

City of Roseville, Michigan

**Federal Awards
Supplemental Information
June 30, 2015**

City of Roseville, Michigan

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Report on Schedule of Expenditures of Federal Awards
Required by OMB Circular A-133

Independent Auditor's Report

To the Honorable Mayor
and Members of the City Council
City of Roseville, Michigan

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Roseville, Michigan as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated December 9, 2015, which contained unmodified opinions on the basic financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. We have not performed any procedures with respect to the audited financial statements subsequent to December 9, 2015.

The accompanying schedule of expenditures of federal awards is presented for the purpose of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Plante & Moran, PLLC

March 11, 2016

Report on Internal Control Over Financial Reporting and on Compliance
and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards*

Independent Auditor's Report

To Management and the Honorable Mayor
and Members of the City Council
City of Roseville, Michigan

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Roseville, Michigan as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 9, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Roseville, Michigan's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses.

To Management and the Honorable Mayor
and Members of the City Council
City of Roseville, Michigan

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiencies, described in the accompanying schedule of findings and questioned costs Findings 2015-001 and 2015-002, to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Roseville, Michigan's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

City of Roseville, Michigan's Responses to Findings

The City of Roseville, Michigan's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The City of Roseville's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Plante & Morse, PLLC

December 9, 2015

Report on Compliance for Each Major Federal Program;
Report on Internal Control Over Compliance

Independent Auditor's Report

To the Honorable Mayor
and Members of the City Council
City of Roseville, Michigan

Report on Compliance for Each Major Federal Program

We have audited City of Roseville, Michigan's (the "City") compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015. The City of Roseville, Michigan's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City of Roseville, Michigan's major federal programs based on our audit of the types of compliance requirements referred to above.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Roseville, Michigan's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City of Roseville, Michigan's compliance.

To the Honorable Mayor
and Members of the City Council
City of Roseville, Michigan

Opinion on Each Major Federal Program

In our opinion, the City of Roseville, Michigan complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 2015-003, 2015-004, 2015-005, 2015-006, and 2015-007. Our opinion on each major federal program is not modified with respect to these matters.

The City of Roseville, Michigan's responses to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. City of Roseville, Michigan's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

Report on Internal Control Over Compliance

Management of the City of Roseville, Michigan is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Roseville, Michigan's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and an other deficiency that we consider to be a significant deficiency.

To the Honorable Mayor
and Members of the City Council
City of Roseville, Michigan

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as Findings 2015-003, 2015-004, 2015-005, and 2015-007 to be material weaknesses.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as Finding 2015-006 to be a significant deficiency.

The City of Roseville, Michigan's responses to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The City of Roseville, Michigan's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Plante & Moran, PLLC

