

Responsible Individual

Joe McClure, LPD Budget Control Supervisor

Exception 3 Unallowable Travel Expenses Reported

Condition

The City reported unallowable travel expenses to the VOCA Program.

Criteria

The 2017 Department of Justice (DOJ) Grants Financial Guide, Part II, Section 2.3 regarding an adequate accounting system states, "The system should support making sure that you follow Federal cost principles, agency program regulations, and the terms of the grant and subgrant agreements are followed in determining the reasonableness,

allowability, and the allocability of costs.” In addition, in the 2017 DOJ Grants Financial Guide, Part III, Section 3.13 states that alcoholic beverages are an unallowable cost.

Exception

During our review of FY 2017 travel expenditures, we noted that the City reimbursed a VOCA Program employee for an \$8 alcoholic beverage. We also noted that a breakfast receipt for \$15 did not show any detail to ensure that all of the food costs were allowable. Adjustments are reflected on the Statement of Audited Grant Revenues and Expenses.

Recommendation

We recommend the City implement sufficient controls to ensure that only allowable expenditures are reported to the VOCA Program to ensure compliance with DOJ guidelines.

Agency Response and Corrective Action Plan

City agrees that a VOCA Program employee inappropriately received reimbursement for the purchase of an alcoholic beverage. This corrective action plan requires the reviewer to be more thorough in their review of receipts and to actively look for and investigate unallowable expenses.

Completion Date

February 28, 2020

Responsible Individuals

Rosalind Arch, VOCA Program Coordinator
Joe McClure, LPD's Budget Control Supervisor
Capt. Robert Backus, LPD's Administrative Captain

Exception 4

Purchases Did Not Comply with the City's Purchasing and Procurement Card Policy

Condition

The City made purchases that did not comply with its purchasing and procurement card policy.

Criteria

The City's Procurement Card User's Manual states that all purchases must be made in compliance with the City of Lansing purchasing policies and that computer equipment and furniture cannot be purchased with a procurement card (p-card). It further states that each p-card holder must print out their monthly p-card statement and staple the corresponding monthly receipts to the statement, insert the documentation into a p-card envelope, and submit the envelope to the card holder's manager or supervisor for review and signed approval. In addition, Title 2 CFR 200.318(a) states the non-Federal entity must use its own documented procurement procedures.

Exception

During our review of FY 2017 direct expenditures, we noted the following expenditures where the City did not comply with its own p-card and procurement policies:

- A \$1,525 computer purchased with the p-card
- Miscellaneous shelves, bench, table, rugs, doll and doll furniture for \$1,250 purchased with the p-card
- Office furniture for \$4,246 purchased with the p-card

We also noted that the City did not provide the monthly statement and management approval authorizing the purchase for the computer. Furthermore, the computer was not included in the approved budget and as a result \$1,525 of unallowable expenses were reported to the VOCA Program. The City did not have sufficient controls in place to ensure that its own policies and procedures were properly followed, and only allowable costs are reported to the VOCA Program. Adjustments are reflected on the Statement of Grant Program Revenues and Expenses.

Recommendation

We recommend that the City implement sufficient controls to ensure purchases comply with the City's policy. We also recommend that the City obtain prior approval before purchasing computers to ensure only allowable costs are reported to the VOCA Program.

Agency Response and Corrective Action Plan

City agrees that the stated credit card purchases did not comply with City's p-card and procurement policy. City also agrees that the computer purchase was an unallowable purchase because it was not in the VOCA budget. The computer was purchased by an employee who works for the City's Information Technology (IT) Department. The intent of the policy is to prevent non-IT employees from using their p-card to purchase computers. The policy is not intended to prevent IT employees from purchasing computer equipment with their p-card; we have made a request to Purchasing that the policy be revised so that it is abundantly clear.

The review and approval of all VOCA purchases will now consist of four layers. Those layers are: 1) the VOCA Program Coordinator, 2) LPD's Budget Control Supervisor, 3) LPD's Administrative Captain, and 4) City's Finance Department. Additionally, all equipment purchases will be approved via email by SOM staff prior to being purchased. These additional layers of review will provide sufficient internal controls.

Completion Date

March 1, 2020

Responsible Individuals

Rosalind Arch, VOCA Program Coordinator
Joe McClure, LPD's Budget Control Supervisor
Capt. Robert Backus, LPD's Administrative Captain
City Accounting Dept., City's Accounting Department

Exception 5

Volunteer Time Reports Lacking Key Information

Condition

The City's Volunteer tracking report was not sufficient to meet the time reporting documentation required by the VOCA Program's Volunteer Match Distribution Time Report (VMDTR).

