

**City Auditor's Office
2013 Annual Report**

June 2013

**City Auditor's Office
City of Kansas City, Missouri**

CITY OF FOUNTAINS
HEART OF THE NATION



KANSAS CITY
MISSOURI

Office of the City Auditor

21st Floor, City Hall
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Kansas City, Missouri 64106

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June 19, 2013

Honorable Mayor and Members of the City Council:

This annual report of the City Auditor's Office of Kansas City, Missouri, for the year ended April 30, 2013, is presented for your review.

In fiscal year 2013, we released nine audit reports and one memorandum. Our audits examined the following issues: the effectiveness of Regulated Industries' administration and enforcement of underage liquor sales inspections; whether the City Planning and Development Department's controls and practices over the collection, deposit, and recording of fees were adequate; the Neighborhood Preservation Division's efficiency and effectiveness in identifying, documenting, and resolving nuisance and property code violations; the accuracy and completeness of reported ambulance response times; whether city landline phone bills contain cramming charges; how the Kansas City Police Department manages videos recorded by police officers and the department's video systems; whether the city's process of paying for goods and services protects city resources; whether the use of 24-hour shifts for ambulance crews is common; and were city reimbursements paid to the Port Authority for Richards-Gebaur pre-development services proper.

Our reports balanced our goal of suggesting ways the city could achieve quantifiable improvement in its efficiency and effectiveness, against a competing goal of ensuring appropriate controls are in place to prevent misuse or loss of city assets. Some recommendations, such as the city recovering improper payments from the Port Authority and removing unauthorized charges on the city's landlines, increase revenue or reduce costs for the city. Other recommendations, such as expanding the use of administrative citations in nuisance and property code violations, could increase efficiency in enforcement and motivate violators to abate violations sooner and thus improve neighborhoods.

I am retiring at the end of this month and am very happy to report retiring on a high note. In 2013, we completed our seventh external quality control review. The reviewers determined that the City Auditor's Office complied with government auditing standards issued by the U.S. Comptroller General. Their report and our response is appended. In addition, we received a 2012 Honorable Mention Knighton Award for our performance audit, *Neighborhood Preservation Division*. The award, given annually by the National Association of Local Government Auditors, recognizes the work of local government audit agencies.

None of this would have been possible without my dedicated and hard-working staff. I appreciate all their work and support over these last six years of my tenure as city auditor. I know I am leaving the mayor and council with a staff that will continue to work with elected officials and management staff on finding ways to strengthen public accountability, improve the efficiency and effectiveness of city government, reduce costs and increase revenues, and provide information to facilitate decision making.

A handwritten signature in black ink that reads "Gary L. White". The signature is written in a cursive style with a large initial "G" and "W".

Gary L. White
City Auditor

City Auditor's Office 2013 Annual Report

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Mission and Goals

Charter Authority of the City Auditor

Article II, Section 216 of the Charter of Kansas City, Missouri, establishes the position of the city auditor as independent of the city manager. The city auditor is appointed by and reports to the mayor and the City Council. The charter grants the city auditor complete access to the books and records of all city departments. The city auditor uses this access, independence, and authority in performing his charter mandate to carry on a continuous investigation of the work of all city departments. The City Council's Finance, Governance, and Ethics Committee oversees the activities of the city auditor.

Our Purpose

The mission of the City Auditor's Office is to provide the City Council with independent, objective, and useful information regarding the work of city government so the council may better exercise the power vested in it to improve the quality of life of the citizens of Kansas City.

We seek to accomplish our mission by evaluating department and program performance and identifying ways to make the activities of the city more efficient and effective. Our primary objectives are:

- To evaluate the efficiency, effectiveness, and equity with which city departments carry out their financial, management, and program responsibilities.
- To assist the City Council and management staff in carrying out their responsibilities by providing them with objective and timely information on the conduct of city operations, together with our analysis, conclusions, and recommendations.

