

May 2016

City Auditor's Office

City of Kansas City, Missouri



CITY OF FOUNTAINS HEART OF THE NATION K A N S A S C I T Y

Office of the City Auditor

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

May 25, 2016

Honorable Mayor and Members of the City Council:

The City Auditor's Office promotes government accountability, transparency, and improved city operations through independent evaluations of city departments and programs. This annual report summarizes our activities, results, and audit reports issued for the fiscal year ended April 30, 2016.

We released 10 audits in fiscal year 2016 and one council memorandum. The audits evaluated a range of city programs and activities across the City Council goal areas of Customer Service, Finance and Governance, Infrastructure and Transportation, and Neighborhoods and Healthy Communities. Our audits examined the following issues:

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- the accuracy and validity of 311 data;
- governance practices of city boards and commissions;
- whether the tri-party agreement governing KC Streetcar protects the city's interests;
- Neighborhoods and Housing Services compliance from May 1, 2014 to April 30, 2015 with obligations under the Memorandum of Agreement with the U.S. Department of Housing and Urban Development;
- the city's succession planning policy;
- compliance with street plate requirements;
- the financial condition of the city's enterprise funds;
- employees' perceptions of the city's ethical environment; and
- Land Bank's monitoring procedures to ensure compliance with contracts and other agreements.

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. We made 26 recommendations last year and management agreed with 100 percent of them. We also identified an estimated \$10,000 in cost reductions.

In fiscal year 2016, we completed our eighth 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. The team noted that we excel at protecting our independence and ensuring staff development which contributes to our ability to perform high impact audits. The peer review report and our response are appended.

The City Auditor's Office has a highly qualified professional audit staff. All audit staff members have masters degrees and seven of the staff hold a combined 12 professional certifications or licenses. We are

also actively involved in our profession. Four staff members hold leadership roles in audit-related professional associations and two staff members served as team leaders for peer reviews of two audit offices in other jurisdictions.

We appreciate the Mayor and City Council's ongoing commitment and support of a strong and 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 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.

Douglas Jones

City Auditor

City Auditor's Office 2016 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 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 the charter mandate to carry on a continuous investigation of the work of all city departments. The City Council's Finance and Governance Committee oversees the activities of the city auditor.

Our Mission

The mission of the City Auditor's Office is to provide elected officials, management, and the public with independent and objective information regarding the work of city government to help improve city operations and strengthen city government's accountability to the public.

We seek to accomplish our mission through performance audits conducted in accordance with *Government Auditing Standards* issued by the U.S. Comptroller General and our core values of accountability, transparency, integrity, and professionalism.

Our primary goals when evaluating department and program performance are to:

- evaluate the efficiency and effectiveness with which city departments and programs carry out their responsibilities;
- identify ways to improve city services and operations;
- identify ways to reduce, avoid, or recover costs;
- provide information, analysis, and recommendations to elected officials and management to facilitate decision making;
- strengthen public accountability; and
- identify emerging issues elected officials and management should consider.

Communicating the results of our work to the public is a part of our mission. It also ties into the Council's goals to make information about city performance transparent and accessible and seek ways to connect with residents. We successfully engage the public through a number of ways.

- Making audits and other reports available on our website and the city's open data portal. In fiscal year 2016, 122 different audits and other reports were accessed almost 4,800 times.
- Presenting audits and other reports to council committees, city boards and commissions, and other internal and external groups. In fiscal year 2016, we made 30 presentations.
- Soliciting the public for their audit ideas and suggestions via our website. In fiscal year 2016, the public submitted 45 audit topic suggestions.
- Using the city's social media outlets (Twitter and Facebook) to keep the public informed about our upcoming audit presentations and availability of our audits and other reports, and to request their audit suggestions.

Our Work Products

The City Auditor's Office conducts performance audits and prepares memoranda. Audit work is conducted in accordance with *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

Mission and Goals

improve program performance and operations, reduce costs, facilitate decision making, and contribute to public accountability. 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 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.

