



AGENDA
Committee on Ways and Means
Wednesday, June 15, 2016 @ 8:15 a.m.
10th Floor Conference Room, City Hall

Councilmember Judi Brown Clarke, Chair
Councilmember Carol Wood, Vice Chair
Councilmember Tina Houghton, Member

- 1. Call to Order**
- 2. Roll Call**
- 3. Minutes**
 - June 1, 2016
- 4. Public Comment on Agenda Items**
- 5. Discussion/Action:**
 - A.) RESOLUTION – WC 2062876-00735
 - B.) RESOLUTION – WC 2062876-00610
 - C.) RESOLUTION – WC 2062876-00077
 - D.) Update on Tie-Bar Memo Status (J. Abood)
 - E.) Discussion - Lansing Housing Commission Financial Statements
Discussion - Lansing Housing Commission Recovery Agreement with HUD and the City of Lansing
 - F.) Vacancy Report (M. Riley)
 - G.) Threshold on Council Approval on Separation Agreements (J. Abood)
 - H.) Process to Securing an External Investigator (Council Member Wood)
 - I.) Committee Report on the Budget Review process
 - J.) Internal Auditor Structure and Policies Update
- 6. Other**
- 7. Adjourn**

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MINUTES
Committee on Ways and Means
Wednesday, June 1, 2016 @ 8:15 a.m.
10th Floor Conference Room, City Hall

CALL TO ORDER

The meeting was called to order at 8:15 a.m.

ROLL CALL

Councilmember Judi Brown Clarke, Chair
Councilmember Carol Wood, Vice Chair
Councilmember Tina Houghton, Member-excused

OTHERS PRESENT

Sherrie Boak, Council Staff
Joe Abood, Deputy City Attorney- left at 9:18 a.m.
Jim DeLine, Interim City Council Internal Auditor
Denise Estee, Retiree
Elaine Womboldt
Kathy Miles
Eric Lacy
Mary Riley, HR Director
Lisa Thelen, HR
Teresa Derosé Frassetto, Retiree
Steve Maloney, Retiree
Mary Lou Andres, Retiree
Lynn Doerr, Retiree
Dr. Joan Jackson Johnson, HRCS Director

MINUTES

MOTION BY COUNCIL MEMBER WOOD TO APPROVE THE MINUTES FROM APRIL 6, 2016 AS PRESENTED. MOTION CARRIED 2-0.

MOTION BY COUNCIL MEMBER WOOD TO APPROVE THE MINUTES FROM APRIL 20, 2016 AS PRESENTED. MOTION CARRIED 2-0.

MOTION BY COUNCIL MEMBER WOOD TO APPROVE THE MINUTES FROM MAY 4, 2016 AS PRESENTED. MOTION CARRIED 2-0.

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MOTION BY COUNCIL MEMBER WOOD TO APPROVE THE MINUTES FROM MAY 25, 2016 AS PRESENTED. MOTION CARRIED 2-0.

PUBLIC COMMENT

No comment.

Discussion/Action

Update on Tie Bar Memo

Mr. Abood acknowledged that he had received information from Ms. Graham from HR on May 31, 2016 at 4pm and so was going to begin the review of the factual background to make a determination if the item should be addressed in house or outside counsel. Council Member Brown Clarke asked Ms. Riley if she had any information, and she stated the only information she was aware of was already provided to Mr. Abood by Ms. Graham.

Council Member Wood pointed out that the deadline for open enrollment was May 31, 2016 so the Tie Bar memo decision will impact those retirees, will there be another open enrollment. Ms. Thelen confirmed if there is a significant change in health care in the amount, they can offer open enrollment for those affected retirees. They will look the option based on the legal opinion, and if things stay the same there will be no open enroll, if there is a significant change or change in health care, they will do a 30 day notice and give them 2-3 weeks to make a decision.

Council Member Wood referenced the May 25th minutes where Mr. Abood had stated it would take him just a week to make the determination on outside counsel, so since no decision was presented, how long will the Committee wait. Mr. Abood repeated that he had just gotten the information on May 31st, so not sure how long it will take. Council Member Brown Clarke also asked if the information provided to him included how the memo was crafted.

Ms. Estee spoke in opposition to information being provided by Ms. Graham because her belief that 100% of that source was the problem, and who made up the theory, and create the current issue which was forced upon the retirees. Ms. Estee referenced a letter of August 2010 from Ms. Graham, noting that Law should be researching the written contract.

Council Member Brown Clarke asked Mr. Abood to present his review of the topic at the next meeting in two weeks on June 15, 2016.

Discussion on Lansing Housing Commission Financial Statements

Discussion on Lansing Housing Commission Recovery Agreement (HUD/City of Lansing)

Mr. Abood informed the Committee that he had reached out to Ms. Baines Lake before the last Committee meeting and she was unable to attend the last meeting, and he had not spoken to her 5/31 about this meeting. Council Member Wood suggested the Committee and Mr. Abood go thru the documents and create a list of questions that can be compiled and sent to Ms. Baines Lake certified mail and request she attend to answer them. Mr. DeLine began the review of his May 4, 2016 memo on the documents.

Dr. Joan Jackson Johnson arrived at 8:32 a.m.

RESOLUTION – Grant Application; HRCS MSHDA- Veterans Initiative

Dr. Jackson Johnson informed the Committee that they had applied in the past and they were recently made aware of additional funding which is \$70,000 dedicated to veterans only. There is no match from the City, and all funds will go to the Advent House Ministries program. The City has signed as the agent for the homeless veterans. Council Member Brown Clarke asked

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when those funds would run out since the grant started in April 2016. Dr. Jackson Johnson confirmed it would be one year from that date, April 2016. Council Member Wood referenced the table with the breakdown, noting it was only \$66,733 for Emergency Shelter Operations, so where was the remaining \$3,000. Dr. Jackson Johnson stated it was \$3,512 was for administration for the Advent House. Advent House will send the City monthly financials, and the City will audit their books. Mr. DeLine asked if there would be an issue with sustainability after 2017. Dr. Jackson Johnson noted it was always a challenge.

MOTION BY COUNCIL MEMBER WOOD TO APPROVE THE RESOLUTION TO ACCEPT THE GRANT FOR MSHDA VETERANS INITIATIVE WITH HRCS. MOTION CARRIED 2-0.

Lansing Housing Commission Financial Statements-continued

Lansing Housing Commission Recovery Agreement (HUD/City of Lansing)-continued

Council Member Wood asked for an inquiry into if LHC hired an outside staff for an auditor, who it was. Council Member Brown Clarke acknowledged she had asked the same question of Ms. Baines Lake on May 25th and had not received a response. She then asked Mr. Abood and Ms. Bennett if during the Mayor's cabinet meeting the topic had been brought up. Mr. Abood state he had not heard anything, and Ms. Bennett confirmed she knew they were looking but was not able to answer any questions on the topic.

The Committee reviewed Mr. DeLine's memo dated May 4, 2016 and asked for additional questions to be asked.