March 11, 2016

City of Roseville, Michigan

Schedule of Expenditures of Federal Awards Year Ended June 30, 2015

Federal Agency/Pass-through Agency/Program Title	CFDA Number	Pass-through Entity Identifying Number	Award Amount	Federal Expenditures
U.S. Department of Housing and Urban Development -				
Community Development Block Grants -				
Entitlement Grants Cluster -				
Direct awards - CDBG & ARRA-CDBG-R:				
Program year - 2012 B-00-MC-26-000010	14.218	N/A	494,650	\$ 4,014
Program year - 2013 B-00-MC-26-000010	14.218	N/A	515,331	515,331
Program year - 2014 B-00-MC-26-000010	14.218	N/A	526,106	<u>59,371</u>
Total Community Development Block Grants - Entitlement Grants Cluster - Direct awards				578,716
Passed through Macomb County -				
HOME Investment Partnership Program	14.239	M09-DC260209	191,472	<u>11,086</u>
Total U.S. Department of Housing and Urban Development				589,802
U.S. Department of Transportation -				
Passed through Michigan State Police Drive Michigan Safety Task Force - Highway Training and Education Grant				
2014 Drive Michigan Safety Task Froce	20.215	N/A	17,326	17,326
U.S. Department of the Interior - Passed through Michigan Finance Authority - Drinking Water Revolving Fund/State Revolving Fund				
	66.458	5373-01	4,445,000	177,142
U.S. Department of Justice -				
Federal Drug Forfeiture Cluster:				
Org Crime Drug Enf Task Forces - Overtime	16.922	17-04-0228	16,060	19,058
Org Crime Drug Enf Task Forces - % Sharing	16.922	17-04-0228	49,369	<u>124,856</u>
Total Federal Drug Forfeiture Cluster				143,914
Passed through Drug Enforcement Administration -				
Crime Against Children Task Forces - Overtime	16.unknown	17-04-0228	16,526	12,416
Passed through Macomb Co. Department of Community Health:				
JAG Program Cluster - 2014 Byrne Justice Assistance Grant	16.738	2014-DJ-BX-0473	17,300	17,300
JAG Program Cluster - 2015 Byrne Justice Assistance Grant	16.738	2014-H3675-MI-DJ	24,376	<u>13,928</u>
Total passed through Macomb Co. Department of Community Health				<u>31,228</u>
Total Department of Justice				187,558
U.S. Department of Homeland Security:				
Direct award - FEMA - HSG - Firefighter Assist Grant	97.044	EMW-2013-FO-05321	22,479	22,479
Direct award - FEMA - 2012 SAFER Firefighter Grant	97.083	EMW-2012-FH-00697	1,031,154	469,797
Passed through Michigan Department of State Police -				
Public Assistance Grant Agreement	97.036	FEMA-4195-DR-MI	86,783	86,783
Passed through Macomb Co. Department of Emergency Management - 2013 Homeland Security Grant Program				
	97.067	N/A	3,955	<u>3,955</u>
Total U.S. Department of Homeland Security				<u>583,014</u>
Total federal awards				<u>\$ 1,554,842</u>

City of Roseville, Michigan

Notes to Schedule of Expenditures of Federal Awards Year Ended June 30, 2015

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of the City of Roseville under programs of the federal government for the year ended June 30, 2015. The information in this Schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the Schedule presents only a selected portion of the operations of the City of Roseville, it is not intended to, and does not, present the financial position, changes in net assets, or cash flows of the City of Roseville.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the same basis of accounting as the basic financial statements. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

Note 3 - Subrecipient Awards

Of the federal expenditures presented in the Schedule, federal awards were provided to subrecipients as follows:

<u>Federal Program Title</u>	<u>CFDA Number</u>	<u>Amount Provided to Subrecipients</u>
Community Development Block Grant Entitlement Cluster	14.218	\$ 60,712

City of Roseville, Michigan

Schedule of Findings and Questioned Costs Year Ended June 30, 2015

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? Yes None reported

Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? Yes None reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? Yes No

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
14.218	Community Development Block Grants
97.083	Staffing for Adequate Fire and Emergency Response

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee? Yes No

City of Roseville, Michigan

Schedule of Findings and Questioned Costs (Continued) Year Ended June 30, 2015

Section II - Financial Statement Audit Findings

Reference Number	Finding
2015-001	<p>Finding Type - Material weakness</p> <p>Criteria - Year-end journal entries should be recorded in accordance with generally accepted accounting principles (GAAP) prior to the start of the audit.</p> <p>Condition - Journal entries were required during the audit to ensure the presentation of the financial statements was in conformity with generally accepted accounting principles.</p> <p>Context - The journal entries included adjustments required for full accrual presentation of the government-wide statements, annual year-end closing entries, and other adjustments related to capital assets, employee compensation, accounts payable, revenue, accrued liabilities, and prepaid assets. One adjustment was a prior period adjustment.</p> <p>Cause - The City has experienced staffing restructuring and reassignments over the past several years resulting in the responsibilities being distributed over fewer staff eliminating second reviews being performed on some adjustments.</p> <p>Effect - Not properly recording these journal entries could lead to materially inaccurate financial reporting.</p> <p>Recommendation - We recommend that the City implement procedures to ensure that all appropriate journal entries are made prior to the start of the audit.</p> <p>Views of Responsible Officials and Planned Corrective Actions - The City's management concurs with the recommendation and will put a process in place to address the issues identified.</p>