Criteria

The 2018 Crime Victim Assistance Grant Certified Assurances states, "The Grantee assures and certifies it will maintain proper documentation for all volunteer time reported by using the VOCA Volunteer Match Distribution Time Report (VMDTR)."

Exception

During our review, we noted that the City used the VMDTRs to track its FY 2017 volunteer match; however, for FY 2018 the City did not use the VMDTRs to track its volunteer match time. The City provided a Volunteer time tracking report to support its volunteer match. The report provided the name of each volunteer and the number of hours each volunteer donated time to the City. However, the report did not specify that the volunteer's time was actually spent on a VOCA project. Also, the report did not include any CVA Project number, or the volunteer and supervisor signatures. It was missing key elements that are included in the VMDTRs.

Recommendation

We recommend that the City implement sufficient controls to ensure that its volunteers' time reports include the same fields as the VMDTRs to ensure compliance with the grant certified assurances.

Agency Response and Corrective Action Plan

The City implemented VMDTRs to track VOCA volunteers time spend on the Program as of January 2019.

Completion Date

January 2019

Responsible Individual

Rosalind Arch, Program Coordinator

| City of Lansing VOCA Crime Victim Assistance Grant Statement of Audited Grant Revenues and Expenses 10/01/2016 - 09/30/2017 | | | | | | | |
|---|-------------------|-------------------|-------------------|---------------|-------------------|---------------|---------------------|
| | BUDGETED | REPORTED | AUDITED | TOTAL | AUDIT ADJUSTMENTS | | |
| | | | | | FEDERAL (80%) | MATCH (20%) | EXCEPTION REFERENCE |
| REVENUES | | | | | | | |
| MDHHS Grant | \$ 152,000 | \$ 151,528 | \$ 151,528 | \$ - | \$ - | \$ - | |
| Local Funds | \$ - | \$ - | \$ 519 | \$ 519 | \$ 415 | \$ 104 | 1, 3, 4 |
| Volunteer Match | \$ 38,000 | \$ 37,882 | \$ 37,882 | \$ - | \$ - | \$ - | |
| Total Revenues | \$ 190,000 | \$ 189,410 | \$ 189,929 | \$ 519 | \$ 415 | \$ 104 | |
| EXPENSES | | | | | | | |
| Salaries and Wages | \$ 122,799 | \$ 122,579 | \$ 122,264 | \$ (315) | \$ (252) | \$ (63) | 1 |
| Fringe Benefits | \$ 11,651 | \$ 11,630 | \$ 11,606 | \$ (24) | \$ (19) | \$ (5) | 1 |
| Travel | \$ 3,264 | \$ 2,558 | \$ 2,535 | \$ (23) | \$ (18) | \$ (5) | 3 |
| Supplies and Materials | \$ 8,778 | \$ 10,062 | \$ 10,943 | \$ 881 | \$ 705 | \$ 176 | 1, 4 |
| Contractual Services | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | |
| Equipment | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | |
| Other Expenses | \$ 5,508 | \$ 4,699 | \$ 4,699 | \$ - | \$ - | \$ - | |
| Indirect Expenses | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | |
| Volunteer Wages | \$ 35,300 | \$ 35,190 | \$ 35,190 | \$ - | \$ - | \$ - | |
| Volunteer Fringe Benefits | \$ 2,700 | \$ 2,692 | \$ 2,692 | \$ - | \$ - | \$ - | |
| Total Expenses | \$ 190,000 | \$ 189,410 | \$ 189,929 | \$ 519 | \$ 415 | \$ 104 | |
| Exception 1: FSRs Not Supported by Accounting Records Exception 3: Unallowable Travel Expenses Reported Exception 4: Purchases Did Not Comply with the City's Purchasing and Procurement Policy | | | | | | | |