- The letter dated March 6, 2016, under *Corrective Actions*, states that LHC has hired an in-house accountant and contracted with an external accountant to reconcile the financial activities.
 - Who is the in-house accountant? Is this a FTE or temporary position?
 - What was the selection process for contracting with the external accountant? And, who was selected and what are the terms of the contract (e.g., duration, cost, deliverables, and performance evaluation)?
 - Are both positions still filled by the above-stated accountants? If not, please explain.
- Council's Internal Auditor, Mr. DeLine was asked to review the LHC 2013 Independent Auditor's Report to see if there is a pattern to the issues and findings that were recently reported in the 2014 and 2015 Audit Report.
- In accordance with Chapter 260, Section 260.05, the City Attorney's Office was asked to research and provide a list of any contracts signed by LHC, along with summary information.
- In compliance with Chapter 260, Section 260.03, the LHC shall present an annual written report of its activities to Council, and shall promptly make such other reports as the Mayor or Council may from time to time require. This report is to be filed with the City Clerk's Office on or before September 30th of each year, and cover the fiscal period of July 1st through June 30th.
 - City Clerk's office researched back to 2006 and there is no LHC Annual Report on file in their office.

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- In compliance with Chapter 260, Section 260.07 (b), the LHC shall maintain adequate insurance, as determined by the City, on its buildings and property and shall maintain adequate liability insurance, as determined by the City. The City shall be named on the Commission's insurance policies as an additional insured, and the Commission shall furnish the insurance policies to the City Clerk's Office.
 - City Clerk's office researched and they do not have any insurance policy in their files for LHC.

- According to Chapter 260, Section 260.07 (d), Council shall be responsible for the selection of the independent certified public accountant.
 - Did this happen?
 - If so, when was the last time a RFP process occurred; if not, what was the exception and who approved it?
 - What is the evaluation process for performance?

Council Member Brown Clarke asked about the \$1,720,429 that the LHC as unrestricted cash and cash equivalents as of June 30, 2015 and if it represented committed unspent. Mr. DeLine referenced the audit report, page 9 which spoke to funds that are un-collateralized. Ms. Bennett stated the Administration is working with HUD on a corrective action plan to follow thru to get things the way they should be. Ms. Bennett stated that with the \$1.2 million they look at liabilities and also look at needs. If they intend to spend on their facilities, but they can't be booked as liabilities or encumbrances. Council Member Brown Clarke asked about a text plan, but Ms. Bennett stated that is not common in a financial statement. Ms. Bennett added that she could not speak on their planned needs.

Mr. DeLine pointed out to the Committee that since LHC receives so many grants there is a chance some may be disallowed and they need to pay back. Council Member Brown Clarke asked where that money will come from, and Ms. Bennett reiterated they are working with HUD, but did not want to speculate. If the scenario that Mr. DeLine mentioned did happen, the LHC will have to pay those amounts, however again she could not speak for them.

Vacancy Report

Ms. Riley did not have an updated vacancy report based on past meeting minutes where it was stated the Committee requests. Ms. Bennett outlined the timeline and history behind the reports the Committee and Council had gotten with the 3rd Quarter Fund Report, the May 4th report based on the budget hearings, and the December 2015 Vacancy Report. Council Member Brown Clarke pointed out that the reports are never consistent and columns of information are not carried between reports. One of the columns missing was "Hiring Status", and there needs to be information provided that states how long the position has been vacant. This information can be provided by each Department. Ms. Bennett stated the information they were requesting was perceived as a onetime request. The Committee confirmed it was not, and it needs to be provided in the future so Council can move forward. Ms. Bennett stated that to ask Departments for information would be burdensome, and Council Member Brown Clarke acknowledged that, however Council is looking for the best representation that can be reported as it relates to this position. Council Member Wood added that they also need to know if the position is contracted, then they need to know the time frame the position has been open and not filled by a FTE. Council Member Brown Clarke asked Ms. Riley to create a brief questionnaire to the Departments asking which FTE positions are vacant, which ones filled by contract and how long they have been filled by contract. Council Member Brown Clarke offered to create a spreadsheet.

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Setting a Threshold on Council Approved Separation Agreements

Mr. Abood stood by his first statement at the last meeting, that there is no path other than thru the Charter. He did acknowledge he was supposed to send the Committee a Charter check list, and will get to the Committee within the next two days. Currently he had asked Mr. Jack Roberts in his office for information which was provided to him May 31, 2016.

Process to Securing an External Investigator

Council Member Wood informed the Committee that what done in the past a recommendation from the City Attorney's Office was; Council held interviews and then chose. Council can ask the City Attorney office for recommendations, but it would take five (5) votes to move forward. Council Member Brown Clarke asked Mr. Abood, following the prior process, to check into the option. Council Member Wood did acknowledge that there was no RFP last time, but will research and if she is able to find something will forward that to law.

Ms. Womboldt spoke in support of an external investigator.

Mr. Abood left the meeting at 9:18 a.m.

Evaluating the Budget Review Process

The Committee discussed proposing a plan for the future budget processes, making a unified pattern, creating a template for their presentations, looking at fiscal and performance based budgets. Each Department will attend a Committee of the Whole meeting from January – March, than have 30 minutes during the budget process to address performance indicators, new initiatives, appropriations, CIP projects, fee and revenue proposals, and vacancies and staffing, and then end with discretionary materials and questions from Council. The Committee reviewed the template and made changes to "Sustainability" under New Initiatives Proposed, change "Line Items" to "Appropriations" for 2. b., adds "future maintenance cost" under CIP Projects, and then adds under 3. a. Proposed New Positions", i. Outsourcing; ii. What is outsourced and iii. Is there an intention to Outsource. Ms. Bennett noted that some of the items Committee is asking for is already in the budget book, however Council Member Brown Clarke noted they are aware of that, but want the departments to be consistent. Each department will have 30 minutes to accomplish the list and if they want more time they can request more time. The updated template will be reviewed at the next meeting.

Internal Auditor Structure and Policies Update

Mr. DeLine referenced the two recent draft sections, one being the Mission and Objectives, and the other being Proposed Procedures and Policies, and asked the Committee to review it for suggestions. Council Member Wood asked Mr. DeLine to work with the City Attorney office in obtaining the Charter Commission minutes on Internal Auditor position for reference in his documents.

ADJOURN

Adjourn at 9:41 a.m.