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

City Auditor's Office 2016 Annual Report

Office Operations

How Audits Are Selected

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 and Governance Committee may direct us to do an audit.
- The city auditor can initiate an audit.

The city auditor is required to conduct some audits on a regular basis. Ordinance 090034 requires the city auditor to distribute a governance assessment checklist to boards and commissions once every four years and to report the results of the assessment. Beginning in fiscal year 2014, the city auditor was required to audit annually compliance with a Memorandum of Agreement between the city and the U.S. Department of Housing and Urban Development regarding the completion of activities and projects that had been under federal receivership and ongoing administration of the CDBG and HOME programs. After our second audit was issued and with no significant deficiencies identified in either of our audits, the Department of Housing and Urban Development decided the City Auditor's Office no longer needed to provide performance oversight. In March 2016, the MOA was amended to allow Neighborhoods and Housing Services to conduct bi-annual self-monitoring performance reviews.

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 considers a variety of factors including risks, Council priorities, KCStat, citizen surveys, and past audits. We also consider complaints we receive, as well as concerns, requests, and suggestions from the City Council, management, and the public.

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.

Expenditures

The City Auditor's Office had expenditures of a little over \$1.2 million in fiscal year 2016. Personnel costs account for about 96 percent of our budget. (See Exhibit 1.)

Exhibit 1. City Auditor's Office Annual Expenditures

	Fiscal Year		
Category	2014	2015	2016
Personnel	\$1,229,133	\$1,174,179	\$1,198,842
Contractual	68,766	45,710	50,535
Commodities	3,017	2,473	1,794
Capital Outlay	0	0	0
Total	\$1,300,916	\$1,222,362	\$1,251,171

Source: PeopleSoft Financials.

Staffing

Staff Qualifications

The office was authorized 12 full-time equivalent positions in fiscal year 2016. All professional staff have advanced degrees in fields such as business, public, or health services administration, accounting, law, and psychology. Several staff members have previous auditing and management experience in the public and private sectors. As an office, we have 159 years of audit experience.

In fiscal year 2016, one of our staff members earned a certified fraud examiner certification. Seven staff members have one or more professional certifications or licenses. (See Exhibit 2.)

Exhibit 2. Professional Certifications and Licenses

Professional Certification/License	Number
Certified Internal Auditor	3
Certified Government Auditing Professional	2
Certified Information Systems Auditor	2
Certified Public Accountant	1
Certified Fraud Examiner	1
Certified Government Financial Manager	1
Certification in Risk Management Assurance	1
Licensed Attorney	1

Source: City Auditor's Office records.

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

We exceeded our requirements for continuing professional education hours. Government auditing standards require that each member of our staff complete at least 80 hours of continuing education every two years, with a minimum of 20 hours in each year. In fiscal year 2016, auditors received an average of 63 hours of training by attending seminars, workshops, conferences, and in-house training sessions, including audio conferences and webinars. Training topics included auditing, data security, fraud, HIPPA, information technology, internal controls, law, leadership, risk, and Missouri's Sunshine law.

In addition to conferences, staff attended free training sponsored by the City of Kansas City, Missouri, Law Department; City of Lawrence, Kansas; Johnson County, Kansas; the Information Systems Audit and Control Association; the Institute of Internal Auditors; the city's external auditors; and local law firms.

Professional Associations

The office as well as individual staff members belong to and are active in a number of professional associations of auditors, accountants, and public managers. Our 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, the Association of Certified Fraud Examiners, and the Missouri Bar Association.

We serve in leadership roles in our professional organizations. The city auditor is the chair of the Mid-America Intergovernmental Audit Forum Executive Committee and is the forum's local government representative to the National Intergovernmental Audit Forum. In addition, the city auditor serves on the comptroller general of the United States' Domestic Working Group, an advisory council to the comptroller general.