| City of Lansing VOCA Crime Victim Assistance Grant Statement of Audited Grant Revenues and Expenses 10/01/2017 - 09/30/2018 | | | | | | | |
|--|-------------------|-------------------|-------------------|-------------|-------------------|-------------|---------------------|
| | BUDGETED | REPORTED | AUDITED | TOTAL | AUDIT ADJUSTMENTS | | |
| | | | | | FEDERAL (80%) | MATCH (20%) | EXCEPTION REFERENCE |
| REVENUES | | | | | | | |
| MDHHS Grant | \$ 156,560 | \$ 139,055 | \$ 139,055 | \$ - | \$ - | \$ - | |
| Local Funds | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | |
| Volunteer Match | \$ 39,140 | \$ 34,764 | \$ 34,764 | \$ - | \$ - | \$ - | |
| Total Revenues | \$ 195,700 | \$ 173,819 | \$ 173,819 | \$ - | \$ - | \$ - | |
| EXPENSES | | | | | | | |
| Salaries and Wages | \$ 134,410 | \$ 122,922 | \$ 122,922 | \$ - | \$ - | \$ - | |
| Fringe Benefits | \$ 12,752 | \$ 10,163 | \$ 10,163 | \$ - | \$ - | \$ - | |
| Travel | \$ 2,000 | \$ 1,676 | \$ 1,676 | \$ - | \$ - | \$ - | |
| Supplies and Materials | \$ 2,398 | \$ 781 | \$ 781 | \$ - | \$ - | \$ - | |
| Contractual Services | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | |
| Equipment | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | |
| Other Expenses | \$ 5,000 | \$ 3,513 | \$ 3,513 | \$ - | \$ - | \$ - | |
| Indirect Expenses | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | |
| Volunteer Wages | \$ 36,359 | \$ 32,294 | \$ 32,294 | \$ - | \$ - | \$ - | |
| Volunteer Fringe Benefits | \$ 2,781 | \$ 2,470 | \$ 2,470 | \$ - | \$ - | \$ - | |
| Total Expenses | \$ 195,700 | \$ 173,819 | \$ 173,819 | \$ - | \$ - | \$ - | |

FEDERAL AND STATE GRANT AWARD INFORMATION

| Program Title | Victim Assistance Program |
|---|----------------------------------|
| Federal Agency | U.S. Department of Justice |
| Federal Sub-Tier | Office of Justice Programs |
| Federal Program Title | Crime Victim Assistance |
| CFDA Number | 16.575 |
| Federal Grant Award Number | 2015-VA-GX-044 |
| Federal Grant Award Period | 10/01/2014 – 09/30/2018 |
| MDHHS Agreement Number | E20172263 |
| MDHHS Agreement Period | 10/01/2016 – 09/30/2017 |
| MDHHS VOCA CVA Number | 20457-20V15 |
| Exceptions Related to Program | 1, 2, 3, 4 |
| Federal Expenditures After Audit | \$ 151,528 |
| Match After Audit | \$ 37,882 |
| Amount to be Returned | \$ -0- |
| See the Statement of Audited Grant Revenues and Expenses for line item adjustment details for exceptions. | |

| Program Title | Victim Assistance Program |
|---|----------------------------------|
| Federal Agency | U.S. Department of Justice |
| Federal Sub-Tier | Office of Justice Programs |
| Federal Program Title | Crime Victim Assistance |
| CFDA Number | 16.575 |
| Federal Grant Award Number | 2015-VA-GX-044 |
| Federal Grant Award Period | 10/01/2014 – 09/30/2018 |
| MDHHS Agreement Number | E2018-0602 |
| MDHHS Agreement Period | 10/01/2017 – 09/30/2018 |
| MDHHS VOCA CVA Number | 20457-20V15 |
| Exceptions Related to Program | 2, 5 |
| Federal Expenditures After Audit | \$ 139,055 |
| Match After Audit | \$ 34,764 |
| Amount to be Returned | \$ -0- |
| See the Statement of Audited Grant Revenues and Expenses for line item adjustment details for exceptions. | |

SCOPE AND METHODOLOGY

We examined the City's records and activities for the fiscal period October 1, 2016 through September 30, 2018.

Our audit procedures included the following:

- Reviewed the most recent Single Audit Report for Program concerns.
- Reviewed the Grant Agreements, Budgets, Program Assurances, Trial Balances and General Ledgers.
- Reviewed policies to ensure they meet applicable requirements and guidelines.
- Reviewed the most recently completed Subrecipient Questionnaire.
- Reconciled the Final VOCA Program FSRs and MDHHS payment schedules to the accounting records.
- Reviewed required match for Program compliance.
- Tested a selection of payroll and non-payroll expenditures for program compliance; and adherence to policies, Federal and program guidelines, and approval procedures.
- Reviewed financial records to ensure supplanting of Federal awards did not occur.

Our audit did not include a review of program content or quality of services provided.

GLOSSARY OF ABBREVIATIONS AND TERMS

| | |
|-----|-----------------------------|
| CFR | Code of Federal Regulations |
|-----|-----------------------------|

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|-----|-------------------------|
| CVA | Crime Victim Assistance |
|-----|-------------------------|

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| FSR | Financial Status Report |
|-----|-------------------------|

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| MDHHS | Michigan Department of Health and Human Services |
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|------|----------------------|
| VOCA | Victims of Crime Act |
|------|----------------------|