Reference Number	Finding
2015-002	<p>Finding Type - Material weakness</p> <p>Criteria - Proper segregation of duties is required in order to safeguard cash. Both preventative and detective controls are essential in order to prevent unauthorized payments or transfers.</p>

City of Roseville, Michigan

Schedule of Findings and Questioned Costs (Continued) Year Ended June 30, 2015

Section II - Financial Statement Audit Findings (Continued)

Reference Number	Finding
2015-002 (Cont.)	<p>Condition - As part of the City's pooled cash there is a petty cash account that has a manual checkbook which is designed to be used to pay for any urgent expenses that the normal check disbursement cycle would delay. The City maintains a significant balance in this bank account and there are no dollar limits on the checks written. In addition, the checkbook is not kept under lock and only requires one signatory on checks. The controller and treasurer have access to the checkbook and are also signers. In addition, the controller and treasurer have the ability to initiate and approve wire transfers without confirmation from another person at the City.</p> <p>Context - The controller can access the checkbook and sign checks. In addition, the controller and treasurer can both perform wire transfers without any secondary control.</p> <p>Cause - The City's policies have detective controls in place but do not have adequate preventative controls to safeguard against the controller and treasurer from acting independently to transfer cash into the petty cash account or prevent the controller or treasurer from signing checks for the petty cash account.</p> <p>Effect - A lack of preventative controls regarding cash could create an opportunity for assets to be misappropriated.</p> <p>Recommendation - We recommend that the City keep the manual checkbook locked with the key held by individuals who are not authorized signers. The City should also change the wire approval process with the bank to require a different individual to approve a wire transfer than the individual who initiated the transfer.</p> <p>Views of Responsible Officials and Planned Corrective Actions - The City's management concurs with the recommendation and after year end put a process in place to keep the checkbook locked with the key being held by individuals who are not check signers.</p>

City of Roseville, Michigan

Schedule of Findings and Questioned Costs (Continued) Year Ended June 30, 2015

Section III - Federal Program Audit Findings

Reference Number	Finding
2015-003	<p>Program Name - Community Development Block Grant (CDBG), CFDA number 14.218</p> <p>Pass-through Entity - None</p> <p>Finding Type - Material weakness and material noncompliance with laws and regulations</p> <p>Criteria - On December 19, 2014, within 79 FR 76078 (the "Joint Interim Final Rule"), HUD amended Title 24, Subtitle A, Part 84, §84.1 that deals with the applicability of 2 CFR Part 200. Subparagraph (b) of this section says "Federal awards made prior to December 26, 2014 will continue to be governed by the regulations in effect and codified in 24 CFR part 84 (2013 edition) or as provided under the terms of the federal award. Where the terms of a federal award made prior to December 26, 2014 state that the award will be subject to regulations as may be amended, the federal award shall be subject to 2 CFR Part 200."</p> <p>In accordance with Notice SD-2015-01 issued on February 26, 2015 by HUD, which provides transition guidance to 2 CFR Part 200, the grant agreements for some HUD programs (e.g., Community Development Block Grant, HOME Investment Partnerships, Emergency Solutions Grants, Indian Housing Block Grants, Native Hawaiian Block Grants, Indian Community Development Block Grants, Housing Opportunities for Persons with AIDS) incorporate the regulations "as now in effect and as may be amended from time to time" and, therefore, 2 CFR part 200 will be applicable to these grants on December 26, 2014.</p> <p>Condition - The City received Community Development Grant Award B-14-MC-26-0010 on July 1, 2014; B-13-MC-26-0010 on July 1, 2013; and B-12-MC-26-0010 on July 1, 2012. Award documents included references to regulations "as now in effect and as may be amended from time to time." The City administered the awards under Circular A-87, Cost Principles for State, Local, and Indian Tribal Governments and Circular A-102, Administrative Requirements for Grants and Cooperative Agreements With State and Local Governments rather than applying the provisions of 2 CFR Part 200 subsequent to December 26, 2014. The City was unaware of HUD's intent per both 79 FR 76078 and HUD's Notice SD-2015-01 related to the applicability of 2 CFR Part 200 to this grant as of December 26, 2014.</p> <p>Questioned Costs - None</p>