Our Work Products

The City Auditor's Office conducts performance audits and prepares memoranda. Audit work is conducted in accordance with generally accepted government auditing standards. These standards require:

- Professional judgment in conducting and reporting on audits
- Professionally competent staff
- Independence
- Audit quality control and assurance
- Adequate supervision and planning of audit work
- Sufficient and appropriate evidence
- Reporting of audit results
- Periodic review of the office by outside professionals

A performance audit provides findings or conclusions based on an evaluation of sufficient, appropriate evidence against stated criteria. Performance audits provide objective analysis to assist management and those charged with governance and oversight in using the information to improve program performance and operations, reduce costs, facilitate decision making, and contribute to public accountability.¹ A follow-up audit is a performance audit that determines the progress made in addressing findings identified in previous audits.

Occasionally councilmembers request information about pending legislation and other issues coming before them. Staff may be assigned to research costs and other effects of proposed legislation or to provide independent assessments of financial information and other proposals by city management. The resulting memoranda are distributed to the mayor, City Council, and management staff.

Most audits result in recommendations that should improve resource utilization, reduce the risk of loss or abuse of assets, increase productivity, or correct wasteful practices. Audit recommendations can improve services to the public by making programs more effective and efficient. In addition, they can increase the city's responsiveness to citizens and assist the City Council in carrying out its oversight responsibilities.

¹ Comptroller General of the United States, *Government Auditing Standards* (Washington, DC: U.S. Government Printing Office, 2011), p. 17.

Office Operations

Audit Selection

Audits can be initiated one of three ways:

- The City Council as a body may direct us to do an audit.
- The City Council's Finance, Governance and Ethics Committee may direct us to do an audit.
- The city auditor can initiate an audit.

Previous City Councils have required the city auditor to conduct some audits on a regular basis. Ordinance 090034 requires the city auditor to distribute a governance assessment checklist to boards and commissions no less than every four years and to report on the results of the assessment.

When selecting audit topics, we try to balance audits expected to yield cost reductions, increased revenue, improved services, and improvements in major control systems with audits that will address broad policy and management issues. Our process for selecting audit topics also includes considering complaints we receive, as well as concerns and requests from the City Council and management.

Because weaknesses in governance or management cause financial and performance problems, we consider risks based on the control environment (how managers organize, direct, monitor, and report on a program) when we select audits. We look for ways to save, recover, or avoid costs but recognize that efficiency is a means to an end, not an end in itself. We continue to serve the public interest by aiding the council in its oversight role and working with management to develop sound recommendations.

Expenditures

The City Auditor's Office had expenditures of about \$1.3 million in fiscal year 2013. (See Exhibit 1.)

Exhibit 1. City Auditor's Office Annual Expenditures

Category	Fiscal Year		
	2011	2012	2013
Personnel	\$1,030,738	\$1,162,150	\$1,206,949
Contractual	102,489	81,262	60,620
Commodities	10,261	2,466	3,876
Capital Outlay	1,294	0	0
Total	\$1,144,782	\$1,245,878	\$1,271,445

Source: PeopleSoft Financials.

Staffing

Staff Qualifications

The office was authorized 12 full-time equivalent positions in fiscal year 2013. All professional staff have advanced degrees in fields such as accounting, business administration, finance, law, public administration, and psychology. Several staff members have previous auditing and management experience in the public and private sectors. In addition, one staff member is a licensed attorney. Eight staff members have one or more professional certifications, including Certified Internal Auditor, Certified Management Accountant, Certified Public Accountant, Certified Government Financial Manager, Certified Information Systems Auditor, Certified Government Auditing Professional, and Certification in Risk Management Assurance.

Professional Development

Summary

The City Auditor's Office emphasizes professional development to improve our skills, effectiveness, and efficiency. The office provides required continuing education, encourages professional certification, and supports staff involvement in professional associations.

Continuing Education

Government auditing standards require that our staff complete at least 80 hours of continuing education every two years. In fiscal year 2013, auditors received an average of 62.5 hours of training by attending seminars, workshops, conferences, and in-house training sessions, including audio conferences and webinars. Training topics included auditing, data analytics, ethics, fraud, information technology, and internal controls.

To minimize our training costs, we partnered with the Finance Department's Accounts Division to provide audio training (sponsored by the Association of Government Accountants) for staff in both departments. In addition, staff attended free training sponsored by the Information Systems Audit and Control Association, the Institute of Internal Auditors, and the University of Kansas.

