

AGENDA

Ad Hoc Audit Committee AGENDA FOR JULY 21, 2021 AT 2:30 PM



Lansing City Hall, City Council Conference Room
124 W. Michigan Avenue, 10th Floor

To provide input or ask questions on any item that is listed on the agenda,
members of the public may contact the City Council at city.council@lansingmi.gov or (517) 483-4177 prior to the meeting.

Council Member Spadafore, Chairperson
Council Member Wood, Vice Chairperson

1. **Call to Order**
2. **Roll Call**
3. **Public Comment on Agenda Items (Up to 3 Minutes)**
4. **Discussion/Action:**
 - A. DISCUSSION - FY2022 Internal Audit Priorities
5. **Adjourn**

Persons with disabilities who need an accommodation to fully participate in these meetings should contact the City Council Office at 517-483-4177 (TTY 711) 24 hour notice may be needed for certain accommodations. An attempt will be made to grant all reasonable accommodation requests.

Auditable Units - Universe in Organization

An internal audit universe comprises several distinct auditable entities which can range from a few to several hundred or perhaps even thousands depending on the scale and complexity of your organization.

These auditable entities are often constructed according to business unit, product or service line, legal entity, regulatory required audit, processes, programs, or systems. Alternatively, an auditable entity may simply be constructed according to a key risk or key control. In practice, the internal audit universe is often a combination of all or most of the above.

Put simply, if you think of your organization as a big cake; how best do you slice that cake to arrive at sensible bite-sized chunks that can be easily and effectively audited? Each chunk is an auditable entity and collectively the chunks are known as the internal audit universe. It's a subjective process.

Once the nature and scope of these auditable entities are determined, internal audit will assess the risk of each auditable entity to assist in producing a risk-based internal audit plan which lists the internal audits to be carried out

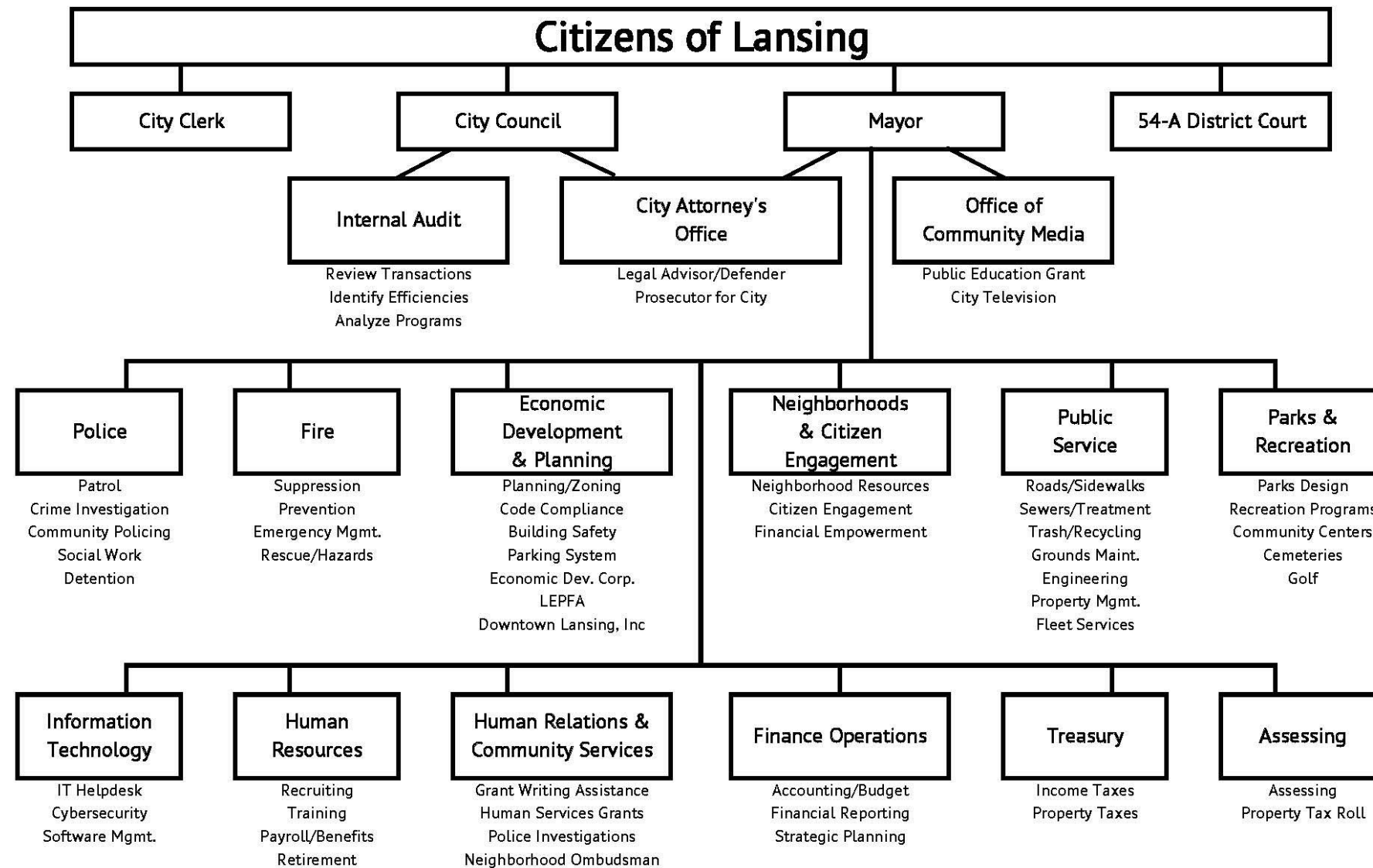
Source:

<https://www.icas.com/professional-resources/audit-and-assurance/internal-audit/internal-audit-understanding-the-audit-universe-and-the-journey-to-risk-maturity>

Identification of Management Report Structure (Source Organization Chart)

Source FY22 Proposed Budget Book

Table of Organization



Identification of Departments Primary Functions (Source Budget Book and City's Website)

Source FY22 Proposed Budget Book & City's Website

Department	Description	Department Head 2021	Management Complexity
City Council	As the City's legislative branch, the City Council is responsible for the adoption and amendment of ordinances in accordance with the City Charter and State law. The City Council is also vested with oversight and investigative powers and is charged with creating City policy through the adoption of resolutions. At Council Committee of the Whole and regularly scheduled Committee meetings, Council reviews proposals from the Administration and offers citizens an opportunity to make suggestions for the improvement of the City and City operations. The City Council, as required by Charter, adopts an annual City budget, designating appropriations and the amount to be raised by taxation for general purposes and payment of principal and interest on its indebtedness. The Council also works directly with other governmental, business, and community groups to resolve regional and neighborhood issues.	Peter Spadafore, Council President	Medium
Internal Audit	The Internal Auditor is established by City Charter to review the City's financial compliance in accordance with Council policy. The Internal Auditor works under the direction of the City Council in reviewing external audits of financial transactions and procedures. The Internal Auditor also performs routine audits of other City business. The Internal Auditor is appointed by and is responsible to the City Council. The mission of the Internal Auditor's office is to follow the City Charter, to improve the accountability for public funds and to improve operations of city government for the benefit of the citizens of the City of Lansing.	Eric Brewer, Internal Auditor	Low
Mayor Office	As Lansing's Chief Executive Officer, the Mayor's mission is to exercise supervision and coordination over the various Departments of City government, and provide that the laws, ordinances and regulations of the City are enforced. The Mayor is also empowered under the City Charter to suppress disorder and enforce the laws of the State, and is charged with the duty to make proposals to the Council for meeting the needs and addressing the problems of the city. Other duties, subject to delegation, include the development and preparation of the budget, response to audit reports, management of real property, reducing discrimination and promoting mutual understanding, annually reporting on affirmative action status, and citizen complaint investigation and response. Mayor's staff responds to informational needs and concerns, citizen inquiries and complaints, and works with residents and citizen groups to implement city initiatives for city improvement. The Mayor's Office also supports the activities of the Office of Community and Faith-Based Initiatives, the Office of Community Media, Labor Relations, the Mayor's Neighborhood Advisory Council, the Lansing Regional Sister Cities Commission, and a variety of community-based task forces.	Andy Schor, Mayor	Medium
Office of Community Media	The Office of Community Media (OCM) administers the City's Public, Educational and Government (PEG) digital media network under the auspices of the Lansing Public Media Center. The LPMC manages day-to-day operations of the City's government channel (GOV-TV) and Lansing's Public Access Channel (PUB-TV). The LPMC is also responsible for developing and implementing strategies to build community capacity in the production of local origination programming; creating and managing partnerships that leverage the PEG network to foster educational and career opportunities for Lansing residents in digital media, broadcasting and related fields; and leading efforts to collaborate with regional partners toward the establishment of a regional Community Media Center.		Low
City Clerk	The Office of the City Clerk is responsible for the orderly conduct of all elections in the City of Lansing and for the processing of all voter registration records of its citizens. The City Clerk oversees the proper maintenance of records for the City, and prepares Agendas and printed Proceedings for the Lansing City Council. A number of business licenses are processed through the Office of the City Clerk, including the regulation of Medical Marijuana Establishments, Peddlers & Transient Merchants, Vehicles for Hire, and Cabarets. The City Clerk serves as the recording secretary to the Board of Ethics, administers all oaths required for municipal purposes by law and is an approved United States Passport Acceptance Facility.	Chris Swope, City Clerk	Medium