Submitted by,

Sherrie Boak, Recording Secretary

Lansing City Council

Approved by the Committee on _____

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CITY COUNCIL

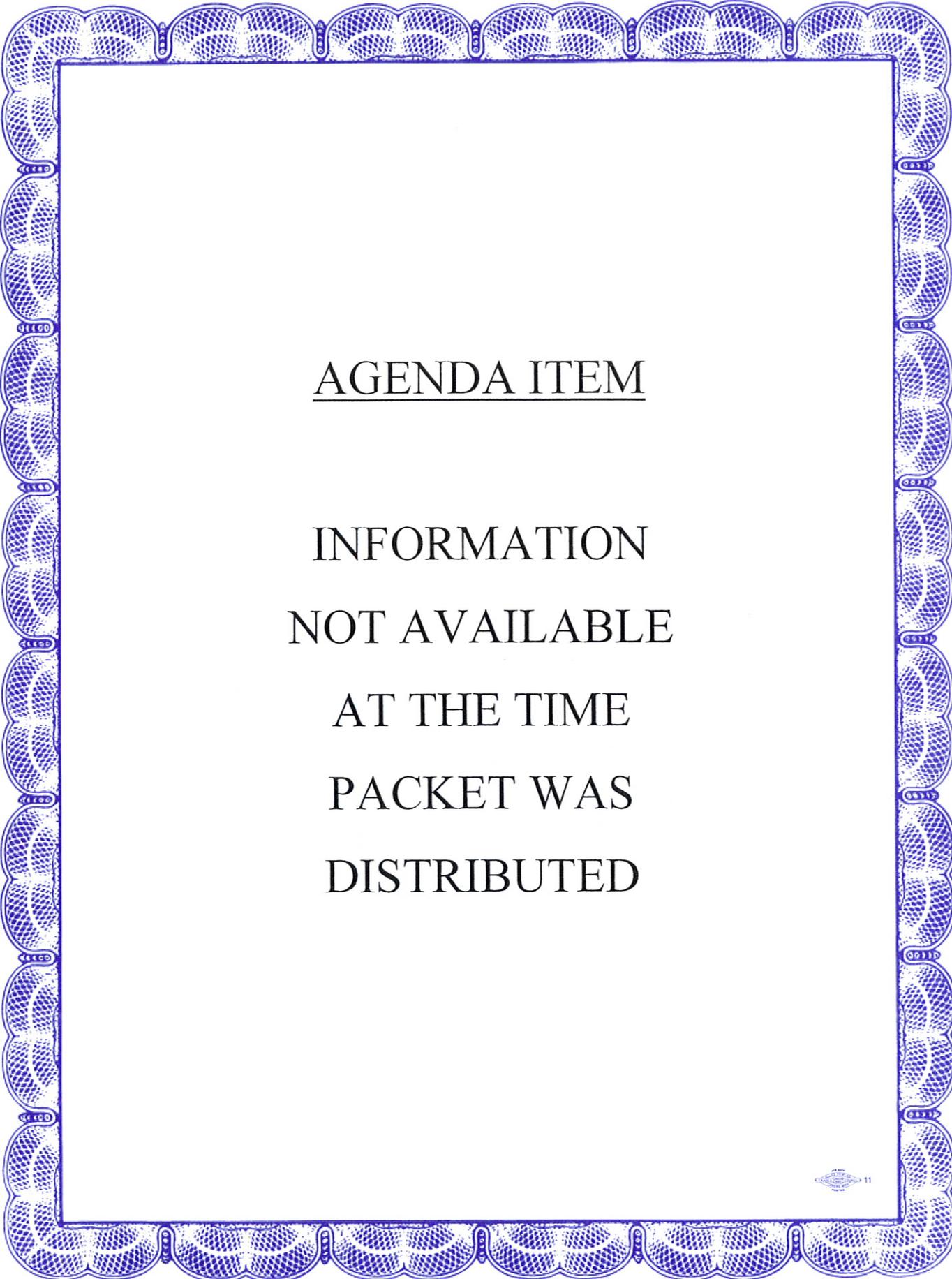
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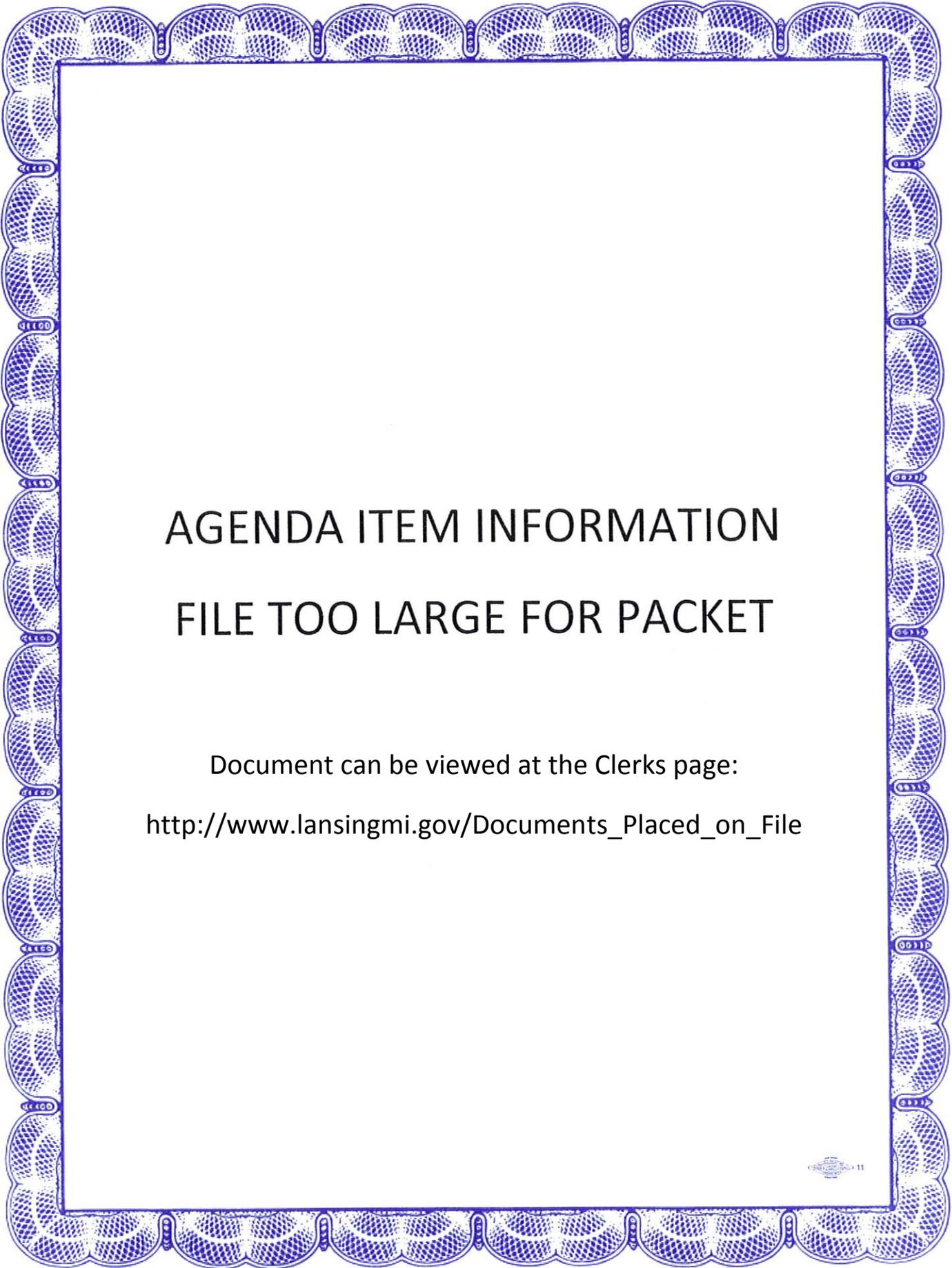
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AGENDA ITEM

INFORMATION
NOT AVAILABLE
AT THE TIME
PACKET WAS
DISTRIBUTED



AGENDA ITEM INFORMATION

FILE TOO LARGE FOR PACKET

Document can be viewed at the Clerks page:

http://www.lansingmi.gov/Documents_Placed_on_File

Questions: Committee on Ways and Means
June 1, 2016

Lansing Housing Commission Financial Statements

- The letter dated March 6, 2016, under *Corrective Actions*, states that LHC has hired an in-house accountant and contracted with an external accountant to reconcile the financial activities.
 - Who is the in-house accountant? Is this a FTE or temporary position?
 - What was the selection process for contracting with the external accountant? And, who was selected and what are the terms of the contract (e.g., duration, cost, deliverables, performance evaluation)?
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- Council's Internal Auditor, Mr. DeLine was asked to review the LHC 2013 Independent Auditor's Report to see if there is a pattern to the issues and findings that were recently reported in the 2014 and 2015 Audit Report.
- In accordance with Chapter 260, Section 260.05, the City Attorney's Office was asked to research and provide a list of any contracts signed by LHC, along with summary information.
- In compliance with Chapter 260, Section 260.03, *The Housing Commission* shall make an annual written report of its activities to Council and shall promptly make such other reports as the Mayor or Council may from time to time require. Such annual report shall cover the period from July 1 through June 30, shall be filed with the City Clerk on or before September 30 of each year.
 - City Clerk's office researched back to 2006 and there is no LHC Annual Report on file in their office.
- In compliance with Chapter 260, Section 260.07 (b), the LHC shall maintain adequate insurance, as determined by the City, on its buildings and property and shall maintain adequate liability insurance, as determined by the City. The City shall be named on the Commission's insurance policies as an additional insured, and the Commission shall furnish the insurance policies to the City Clerk's Office.
 - City Clerk's office researched and they do not have any insurance policy in their files for LHC.
- According to Chapter 260, Section 260.07 (d), Council shall be responsible for the selection of the independent certified public accountant.
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 - What is the evaluation process for performance?