Professional Associations

Several staff members are active in organizations of auditors, accountants, and public managers. Professional associations include the Association of Local Government Auditors, the Association of Government Accountants, the Institute of Internal Auditors, the Missouri Society of Certified Public Accountants, the Information Systems Audit and Control Association, the Intergovernmental Audit Forum, and the Missouri Bar Association. One staff member is on the Association of Local Government Auditors' Peer Review Committee and another is on the Survey Committee. In addition, one staff member is on the Missouri Society of Certified Public Accountants' Governmental Accounting Committee.

Performance Measures

Summary

We monitor our performance by tracking outputs or work products, the outcomes or results of these products, and the efficiency or unit cost with which we produce work products and results. Exhibit 2 includes our performance measures for the last three years.

Outputs

We released nine audit reports and one memorandum in fiscal year 2013. (See Appendix A for a list and summary of the audits and memorandum.)

Outcomes

Implementation of Audit Recommendations

The primary benefits of the work of the City Auditor's Office include government accountability, reduced costs, increased revenues, and improved services. Auditing does not directly produce these benefits; they only come from implementing audit recommendations. It is up to management to implement recommendations, while the City Council is responsible for ensuring that agreed upon recommended changes and improvements occur. It is our responsibility to present accurate and convincing information that clearly supports our recommendations.

In fiscal year 2013, 81 percent of our recommendations were designed to strengthen management controls, 10 percent to increase revenues or reduce costs, and 9 percent to improve services. Recommendations cannot be effective without management's support. To measure the effectiveness of our recommendations, our goal is to achieve management agreement with 90 percent of our report recommendations. In fiscal year 2013, management agreed with 95 percent of our report recommendations.

An audit tracking process ensures that the City Council is updated on important operational issues and helps ensure that recommendations made to improve city operations are implemented. In 1987, the City

Council directed the city manager to establish a policy and procedure to track department progress in implementing audit recommendations. Administrative Regulation (AR) 1-11 outlines the audit report tracking system (ARTS). The AR requires departments to complete an audit tracking report, including a summary of the progress made toward implementing each recommendation, every six months and submit it to the city manager. The city manager is supposed to distribute the ARTS report to the city auditor and the appropriate council committee.

Agreeing to implement a recommendation does not guarantee that it will or can be implemented. Therefore, we use the actual implementation rate as another means to measure our effectiveness. Our goal is for 75 percent of our recommendations to be implemented within two years of when a report is issued.² We use the responses in the ARTS report to determine our implementation rate. About 76 percent of recommendations for reports issued in 2011 were implemented within two years according to management's ARTS reports.

Potential Economic Impact

The potential economic impact includes the estimated one-time and recurring annual revenue increase or cost decrease associated with report recommendations with an estimated monetary impact. The potential economic impact identified in 2013 was about \$144,600.

In our *City Should Seek to Recover Improper Payments Made to the Port Authority* audit, we identified about \$135,000 in improper payments to the Port Authority. These included duplicate reimbursements, payments made in excess of contract pricing; general expenses not covered under agreements; and incorrectly allocated closing costs. We recommended the city seek reimbursement for the improper payments and direct staff to follow the city's payment procedures to prevent future improper payments

In our *Cramming on City Phone Bills* audit, our recommendation that the city recover past cramming charges, remove unnecessary charges from future phone bills, and claim available exemptions could save the city over \$9,555.

² We look at a two-year period because often the most significant recommendations cannot be implemented immediately. The implementation rate for recommendations usually increases over time.

Efficiency

Staff Hours Per Report

In fiscal year 2013, we averaged 1,486 staff hours per report issued, more than double from the almost 685 hours in fiscal year 2012, due to broader scoped audits.

Economic Impact-to-Cost Ratio

The economic impact-to-cost ratio provides a measure of the cost effectiveness of performance auditing, comparing potential savings and increased revenue identified in recommendations to the cost of operating the City Auditor's Office. Our goal is to identify at least \$3 in savings or revenue for every \$1 spent on auditing.

In fiscal year 2013, we identified \$144,607 in potential increased revenue or cost saving, resulting in a potential economic impact of \$.11 for every \$1 of auditor costs.