Identification of Departments Primary Functions (Source Budget Book and City's Website)

Source FY22 Proposed Budget Book & City's Website

Department	Description	Department Head 2021	Management Complexity
<p>54 A District Court</p>	<p>The mission of the 54-A District Court is to provide access to trial court services for all persons as needed, employing available resources and working in partnership with the community to afford efficient and courteous service. This mission is carried out through efficient case flow management from pre-adjudication to post- adjudication; conducting arraignments, preliminary felony exams, trials, sentencing, and probation; including operating full service divisions (Traffic, Civil, Criminal, and Probation). The District Court handles four types of cases: (1) Criminal (misdemeanors and felonies reduced to misdemeanors); (2) Civil (small claims jurisdiction up to \$6,000, general civil jurisdiction up to \$25,000, and landlord-tenant disputes); (3) traffic violations (formal and informal hearings); and (4) City Ordinance violations. For the majority of its cases, the District Court works with the Ingham County Prosecutor’s Office, the Office of the City Attorney, and the Lansing Police Department. Additional support services provided by City of Lansing staff include finance, budgeting, personnel, information technology, operational services, and building maintenance. The District Court fund and budget are self-contained operations. The District Court budget expenditure and the Court-related revenue are accounted for in a separate fund during the fiscal year, and then both expenditures and revenues are returned to the General Fund at June 30. This accounting convention effectively makes the Court a General Fund agency, with special budget considerations attached to its status as the judicial branch of government.</p>	<p>Louise Alderson, Chief Judge</p>	<p>High</p>
<p>Neighborhood & Citizen Engagement</p>	<p>The department is designed to engage citizens, advance people, and build neighborhoods. The department continues the development and growth of Serve Lansing, a citywide service plan to engage citizens in community service. The department will continue to deliver the successful Citizens Academy program launched in 2018. The department serves as the key liaison to the Lansing School District. It oversees the Office of Financial Empowerment, focused on economic development at the individual and household level through its four key programs: Lansing SAVE, Financial Empowerment Center, Bank On Lansing, and Offender Success. The department will focus on increasing cross-department communication and coordination of services to neighborhoods. Events throughout the year will include the LOVE Lansing celebration, Neighborhoods in Bloom neighborhood beautification program, weekly Walking Wednesday events in Lansing neighborhoods between April and October, numerous neighborhood clean-up events, coordination with community partners for neighborhood improvements in several Lansing neighborhoods, publication of the weekly Lansing Neighborhood News, hosting monthly Neighborhood Roundtables, and organizing the quarterly Housing and Neighborhood Resource Summits.</p>	<p>DeLisa Fountain, Department Head</p>	<p>Low</p>

Identification of Departments Primary Functions (Source Budget Book and City's Website)

Source FY22 Proposed Budget Book & City's Website

Department	Description	Department Head 2021	Management Complexity
Economic Development & Planning	The Department of Economic Development and Planning (EDP) was previously known as the Economic Development and Planning Department. The primary objective of the Department has been to stabilize the City's economic base and, through continued planned and directed development, "grow" that base to a level capable of providing continuous support for the City's services and infrastructure. The Department consists of six separate divisions: • Administration • Building Safety • Code Enforcement • Parking Services • Planning • Development Office; The Building Safety Office is operated as a Special Revenue Fund, per State Law. Building safety interacts with commercial structures in the city and ensures the safety of such structures in our city, whether they be new, existing, or at the end of their useful life. Code Enforcement is charged with protecting the health, safety, and welfare of Lansing residents through the preservation and improvement of the housing stock by assuring safe, decent, and sanitary housing while conserving the integrity of neighborhoods. Planning has a broad role in facilitating orderly development and growth across the city. This division oversees development, implementation, and review of the city's Master Plan. Planning functions include comprehensive planning, site plan review, flood plain review, zoning review, historic preservation, public infrastructure, and review of economic development projects. The Parking Services Office encompasses the operation of the municipal fee-based parking system. Parking Services Office provides economical parking options for downtown workers and visitors. Development Office - Coordination of housing and neighborhood improvement activities are primarily handled under the City's Community Development Block Grant (CDBG) or various federal and state housing assistance programs. The traditional allocation of CDBG, HOME, and the Emergency Solutions Grant Program are federally funded programs, administered by the Development Office. In addition to these programs, the Development Office administers various grants, such as, Floodplain Abatement FEMA, Lead Based Paint Abatement, and Blight Elimination – Hardest Hit Funds programs. Oversight - Additionally, DLI, LEAP, and LEPPA report indirectly through the Department of EDP.	Brian McGrain, Department Director	High
Information Technology	The Information Technology Department is responsible for the maintenance of the City's various computer systems, and technology infrastructure, as well as the implementation of new technology initiatives. The department oversees the critical business applications including data analytics, citizen engagement platforms, Enterprise Content Management systems, financial systems, public safety video surveillance technologies and internal communication tools. These are the components that help make departments smarter in their day-to-day operations. This goal is achieved by increasing visibility and efficiency of the department, providing communication tools which enhance and communication and leveraging technologies...	Christopher Mumby, Chief Information Officer	High
Finance Operations	The Finance Department is responsible for all the accounting activity for the City of Lansing's: Funds and Grants; Preparation of the Annual Financial Report; Construction and Monitoring of the Budget, Financial Analysis and Forecasting; Overseeing Short-Term and Long-Term Financial Planning and Operations; Banking, Investments, and Borrowing of Funds; Managing Debt Service Requirements; Purchasing of Goods and Supplies; Payments to Vendors; Administration of the Retirement System	Robert Widigan, Finance Director	Medium
Assessing	Keeping inventory of all property in the City of Lansing; Determining assessed and taxable values for all property (taxable value is used with current millage rates to determine property tax bills); Maintaining up-to-date property information on roughly 37,000 residential properties, 2,500 commercial properties and 500 industrial properties; Updating owner information in accordance to deeds, land contracts and property transfer affidavits; Maintaining principal residence information; Gathering market information to determine the true cash value (market value) of all property annually	Sharon Frischman, City Assessor	Medium
Treasury/Income Tax	The Treasurers and Income Tax Office is responsible for property tax, income tax, employer withholding, false alarm system registration and invoice payments as well as other treasury related services.	Desiree Kirkland, City Treasurer	Medium

Identification of Departments Primary Functions (Source Budget Book and City's Website)

