



Office of the City Auditor

Annual Report

Fiscal Year 2024

June 3, 2024

Honorable Mayor and Members of the City Council:

Fiscal year 2024 was a highly successful year for the Office of the City Auditor. We met our increased goal of issuing nine performance audits. Our audits helped strengthen Kansas City government's accountability and transparency and made recommendations to improve city operations.

Our audits covered a range of topics across the City Council's goal areas in the Citywide Business Plan. We evaluated the progress of Central City Economic Development Sales Tax projects, governance practices of city boards and commissions (component units and other policy boards), quarterly expenditures from the Community Policing and Prevention Fund, health benefits the city paid for ineligible former employees, utility street cut restorations, cyber incident response plans, timeliness of the city's hiring process, and timeliness of PIAC projects. The potential direct and indirect financial impacts of these audits is about \$336.2 million.

Our Mission

- Conduct independent assessments of the work of city government
- Provide elected officials, management, and the public with objective information
- Make recommendations to improve city operations
- Strengthen city government's accountability to the public

The current Citywide Business Plan includes a strategy under the Finance and Governance goal to "Improve transparency of departments' implementation of recommendations made by the City Auditor." To begin implementing this strategy, we improved our process for requesting and tracking management's progress reports on the implementation of audit recommendations. So far, the new process is working well and departments are providing their progress reports on time. Our next step is publishing an interactive dashboard on the Office of the City Auditor website as a tool to strengthen accountability and improve transparency. The dashboard will make information on departments' progress towards implementing audit recommendations easily available to the Mayor, City Council, city management, and the public.

We are continuing to effectively develop new audit staff that joined our team between December 2022 and May 2023. We are also recruiting to fill an audit manager position that became vacant due to the retirement of an audit manager with nearly 24 years of audit experience.

I and the staff appreciate the Mayor's and City Council's ongoing commitment and support of an independent audit function. We also appreciate the city manager's support of our work. We look forward to continuing to work with elected officials and city management on finding ways to strengthen public accountability and transparency, improve the efficiency and effectiveness of city government, reduce costs, increase revenues, and provide information to facilitate decision making.

Douglas Jones, CGAP, CIA, CRMA
City Auditor

Our Performance



We monitor our performance by tracking outputs (audits, other reports, and memoranda) and the outcomes or results from our work.

City Auditor’s Office Performance Measures – Fiscal Year 2024

Inputs	
Expenditures	\$1,213,835
Auditors (Effective FTEs)	7.6
Outputs	
Audit Reports (Goal = 9)	9
Council Memos	0
Administrative Reports	3
Outcomes	
Recommendation Agreement Rate ¹ (Goal = 90%)	93%
Recommendation Implementation Rate ² (Goal = 75%)	54%
Potential Direct Financial Impact	\$6,810,608
Potential Indirect Financial Impact	\$329,389,197
Efficiency	
Average Hours per Audit Report	1,034

Audits issued. Performance audits are our primary output. We met our increased goal of issuing nine performance audits in fiscal year 2024. Brief summaries of these audits begin on page 4. These audits took an average of 1,034 hours to complete; an increase from 654 hours in fiscal year 2023.

Potential financial impacts. Our audits can have a potential direct financial impact on city government through recommendations and information to reduce, avoid, or recover costs, or increase revenues. The potential direct financial impact of audits we issued in fiscal year 2024 is about \$6.8 million.

Our audits also have a potential indirect financial impact by suggesting ways the city could improve the delivery of services to the public and employees, and ensure appropriate controls are in place to manage or protect public monies or assets. We provided recommendations and information on how about \$329.4 million in public monies and assets are used or managed.

In other words, for every \$1 we spent last fiscal year, our audit work identified about \$277 in potential direct and indirect financial impacts.

Implementation of audit recommendations. Auditing alone does not directly produce benefits. The benefits come from implementing audit recommendations which cannot be effective without management’s support. To measure the effectiveness of our recommendations, our goal is to achieve management agreement with 90% of our audit recommendations. We made 36 recommendations in fiscal year 2024. Overall, management agreed (agreed/agreed in part) with 93% of our recommendations.

¹ Percentage of recommendations with which management agreed/agreed in part.

² Because not all recommendations can be implemented immediately, this represents the percentage of recommendations made two years prior and reported by management as implemented in ARTS reports submitted through April 30, 2024. The fiscal year 2024 rate reports the implementation of recommendations made in fiscal year 2022.

We also have a goal for 75% of our recommendations to be implemented within two years of when an audit is issued. We track implementation through Audit Report Tracking System (ARTS) reports submitted by management. Management reported implementing 54% of our fiscal year 2022 recommendations within two years of the audit release, another 2% implemented after two years, 35% still in progress, and 8% not implemented.