Exhibit 2. City Auditor's Office Performance Measures

Performance Measures	Fiscal Years		
	2011	2012	2013
Inputs			
Expenditures	\$1,144,782	\$1,245,878	\$1,271,445
Auditors	8	9	9
Outputs			
Reports Issued	9	5	9
Memoranda	5	1	1
Outcomes			
Recommendation Agreement Rate ³	99%	100%	95%
Recommendation Implementation Rate ⁴	91%	83%	76%
Potential Economic Impact	\$4,139,181	\$42,251	\$144,607
Efficiency			
Hours per Report	1,528	683	1,486
Ratio of Economic Impact to Cost	\$3.62:1	\$0.03:1	\$0.11:1

Sources: PeopleSoft Financials; City Auditor's Office time and utilization records; City Auditor's Office audits; and ARTS reports.

³ Percentage of recommendations with which management agreed.

⁴ Percentage of recommendations reported by management as implemented in ARTS reports submitted through April 30, 2013. This rate usually increases over time because not all recommendations can be implemented immediately.

Appendix A

Reports Released in Fiscal Year 2013

Performance Audits

Regulated Industries: Underage Liquor Sales Inspections (May 2012)
Collection, Deposit, and Recording of Fees by City Planning and
Development (May 2012)
Neighborhood Preservation Division (September 2012)
Ambulance Response Time Reporting (October 2012)
Cramming on City Phone Bills (October 2012)
Kansas City, Missouri Police Department: Video Records Management
(January 2013)
City's Payment Process (January 2013)
Use of 24-Hour Shifts for Ambulance Crews (February 2013)
City Should Seek to Recover Improper Payments Made to the Port
Authority (April 2013)

Memorandum

Kansas City International Airport Shuttle Bus Workforce Performance
Information (March 2013)

Performance Audits

Regulated Industries: Underage Liquor Sales Inspections (May 2012)

This audit focused on the effectiveness of Regulated Industries' administration and enforcement process for underage liquor sales inspections.

We found that between December 2008 and September 2011, Regulated Industries conducted underage liquor sales inspections of only 38 percent of active liquor licenses, although management's goal is to inspect all every three years. About half of the inspected businesses complied with liquor ordinances and did not sell alcohol to underage volunteers on the first inspection. Although eventually 86 percent of inspected businesses complied, achieving this compliance rate often required multiple re-inspections. In addition, Regulated Industries did not meet its re-inspection goal for failed inspections; some re-inspections were conducted too soon, some too late, and some not at all. Regulated Industries' competing regulatory responsibilities and a lack of minor volunteers contributed to the division not meeting its inspection time goals.

We determined that the division's processes related to underage liquor sales inspections included many recommended practices; however, they were not consistently included in written policies and procedures. Until recently, Regulated Industries recruited minor volunteers exclusively through the Police Department's monthly newsletter, resulting in the division not having enough volunteers to conduct inspections on a consistent basis.

We made recommendations intended to strengthen the effectiveness of enforcement efforts and improve the accountability and consistency of administration efforts.

Collection, Deposit, and Recording of Fees by City Planning and Development (May 2012)

This audit focused on whether the City Planning and Development Department's controls and practices over the collection, deposit, and recording of fees were adequate.

We found that department staff followed most of the city's procedures designed to safeguard and report cash assets. The change fund balanced,

deposits were mostly proper, and there were only minor errors in posting revenues to the city's accounts.

We also found that the department did not deposit all checks, as required by city ordinance. The division held "performance bond" checks, and checks received by mail pending approval of contractor license renewals and some permits. In addition, the department did not follow all of the city procedures for collecting on dishonored checks.

We made recommendations to improve the division's cash handling practices by increasing staff compliance with established cash handling rules; reviewing revenue recorded in the city's financial management system for accuracy; and turning over unredeemed checks to the city's collection agency and county prosecutor once the division's efforts to collect have been exhausted.

Neighborhood Preservation Division (September 2012)

This audit focused on the division's efficiency and effectiveness in identifying, documenting, and resolving nuisance and property code violations.

We found that code enforcement officers were not always citing obvious violations; case documentation was sometimes missing, inadequate, or inaccurate; and officers sometimes closed violations despite evidence that the violations were not abated.

We determined that the Neighborhood Preservation Division's (NPD) measures of how long it takes to abate violations was flawed due to system and user errors. NPD's measure of how long it took to conduct the first inspection was trending down, but it included inspections initiated by code enforcement officers and inspections done in response to a complaint. The measure would be more precise and comparable to benchmarks if it only included complaint driven inspections.