Source FY22 Proposed Budget Book & City's Website

Department	Description	Department Head 2021	Management Complexity
<p>Human Resources</p>	<p>The Human Resources Department is responsible for many necessary functions for the City of Lansing. Human Resources provide services to all City Departments, employees, retirees, City Unions and the Community. We are instrumental in providing labor law compliance, record keeping, hiring and training, payroll, compensation, health and wellness and safety compliance. Human Resources also prepares job descriptions and ensures proper procedures for review and approval at department levels. The Department of Human Resources advises the Mayor on policy-related items. The Department develops and updates policies and procedures for the Department and provides a wide range of activities and customer support services to the residents of the City of Lansing, all City Departments, including Lansing City Council, 54A-District Court, Economic Development Corporation, Downtown Lansing, Inc., Lansing Police and Lansing Fire Departments respectively.</p> <p>Hiring and Classification Section - The Hiring and Classification Section (HCS) is responsible for recruitment, selections, hiring, retention, compensation, various trainings and classification of all City positions. The Hiring Group provides ongoing training to the department managers and supervisors in areas of hiring and selection. Health and Wellness Section -The Health and Wellness Section administers the City's workers' compensation program and develops safety rules, policies, and safety training citywide, and administers and ensures compliance with federal workplace regulations. Payroll and Benefits Section - The Payroll and Benefits Section provides services to City employees and retirees, including orientation for new employees. Employee & Labor Relations Section - The Employee & Labor Relations section of the Department of Human Resources is tasked with administering the grievance process alongside the Chief Labor Negotiator. This area also investigates employee complaints, provides training and responds to unemployment claims against the City. This section also provides consultations with management with respect to disciplinary matters and CBA presentations.</p>	<p>Linda Sanchez-Gazella, Human Resources Director</p>	<p>High</p>
<p>City's Attorney Office</p>	<p>The Office of the City Attorney (OCA) is dedicated to providing the highest quality legal service to the City of Lansing. Its mission is to provide professional, knowledgeable, courteous, and dependable service to the City's elected, appointed, and administrative officials and its committees and boards. Under the Charter, the City Attorney is the attorney for Lansing as a Michigan municipal corporation and is responsible to both the Mayor and the City Council. The OCA provides legal services and advice at the request of the Mayor, City Council, City Departments and Boards, represents the City in all cases in which the City is a party or has an interest, and prosecutes City ordinance violations. As the prosecutor for the City, the City Attorney is involved in remedying matters that directly impact citizens, neighborhood safety and quality of life, including enforcement of the housing code, drug laws, and alcohol-related offenses. OCA staffs and provides legal advice at meetings, drafts ordinances, and issues written legal opinions to elected, appointed, and administrative officials. OCA also drafts, reviews and approves as to form contracts, bonds, legal instruments, Council resolutions, grants and is actively involved in the negotiation, purchase, sale, development and redevelopment of property in the City. This office also serves as the designated Freedom of Information Act (FOIA) coordinator for the City.</p>	<p>James Smiertka, City Attorney</p>	<p>High</p>
<p>Police</p>	<p>Police Department operations involve logistical support from Four Divisions; Administrative Division, Patrol Division, Investigations Division and the Staff Services Division. Each Division had a Captain that oversees police operations for those divisions. The Patrol Division Captain is responsible for all uniformed officers including Sector Officers, School Resource Officers, and Canine Team. Traffic Unit and Community Policing Officers (CPO's). The Investigations Division Captain oversees Detectives, C.S.I, S.T.A.R.T., DIVE, Special Operations Division, and the Violent Crime Initiative (VCI). The Administrative Division Captain oversees, Detention, Training, Grants, Accounting Services, Staff Services Captain oversees the Property and Supply Unit, Electronic Equipment Maintenance Unit, Hiring and Recruiting, Technical Services, as well as Records and Identification. The Internal Affairs Unit and Public Information Director reports directly to the Chief of Police.</p>	<p>Daryl Green, Police Chief</p>	<p>High</p>

Identification of Departments Primary Functions (Source Budget Book and City's Website)

Source FY22 Proposed Budget Book & City's Website

Department	Description	Department Head 2021	Management Complexity
Fire	The Lansing Fire Department, under the direction of its Fire Chief, is committed to serving the Lansing community with the highest levels of life and property protection. This is achieved by providing excellent, compassionate service in an atmosphere that encourages innovation, professional development and diversity. The Lansing Fire Department also has a Board of Fire Commissioners with eight members that represent all wards within the City of Lansing, including two at-large positions. The Fire Commissioners have a wide range of authority including department budget approval, citizen complaints and department policies. The Department performs its mission through six organizational divisions and provides a wide range of services including Fire Prevention, Emergency Management and disaster preparation activities, Fire Safety, plan review, public education, special events planning, arson investigation, employee education and certification, as well as emergency response for fire and medical, hazardous materials, and technical rescues.	Greg Martin, Fire Chief	High
Public Service	The Public Service Department is organized into six distinct divisions (Engineering, Business, Permits and Technology, Operations and Maintenance, Fleet Services, Property Management, and Waste Water Treatment Plant) that are responsible for engineering, transportation, construction, right-of-way permitting, city fleet maintenance, maintenance of city property, operation and maintenance of roads, bridges, sidewalks, and storm and sanitary sewers within the city of Lansing, including the Waste Water Treatment Plant and pump stations. The Operations and Maintenance Division also operates the City's Capital Area Recycling and Trash (CART) program. The Engineering Division also provides general engineering support and oversight to other City departments.	Andrew Kilpatrick, Public Service Director	High
Human Relations and Community Service	The Human Relations and Community Services (HRCS) Department pursues City Charter and Ordinance mandates to address basic human services needs and help cultivate a community climate of diversity, equity and nondiscrimination. The Department strives to improve the quality of life for all Lansing citizens by providing leadership to address urgent community issues such as the resolution of homelessness, food insecurity, health care, affordable housing, infant mortality, youth prevention programs, and refugee resettlement. HRCS Responsibilities - The Department's Human Services focus works in partnership with community coalitions to evaluate community needs, develop grant proposals or programming, and oversee contracts to distribute City funding to address urgent needs. The Department administers Federal Housing and Urban Development (HUD) Continuum of Care (CoC), City Emergency Solutions Grants (ESG) and acts as Fiduciary for MSHDA ESG funds through sub-contracts with local agencies, providing monitoring and technical assistance. HRCS is the designated CoC Lead and Homeless Management Information System (HMIS) Lead Agency tracking homeless services. The Human Relations' focus provides mediation to address community disputes and complaints, and monitors City compliance with laws and ordinances to ensure social equity.	Kimberly Coleman, HRCS Director	High

Identification of Departments Primary Functions (Source Budget Book and City's Website)

Source FY22 Proposed Budget Book & City's Website

Department	Description	Department Head 2021	Management Complexity
<p style="text-align: center;">Parks & Recreation</p>	<p>The Parks and Recreation Department consists of four separate divisions: Administration - The Administration Division includes Management and Business Administration, Park Design, Planning and Research, and the staff support for park and pavilion rentals, event planning and support services for both the General Fund and the Enterprise Fund programs. The Management and Business Administration section is responsible for the salary, hourly, Temporary Employment Agreements, and seasonal payroll and time cards. This section also processes procurement card reconciliations, accounts payable and receivable, and processes paperwork for yearly employee evaluations and step increases. Field Services -Funding for Field Services which includes; Forestry, Grounds and Landscape Maintenance, and Athletic Field and Pool Maintenance, is located in this part of the budget. Staffing for these activities now resides in the Public Service Department. Below is a description of these services. The Forestry Section of the Field Services Division is responsible for maintenance of safe and healthy trees in City parks and on City streets. Care includes trimming and removal of dead, damaged or diseased trees and limbs from these areas. They also maintain and stock a city nursery, which provides trees for residential streets, parks, cemeteries, and golf course plantings as needed. Grounds & Landscape Maintenance Section is responsible for care and maintenance of turf, shrubs, ornamental trees and flowers, as well as planting new growth for the next season. They also handle repair of tables, benches, signs and playground equipment, as well as ice and snow removal on trails, parking areas, and park sidewalks during the winter season. Athletic Fields and Pool Maintenance is responsible for the maintenance of City athletic fields and the public outdoor pools at Hunter and Moores Parks, as well as Cemetery burials and grounds maintenance (see Cemetery Fund). Leisure Services - The Leisure Services Division operates recreation programs at four Community Centers (Gier, Foster, Letts, Schmidt), Special Recreation Services (Hunter and Moores Swimming Pools, Kids Camp, City Wide Special Events and Therapeutic Recreation) and Lifetime Sports. The division also operates specialized facilities such as the Turner-Dodge House (historic home) and the Fenner Nature Center. Programming at the Fenner Nature Center is conducted by the Fenner Conservancy. Golf Operations - The Sycamore Driving Range and Practice Facility is operated by The First Tee of Mid- Michigan, and is located at 1526 E. Mount Hope Avenue. This program provides quality instruction on the game of golf for youth and adults. The First Tee of Mid-Michigan operates the driving range, which is open to the public for practice.</p>	<p>Brett Kaschinske, Parks & Recreation Director</p>	<p style="text-align: center;">High</p>

Auditable Units Identified Expenses based on CAFR Organization, GL Setup, HR Setup, Organization Chart, and Department Structure.