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2016 APR 15 PM 4:49

LANSING CITY CLERK

Recovery Agreement between
Lansing Housing Commission

And

the United States Department of Housing and Urban Development

And

the City of Lansing

This Recovery Agreement is entered into between the Lansing Housing Commission, the UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT ("HUD") and the City of Lansing as of this 1 day of March, 2016.

RECITALS

WHEREAS, under the United States Housing Act of 1937, as amended, ("Act"), 42 U.S.C. § 1437 *et seq.*, the United States Department of Housing and Urban Development ("HUD") is responsible for administering low income housing programs, and pursuant to the Act, HUD has entered into an Annual Contributions Contract ("ACC") with the Lansing Housing Commission to develop and operate public housing projects of the Lansing Housing Commission; and

WHEREAS, pursuant to the Act, HUD must evaluate public housing performance and has instituted the Public Housing Assessment System ("PHAS"); and

WHEREAS, on the basis of an annual PHAS score, the Lansing Housing Commission has been designated Troubled or Substandard for financial, physical and/or management indicators, or other such deficiencies as HUD has identified; and

WHEREAS, the Act requires HUD to enter into agreements that establish performance targets, set out strategies for meeting targets, provide for incentives and sanctions for effective implementation of the strategies leading to recovery of performance and attain an improved status of at least a Standard Performer; and

WHEREAS, the recovery of performance is intended to lead to a sustainable sound fiscal management and good governance; and

WHEREAS, the parties desire to correct all HUD-identified deficiencies through the implementation of this Recovery Agreement, ("Agreement");

NOW THEREFORE, in consideration of the mutual covenants and agreements herein contained, HUD, the Lansing Housing Commission and the City of Lansing agree as follows:

- I. The Lansing Housing Commission agrees to achieve the outcomes outlined in the Action Plan and incorporated into this Agreement as Exhibit A.
- II. The Lansing Housing Commission and the City of Lansing agree to work together to develop and implement a Sustainability Plan if necessary to achieve recovery.

- III. The Action Plan describes the results following HUD's review and assessments of PHA performance, the measures that need to be implemented to improve the performance and the desired outcomes to be achieved and establishes a timetable to achieve those outcomes. The Action Plan also identifies the available remedies to resolve HUD's determination of non-performance.
- IV. Upon execution of the Agreement, the Lansing Housing Commission will commence with the required actions listed in the Plan within the timeframes set forth therein.
- V. The Lansing Housing Commission will cure identified deficiencies within the timeframes established in the Action Plan.
- VI. Subject to section XII, regardless of possible changes in the Lansing Housing Commission's Board composition, or the decision-making individuals for HUD or the City of Lansing, the term of this Agreement is effective as of the execution date of this document and will continue until completion of the Action Plan in accordance with 6(j) (2) and (3) of the Act, and any agreed upon extensions. This Agreement will remain in effect until the Lansing Housing Commission has completed all items listed in the Plan, even if HUD removes the Lansing Housing Commission's troubled/substandard designation.
- VII. HUD, in its discretion, may provide technical assistance, including training or contract support, to the Lansing Housing Commission to facilitate accomplishment of the items in the Action Plan. The Lansing Housing Commission's compliance with the Action Plan, however, shall not be contingent on HUD's provision of any technical assistance or other discretionary assistance.
- VIII. The Lansing Housing Commission shall provide HUD with written progress reports as identified in the Action Plan. The report shall detail the Lansing Housing Commission's progress towards the completion of the items required by the Action Plan. The reports shall identify those items that have been completed and provide any necessary documentation to support this determination.
- IX. HUD will review the Action Plan progress reports submitted by the Lansing Housing Commission and supporting documentation. HUD will confirm in writing to the Lansing Housing Commission the items that HUD determines to have been successfully completed, those that require additional documentation and those that are past due.
- X. If the Lansing Housing Commission disagrees with HUD's determination concerning the completion of any item, the Lansing Housing Commission may request a reconsideration of the determination and submit additional information to support its position. HUD will provide the Lansing Housing Commission with a written notice of its decision.
- XI. The failure of the Lansing Housing Commission, its employees, officers, agents, or contractors to comply with this Agreement, including the failure to achieve the agreed upon outcomes or to take the actions or comply with the time frame set forth in the Action

Plan, may result in HUD seeking any available remedies, including any of the following actions sequentially or simultaneously:

- a. Consolidation;
 - b. Consortia/Joint Venture;
 - c. Contraction of Operational Activities;
 - d. Cooperative Endeavor Agreement;
 - e. Debarment;
 - f. Deliver possession and control of project(s) to HUD;
 - g. Limited Denial of Participation;
 - h. Receivership; and/or
 - i. Suspension.
- XII. The parties by mutual written agreement may agree to extend the timeframes set forth in the Action Plan from time to time. In the event said timeframes are extended, HUD agrees that it will not take any of the actions against the Lansing Housing Commission as set forth in this section of the Agreement for noncompliance with original timeframes.
- XIII. Communication related to the Recovery Agreement and Action Plan shall be provided to the Public Housing Director and the HUD Recovery Team leader, if applicable.
- XIV. HUD, the Lansing Housing Commission and their employees, subcontractors, partners or assigns, and the City of Lansing shall comply with all applicable federal, state, and local laws and regulations relating to the performance of this Agreement to which their activities are subject.
- XV. Notwithstanding any provisions of this Agreement to the contrary, the parties shall not be held liable for any failure or delay in the performance of this Agreement that arises from fires, floods, strikes, embargoes, acts of the public enemy, unusually severe weather, outbreak of war, riots, civil commotion, force majeure, acts of God, or for any other cause of same character which is unavoidable through the exercise of due care and beyond the control of the parties, provided that said failure or delay in the performance of this Agreement attributed to any of the events described herein is acknowledged in writing by HUD. Upon the issuance of HUD's written acknowledgement, the failure to perform shall be deemed excused during the continuance of such circumstances as determined by HUD, but this Agreement shall otherwise remain in effect.
- XVI. In the event of any conflict between terms in this Agreement, including all exhibits, attachments and all other documents specifically incorporated by reference, and HUD's applicable Public Housing requirements including, but not limited to, the Act, HUD regulations there under (and, to the extent applicable, any HUD-approved waivers of regulatory requirements), the ACC, HUD notices, the HUD-approved Declaration of Trust or

Declaration of Restrictive Covenants in favor of HUD, and all applicable Federal statutory, executive order and regulatory requirements, as those requirements may be amended from time to time, the applicable Public Housing requirements shall prevail. HUD reserves the right to resolve any conflict.