We also determined that technology challenges including the inability to store inspection photographs with other electronic case documentation and the lack of integration of the division's case management system with other city systems, increased inefficiencies and the risk of errors. Efficiencies could be achieved by increasing the use of administrative citations which could reduce the time and costs associated with court and increase the violator's motivations to resolve code violations.

We made recommendations to improve the efficiency and effectiveness of identifying code violations; improve the accuracy and completeness of

case documentation; increase citizen compliance with the nuisance and property code; and improve the accuracy of the division's performance measures and make them compatible with other municipalities for benchmarking purposes.

Ambulance Response Time Reporting (October 2012)

This audit focused on the accuracy and completeness of reported ambulance response times.

We determined that ambulance response time reports prepared by the Fire Department between May 2010 and June 2012 were reasonably accurate and complete regarding citywide response times. However, in December 2011, the department stopped recording response times by ambulance district in their computer aided dispatch (CAD) system, and as a result, could not measure response times by district, as required by city code. The department had controls in place over data entry and system access that provided reasonable assurance that data in the CAD system is reasonably complete, accurate, and not subject to inappropriate alteration.

We also found that while city code specifies response time performance requirements, it does not define how response time should be measured. The Fire Department starts the response time clock when the call-taker enters the first keystroke in the CAD system and stops it when the ambulance arrives at the incident, just as MAST did.

We determined that ambulance response times reported by MAST and the Fire Department cannot be compared because city code at the time allowed MAST to exclude certain calls (unusual weather conditions, some street closings, etc.) from the response time calculations. To make response times comparable, we recalculated response times based on the raw data and determined that MAST's and the Fire Department's ambulance response time performance was similar and relatively stable between May 2008 and November 2011. Following a change in dispatch protocols in December 2011, the Fire Department's ambulance response time performance declined as response times increased by about one minute.

We made recommendations intended to improve the availability of data and how response time performance is measured and reported; maintain the accuracy of ambulance response time performance reports; further strengthen CAD system controls; and develop a clear definition of response time.

Cramming on City Phone Bills (October 2012)

This audit focused on determining whether the city had been billed for unauthorized services on its landline phones. Cramming is the illegal practice of placing unauthorized, deceptive, or misleading charges on a telephone bill.

We identified almost \$1,360 in charges consistent with cramming in one set of city landline phone bills. We also identified \$137 in taxes the city was exempt from paying and a fee charged that is only supposed to be charged on wireless accounts. A later review of the city's phone bills, indicated that the city received credits for cramming charges and that the previously identified cramming charges had been removed.

We made recommendations to recover past cramming charges and taxes, and to prevent cramming and excess payments in the future.

Kansas City, Missouri Police Department: Video Records Management (January 2013)

This audit focused on how the Police Department manages videos recorded by police officers and the department's video systems installed in police cars, patrol stations, and other department facilities.

We found that the Police Department has written policies covering operational and technical aspects of the department's video systems but no overarching department-wide policy for managing video records. There were some inconsistencies between practices, policies, and state records retention requirements as well as conflicting procedures between the department's written policies.

We also found that the department did not have off-site archival or disaster recovery backup for the video system programs and video records maintained on computer servers in the headquarters building. The department also lacked standards or minimum performance specifications for video systems and video equipment, increasing the risk that the department could purchase video systems or equipment that are incompatible with current video assets and records, or do not meet department needs. While not included in a written policy, the department did have practices and controls in place to protect the integrity of video records.

We made a number of recommendations intended to improve video records management through the development and communication of a comprehensive video records management policy, an off-site storage

plan to provide archival and system back-up for disaster recovery, standards or minimum specifications for video system and equipment purchases, and written policies detailing how the department protects the integrity of its video records.

City's Payment Process (January 2013)

This audit focused on payments processed through the city's accounts payable system.

We found that a small number of vendors received a significant number of checks from the city. The city could reduce costs and increase efficiency in making payments by focusing efforts on converting vendors that received the most checks from the city to electronic payments.