Several staff serve on committees with the Association of Local Government Auditors, including the Peer Review, Advocacy, and Survey committees. One staff is the treasurer and on the board of directors for the Kansas City Chapter of the Information Systems Audit and Control Association. 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, outcomes or results of these work products, and the efficiency with which we produce work products and results. Exhibit 3 includes our performance measures for the last three years.

Outputs

We issued ten audit reports in fiscal year 2016 – three more than we issued in fiscal year 2015. We also released one memorandum. (See Appendix A for a list and summary of the audits and memoranda.)

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. We made 26 recommendations in fiscal year 2016. About 81 percent of them were designed to strengthen management controls, 15 percent to improve services, and 4 percent to increase revenues or reduce costs. 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 2016, we exceeded our goal with management agreeing with 100 percent of our report recommendations.

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. For recurring increased revenues or decreased costs, we estimate the savings/reduction for five years. The potential economic impact identified in 2016 was about \$10,000.

In our Land Bank's Contract and Deed of Trust Monitoring Processes Should Be Strengthened audit, we reviewed 3 out of 17 mowing contracts for 2015 and determined that in each contract the city had paid to mow property it did not own. Overpayments totaled more than \$2,000. Since Land Bank did not have a process to update or remove properties from the mowing lists, the number of lots mowed that were not owned by Land Bank could be higher. We recommended that Land Bank develop policies and procedures to ensure that initial mowing lists provided to contractors are accurate and updated throughout the mowing season and to remove properties as they are sold to ensure that Land Bank pays for mowing only on lots it owns.

Some of our recommendations have potential economic impact that cannot be quantified. Two of our recommendations regarding the monitoring and oversight of the deeds of trust Land Bank uses for property it sells have potential economic impact. The purpose of the requirements in the deeds of trust is to ensure previously blighted, unproductive properties become productive, tax paying properties. Our recommendations provide the city with assurance that the promised investments in those properties will occur and if they do, those properties should become contributing members to our city – as opposed to having a negative impact. This economic impact should have a ripple effect to the surrounding neighborhood by raising surrounding property values and encouraging further investment.

Efficiency

Staff Hours Per Report

We averaged about 900 hours per audit in fiscal year 2016, down from about 1,500 in 2015. That number has continued to decline since fiscal year 2014 as we focus on more narrowly scoped audits.

Exhibit 3. City Auditor's Office Performance Measures

	Fiscal Years		
Performance Measures	2014	2015	2016
Inputs			
Expenditures	\$1,300,916	\$1,222,362	\$1,251,889
Auditors	8	8	8
Outputs			
Reports Issued	8	7	10
Memoranda	0	2	1
Outcomes			
Recommendation Agreement Rate ²	97%	91%	100%
Potential Economic Impact	\$202,000	\$493,845	\$10,000
Efficiency			
Average Hours per Report	1,744	1,534	913

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

² Percentage of recommendations with which management agreed.

City Auditor's Office 2016 Annual Report

Appendix A

Reports Released in Fiscal Year 2016

Performance Audits

The Accuracy and Validity of 311 Data Could Be Improved (June 2015) 2015 Governance Assessment (August 2015)

2015 Governance Assessment with Responses from Previously Non-Reporting Organizations (October 2015)

Public Private Partnership: KC Streetcar (October 2015)

City's Performance Under the HUD Memorandum of Agreement (May 1, 2014 – April 30, 2015) (November 2015)

City Could Strengthen Succession Planning Policy (December 2015)

Compliance with Street Plate Requirements Could Improve Ride Quality and Safety (December 2015)

Enterprise Funds: Financial Condition Indicators (January 2016)
Listening to the Workforce – 2016 Employee Ethics Survey (April 2016)
Land Bank's Contract and Deed of Trust Monitoring Processes Should
Be Strengthened (April 2016)

Memoranda

Response to Councilmembers' Questions Related to the Living Wage Ordinance (May 2015)

City Auditor's Office 2016 Annual Report

Performance Audits

The Accuracy and Validity of 311 Data Could Be Improved (June 2015)

This audit focused on the accuracy and validity of the city's 311 data. The 311 system is used to report a problem, request a city service, or obtain information.