City of Roseville, Michigan

Schedule of Findings and Questioned Costs (Continued) Year Ended June 30, 2015

Section III - Federal Program Audit Findings (Continued)

Reference

Number

Finding

2015-003
(Cont.) **Context** - The City drew down approximately \$548,000 of Community Development Block Grant expenditures after December 26, 2014 out of total expenditures of \$578,716 reported for the Community Development Block Grant Cluster expenditures reported for fiscal year 2015. This amount should have been subject to 2 CFR Part 200 for cash management.

Subsequent to December 26, 2014, although these dollars were to be administered under 2 CFR Part 200, the City continued to administer these award dollars under A-87 and A-102; as a result, the City did not materially comply with the requirements specified under 2 CFR Part 200 for the following compliance requirements as described below:

Cash Management - Required certifications not in place as of December 26, 2014

Allowability - Required written policies to determine if expenditures are allowable were not in place as of December 26, 2014

Subrecipient Monitoring - Required modification to subrecipient grant agreements not in place as of December 26, 2014. In addition, the City did not perform the required risk assessments for subrecipients and did not have a proper monitoring policy in place

This noncompliance is not pervasive with respect to the entire entity, but is limited to this particular HUD award given the unique nature of the transition guidance provided by HUD.

Cause and Effect - HUD's intent regarding the applicability of 2 CFR Part 200 was not clear and consistent. The City received inconsistent and unclear guidance from HUD on the issue and was not made aware of HUD's intent until after the changes were required to be implemented. As a result, related to this grant, the City did not comply with 2 CFR 200 subsequent to December 26, 2014 as required by the joint interim rule and by HUD's Notice SD-2015-01. The required procedures and certifications were put into place by the City when HUD's intent was clarified.

Recommendation - We recommend that the City seek HUD's advice on how to handle this noncompliance condition given that the implementation of 2 CFR Part 200 did not occur as required.

City of Roseville, Michigan

Schedule of Findings and Questioned Costs (Continued) Year Ended June 30, 2015

Section III - Federal Program Audit Findings (Continued)

Reference Number	Finding
2015-003 (Cont.)	Views of Responsible Officials and Planned Corrective Actions - The required certifications, grant agreement modifications, and risk assessments are being put in place now that HUD intent has been clarified.

Reference Number	Finding
2015-004	Program Name - Community Development Block Grant (CDBG), CFDA number 14.218

Pass-through Entity - None

Finding Type - Material weakness and material noncompliance with laws and regulations

Criteria - 2 CFR 200.328 requires the City to submit performance reports on at least an annual basis and are due 90 calendar days after the reporting period. The annual report, the Comprehensive Annual Performance Report (CAPR), related to the activities of the Community Development Block Grant (CDBG) program with the U.S. Department of Housing and Urban Development (HUD), is the annual performance report for CDBG.

Condition - The City did not timely file the CAPR with HUD as required during the fiscal year.

Questioned Costs - None

Context - The CAPR was not filed timely

Cause and Effect - The City had issues accessing the template for the CAPR report and requested an extension from HUD. However, the CDBG director did not follow up with the request or receive approval of the extension. The director later left the City without a plan in place to file the CAPR.

Recommendation - We recommend the City ensure that the CAPR is submitted within the required time frame.

Views of Responsible Officials and Planned Corrective Actions - The City concurs with the recommendation. The City will implement policies and procedures that ensure reports are filed timely with the appropriate federal agency.