Note - This can then be broken down further to Sub Units based on other criteria, such as Cost Center, Objects, and/or Functional Areas.

Auditable Units	Reports To	Funds	Fund Management (Multiple Funds)	Cost Center(s)	Cost Center(s) Management
City Council	Citizens of Lansing/Stakeholders	101	Low	112101	Low
Internal Audit	City Council	101	Low	112120	Low
Mayor Office	Citizens of Lansing/Stakeholders	101	Low	172300	Low
Office of Community Media	Mayor	101	Low	172310	Low
City Clerk	Citizens of Lansing/Stakeholders	101	Low	172400	Low
54 A District Court	Citizens of Lansing/Stakeholders	760	Low	132201, 132210, 132220	Medium
Neighborhood & Citizen Engagement	Mayor	101	Low	172250	Low
Economic Development & Planning	Mayor	101, 249, 252, 263, 264, 298, 585	High	172601, 172610, 172620, 172650, 932653, 932657, 932658, 932659, 932663, 932665, 932669, 932672, 932674, 932675, 932666, 173904, 453640, 453641, 453642, 453643, 6453645, 453646, 453647, 453648, 453649, 453650	High
Information Technology	Mayor	630	Low	173130	Low
Finance Operations	Mayor	101	Low	172710	Low
Assessing	Mayor	101	Low	172720	Low
Treasury/Income Tax	Mayor	101	Low	172730	Low
Human Resources	Mayor	101	Low	172800, 172801	Medium
City's Attorney Office	Mayor & City Council	101	Low	172900	Low
Police	Mayor	101, 265, 267, 268	High	343201, 343212, 343221, 343222, 343224, 343225, 343240, 343251, 343253, 343254, 343254	High
Fire	Mayor	101	Low	343501, 343510, 343520, 343530, 343540, 343570, 343580	High
Public Service	Mayor	101, 202, 203, 590, 596, 597, 645, 643	High	173140, 453603, 453610, 453611, 453612, 453613, 453614, 453615, 453618, 453619, 453620, 453621, 453640, 453601, 453630, 453631, 453632, 453633, 453634, 453635, 453636, 453638, 874440, 933690, 933601, 873635, 453670, 453671, 453677, 453679, 453680, 933610, 453685, 453622, 453685, 453686, 453603, 453604, 453623	High
Human Relations and Community Service	Mayor	101	Low	672500	Low
Human Relation and Community Support	N/A	101	Low	833710	Low
Parks & Recreation	Mayor	101, 516, 584, 412	High	783810, 783821, 738822, 738830, 783831, 783832, 783833, 783836, 783837, 738870, 173840, 173842, 783851, 783853, 933890	High
Non-Department Debt Service	N/A	101	Low	874400	Low
Non-Department City Support Service	N/A	101	Low	834101	Low
Non-Department Operating Transfers Out	N/A	101	Low	966000	Low
Non-Department Vacancy Factor and Library Rental	N/A	101	Low	173901	Low
Baseball Stadium	N/A	234	Low	173903	Low
Capital Improvement Project Fund	N/A	410	Low	172650, 933590, 933690, 933901, 934190	Medium
Fringe Benefits Fund	N/A	650	Low	173910, 173911, 173912, 173914, 173915, 173916	Medium
Employees' Retirement System Pension Fund	N/A	731	Low	174150	Low
Police and Fire Retirement System Fund	N/A	732	Low	174160	Low
Employees' Money Purchase Pension Plan Fund	N/A	741	Low	174165	Low
Retiree Health Care VEBA Fund	N/A	735	Low	174180	Low

Components Analyzed for Metrics after Identification Process

Description	Metrics	Reasoning
Personnel FTE Staffing	Amount by Department Full Time Positions Allocated	This can indicated how much value the organization puts in Different Functions/Programs and/or Departments. In addition, with more staffing the more complex management structure because for a department.
Personnel Vacancy	Vacant Position by Department	The larger number of vacant positions within Department may indicate operations that may be understaffed and/or the ability to find qualified individuals.
Organization Chart	Understanding Management Chain of Command	The chain of command established is the formal line of authority, communication, and responsibility. As department(s) grows sometimes management becomes more difficult were the Chain of Command falls.
Department Overview	Department Function	Some Department are more complex and have more regulatory requirements based on their activities and funds received.
Funds GL - RV - Extract FY 2020	Revenue by Fund	This indicates the revenue sources by Fund that is used by the Organization. The larger amount of revenue contained within a Fund may lead to an increase and frequency and/or number of transactions. In addition, the number and/or types of transactions processed.
Object Structure GL - RV - Extract FY 2020	Revenue by Object	This indicates the revenue by object classification used by the Organization. This provides more details of what classification of revenues by the organization.
Funds GL - XP - Extract FY 2020	Expenses by Fund	This indicates the expenses by Fund that is used by the Organization. The larger amount of expenses constrained within a Fund may lead to an increase and frequency and/or number of transactions. In addition, the number and/or types of transaction processed.
Cost Center GL - XP - Extract FY 2020	Expenses by Cost Center	This indicates the expenses by Cost Center and/or more functional area by the Organization. The The larger amount of expenses contained within a Fund may lead to an increase and frequency and/or number of transactions. In addition, the number and/or types of transaction processed.
Object GL - XP - Extract FY 2020	Expenses by Object	This indicates the expenses by Object and/or more transaction type of activities by the Organization. The The larger amount of expenses contained within a Fund may lead to an increase and frequency and/or number of transactions. In addition, the number and/or types of transaction processed.
Other Information Considered	Other factors that need to be considered	This indicates other factors that have to be considered when determine the functional audit unit.

Note - Extract for FY 2020 was used because contains all year end adjustments and establishes base line and/or expected level. Audit/Review activity would be on FY 2021 and/or Current Year and similar analysis would take place based on the scope of the review.

Other Information Examined

Risk Matrix Category	Sub Category	Type	Description	Research Link
Management & Regulatory	Entity Type	City	The City of Lansing was incorporated in 1859 and operates under provisions of Public Act 279 of 1909, as amended (Home Rule City Act) as a Local Government Unit or City.	http://www.legislature.mi.gov/documents/mcl/pdf/mcl-act-279-of-1909.pdf
Management & Regulatory	Internal Governing Policies	Lansing City Charter	The primary governing document of the City of Lansing is the City Charter.	https://content.civicplus.com/api/assets/4ee3747d-174d-4eec-9ef6-ab1b900b97dc
Management & Regulatory	Internal Governing Policies	Lansing City Ordinances	The City of Lansing has adopted Ordinances to help with governance activities.	https://library.municode.com/mi/lansing/codes/code_of_ordinances?nodeId=COORLAMI
Regulatory	Federal Regulatory	Single Audit	The City of Lansing is Subject to the Single Audit Act of 1984 because it receives more than \$100,000 or more in Federal assistance in any fiscal year.	https://www.congress.gov/bill/98th-congress/senate-bill/1510/all-info
Regulatory	State Regulatory	Depart Treasury - Guidance Manuals	Manuals for Accounting Guidance from the State of Michigan - Include - Audits of Local Units of Government, Accounting Procedures Manual, Budget Manual, Uniform Chart of Accounts.	https://www.michigan.gov/treasury/0,4679,7-121-1751_2194-171570--,00.html
Regulatory	State Regulatory	CAFR and F65 Annual Report	The State of Michigan is required to submit an Annual F-65 report or Annual Local Unit Fiscal Report that in relations the CAFR or Consolidated Annual Financial Report.	https://www.michigan.gov/documents/treasury/2016-2017F65Instructions_556964_7.pdf
N/A	Economic Factors	Local Economy Factors - East Lansing & Lansing	Greatly effects primary sources of revenue from Property Taxes and Income Taxes is subject to fluctuations within the Local Economic Cycles.	https://fred.stlouisfed.org/series/NGMP29620
Management & Regulatory	Internal Governing Policies	Budget Process	The City of Lansing has an annual Budget Process that is submitted by the Mayor and Approved by City Council that is governed by the Uniform Budgeting And Accounting Act Act 2 of 1968 for the State of Michigan	http://www.legislature.mi.gov/(S(vyf1p3i2y3o1ngqkm3wbvuwu))/mileg.aspx?page=GetObject&objectname=mcl-Act-2-of-1968
Regulatory	Regulatory GASB	Fund Accounting	GASB or Governmental Accounting Standards Board for Fund Accounting i. Statements of Governmental Accounting Standards ii. Concept Statements iii. GASB Interpretations iiiii. GASB Technical Bulletins iiiii. GASB Implementation Guides	https://www.gasb.org/jsp/GASB/Page/GASBSectionPage&cid=1176160042391
Regulatory	State Regulatory	Act 51	Act 51 Distribution of Michigan Transportation Funds (MTF)	https://www.michigan.gov/mdot/0,4616,7-151-9623_10736_67094--,00.html
Regulatory	Regulatory GASB	GASB 34	SUMMARY OF STATEMENT NO. 34 - Basic Financial Statements and Management's Discussion for State and Local Governments	https://www.gasb.org/st/summary/gstsm34.html
Management	Accounting Structure	ERP Accounting Software	One Solution HR-PY_End User Guide	https://auditor.imperialcounty.org/wp-content/uploads/2020/02/HR-PY-End-User-Guide.pdf
Management	Accounting Structure	ERP Accounting Software	One Solution GL End User Training Manual	http://www.co.santa-cruz.ca.us/Portals/0/County/auditor/sungard/ONESolution%20Journal%20Entry%20User%20Guide%20COE.pdf