We determined that although the city manager, 311 management, and department management set response goals together, some goals did not account for legal and contractual requirements and as a result some goals could not be achieved.

We found that what constitutes a "closed" case varies and can range from when a work order is written to when an inspection verifies the work is properly completed. Residents and visitors who report cases to 311 can become frustrated, confused, and angry when they discover their case is closed but the problem has not been fixed.

We also determined that employee actions impacted the accuracy of 311 data. Although performance management staff should have excluded all mowing cases from their analysis, only a portion of the mowing cases were removed which resulted in May 2014 on-time results being overstated. Because 311 staff did not exclude holidays from timeliness calculations, some on-time cases were reported as late. In addition, assigning cases to the wrong work groups delayed case resolution.

We made recommendations to improve the meaningfulness, validity, and accuracy of 311 data.

2015 Governance Assessment (August 2015)

This audit, required by Section 2-722 of the Code of Ordinances, summarized the city's component units' and Board of Parks and Recreation Commissioners' written responses to questions about their governance practices. This audit provides the mayor and City Council with information to help them understand the governance practices of Kansas City boards and commissions. We sent governance assessment checklists to 17 boards and commissions. This report summarizes the governance checklist responses of the 13 boards and commissions who completed the governance checklist.

Their responses to the assessment identified strengths and weaknesses in the six core governance functions. Most of the boards and commissions reported having incorporated good governance practices to lead their organizations, having adopted policies defining board and management responsibilities, and holding their organization accountable for achieving goals. Some responses, however, also demonstrated improvements could be made in ensuring oversight of management compliance with board directives, board performance and effectiveness, and representation of the public.

We did not make any recommendations in this report.

2015 Governance Assessment with Responses from Previously Non-Reporting Organizations (October 2015)

This audit updates the exhibits and appendices in our 2015 Governance Assessment report to include the responses from previously non-reporting boards. The Finance and Governance Committee directed us to attempt to obtain responses from the four boards that had not responded to the initial governance survey checklist.

We determined that although adding the responses from the four previously non-reporting boards changed numbers in the exhibits, our overall conclusions remained the same.

Public Private Partnership: KC Streetcar (October 2015)

This audit focused on whether the tri-party agreement governing KC Streetcar protects the city's interests. The agreement established a public private partnership for the operation of the streetcar.

We determined that the Federal Transit Authority's view that Kansas City Streetcar Authority (KCSA) is a no-bid, third party contractor could impact the city's future eligibility for funding for FTA operational grants for the starter line. The city used FTA grants for the construction of the streetcar and although the city does not plan to use federal grants for the operation or maintenance of the streetcar system, if the city ever decides to apply for any, it would have to change how KCSA is procured or receive a written exception allowing KCSA to be exempt from FTA's standard open and competitive bidding process requirement. Additionally, because of the FTA's view of KCSA as a no bid third party contractor, the current arrangement in the agreement for the streetcar's revenue contracts and the expenditure of revenues from those contracts puts the city at risk of conflicting with FTA regulations.

We determined that the tri-party agreement included many recommended practices, but additional practices should be incorporated to better protect the city's interest in KC Streetcar. We found that the city had no

Appendices

systematic and ongoing process to assess whether the public private partnership for KC Streetcar continues to be the optimal governance structure. The annual budget for the streetcar was not presented as a separate entity in the city's budget; the operating budget is in the Finance Department's budget while the annual debt service is in the Public Works Department's budget. Although no revenues had been generated by the streetcar yet, the agreement calls for revenues to be deposited into KCSA's account, which complicates the city's ability to account for its revenues. In addition, the city had not developed key performance indicators to monitor KC Streetcar's accomplishment of strategic goals.