We recently improved our process for requesting and tracking management’s progress reports on the implementation of audit recommendations. In fiscal year 2025 we will publish an interactive dashboard on our website to make information on departments’ progress towards implementing audit recommendations easily available to the Mayor, City Council, city management, and the public. This will implement the Citywide Business Plan strategy to “Improve transparency of departments’ implementation of recommendations made by the City Auditor.”

Charter Authority of the City Auditor



The city auditor’s authority and duties as an independent audit function and mandate to audit city government are established in the City Charter.³ The city auditor is appointed by and reports to the Mayor and City Council. The city auditor is independent of the city manager.

The charter grants the city auditor complete access to the books, records, and employees of city government. Additionally, state statutes authorize the city auditor to audit the Kansas City, Missouri, Police Department.⁴

Communicating Results and Engaging the Public



Communicating the results of our work to the public is a part of our mission and promotes transparency about what we do and the work of city government. We engage the public by:

- Publishing our audits and other reports on our website.
- Publicly presenting our audits and other reports to the City Council, and city boards and commissions.
- Talking to residents at the city’s Community Engagement University about the work of the Office of the City Auditor.
- Asking the public for their audit suggestions, which they can submit through our website or ‘X’ (Twitter).
- Using our ‘X’ (Twitter) account (@KCMOCityAuditor) to inform the public about our audits and upcoming presentations, where to find our reports online, how to submit audit suggestions, and responding to resident questions and comments about our work.

³ [Article II, Section 216 of the Charter of Kansas City, Missouri.](#)

⁴ [Revised Statutes of Missouri §84.350.2.](#)

Highly Qualified Professional Audit Staff



At the end of fiscal year 2024, the Office of the City Auditor had nine of ten authorized positions filled. We are recruiting to fill an audit manager position that became vacant due to the retirement of an audit manager with nearly 24 years of audit experience.

Professional audit staff have master’s degrees in fields such as business, public or health services administration; accounting; and economics. As an office, our average tenure with the city is almost 13 years and we have a combined 93 years of audit experience, nearly all of it auditing Kansas City government. We are continuing to effectively develop three new auditors who joined the office between early-December 2022 and late-May 2023.

Staff hold professional certifications.

The office encourages staff to obtain professional certifications related to our work. Four members of the office have one or more professional certifications. One audit staff member became a Certified Internal Auditor and another staff member became a Certified Information System Auditor during fiscal year 2024.

Professional Certifications	Number
Certified Government Auditing Professional	1
Certified Internal Auditor	2
Certified Information Systems Auditor	2
Certification in Risk Management Assurance	1

Required continuing professional education. All professional audit staff met the requirement for obtaining continuing professional education hours. The *Government Auditing Standards* require each auditor to complete at least 80 hours (or prorated number of hours for new/retired audit staff) of continuing professional education every two years. Auditors obtained required training by attending webinars, workshops, seminars, and conferences. Training topics included auditing, internal controls, accounting, cybersecurity, risk management, ethics, fraud, and report writing.

We are active in our profession. The office and individual staff members are active in several professional associations for auditors and public managers. Some staff serve in leadership roles for some of these organizations. The city auditor serves on the Domestic Working Group, an advisory council to the U.S. comptroller general, and two staff members serve on different committees of the Association of Local Government Auditors. In addition to leadership roles, the city auditor and audit staff have participated as presenters, facilitators, and moderators for workshops, seminars, or conferences sponsored by our professional organizations.

Performance Audits Issued in Fiscal Year 2024 (May 2023 – April 2024)



[Central City Economic Development Sales Tax Projects Making Progress. Clarifying Roles and Responsibilities Can Improve Oversight of Funds](#) (August 2023)

This audit focused on determining whether a sample of Central City Economic Development Sales Tax projects are making progress and funds were being spent according to funding agreements. We recommended the director of housing and community development establish guidance for city staff in implementing deadlines for CCED projects, clarifying project monitoring roles, pursuing city funds that may have been improperly transferred, and enforcing city contract requirements to meet the desired outcome for the CCED program.

[2023 Governance Assessment: Component Unit Boards and Commissions](#) (September 2023)

The purpose of this audit, required by City Code, was to determine what governance practices were being followed by city boards and commissions that are considered component units of the city. It is intended to help the City Council understand and evaluate whether unmanaged governance risks are acceptable given the specific purpose of each board. The audit identified steps the City Council can take to improve city boards' governance practices.

[FY2023 Fourth Quarter: Police Spending from the Community Policing & Prevention Fund](#)
(September 2023)

The City Council, via Ordinance 220216, directed the city auditor to conduct quarterly audits to determine whether the Police Department spent the Community Policing and Prevention Fund as expected by the City Council during the quarter. During the fourth quarter, the department spent the final \$9.6 million from the \$33.4 million fund and allocated these expenditures to eligible spending categories. We recommended that after the City Council approves the amount appropriated to the Police Department for a fiscal year, the Chief of Police submit an amended budget to the Board of Police Commissioners that identifies planned line item spending based on the funds appropriated.