- XVII. Any modification or amendment of any condition or provision in this Agreement by either party will not imply or constitute a further modification or amendment of the same or any other condition or provision, nor shall it relieve the parties from performing any subsequent obligations strictly in accordance with the term of this Agreement. No modification or amendment shall be effective unless in writing and signed by the party against whom enforcement is sought. Such modification or amendment shall be limited to provisions of this Agreement specifically referred to therein and shall not be deemed a modification or amendment of any other provision. No modification or amendment of this Agreement shall constitute a HUD-approved waiver of regulatory requirements.
- XVIII. Should any term or provision of this Agreement be held, to any extent invalid or unenforceable, as against any person, entity or circumstance during the term hereof, by force of any statute, law, or ruling of any forum of competent jurisdiction, such invalidity shall not affect any other term or provision of this Agreement to the extent that the Agreement shall remain operable, enforceable and in full force and effect to the extent permitted by law.
- XIX. To the extent authorized by the Act and HUD regulations, HUD can unilaterally amend this Agreement. Otherwise, this agreement may be amended by mutual agreement of the parties.
- XX. This Agreement states the entire understanding and agreement between the parties and supersedes any and all written or oral representations, statements, negotiations, or agreements previously existing between the parties with respect to the subject matter of this Agreement. However, this Agreement does not supersede, modify or amend the ACC as further described in Paragraph XXII. The parties recognize that any representations, statements or negotiations made by the staff of either party does not suffice to legally bind either party in a contractual relationship unless they have been reduced to writing and signed by their authorized representative(s). This Agreement shall inure to the benefit of and shall be binding upon the parties, their respective assigns, and successors in interest.
- XXI. This Agreement may be executed and delivered in separate counterparts, which, when so executed and delivered, shall be deemed an original.
- XXII. This Agreement does not supersede, modify or amend the ACC between HUD and the Lansing Housing Commission, or in any way excuse the Lansing Housing Commission from complying fully with its obligations under the ACC. HUD does not waive its statutory, regulatory or contractual rights. Nothing contained in this Agreement shall serve to limit, modify or preclude HUD's right to take any remedial action allowed by the ACC or any provision of the Act or related regulations. Nothing contained in this Agreement

shall serve to limit, modify or preclude HUD or the Lansing Housing Commission's right to take any remedial action allowed by the Agreement.

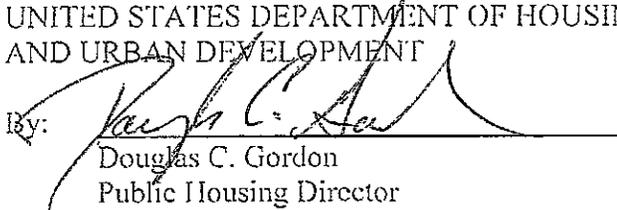
XXIII. The parties agree that any cost associated with the implementation of this Agreement, the Action Plan and the Sustainability Plan shall be their individual responsibility unless specifically agreed in writing between the parties.

XXIV. The City of Lansing, through its Appointing Authority, acknowledges the importance of effective governance as part of the recovery and sustainability of the Lansing Housing Commission. As a signatory of this Agreement, the City of Lansing commits to oversee and monitor its duly appointed agents, the appointees to the Lansing Housing Commission Governing Board, in the discharge of their duties. Upon the discovery of any failure of the Lansing Housing Commission Board to discharge its duties under this Agreement, the City of Lansing will take all necessary steps to correct the Board's actions or omissions and ensure compliance with the terms of this Agreement.

IN WITNESS WHEREOF, the parties or their duly authorized representatives hereby execute this Agreement on the date first written above.

UNITED STATES DEPARTMENT OF HOUSING
AND URBAN DEVELOPMENT

By:

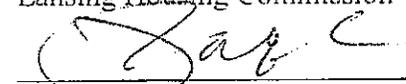

Douglas C. Gordon
Public Housing Director
Detroit Field Office

Lansing Housing Commission
ATTEST: BY ITS BOARD OF
COMMISSIONERS

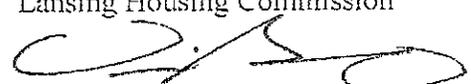
By:


Tony Baltimore
Board Chair
Lansing Housing Commission

By:


Patricia Baines-Lake
Executive Director
Lansing Housing Commission

By:

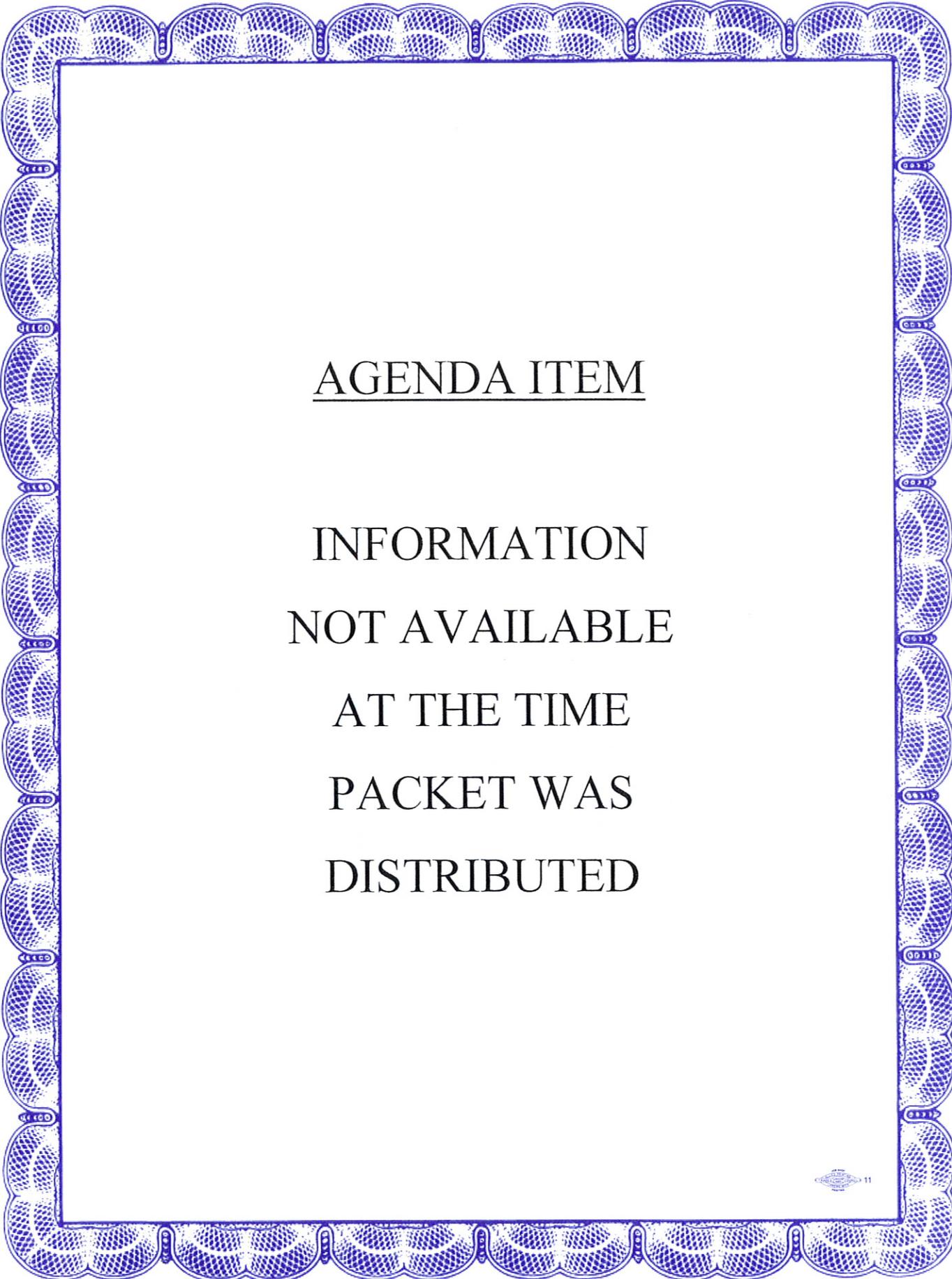

Virg Bernero
Mayor
City of Lansing

Action Plan--Exhibit A to the Recovery Agreement between the Lansing Housing Commission and HUD