We made recommendations to reduce the city's risk of conflicting with federal grant agreements; making the streetcar budget process more transparent; improving the city's ability to account for its revenues; and improving the city's ability to track the project's performance in accomplishing goals and objectives.

City's Performance Under the HUD Memorandum of Agreement (May 1, 2014 – April 30, 2015) (November 2015)

This audit examined whether the Neighborhoods and Housing Services Department (NHSD) fulfilled the city's contractual obligations under the MOA from May 1, 2014 to April 30, 2015. The MOA establishes performance measures to evaluate the city's development of properties previously held by the Housing and Economic Development Financial Corporation and long-term reform measures to address the city's performance deficiencies in administering HUD grants. We also looked at whether NHSD implemented the recommendations in our December 2014 audit.

We determined that the city met the performance deadlines or repaid HUD for projects with applicable MOA time-sensitive performance deadlines during the audit review period. NHSD also requested performance deadline extensions timely.

We found that the city addressed most of the long-term reform measures required in the MOA and implemented most of the recommendations from our prior audit report. The city could, however, improve its practices by addressing non-compliance and other deficiencies of HOME Investment Partnership Program (HOME) multi-family rental properties more timely and implementing policies and procedures covering Community Development Block Grant (CDBG) activities.

We made recommendations intended to improve the city's monitoring of HOME multi-family rental projects and the city's administration of the CDBG program.

City Could Strengthen Succession Planning Policy (December 2015)

This audit focused on whether the city has developed a succession plan to maintain knowledge, expertise, and leadership continuity. The audit compares a draft succession planning policy developed by the Human Resources Department to recommended practices.

We found that the city's succession planning policy incorporates most recommended practices, including support from top management; data collection to analyze workforce trends; identification of necessary workforce competencies; use of formal training and development activities to prepare employees; and knowledge transfer tools to maintain historical and technical knowledge of employees leaving critical positions.

We determined that the Human Resources Department could strengthen the draft policy by including some additional recommended practices. The policy should require departments to compare current workforce staffing and skills to what the departments will need in the future. The draft policy should expand how critical positions are defined and identify risk factors to those positions. In addition, the policy should include a performance measurement requirements and a requirement for training managers on succession planning.

We made a number of recommendations intended to improve and strengthen the city's draft succession planning policy.

Compliance with Street Plate Requirements Could Improve Ride Quality and Safety (December 2015)

This audit focused on the installation of street plates by contractors and utilities.

We found that the ride quality and safety of city roadways have been diminished because street plates were not installed and maintained according to the city's requirements. Our inspections and ride-alongs with Public Works inspectors found that street plates were not consistently ramped, embedded, or pinned as required, and some plates did not cover the entire excavated area.

We determined that there was not a single source for all city street plate installation requirements which could have contributed to noncompliance with installation requirements.

We made recommendations intended to improve contractor knowledge of street plate requirements and to offer Public Works a broader range of enforcement measures when street plates are not installed properly.

Enterprise Funds: Financial Condition Indicators (January 2016)

This audit focused on evaluating the financial condition of the aviation, sewer, and water funds using financial data from Comprehensive Annual Financial Reports and analysis of financial indicators looking at the use of resources during a fiscal year and the resources available at the end of the fiscal year.

We concluded that the financial condition of the aviation fund was generally favorable. Although the fund was able to meet its current obligations, it may need to increase margins in the future if additional debt is incurred. Most of the aviation fund's indicators associated with the fund's ability to meet long-term obligations were favorable.

We concluded that the financial condition of the sewer and water funds was mostly favorable. The funds had sufficient resources to meet current obligations and most of the indicators related to whether the funds had resources available to meet long-term obligations were favorable.

We recommended the finance director include financial condition ratio analysis and trend data for each of the city's enterprise funds in the city's Popular Annual Financial Report.

Listening to the Workforce – 2016 Employee Ethics Survey (April 2016)

This audit provides results from the 2016 employee ethics survey we conducted to obtain employees' perceptions of the city's ethical environment. We also compared the survey results with those of our 2008 employee survey and identified statistically significant changes.