During the period reviewed, we found that the city made at least 29 duplicate payments to vendors. Some of these were caused by staff overriding a financial management system control that identified duplicate payments or data entry errors. In addition, departments paid the wrong vendor at least 21 times during the review period. Incorrect payments could be due to inattentive data entry and payment approvals or fraudulent activity; however, we did not identify any fraud.

We found that the city had not taken advantage of all early payment discounts. Some departments did not take discounts even though they made the payment within the required time limit; some did not pay early enough to take advantage of the discounts; and some entered incorrect invoices dates, preventing the city's financial management system from taking the discounts.

We also determined that there were several weaknesses with general payment controls and that scheduling payments for when they are due versus paying immediately could improve the city's cash flow planning and investment efforts.

We made a number of recommendations intended to reduce costs and increase efficiency of accounts payable; ensure the city receives all eligible discounts; minimize inaccurate payments; and ensure the city can better plan cash outflows to take advantage of investment opportunities.

Use of 24-Hour Shifts for Ambulance Crews (February 2013)

This audit focused on whether the use of 24-hour shifts for ambulance crews is common.

We found that the Fire Department's use of 24-hour shifts for ambulance crews is common in fire department-based emergency medical services systems. While using 24-hour shifts may be beneficial in some professions, studies have shown long shifts can result in fatigue and increased errors in tasks requiring alertness, vigilance, and quick decision-making. Other studies have linked shift length and sleep loss to a variety of health problems for workers. Some emergency medical services system have attempted to mitigate the risks of fatigue by considering workload as well as shift length when structuring shift plans.

To reduce the risks associated with working long shifts, we recommended the fire chief regularly evaluate ambulance crew workloads and consider staffing strategies that reduce the effects of fatigue on crew performance and safety.

City Should Seek to Recover Improper Payments Made to the Port Authority (April 2013)

This audit focused on city reimbursements paid to the Port Authority for Richards-Gebaur pre-development expenses.

We found that the city overpaid the Port Authority about \$135,000 for Richards-Gebaur project expenses. These payments included duplicate payments; payments made to the vendors at rates higher than the contract prices; incorrectly allocated closing cost; and expenses not covered under the city's contract with the Port Authority.

We recommended that the city seek recovery of the improper payments and strengthen the city's payment processing procedures.

Memorandum

Kansas City International Airport Shuttle Bus Workforce Performance Information (March 2013)

This memo, directed by Resolution 120847, provided the City Council with available performance information on the KCI shuttle bus service workforce related to absences, number of accidents, and customer service complaints for the periods of October 2011 through February 2012 and October 2012 through February 2013. Because we were directed to compile information only, we did not analyze or draw any conclusions from the data.

Appendix B

Reports Issued, Fiscal Years 2010 - 2012

The City Could Do More to Reduce the Risk of FMLA Abuse
(October 2009)

Resolution Tracking (October 2009)

E-Service Systems Security (October 2009)

Master Vendor File Data Reliability (April 2010)

Involuntary Collections of Business Taxes (May 2010)

Kansas City Citizen Survey Report, Fiscal Year 2010 (August 2010)

Pension Payment Controls (September 2010)

Police Department Workers' Compensation (November 2010)

City Should Document GIS Data (November 2010)

Urban Redevelopment Contracts Should Be Monitored and Enforced
(December 2010)

City's Efforts to Encourage Ethical Conduct (February 2011)

Collection, Deposit, and Recording of Community Center Fees (March
2011)

Financial Condition Indicators (April 2011)

Controls Over Trash Tag Program (May 2011)

Kansas City Street Lighting Program (May 2011)

Governance Assessment 2011 (July 2011)

Kansas City Citizen Survey Report Fiscal Year 2011 (August 2011)

Video Service Provider Fees – Time Warner Cable (September 2011)

Appendix C

Results of the External Quality Control Review 2009 - 2012



Association of Local Government Auditors

April 11, 2013

Mr. Gary White, City Auditor
City Auditor's Office
414 E. 12th Street, Suite 2103
Kansas City, Missouri 64106

Dear Mr. White:

We have completed a peer review of the Kansas City, Missouri, City Auditor's Office for the period of September 1, 2009 through August 31, 2012. In conducting our review, we followed the standards and guidelines contained in the *Peer Review Guide* published by the Association of Local Government Auditors (ALGA).