Item Number	Results and Determinations from Assessment	Desired Outcome	Statutory Measurement		Target Accomplishment Date	Actual Accomplishment Date	Remedies	Comments /Accomplishments
			Baseline Data and PHAS Score as of 6/30/2014	Required PHAS Score				
AREA: GOVERNANCE								
G001	The Board is ready, willing and capable to govern but is unable to provide sufficient oversight of the PHA's finances, budget, and use of funds as evidenced by the lack of financial reports, the Housing Commission's history of substandard Financial Assessment Subsystem Scores, and low reserves. The LHC has failed the Financial Assessment Subsystem Score since 2012 and has not submitted financial information timely as required by regulation and statute since 2009.	The Board becomes more prepared to perform its fiduciary duty of overseeing the finances of the PHA. The Board participates in trainings for capacity building, Board roles and responsibilities, and PHA financial management. PHA must have 15 points out of 25 to pass the Finance Indicator. PHA must have 15 points out of 25 to pass the Management Indicator. PHA must have 25 points out of 40 to pass the Physical Indicator. PHA must maintain an occupancy rate of 96.0%	Current Finance Score: 0 Current Mgmt Score: 17 Current Physical Score: 27 Current Occupancy Rate: 94% (12.30.15 rate)	Required Finance Score: 15 Required Mgmt Score: 15 Required Physical Score: 25 Required Occupancy Rate: 95%	6/16/2016		If the Housing Commission fails to provide oversight and attend training, HUD will seek any available remedies as set forth under the terms of the agreement under article XI	The board has completed HUD's Lead The Way Training. HUD provided board training on August 26, 2015
G002	The Housing Commission lacks the ability to effectively manage the LHC's finances, as evidenced by the lack of financial management knowledge and leadership at the Commission, the inability to facilitate the preparation of statements and reports to permit timely and effective audits; in addition, to its failure to maintain a complete and accurate general ledger.	a) The Board provides adequate oversight of the Housing Commission's financial actions as evidenced by a passing FY 2015 FASS score and timely submission of reliable unaudited and audited financial statements. b) The Board identifies Members to "specialize" in reviewing financial reports and providing feedback about finances to the balance of the Board. Meaningful financial reports with an emphasis on FASS and cash flow, are provided to the Board at least 10 days prior to the monthly meeting. c) The Board reviews the annual audit and tracks required correction of findings and management letter issues. d) The Commission provides updated financial policies and written procedures to HUD and will incorporate recommendations identified in the financial review conducted by the Departmental Enforcement Center (DEC).	Current QR Score: 0 Current Menar Score: 0 Current DSCR Score: 0	Minimum QR Score: 7.2 Minimum MENAR Score: 6.6 Minimum DSCR Score: 1	a) 3/30/2016 b) 4/30/16 c) 5/31/2016 d) 7/31/2016		If the Housing Commission fails to show substantial improvement the Department will consider administrative sanctions as provided in the ACC and Section 6(j) of the Housing Act.	
AREA: FINANCE								
F001	The Commission has not received a standard financial score since 2011. The Housing Commission lacks the ability to effectively manage the LHC finances, as evidenced by the inability to facilitate the preparation of statements and reports to permit timely and effective audits resulting in LHC receiving Late Presumptive Failures (LPP) resulting in a FASS score of 0 for three consecutive reporting periods, FY 2012, FY2013 and FY 2014.	a) The Executive Director and financial management staff will be trained in financial management. b) Monthly financial statements including a year-to-date budgeted to actual revenue and expense statement and balance sheet should be prepared for each AMP and program area for the Board meeting and the AMP managers by no later than the 15th of the succeeding month. c) The Commission must provide monthly accounting reports to HUD by the 30th of the succeeding month showing assets and liabilities, and must also include its year to date balance sheet, revenue and expense statement, and statement of cash flows. All monthly reports must contain and a comparison of budgets to actual costs. d) Prepare an annual budget prior to the beginning of the new fiscal year and submit the respective Board resolution form to the HUD Field Office prior to the beginning, of the fiscal year, e) Complete bank reconciliations by the 12th of the succeeding month, f) Unaudited financials are submitted no later than 2 months after the Commission's fiscal year end. g) Audited financials are submitted that audited financial statements within 9 months after its fiscal year end. h) The PHA receives a standard FASS score and establishes a reasonable plan to achieve and sustain Standard Performer performance scores in FASS.	Current QR Score: 0 Current Menar Score: 0 Current DSCR Score: 0	Minimum QR Score: 7.2 Minimum MENAR Score: 6.6 Minimum DSCR Score: 1	a) 3/31/2016 b) - h) beginning 4/30/2016		If the Housing Commission fails to provide the required reports, the Department will consider administrative sanctions as provided in the ACC and Section 6(j) of the Housing Act.	Monthly reports must be submitted until the Commission obtains a standard FASS score.
F002	The Housing Commission lacks effective internal financial controls. The Housing Commission does not have effective internal controls, as evidenced by the Executive Director's lack of knowledge of the Housing Commission's day-to-day finances leading to an excessive number of unpaid invoices and extremely low reserves.	a) The Housing Commission effectively creates, executes, and maintains plans, policies, and written financial procedures, including a cost allocation plan, that result in an efficient internal controls process as corroborated in annual independent audit. b) Document that internal controls have been instituted, all staff have been trained on these internal controls, and that said controls are sustainable. This is to include improvement in vendor payment documentation, quality controls, personnel costs, other contract administration, etc. c) Increase reserves at all AMPs by increasing occupancy to 96% and analyze expenses to achieve all cost savings possible.	Current QR Score: 0 Current Menar Score: 0 Current DSCR Score: 2	Minimum QR Score: 7.2 Minimum MENAR Score: 6.6 Minimum DSCR Score: 1	a) 5/31/2016 b) 6/30/2016 c) immediately and ongoing		If the Housing Commission fails to ensure that internal controls are properly instituted as evidenced by an independent audit and/or HUD review, the Board will contract out the day-to-day management of the finances of the Commission, no later than December 31, 2016.	
F003	FSS escrows are not being tracked accurately and files do not contain adequate supporting documentation.	The Executive Director needs to set up a system whereby the Finance Division and the FSS coordinators meet on a quarterly basis to review the FSS participant's escrow account and to make any necessary adjustments. The outcome of each of these meetings should be documented in the tenant and financial files.			3/31/2016			
AREA: MANAGEMENT								

Action Plan--Exhibit A to the Recovery Agreement between the Lansing Housing Commission and HUD