Deficiencies External Audit (Source CAFR FY2020)

We consider the following deficiencies to be material weaknesses:

2020-001 MATERIAL JOURNAL ENTRIES PROPOSED BY AUDITORS

Condition: Material journal entries for the proper recognition of various financial statement amounts within the City's accounting records were proposed by the auditors. In addition, we received several revisions to the City's trial balance (the final version coming in early December 2020), each of which contained material corrections to previous trial balances.

Criteria: Management is responsible for establishing, maintaining, and monitoring internal controls, and for the fair presentation in the financial statements of financial position, results of operations, and cash flows, including the recording of all appropriate journal entries to assure the trial balance from which the financial statements are prepared, reflect amounts that are in conformity with U.S. generally accepted accounting principles.

Cause: Over the past several years, the City's Finance Department, who prepares the reconciliations of all accounts, has reduced in size due to budget reductions, staffing reductions and staffing turnover. These changes have placed a significant burden on the month and year end close processes, and have contributed to journal entries not being completed or reviewed timely.

Effect: The City's accounting records were initially misstated by amounts material to the financial statements. Necessary adjustments were brought to the attention of management and were subsequently recorded in the City's general ledger.

Recommendation: We recommend that the City take steps to assure that material journal entries are not necessary at the time future audit analysis is performed.

Corrective Action Response: Management of the City will continue to review auditor recommendations/ corrections and internal procedures related to the identification and correction of potential errors in the financial statements prior to the beginning of future audits. The Finance team will meet to review adjustments made to this year's financial statements and will develop a plan to address the most significant issues in a timelier manner going forward. Within budget constraints, Management will look to increase staffing levels and/or obtain temporary assistance earlier in the fiscal year, in order to perform more timely analyses of the various account balances.

2020-002 BANK RECONCILIATIONS

Condition: Throughout the year, the City failed to complete bank reconciliations on a timely basis for most of its cash accounts. Several individual bank account reconciliations were not completed for the entire fiscal year until approximately four months after fiscal year end while audit fieldwork was ongoing. It was also noted that while the City has made improvements from prior years in this area, several accounts still had multiple old outstanding reconciling items present that had not yet been investigated and corrected by the City.

Criteria: Completion of timely bank account reconciliations and review thereof, represent an important control used to detect and prevent misstatements and errors. Such reconciliations should be completed and reviewed monthly for all accounts and all reconciling items investigated and resolved as quickly as possible.

Cause: Over the past several years, the City's Finance Department, who prepares the reconciliations of all accounts, has reduced in size due to staffing reductions and staffing turnover. These changes have placed a significant burden on the month and year end close processes, and have contributed to reconciliations not being completed or reviewed timely.

Effect: As a result of this condition, all activities that have cash transactions have an increased risk that misstatements in the accounting records, whether caused by error or fraud, would not be detected and corrected on a timely basis.

Recommendation: We recommend the City take steps to assure all bank reconciliations are completed and tied to the general ledger in a timely fashion and all differences be resolved in a timely manner.

Correction Action Response: Management of the City will work on several areas of improvement to alleviate this issue.

a. We will continue to review the need for the various bank accounts that have been established over the years with the view toward more consolidation.

b. We will assign the responsibility for each of the bank accounts to various Finance staff members, including using City Treasury staff, who will be responsible for reconciling those statements in a timely manner.

c. We will review the old outstanding reconciling items with the view toward clearing them up before the end of the next fiscal year.

d. We will look to increase staffing levels in Finance and/or obtain temporary assistance earlier in the fiscal year, in order to perform more timely analyses of the various bank statements.

2020-003 PENSION AND OPEB ACTIVITY

Condition: Actuarial valuations for the pension and other postemployment benefit (OPEB) plans, the GASB 67/68 related information for the defined benefit pension plans, and the GASB 74/75 related information for the other postemployment benefit plans were not completed until December 2020, and the related account balances were not adjusted until the end of audit fieldwork. Also, as of the completion of audit fieldwork, the City had not verified that pension census data and other information provided to the Actuary were properly recorded by the Actuary. Also, it appeared the City may not be in full compliance with P.A. 202 of 2017 in regards to the length of time the Actuary has conducted the calculations without bidding of these services. We also attempted to verify the accuracy of the pension contributions (employer and employee) made to the respective plans during the year and we were unable to reconcile the amounts contributed back to any supporting data at the City and the contributions were only made annually to the plans.

In addition, during our census data testing we noted that the census information for the retiree healthcare plans was contained in a manual spreadsheet that does not appear to be updated timely as we noted an instance where an employee was marked as active, but they no longer worked for the City and should have been shown as deferred. This same individual's entire file could not be located for us to perform other census testing on. Census data includes date of birth, date of hire, separation date, retirement date, service credits, final average salary, benefit multiplier, pensionable wages, accumulated employee contributions, and benefits selected. Finally, we noted that there was no documentation of an independent review over pension and OPEB benefit calculations after they are calculated by the Pension Office.

Based on the information that we could analyze; these discrepancies did not materially impact the final valuations, or the amounts reported in the audited financial statements, but these systemic issues increase the risk that errors could occur that would materially affect the amounts reported in the financial statements and those errors would go undetected.

Deficiencies External Audit (Source CAFR FY2020)

Criteria: The City is required to obtain actuarial valuations and other reports for its various pension and other postemployment benefit (OPEB) plans each year. These valuations and other reports should be obtained far enough in advance to be audited and used to calculate amounts to be included in the audited financial statements in a timely fashion. Management is responsible for accurate and timely compilation of data necessary for the contracted actuary to process and complete reporting necessary for the proper reporting of pension and OPEB information in the annual financial statements and should assure all files are maintained as required. The City should also have proper segregation of duties in place regarding the preparation and review of census information and underlying reports that are essential for accurate and complete reporting of pension and OPEB information in the annual financial statements. P.A. 202 of 2017 has specific language that the City shall follow.

Cause: Proper internal control procedures and related policies have not been developed and put in place by the City surrounding a multitude of aspects of the pension and OPEB activities under the control of the City.

Effect: Without proper internal control procedures and related policies related to the pension and OPEB activity, there is a risk that material misstatements of the financial statements would go undetected.

Recommendation: We recommend that the City take steps to assure that all data be submitted timely to the Actuary and the valuation and other reports returned be reconciled to the underlying submitted documentation and that they follow P.A. 202. We also recommend all pension/OPEB plan contributions be made on a monthly basis and the fiduciary plan statement be reconciled with the general ledger. The City should also assure that all employee related files be retained and available for audit purposes. We further recommend that internal control procedures be established to verify employee data so there is proper segregation of duties for calculating and approving benefits.