City of Roseville, Michigan

Schedule of Findings and Questioned Costs (Continued) Year Ended June 30, 2015

Section III - Federal Program Audit Findings (Continued)

Reference Number	Finding
2015-005	<p>Program Name - Staffing for Adequate Fire and Emergency Response (SAFER), CFDA number 97.083</p> <p>Pass-through Entity - None</p> <p>Finding Type - Material weakness and material noncompliance with laws and regulations</p> <p>Criteria - Per the grant agreement, awardees will draw the federal share of the awarded amount on a reimbursement basis, i.e., grant funds will reimburse the grantee for actual expenditures incurred in the previous period.</p> <p>Condition - During the current year, reimbursements for the SAFER grant exceeded eligible expenditures due to incorrectly including overtime hours as reimbursable expenses.</p> <p>Questioned Costs - \$13,952</p> <p>Context - Reimbursed costs exceeded eligible costs by \$13,952. Total grant expenditures were \$469,797.</p> <p>Cause and Effect - When requesting reimbursement and preparing drawdown requests, the City uses schedules to support eligible expenditures. The schedules included reimbursement for overtime hours which are not allowed under the grant. This error caused the City to incorrectly prepare the drawdown request.</p> <p>Recommendation - We recommend that the City implement controls to ensure only allowable expenditures are included in drawdown request. The reported expenditures should be reconciled to the the City's supporting documentation. These should be reviewed by someone other than the preparer.</p> <p>Views of Responsible Officials and Planned Corrective Actions - The City will implement controls to ensure that the city department administering the grant has its drawdown requests reviewed before submission.</p>

Reference Number	Finding
2015-006	<p>Program Name - Staffing for Adequate Fire and Emergency Response (SAFER), CFDA number 97.083</p> <p>Pass-through Entity - None</p>

City of Roseville, Michigan

Schedule of Findings and Questioned Costs (Continued) Year Ended June 30, 2015

Section III - Federal Program Audit Findings (Continued)

Reference Number	Finding
2015-006 (Cont.)	<p>Finding Type - Significant deficiency and material noncompliance with laws and regulations</p> <p>Criteria - Management's goal is to prepare accurate SF-425 reports related to the activities of the SAFER program.</p> <p>Condition - The City did not report the cumulative expenses incurred by the grant (as required).</p> <p>Questioned Costs - None</p> <p>Context - The City is required to report on a cumulative basis the expenses incurred. One of the SF-425 reports that was tested did not report the total cumulative expenses incurred. The quarterly report was not accurately prepared.</p> <p>Cause and Effect - The City did not have a control in place to ensure that the proper expenditures were reported.</p> <p>Recommendation - We recommend that the City ensure that the SF-425 reports are reviewed to ensure they were accurately prepared based on the expenses incurred.</p> <p>Views of Responsible Officials and Planned Corrective Actions - The City concurs with the recommendation. The City will implement a procedure to ensure reports accurately report expenditures.</p>

Reference Number	Finding
2015-007	<p>Program Name - Community Development Block Grant (CDBG), CFDA number 14.218</p> <p>Pass-through Entity - None</p> <p>Finding Type - Material weakness and material noncompliance with laws and regulations</p> <p>Criteria - Per the grant agreement and compliance supplement, program income should be reported and offset against expenditures when submitting cash requests.</p> <p>Condition - Program income as reported did not agree with with City's general ledger. The City did not properly offset expenditures with program income and as a result, cash requests were overstated.</p> <p>Questioned Costs - None</p>

City of Roseville, Michigan

Schedule of Findings and Questioned Costs (Continued) Year Ended June 30, 2015

Section III - Federal Program Audit Findings (Continued)

Reference Number	Finding
2015-007 (Cont.)	<p>Context - The City did not reconcile program income and therefore did not use approximately \$8,750 to offset expenditures when requesting a cash reimbursement.</p> <p>Cause and Effect - The City's schedule to reconcile expenditures and program income was not balanced prior to submitting a cash request. As a result, the City requested too much for reimbursement.</p> <p>Recommendation - The City should ensure that program income is used to offset expenditures when determining cash requests.</p> <p>Views of Responsible Officials and Planned Corrective Actions - The City concurs with the recommendation. The City will implement a procedure to ensure that program income is used to offset expenditures prior to requesting cash reimbursements.</p>