Item Number	Results and Determinations from Assessment	Desired Outcome	Statutory Measurement		Target Accomplishment Date	Actual Accomplishment Date	Remedies	Comments/Accomplishments
			Baseline Data and PHAS Score as of 6/30/2014	Required PHAS Score				
M001	Based on the historical review of its occupancy rates of its public housing portfolio, the Housing Commission lacks capacity to manage its public housing units effectively.	a) The Executive Director enhances the housing commission's team knowledge, skills and abilities of the PH program area to effectively manage the LHC's entire Public Housing inventory via a training plan. B) The Housing Commission will adopt a timeline to re-occupy or demo/dispo vacant units as of the date of this executed agreement. Each vacant unit will require a target date for occupancy or resolution and the identification of funding to ensure the Housing Commission has allocated appropriate resources to the plan.	Current occupancy score 94.0%	Increase Occupancy rate to 96%	a) 6/30/2016 b) 3/31/2016		If the LHC does not improve its occupancy rate, on a consistent monthly basis, the PHA will work the Department to consider alternatives including but not limited to securing a private management firm to oversee its PH program.	
M002	The Housing Commission has failed to institute the required asset management model that includes project-based funding, project-based budgeting, project-based accounting, project-based management, and project-based performance assessment.	a) The Executive Director will provide the board an organizational structure with revised position descriptions and performance criteria that provides for project based budgeting, project based accounting, project based management and project based performance matrix. b) Ensure performance evaluations are conducted for each employee in accordance with LHC policy.		Adopt organizational structure and performance requirements of LHC staff.	a) 6/30/2016 b) 9/15/2016			
M003	There is a significant loss of revenue from rental income and operating subsidy generated by the high level of vacancies.	The Executive Director will provide the board monthly occupancy reports, cash flow statements and budget to actual financial statement for each AMP and provide an action plan to mitigate financial losses at the project level. This will be part of the regular board package.		Adopt project based reports for the board to review monthly.	4/30/2016			
AREA: SUSTAINABILITY								
		Long-term standard performer or higher for all PHAS indicators		Develop and implement a Sustainability Plan in conjunction with the local governing entities and other community partners that supports the PHA's mission, addresses outstanding compliance deficiencies, and ensures sustainable performance of the PHA.				
The Housing Authority shall submit monthly progress reports to the Field Office using this Action Plan as the reporting template commencing 3/1/16 and every Month thereafter until the Recovery Agreement is terminated."								



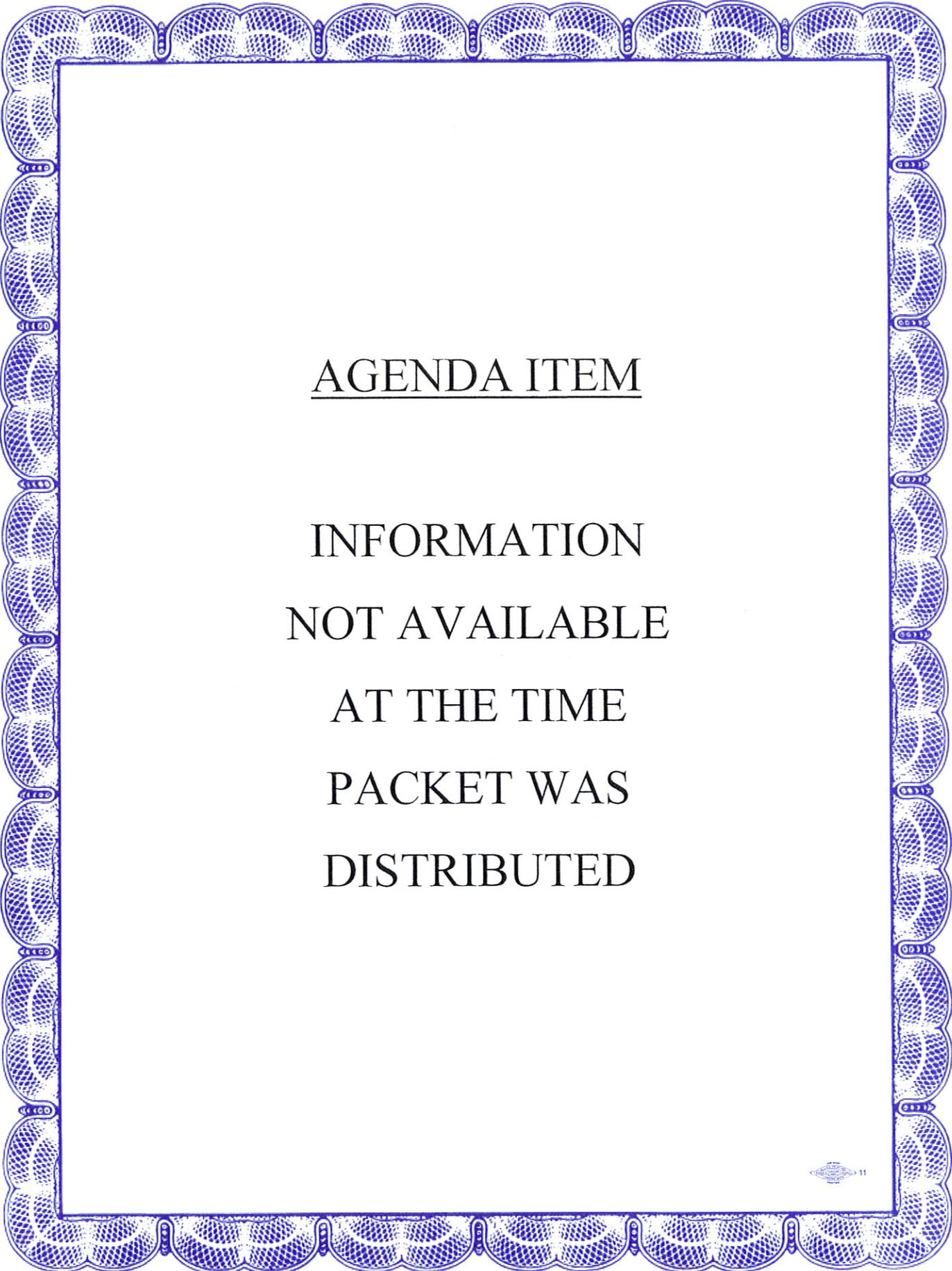
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CITY OF LANSING

CITY COUNCIL

124 W MICHIGAN AVE FL 10
LANSING MI 48933-1605

Department Template for Budget Power Point Presentations Budget Hearings - Committee of the Whole

January through the 4th Monday in March:

Respective departments will present their current year budget and programming overview at the Committee of the Whole meetings

1. Review of Performance Indicators (5 minutes)
2. Financial Information (8 minutes)
 - a. New initiatives proposed
 - i. What is the source of funding?
 - ii. What is the sustainability plan?
 - iii. How is it related to the strategic goals?
 - b. Appropriations where the budget is projected to increase or decrease by more than 5%
 - c. CIP projects proposed
 - i. What is the source of funding?
 - ii. Describe the maintenance plan and associated costs
 - d. Fee and Revenue comments / proposals
3. Staffing Information (2 minutes)
 - a. Proposed new FTE positions
 - i. Is it currently outsourced?
 - a. If so, what is being outsourced?
 - ii. Is there an intention to outsource?
 - a. If so, why?
 - b. Current vacancies
 - i. Duration of vacancy
 - ii. Filled by temp or contractual employee?
4. Department Discretionary Materials (5 minutes)
5. Questions from Council and Internal Auditor (10 minutes)

*These presentations will be posted on the City website 24 hrs after presentation



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(517) 483-4159
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REVIEW AND RECOMMENDATIONS ON STRUCTURE, POLICIES AND PROCEDURES FOR THE CITY OF LANSING OFFICE OF THE INTERNAL AUDITOR

Jim DeLine
Internal Auditor
March 30, 2016

- I. Mission Statement: *"The mission of the City of Lansing 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."*
- II. Objectives:
 - a. To ensure City programs are meeting goals and objectives by conducting performance audits which make recommendations based on criteria established and evidence obtained.
 - b. To ensure the integrity of City finances by conducting financial and cash audits focusing on economy, accuracy and efficiency in the use of resources used to achieve program results.
 - c. To provide City Council with information necessary to performing its legislative charge.