Corrective Action Response: Management of the City will have discussions with the Chairs of the Retirement Boards and will develop an action plan to provide the Actuary with more timely information for preparation of the FY21 Actuarial Reports and we will evaluate the requirements of P.A. 202 of 2017, P.A. 314 of 1965, and other applicable Public Acts to ensure compliance and implement any necessary changes accordingly. Management will develop a procedure for calculating and remitting to the Plans on a quarterly basis rather than annually, the employee contributions net of fees paid. Management will work to develop internal control procedures to establish proper segregation of duties for calculating and approving benefits.

We consider the following deficiencies described below to be significant deficiencies:

2020-004 RECONCILIATION OF CERTAIN REVENUE TRANSACTIONS

Condition: During our analysis of water utility revenues that the Lansing BWL processes for the City, it was determined that BWL handles all aspects of water utility billings and collections and provides the City with "equity payments" for a portion of this activity. We were unable to verify the procedures performed by the City to reconcile and verify the accuracy of the amounts remitted to the City by BWL.

Criteria: Sufficient internal controls should be in place so that all receipt transactions are adequately supported, reviewed, approved, and reconciled to assure inappropriate activity, whether intentional or unintentional, is mitigated.

Cause: Specific internal controls over these revenue sources were not put in place by the City to account for and reconcile these transactions.

Effect: The City is susceptible to the potential of inappropriate transactions occurring or there being material misstatements to financial data as the internal controls and segregation of duties in these areas appear to not be sufficient.

Recommendation: We recommend that the City evaluate all aspects of their accounting functions in this area and consider taking action to correct the above deficiency, such as implementing reconciliation processes for all material revenue streams coming into the City. A comparison and analysis of funds received from BWL with the City's expected collections should be conducted.

Corrective Action Response: The City has started a process to verify that we are actually receiving revenue from BWL facilities (primarily the REO Cogeneration facility) and then will develop a process to verify the sewer revenue data. We will always rely on BWL water meter data since there is no direct metering of sanitary sewage volume by customer. We will set up a meeting with BWL to determine how we can get the necessary information to audit this revenue.

2020-005 RECONCILIATIONS OF ASSET AND LIABILITY ACCOUNTS

Condition: We noted the City did not reconcile various material liability accounts to supporting documentation on a monthly basis and adjust the general ledger as needed. We also determined that the City had not recorded the assets and liabilities for certain activities under the control of the City in the general ledger.

Criteria: The City is required to have a comprehensive accounting system to account for all financial information under its control. All activity under the control of the City must be included in the general ledger and ending asset and liability balances should be reconciled to supporting documentation on a monthly basis.

Cause: Over the past several years, the City's Finance Department, who prepares the reconciliations of all accounts, has reduced in size due to budget reductions, staffing reductions and staffing turnover. These changes have placed a significant burden on the month and year end close processes, and have contributed to account analyses not being completed or reviewed in a timely manner.

Effect: The City general ledger was incomplete prior to auditor proposed journal entries. There is a potential for material misstatement when material accounts are excluded from the general ledger or are not reconciled to supporting documentation on a periodic basis.

Recommendation: We recommend all accounts be included in the general ledger and material accounts be reconciled monthly to supporting documentation.

Corrective Action Response: Management of the City will continue to review auditor recommendations/ corrections and internal procedures related to the identification and correction of potential errors in the financial statements prior to the beginning of future audits. The Finance team will meet to review adjustments made to this year's financial statements and will develop a plan to address the most significant issues in a timelier manner going forward. Within budget constraints, Management will look to increase staffing levels and/or obtain temporary assistance earlier in the fiscal year, in order to perform more timely analyses of the various account balances.

2020-006 WRITTEN PROCEDURES AND POLICIES

Condition: We noted that the City has not formally adopted certain written procedures and policies for the following areas: business continuation, electronic funds transfer, compensated absences, fund balance, debt management, and receivables/allowances.

Criteria: Documenting specific policies and procedures allows employees to have a clearer understanding of management's expectations.

Deficiencies External Audit (Source CAFR FY2020)

Cause: Unknown.
Effect: By not having a business continuation plan in place, the City has no formal plan in place if critical business processes were interrupted. Also, by not having an electronic fund transfer policy in place the City is not in compliance with Public Act 738 of 2002 that requires local units of government that utilize electronic transactions to adopt a written resolution. Finally, by not having policies that relate to debt management, compensated absences, receivables/allowances, and fund balance, all key and material financial areas of the City, there are no formal expectations set for employees by City management.
Recommendation: We recommend the City develop and adopt the policies as noted above.
Corrective Action Plan: We will review the items noted in this Finding and work with the appropriate department, OCA, and City Council to develop a comprehensive electronic fund transfer policy and other noted policies to properly address this Finding.

2020-007 PAYROLL PROCESS

Condition: The City currently has procedures in place to ensure that employees are being paid at the correct rate and for the actual number of hours worked, but much of the data entry of this process is manual and payroll can be submitted and paid before applicable department management reviews and approves their departmental staff payroll data. While no inappropriate transactions were noted during our testing of the payroll process, this is a systemic issue.
Criteria: Payroll should be reviewed and approved prior to disbursement of funds.
Cause: Proper up-front detective internal controls over the payroll process were not put in place to prevent inaccurate amounts being paid to an employee.
Effect: Unauthorized amounts could be disbursed either as a result of an error or fraud and those transactions could go undetected by management until "after the fact".
Recommendation: We recommend an appropriate level of management, with no other access to the payroll process, be authorized to approve payroll for their respective departments. There also should be an overarching review of the payroll reports prior to each disbursement and that review should be documented.
Corrective Action Response: The Human Resources Department, to whom Payroll reports, will work to implement appropriate corrective action over the payroll process noted above.

The results of our tests disclosed the following instance of noncompliance or other matters that is required to be reported under Government Auditing Standards.

2020-008 UNFAVORABLE BUDGET VARIANCES

Condition: We noted that expenditures had exceeded the amounts appropriated for various areas of the General Fund and one Special Revenue Fund.
Criteria: The Uniform Budgeting and Accounting Act requires the City to amend the original adopted budget "as soon as it becomes apparent that a deviation from the original general appropriations act is necessary and the amount of the deviation can be determined." The Act also states that "an administrative officer of the local unit shall not incur expenditures against an appropriation account in excess of the amount appropriated by the legislative body."
Cause: The City did not adequately monitor expenditures in relation to budgeted amounts in the areas where the overages occurred.
Effect: Having unfavorable budget variances as described above, the City is not in compliance with Public Act 621 of 1978, as amended.
Recommendation: We recommend the City monitor expenditures against adopted budgets in all applicable funds and make appropriate budget amendments as needed.
Corrective Action Response: The City always wants to have a tighter reign over revenue and expenditures. We budget conservatively in order to stay solvent, though we will monitor finances closer in the next year to be certain we are as close to actual as we feel comfortable projecting. For example, following last year's audit the City implemented a mid-year budget amendment rather than strictly waiting until the end of the fiscal year.