We reviewed the internal quality control system of your audit organization and conducted tests in order to determine whether your internal quality control system operated to provide reasonable assurance of compliance with *Government Auditing Standards* issued by the Comptroller General of the United States. Our procedures included:


- Reviewing the audit organization's written policies and procedures.
- Reviewing internal monitoring procedures.
- Reviewing a sample of audits and working papers.
- Reviewing documents related to independence, training, and development of auditing staff.
- Interviewing auditing staff and management to assess their understanding of, and compliance with, relevant quality control policies and procedures.

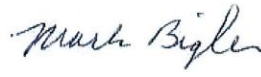
Due to variances in individual performance and judgment, compliance does not imply adherence to standards in every case, but does imply adherence in most situations.

Based on the results of our review, it is our opinion that the Kansas City, Missouri, City Auditor's Office internal quality control system was suitably designed and operating effectively to provide reasonable assurance of compliance with *Government Auditing Standards* for audits and attestation engagements during the review period.

Due to the quality of the audits and related activities, we have prepared a separate letter noting areas of excellence.

Thank you,


Barbara Manning
Metra, Northeast Illinois
Commuter Railroad


Mark Bigler
City of San Antonio, Texas



Association of Local Government Auditors

April 11, 2013

Mr. Gary White, City Auditor
City Auditor's Office
414 E. 12th Street, Suite 2103
Kansas City, Missouri 64106

Dear Mr. White:

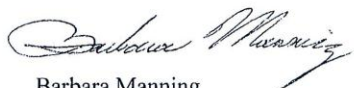
We have completed a peer review of the Kansas City, Missouri City Auditor's Office for the period September 1, 2009 through August 31, 2012. We noted no formal observations and suggestions as a result of our review.

However, we would like to mention some of the areas in which we believe your office excels:

- The office has a current policy and procedures manual which is appropriately referenced to and in compliance with Government Auditing Standards.
- We noted that the auditors have a strong knowledge of the procedures and related Standards and that they are required to read and sign statements to attest to annual review. We found this to be a best practice.
- We noted that auditors were very thorough in their selection and use of criteria in audit planning and reporting phases.
- We noted that the weekly 7 Minute Training provides a means to stay current on important topics on a regular basis while minimizing required time.
- The overall system of quality control is impressive, and we found that the Extended Review Team provides a collaborative in-progress method of quality control.
- We observed a high level of professionalism and competence in the staff.
- The audit templates were easy to review and well referenced to the Standards resulting in complete and clear audit work.

We extend our thanks to you, your staff and the other city officials we met for the hospitality and cooperation extended to us during our review.

Thank you,



Barbara Manning
Metra, Northeast Illinois Commuter Railroad



Mark Bigler
City of San Antonio, Texas



Office of the City Auditor

21st Floor, City Hall
414 East 12th Street
Kansas City, Missouri 64106

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April 11, 2013

Barbara Manning, Department Head
METRA
547 W. Jackson Blvd
Chicago, IL 60661

Dear Ms. Manning:

This letter is my response to your reports on the external quality control review of our office. My comments address both the opinion letter and the management letter.

I am pleased that the review team concluded that the City Auditor's Office complies with Government Auditing Standards. The audit staff has devoted a great deal of effort to developing and implementing an internal quality control system to help us achieve this goal. I also appreciate your positive comments on the review team's overall impression of the office.

We appreciate you and Mark Bigler taking the time to conduct our peer review. I appreciate the thoroughness and professionalism with which you and Mark conducted the review.

Sincerely,

A handwritten signature in black ink that reads "Gary L. White".

Gary L. White
City Auditor

cc: Mark Bigler, Audit Manager, City of San Antonio

City Auditor's Office Staff

(As of April 30, 2013)

Gary L. White, MBA, CMA, CGFM
City Auditor

Mary Jo Emanuele, MBA, CIA, CGFM
Nancy Hunt, MBA, JD
Deborah Jenkins, MA, CIA, CGAP
Douglas Jones, MBA, CIA, CGAP, CRMA
Joan Pu, MPA, CISA
Joyce A. Patton, MS, CPA
Jason Phillips, MS, MPA
Sue Polys, MA, CIA, CGAP
Paulette Smith, BA
Julia Webb-Carter, MPA
Vivien Zhi, MS, CISA