We determined that employee perceptions of the city's ethical environment have improved since 2008. Employees' responses were statistically more positive for eight of sixteen questions asked in both the 2008 and 2016 surveys. A majority of current employees agreed that Kansas City government is an ethical place to work. In addition, significantly more employees, although not yet a majority, also agreed that top city management and elected officials set good examples of ethical conduct.

Most employees reported being familiar with the city's code of ethics, knowing how to report unethical behavior, and being expected to report unethical behavior. Employees continue to be positive about the ethical example set by their supervisors and department management. Employee knowledge about how to handle ethical concerns, however, is mixed.

Although improving significantly, less than half of employees agreed they could report unethical behavior without fear of retaliation and only about one third of employees believed unethical behavior would probably be detected and punished. Ten to fifteen percent of employees also reported being asked by an elected official or department management to do something that contradicted the city's rules and procedures while performing their job duties during the past twelve months.

We did not make any recommendations in this report.

Land Bank's Contract and Deed of Trust Monitoring Processes Should Be Strengthened (April 2016)

This audit focused on whether Land Bank has monitoring procedures to ensure compliance with contracts and other agreements. The Land Bank's purpose is to manage, sell, transfer, and dispose of real estate located within the city limits that did not sell at Jackson County's annual tax foreclosure sale.

We determined that Land Bank had established policies and procedures for the acquisition and transfer of properties that were based on recommended practices, however, Land Bank did not have any written policies and procedures to monitor or enforce the deeds of trust it issued to property purchasers.

Land Bank did not have policies and procedures that identify and track deed of trust requirements, property code and nuisance violations, and corrective actions. In addition, it did not have a plan in place for how to address unmet deed of trust requirements when the deed expires.

We found that mowing contracts did not always contain accurate information, contractors did not always comply with contract requirements, and some contract monitoring requirements, are beyond Land Bank's capabilities. We did determine that Jackson County is correctly transferring to Land Bank the property taxes paid by purchasers of Land Bank property.

We made recommendations to improve Land Banks' monitoring practices through the development of policies and procedures for verifying, documenting, tracking, and enforcing requirements in Land Bank deeds of trust; and for reviewing, revising, and monitoring Land Bank mowing contracts.

Memoranda

Response to Councilmembers' Questions Related to the Living Wage Ordinance (May 2015)

This memo was in response to Councilmembers' questions related to the Living Wage Ordinance. As requested, we collected questions from councilmembers, forwarded those to experts/city staff, and provided responses to the mayor and City Council.

City Auditor's Office 2015 Annual Report

Appendix B

Reports Issued, Fiscal Years 2013 - 2015

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)

Timeliness of Water System Repair and Surface Restoration (May 2013)

TWS Technical Services, LLC, Improperly Certified as a Minority Business Enterprise (June 2013)

Traffic Management Center (October 2013)

Citywide Overtime (November 2013)

Fire Code Inspection Program (January 2014)

City Owned Surplus Personal Property (February 2014)

Municipal Court Docketing System Security (February 2014)

Managing Community Center Facility Use: Summer 2013 Hockey League at Line Creek (April 2014)

Fire CAD System Preparedness (October 2014)

KC Regional Police Academy: Are All Costs Included in Academy Fees? (November 2014)

City's Performance Under the HUD Memorandum of Agreement (April 1, 2013 – April 30, 2014) (December 2014)

Employees' Response to Phishing Email Put City Information Systems at Risk (March 2015)

Leasing City-Owned Property (April 2015)

Street-Related Permit Fees Need Review and Adjustment (April 2015)

The City Should Follow Recommended Practices to Protect Personally Identifiable Information (April 2015)