Risk Matrix of Major Auditable Units

Auditable Unit Identified	Staffing Level	Turnover	Management Complexity	Regulatory Complexity	Fund Management (Multiple Funds)	Cost Center(s) Management	Audit Issues
Metric Used Worksheet	Personnel FTE Staffing	Personnel Vacancy	Department Overview	Other Information Considered	Auditable Units Identified	Auditable Units Identified	External Audit Findings
City Council	Medium	Low	Medium	Medium	Low	Low	N/A
Internal Audit	Low	Low	Low	Medium	Low	Low	N/A
Mayor Office	Low	Low	Medium	Medium	Low	Low	N/A
Office of Community Media	Low	Low	Low	Low	Low	Low	N/A
City Clerk	Low	Low	Medium	Medium	Low	Low	N/A
54 A District Court	High	Medium	High	High	Low	Medium	N/A
Neighborhood & Citizen Engagement	Low	Low	Low	Low	Low	Low	N/A
Economic Development & Planning	High	High	High	High	High	High	N/A
Information Technology	High	Medium	High	High	Low	Low	N/A
Finance Operations	Low	Low	Medium	High	Low	Low	High
Assessing	Medium	Low	Medium	Medium	Low	Low	N/A
Treasury/Income Tax	High	Low	Medium	High	Low	Low	High
Human Resources	Medium	Medium	High	High	Low	Medium	High
City's Attorney Office	Medium	Low	High	High	Low	Low	N/A
Police	High	High	High	High	High	High	N/A
Fire	High	High	High	High	Low	High	N/A
Public Service	High	High	High	High	High	High	N/A
Human Relations and Community Service	Medium	Low	High	Medium	Low	Low	N/A
Human Relations and Community Support	N/A	N/A	N/A	Medium	Low	Low	N/A
Parks & Recreation	Medium	Low	High	Medium	High	High	N/A
Non-Department Debt Service	N/A	N/A	N/A	High	Low	Low	N/A
Non-Department City Support Service	N/A	N/A	N/A	Medium	Low	Low	N/A
Non-Department Operating Transfers Out	N/A	N/A	N/A	High	Low	Low	N/A
Non-Department Vacancy Factor and Library Rental	N/A	N/A	N/A	Low	Low	Low	N/A
Baseball Stadium	N/A	N/A	N/A	Medium	Low	Low	N/A
Capital Improvement Project Fund	N/A	N/A	N/A	High	Low	Medium	N/A
Fringe Benefits Fund	N/A	N/A	N/A	High	Low	Medium	N/A
Employees' Retirement System Pension Fund	N/A	N/A	N/A	High	Low	Low	High
Police and Fire Retirement System Fund	N/A	N/A	N/A	High	Low	Low	High
Employees' Money Purchase Pension Plan Fund	N/A	N/A	N/A	High	Low	Low	High
Retiree Health Care VEBA Fund	N/A	N/A	N/A	High	Low	Low	High

High	Medium	Low	Score
Value 3	Value 2	Value 1	Total
0	3	3	9
0	1	5	7
0	2	4	8
0	0	6	6
0	2	4	8
3	2	1	14
0	0	6	6
6	0	0	18
3	1	2	13
2	1	4	12
0	3	3	9
3	1	3	14
3	3	1	16
2	1	3	11
6	0	0	18
5	0	1	16
6	0	0	18
1	2	3	10
0	1	2	4
3	2	1	14
1	0	2	5
0	1	2	4
1	0	2	5
0	0	3	3
0	1	2	4
1	1	1	6
1	1	1	6
2	0	2	8
2	0	2	8
2	0	2	8
2	0	2	8

Proposed Audit Activities / Plan

Auditable Unit Identified	Fund	Cost Center	Objects	Functional Areas of Focus	Order of Activities	Rational for Activities	Objective	Assertion Level
Human Resources	NA	NA	NA	Review Payroll Processing Polices and Procedures	1	This was indicated within the External Auditor report of "should be an overarching review of the payroll reports prior to each disbursement and that review should be document." and "up-front detective internal controls over the payroll process were not in place to prevent inaccurate amounts being paid to an employee."	Document and Review Payroll Process and Develop Additional Analytic Procedures that may be performed by Human Recourses Staff in processing payroll prior to payment.	Understanding and Test of Controls and Process
Economic Development & Planning	101	172610	702000, 708000, 715300, 715400	Sample Testing of Payroll - FY 2021	2	The was indicated as being one of the largest payroll cost centers and having multiple components by object numbers.	Reaffirm - Balances and Transactions	Expenses
Police	101	343251	702000, 702302, 708000, 715300, 715400	Sample Testing of Payroll - FY 2021	3	The was indicated as being one of the largest payroll cost centers and having multiple components by object numbers.	Reaffirm - Balances and Transactions	Expenses
Public Service	101	173140	702000, 706000, 708000, 715300, 715400	Sample Testing of Payroll - FY 2021	4	The was indicated as being one of the largest payroll cost centers and having multiple components by object numbers.	Reaffirm - Balances and Transactions	Expenses
Finance	NA	NA	NA	Review Bank Reconciliation Polices and Procedures	5	This was indicated within the External Auditor report of "throughout the year, the City failed to complete bank reconciliations on a timely basis for most of its cash accounts. Several individual bank account reconciliations were not completed for the entire fiscal year until approximately four months after fiscal year end while fieldwork was ongoing."	Document and Review Bank Reconciliation Process and Develop Additional Analytic Procedures that may be performed by Finance Staff in a more efficient bank reconciliation process.	Understanding and Test of Controls and Process
Pooled Cash Memo	702	000000	101100, 101115, 101116	Sample Testing for Cash (Subject to Change)	6	Contained the most transactions within Transactional Data from GL reviewed. This is subject to change based on additional information received by Finance in review of their Bank Reconciliation process.	Reaffirm - Balances and Transactions	Cash

Identification of Review Activities for Auditable Units (Would Be Determined Based on Scope)

Category	Areas to Focus on based on External Audit Findings
Cash Balances for GL Accounts and/or Bank	Bank Reconciliation - Performed by Finance Department Staff
Revenues By Fund and/or Object and/or Function	
Expenses By Fund and/or Cost Center and/or Object and/or Project	Payroll - Performed by Human Resource Staff

Major Types of Test of Details or Substantive Auditing Tests <http://accounting-financial-tax.com/2009/10/substantive-auditing-tests/>

Analytical Procedures	Analytical procedures encompass a number of specific procedures the auditor may perform. Auditors employ specific procedures to assess the reasonableness of data and to identify unusual relationships. Because unusual relationships among data can occur for a number of reasons, analytical procedures may address all five financial statement assertions.
Physical Examination	Physical examination is the activity of gathering physical evidence. As a substantive test, it involves the examination of assets that have a tangible existence, such as cash or equipment. Physical examination is an activity used in the observation of inventories. This activity is a generally accepted auditing procedure used as a substantive test.
Confirmation	The confirmation technique requires the auditor to request a written response from a specific third party about a particular item affecting the financial statements. The primary assertions tested by confirmation are existence and rights and obligations. This technique can also provide evidence about the valuation or allocation, completeness, and presentation and disclosure assertions.
Vouching	Vouching is the examination of documents that support a recorded transaction or amount. Because the purpose of the vouching technique is to obtain evidence about a recorded item in the accounting records, the direction of the search for the supporting documents is crucial. The direction of testing is from the recorded item to supporting documentation. Vouching can best provide evidence addressing existence or occurrence, valuation or allocation, rights and obligations, and presentation and disclosure.
Tracing	Tracing is the following of source documents to their recording in the accounting records. This procedure is performed by selecting source documents and tracing them through the accounting system to their ultimate recording in the accounting records. Tracing is often used as a test of the completeness assertion.
Re-performance	The re-performance of client activities involved in the accounting process is a common substantive technique. Evidence is obtained about client activities by repeating the activities and comparing the result with the client's result.
Reconciliation	Reconciliation is the process of matching two independent sets of records. In an audit, one set of records is usually the client's and the other set is the third party's. Reconciliation primarily serves the assertions of completeness and existence or occurrence. The preparation of a bank reconciliation is a common example of this technique.
Inquiry	Inquiry is a broad audit technique that entails asking questions. Inquiry is used extensively in an audit and as a substantive test it may address any of the assertions.
Inspection	Inspection is the examination of documents in other than the vouching or tracing techniques. It is the critical reading of a document comparing the information therein with other information known to the auditor or recorded in the accounts.

Cash Balances for GL Accounts Objects and/or Bank - Assertion Level

Source: <https://accountingguide.com/audit-cash/>

Audit assertions for cash	
Existence	Cash balances on the balance sheet really exist at the reporting date.
Completeness	Cash balances include all cash transactions that have occurred during the accounting period.
Rights and obligations	The company has title to the cash accounts as of the reporting date.
Valuation or allocation	The recorded balances reflect the true underlying economic value of the cash and cash equivalents.
Presentation and disclosure	Cash is properly classified on the balance sheet and adequate disclosure has been made in the notes to the financial statements.