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REVIEW AND RECOMMENDATIONS ON STRUCTURE, POLICIES AND PROCEDURES FOR THE CITY OF LANSING OFFICE OF THE INTERNAL AUDITOR

Jim DeLine
Internal Auditor
October 12, 2015

- I. Structure
 - a. Staffing
 - i. Per City Charter
 1. "The City Council shall appoint a qualified person as the Internal Auditor."
 2. "The Internal Auditor shall be responsible to the City Council ..."
 3. "The Internal Auditor may be authorized by City Council to hire adequate staff to perform the internal auditing functions."
 - ii. With the present workload and budget constraints, no staffing recommendations are being made at this time.
 - b. Reporting
 - i. Per City Ordinance regarding Council staff, the Committee on Personnel is responsible for "recruitment; selection; discipline; performance evaluations; job descriptions; policy and procedure manual development ..."
 - ii. As a member of Council staff, the Internal Auditor reports to the Council President in matters of operations including workload, scheduling and timekeeping.
 - c. Committee on Ways & Means
 1. The Internal Auditor works with the Chair of the Committee on Ways & Means in researching items referred to the Committee and attends all meetings of the Committee but has no direct reporting requirements to the Committee Chair.

- ii. No changes to the present reporting system are being recommended at this time.
 - II. Policies
 - a. Independence
 - i. The Office of the Internal Auditor functions independently of both the Council and Administration in order to best serve the citizens of Lansing.
 - ii. The Office of the Internal Auditor performs audits and reviews based on issues before Council, requests from the Administration, and requests from individual Councilmembers as well as self-initiated projects.
 - iii. Selection of audits and reviews to be conducted by the Office of the Internal Auditor are not subject to approval by the Administration or Council leadership.
 - b. Confidentiality
 - i. The Internal Auditor, upon request, keeps tips and conversations confidential as to the source of information provided.
 - ii. No information received in confidence is to be accepted as fact without documented evidence.
 - iii. Upon verification, documented evidence may be utilized by the Internal Auditor without revealing the source through which the evidence was brought to light.
 - c. Selection of Projects
 - i. City Charter Mandated Projects
 - 1. Financial Transactions of all City Agencies
 - 2. Analysis of the Financial Position of the City
 - 3. Evaluate the Capital Improvement Plan
 - ii. Other Projects
 - 1. In the City's Procurement Card procedure, the Internal Auditor is recognized as doing periodic audits of their use.
 - 2. Projects are requested and suggested by Councilmembers, primarily by members of the Committee on Ways & Means.
 - 3. Projects are self-initiated..
 - III. Procedures.
 - a. Annual Reports
 - i. The required Analysis of the Financial Status of the City will be compiled as soon as possible after the submission to the State of Michigan of the City's Comprehensive Annual Financial Report (CAFR).
 - ii. As soon as possible after publishing the Financial Status of the City, the Internal Auditor will update Councilmembers on the City's Long Term Debt.
 - iii. Analysis of the Capital Improvement Plan is provided in conjunction with the budget process.
 - b. Cash Audits
 - i. Cash Audit Checklist

1. Currently in use.
- ii. Cash Audit Form
 1. Currently in use.
- c. Performance Audits
 - i. Audit Plan
 1. It is recommended that, prior to the start of a performance audit, that an audit plan be developed for the project.
 2. The Audit Plan would include:
 - a. Audit methodology most suited to the operations being audited.
 - b. Expected time frame for steps within the proposed methodology to be conducted.
 - c. The format and general content of the report to be prepared.
 - ii. Field Work
 1. Review of like operations in municipalities similar to Lansing.
 2. Review of benchmarks available for like operations.
 3. Interviews conducted.
 - a. Have interview summaries reviewed by the interviewee for accuracy / need for follow-up.
 4. Conduct on site visits to operations discussed in the interviews.
 - iii. Reports
 1. See separate section regarding reports.
 - iv. Follow-Up audit conducted approximately 3-6 months later.
- d. Suspected Fraud
 - i. Currently the City intranet contains a Fraud Reporting Hotline link for employees. It reads as follows:
 1. "Should you have concern of a possible fraud, illegal activities, or inappropriate use of City resources, please [click here](#) to submit your concern. Concerns may be submitted anonymously. Concerns may also be addressed to Angela Bennett, abennett@lansingmi.gov, or by calling 517-483-4511."
 - ii. No information could be found on the City of Lansing website for reporting suspected fraud on the part of a City of Lansing employee by members of the general public.
 - iii. It is recommended that the Internal Auditor establish a procedure for the investigation of suspected fraud within City government.
 - iv. It is recommended that, once a procedure has been adopted, that cases of suspected fraud within City government be handled by the Office of the Internal Auditor.
- e. Procurement Cards
 - i. It is recommended that a periodic spot audit of employee use of procurement cards be included in the Audit Schedule.

- ii. The procedure for a spot audit of procurement card use would include the following:
 - 1. Review selected employee procurement card monthly packets for adherence to published policies and procedures.
 - 2. Report findings to the Finance Director and the Committee on Ways & Means.
- f. Committee on Ways & Means Referrals
 - i. All items referred by the Council President to the Committee on Ways & Means are also, by inference, referred to the Internal Auditor.
 - ii. The Internal Auditor is to study all items referred and be prepared to discuss at the next meeting of the Committee.
 - iii. At the Internal Auditor's discretion, contact can be made with appropriate personnel in advance of the meeting to have questions answered or, alternatively, questions may be posed by the Internal Auditor to personnel attending the meeting specifically to brief the Committee on the item referred.
- g. Track Council Expenses
 - i. Provide monthly reports to individual Councilmembers on year-to-date expenditures on all line items in the Council budget.
 - ii. Provide a monthly report to each Councilmember detailing the expenditures in their individual officeholder account.
- h. Claims Review Committee
 - i. Serve on the three-member panel that hears from citizens filing a claim against charges imposed upon them by the City, primarily by the Office of Code Compliance.
- i. LEPFA Board of Commissioners
 - i. Serve as an ex-officio member of the Lansing Entertainment and Public Facilities Authority Board of Commissioners.
- j. Public Information
 - i. The Internal Auditor will publically address questions and provide presentations upon request referencing only work product of the Office of the Internal Auditor and will in no way imply that he / she is speaking on behalf of either the Administration or City Council.



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**REVIEW AND RECOMMENDATIONS ON STRUCTURE, POLICIES AND
 PROCEDURES FOR THE CITY OF LANSING
 OFFICE OF THE INTERNAL AUDITOR
 ■ MISCELLANEOUS OPERATING BUDGET**

Jim DeLine
 Internal Auditor
 June 7, 2016

I. Approved Budget for Officer of Internal Audit – FY 2017

Budget for Internal Audit Office	
1012120.741000 Miscellaneous Operating	
Membership - Association of Local Government Auditors	\$180
Membership - Institute of Internal Auditors	\$130
MICPA Governmental Accounting & Auditing Conference	\$329
3 ALGA webinars @ \$50	\$150
1 IIA e-seminar @ \$950	\$950
2 ACGA e-workshops @ \$199	\$398
CGAP Application Fee	\$200
Ass't Office Supplies and Publications	\$263
Total	\$2,600