City Auditor's Office 2016 Annual Report

A	
Appendix C	
External Quality Control Review	

City Auditor's Office 2016 Annual Report



External Quality Control Review

of the

City of Kansas City, Missouri Office of the City Auditor

Conducted in accordance with guidelines of the

Association of Local Government Auditors

for the period September 1, 2012 through August 31, 2015



Association of Local Government Auditors

October 29, 2015

Douglas Jones, City Auditor Office of the City Auditor City of Kansas City 414 East 12th Street Kansas City, MO 64106

Dear Mr. Jones,

We have completed a peer review of the Office of the City Auditor, City of Kansas City, Missouri, for the period September 1, 2012, through August 31, 2015, and issued our report thereon dated October 29, 2015. 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 office 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 Office of the City Auditor, City of Kansas City, Missouri's, internal quality control system was suitably designed and operating effectively to provide reasonable assurance of compliance with *Government Auditing Standards* for audits during the period of September 1, 2012, through August 31, 2015.

We have prepared a separate letter noting particular areas of strength in your internal quality control system.

Jim Williamson City Auditor

Oklahoma City, OK

Tashonda Cobbs

Senior Auditor

Fulton County Board of Education

Atlanta, GA



Association of Local Government Auditors

October 29, 2015

Douglas Jones, City Auditor Office of the City Auditor City of Kansas City 414 East 12th Street Kansas City, MO 64106

Dear Mr. Jones,

We have completed a peer review of the Office of the City Auditor, City of Kansas City, Missouri, for the period September 1, 2012, through August 31, 2015, and issued our report thereon dated October 29, 2015. There are no formal observations and suggestions stemming from our peer review. However we would like to mention some of the areas in which we believe your office excels:

- High Impact Audit Results: The Office of the City Auditor conducts audits with the potential for
 significant impact that are responsive to the needs and concerns of decision-makers and/or the public.
 Related audit conclusions are persuasive and supported by evidence gathered using appropriate
 research methods and tools. Audit recommendations are feasible and designed to make government
 programs more effective and efficient. Audit results are communicated in a clear, concise way.
- Protecting Independence: The Office of the City Auditor emphasizes maintaining independence
 through formal policies and procedures, forms and templates used in audit engagements, and informal
 staff discussions. The process for evaluating nonaudit services for potential impairments to
 independence is also noteworthy. These practices are effective in protecting the Office of the City
 Auditor's independence to continue to perform audits in accordance with Government Auditing
 Standards.
- Staff Development: The Office of the City Auditor demonstrates a strong commitment to staff
 development through a number of practices which contribute to the Office's continued ability to
 perform high impact audits. These practices include the following:
 - New employee orientation
 - o Meaningful ongoing staff training
 - Staff participation in professional organizations
 - Extended Review Team collaboration

Mr. Douglas Jones October 29, 2015 Page 2

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.

Sincerely,

Jim Williamson City Auditor

Oklahoma City, OK

Tashonda Cobbs Senior Auditor

Fulton County Board of Education

Atlanta, GA

(816) 513-3300

Fax: (816) 513-3305



Office of the City Auditor

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

October 29, 2015

Jim Williamson, City Auditor Office of the City Auditor 200 North Walker Avenue Oklahoma City, OK 73102

Dear Jim:

This letter is my response to your reports on the external quality control review of our office.

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 appreciate your positive comments on the review team's overall impression of the office and the quality of our audit work.

We appreciate you and Tashonda Cobbs taking the time away from your other responsibilities to conduct our peer review and the thoroughness and professionalism with which you and Tashonda conducted the review. We would also like to thank Trevor William's efforts in coordinating our peer review and putting together such a good team.

Sincerely,

Douglas Jones City Auditor

ce: Tashonda Cobbs, Senior Auditor, Fulton County Board of Education

City Auditor's Office 2016 Annual Report

(As of April 30, 2016)

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

Terry Bray, MS
Mary Jo Emanuele, MBA, CIA, CGFM
Nancy Hunt, MBA, JD
Jonathan Lecuyer, MPA
Joyce Patton, MS, CPA
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Sue Polys, MA, CIA, CGAP, CFE
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Vivien Zhi, MS, CISA