[2023 Governance Assessment: Other Governing and Policy Boards](#) (October 2023)

The purpose of this audit was to determine what governance practices were being followed by other city governing and policy boards and commissions. It is intended to help the City Council understand and evaluate whether unmanaged risks are acceptable given the specific purpose of each board. We recommended the Mayor remind city board members that they are required to annually submit financial disclosure forms and also ask the city clerk for a list of board members who did not submit the required disclosure.

[City Paid Health Benefits of Ineligible Former Employees](#) (December 2023)

This audit assessed whether the city paid health benefits for ineligible employees after the employee separated from city employment. We made recommendations to the director of human resources to seek recovery of incorrect payments of administrative fees and health claims paid by the city for former employees, report to the City Council when incorrect payments are reimbursed, fix the process to accurately communicate eligibility changes, and reconcile administrative fee invoices against city employee insurance enrollment information.

[Some Street Cuts Don't Meet Revised Restoration Standards; Oversight of Inspection Process Can Improve](#) (January 2024)

This audit focused on determining whether the Public Works Department's inspection process ensures utility street cuts are restored according to the city's revised street cut restoration standards. We made recommendations to the director of public works that were directed towards improving oversight of the street restoration inspection process and compliance with revised standards. We also recommended additional training and oversight for degradation fee calculations and updating the tables of values used to calculate the degradation fees.

[Cyber Incident Response Plans](#) (February 2024)

This audit evaluated whether the Information Technology Division's Cyber Incident Response Plans incorporated cybersecurity recommended practices. We identified areas for improvement and provided management in the Information Technology Division with our analysis and recommendations. We are not publicly disclosing the details of this audit due to the subject matter and security concerns. The full audit report is a closed record.

[*Establish Goals and Develop Better Data to Improve Hiring Process Timeliness*](#) (April 2024)

This audit focused on determining how quickly the city fills vacant positions once hiring departments submit requests to fill these positions. We recommended the director of human resources establish milestones, goals, and improve hiring data to efficiently track these goals to help ensure Human Resources can evaluate the timeliness of the hiring process. We also recommend strengthening communication and training resources with departments about the hiring process.

[*In-District PIAC Projects Took Longer Than Expected, Need Goals and Improved Reporting*](#)
(April 2024)

This audit of the city's Public Improvements Advisory Committee (PIAC) program (based on public audit suggestions) assessed project timeliness and the effective use of PIAC funds. We made recommendations to the director of finance that were directed towards establishing goals to measure and report PIAC project timeliness to the City Council; improving eBuilder project data accuracy; and strengthening PIAC project transparency and processes to help demonstrate the effectiveness of use of PIAC funds.

Audits issued in prior fiscal years can be found on our [website](#).

Other Reports Issued in Fiscal Year 2024



Administrative Reports. We also issue administrative reports to inform the Mayor, City Council, and public about our activities and performance.

[*Office of the City Auditor Annual Report Fiscal Year 2023*](#) (June 2023)

[*Office of the City Auditor Annual Audit Plan Fiscal Year 2025*](#) (February 2024)

Required Process Review. On June 15, 2023, the City Council passed [*Committee Substitute for Ordinance No. 230360, As Amended*](#). The ordinance directs, "That, prior to suspending, terminating or taking any other adverse action against any employee in the unclassified service based on failure to comply with the residency requirements of the City's Code of Ordinances, the City Manager shall submit the investigatory file to the City Auditor for a review of the investigation to determine its efficiency, effectiveness, and compliance with laws, regulations, policies, and procedures." We conducted one residency investigation file review during fiscal year 2024.

Office of the City Auditor Staff Fiscal Year 2024

Douglas Jones, MBA, CGAP, CIA, CRMA – City Auditor

Ruth Beyene, MBA – Auditor

Terry Bray, MS – Senior Auditor

Jennifer Davis, BA – Administrative Secretary
(Started December 4, 2023)

Kara Jorgensen, MBA, CISA – Senior Auditor

Jonathan Lecuyer, MPA, MAE, CIA – Audit Manager

Elizabeth Pauley, MPA – Auditor

Sue Polys, MA, CGAP, CIA, CFE – Audit Manager
(Retired December 31, 2023, after 23.4 years of city service)

Clinton Pullam, BS – Senior Auditor
(Started May 22, 2023)

Vivien Zhi, MS, CISA – Senior Auditor

Audit suggestions from the public do matter. Send us your audit suggestions and ideas.
<https://www.kcmo.gov/city-hall/departments/city-auditor-s-office/submit-audit-ideas>