Test of Controls in Audit of Cash	
Segregation of Duties In Place	As auditors, we can gain an understanding of the client's internal control by performing a walkthrough of the process, making an inquiry to the client's personnel, observing the control procedures performed by the client's personnel, and inspecting the supporting documents. This understanding provides us with a basis for making a control risk assessment.
Duo Authorization In Place	
Regular Bank Reconciliation In Place	
Regular Cash Count In Place	
Limiting Access to Cash In Place	
Timely Deposits Made	
Periodic Review of Check Signing Authority	
Control Access to Check Stock and Accounting System	

Analytical Procedures for Cash	
Comparing Cash to Prior-Period GL (Large increases or decreases) - full population	This way, we can evaluate the reasons behind any major fluctuation of cash balances in order to alert to the risks involving cash.
Checking cash against budgeted figures GL (Large variances) - full population	If there is a big difference between the actual figures and the budgeted figures, we need to enquire management about the reasons behind. Additionally, the sampling size of the test may also need to be increased.
Check for duplicates within GL transactions with same amount with same date - full population	This can identify posting errors that might have been correct and/or need adjustment.
Determine Sample Size and/or Transactional type - for test of balances and transactions	This is based on risk assess based on Auditor Judgement. Depending on errors and/or correction within sample analyzed further testing may become warranted.
Reconciliation GL balances to Transactions GL extract - full population	This may identify errors and/or correction needed for General Ledger to match the Journal Ledgers.

Test of Details for Cash for Test of Balances and Transactions	
Existence, Completeness, Rights and obligations, Valuation or allocation, Presentation and disclosure	Inquiry about management procedures, Observation of staff performing functions, Inspection of source documents to identify relevant components, Confirmation from other parties or entities about transaction amounts, Vouching transactions and balances of GL to source documents, Tracing source documents to transaction and balances to GL, Physical Examination of cash on hand match's documents.

Important Procedures for Cash	
Bank Confirmation	In the audit of cash, bank confirmation is the process to ask for verification or confirmation to the third party, which is the bank, on the cash accounts and balances that the company has at the bank.
Bank Reconciliation	The client usually performs bank reconciliation at the end of the month by comparing the cash balances on its bank statement with the cash balances in the accounting records. In the procedures of audit cash, we usually review the bank reconciliation statement at the year-end to make sure that client has taken into account all adjusting and reconciling items, such as deposits in transit, outstanding check, and bank charges, into the bank reconciliation.

Additional Details on Procedures for Bank Reconciliation	
Balances Match	Check and agree the balances per bank statement shown on the reconciliation to the bank statement and to the balances shown on confirmation letter received from the bank
Review	Recasting the bank reconciliation to test arithmetic
Cleared or Carried Balance	Review the last period bank reconciliation to see whether they are cleared or carried to the current period
Trace Source Documents to Accounting Transactions	Trace and verify the adjusting and reconciliation items, such as deposits in transit, outstanding check, and bank charges to see if they are properly accounted for
Check Cutoff - Items	Get a cutoff bank statement that shows the transactions after the end of the period to trace and check on items such as deposits in transit and outstanding check to see if they have been cleared after year-end
Verify Account Balances of General Ledger	Verify that balances per accounting records shown on the reconciliation agree with the general ledger account balance the year-end and that this has been properly reflected in the financial statements.

Revenues By Fund and/or Object and/or Function - Assertion Level

Source:

<https://accountingguide.com/audit-revenue/>

Audit assertions for revenue	
Occurrence	Revenues that have been recorded actually occurred and are related to the client.
Completeness	All revenues that should have been recorded have actually been recorded.
Accuracy	All revenue transactions have been recorded correctly.
Cut-off	All revenues have been recorded in the correct accounting period.
Classification	All revenue transactions have been properly classified in accordance with applicable accounting standards.
Presentation	Sufficient and proper disclosure related to sale revenues have been made.

Test of Controls in Audit of Revenue	
Inquire the client's staff related to the internal controls processes	As auditors, we can gain an understanding of the client's internal control by performing a walkthrough of the process, making an inquiry to the client's personnel, observing the control procedures performed by the client's personnel, and inspecting the supporting documents. This understanding provides us with a basis for making a control risk assessment.
Observe the clients' staff performing the controls	
Inspect the supporting documents to ensure that the controls have been properly performed	
Re-perform the controls that have been performed by clients' staff	
Duo Authorization & Segregation of Duties In Place	

Analytical Procedures for Revenue	
Comparing revenues to prior-period GL (Large increases or decreases) - full population	This way, we can evaluate the reasons behind any major fluctuation of expenses in order to alert to the risks involving expenses.
Checking revenues against budgeted figures (Large variances) - full population	If there is a big difference between the actual figures and the budgeted figures, we need to enquire management about the reasons behind. Additionally, the sampling size of the test may also need to be increased.
Check for duplicates within GL transactions with same amount with same date - full population	This can identify posting errors that might have been corrected and/or need adjustment.
Determine Sample Size and/or Transactional type - for test of balances and transactions	This is based on risk assessed based on Auditor Judgement. Depending on errors and/or correction within sample analyzed further testing may become warranted.
Reconciliation GL balances to Transactions GL extract - full population	This may identify errors and/or correction needed for General Ledger to match the Journal Ledgers.

Test of Details for Revenue for Test of Balances and Transactions	
Occurrence, Completeness, Accuracy, Classification, Accuracy, Cut-off	Inquiry about management procedures, Inspection of source documents to identify relevant components, Confirmation from other parties or entities about transaction amounts, Vouching transactions and balances of GL to source documents, Tracing source documents to transaction and balances to GL, Review year end transactions for Cut-off.

Expenses By Fund and/or Cost Center and/or Object and/or Project - Assertion Level

Source: <https://accountingguide.com/audit-expenses/>

Audit assertions for expenses	
Completeness	All expenses that should have been recorded have actually been recorded.
Cut-off	All expenses have been recorded in the correct accounting period.
Accuracy	All expenses transactions have been recorded correctly.
Occurrence	All expenses that have been recorded actually occurred and are related to the client.
Classification	All expenses have been properly classified.

Test of Controls in Audit of Expenses	
Inquire the client's personnel related to the internal controls processes	As auditors, we can gain an understanding of the client's internal control by performing a walkthrough of the process, making an inquiry to the client's personnel, observing the control procedures performed by the client's personnel, and inspecting the supporting documents. This understanding provides us with a basis for making a control risk assessment.
Observe the clients' staff performing their tasks on specific controls	
Inspect the supporting documents to make sure that the controls have been properly performed	
Re-perform the controls that have been performed by clients' personnel	
Duo Authorization & Segregation of Duties In Place	

Analytical Procedures for Expenses	
Comparing Expenses to Prior-Period GL (Large increases or decreases) - full population	This way, we can evaluate the reasons behind any major fluctuation of expenses in order to alert to the risks involving expenses.
Checking Expenses against budgeted figures (Large variances) - full population	If there is a big difference between the actual figures and the budgeted figures, we need to enquire management about the reasons behind. Additionally, the sampling size of the test may also need to be increased.
Check for duplicates within GL transactions with same amount with same date - full population	This can identify posting errors that might have been correct and/or need adjustment.
Determine Sample Size and/or Transactional type - for test of balances and transactions	This is based on risk assess based on Auditor Judgement. Depending on errors and/or correction within sample analyzed further testing may become warranted.
Reconciliation GL balances to Transactions GL extract - full population	This may identify errors and/or correction needed for General Ledger to match the Journal Ledgers.

Test of Details for Expenses for Test of Balances and Transactions	
Completeness, Cut-off, Accuracy, Occurrence, Classification	Inquiry about management procedures, Inspection of source documents to identify relevant components, Confirmation from other parties or entities about transaction amounts, Vouching transactions and balances of GL to source documents, Tracing source documents to transaction and balances to GL , Review year end transactions for Cut-off.

Additional Details on Procedures for Payroll	
Relevant Employee Tax Information for Deductions & Wage Garnishments Collected	Inquiry with management about information collect and/or process.
Payroll Schedule determined and applied correctly.	Inquiry and Inspection of payroll schedules for pay period.
Gross Pay Calculated Correctly. Time reported with correct rate used.	Correct time reported and pay rate used scheduled used based on PCN and Bargaining Unit for gross pay.
Employee's Deductions Applied Correctly.	Correct schedule for CDH was used and amount based on Employee.
Net Pay Calculated Correctly	Gross pay less the Employee's deductions was calculated correctly for net pay.
Payment Made by Method Set Up for Net Pay	Payment made to employee based on preferred method.
Payroll Records Kept and Maintained for Whole Process	Records kept and review by management after process completed.
Payroll Posted to GL correctly with Cost Center and Objects	Payroll is posted correctly to GL Cost Center and Objects correctly.