



Office of the City Auditor Annual Report Fiscal Year 2021

June 17, 2021

Honorable Mayor and Members of the City Council:

Fiscal year 2021 was a challenging year for the City Auditor's Office as well as the rest of Kansas City government. The global pandemic required us to adapt and overcome significant changes to our work environment and processes while continuing our work on behalf of the Mayor, City Council, and Kansas City residents. The retirements of the office's two most senior audit managers and the loss of their 60 years of audit experience created additional challenges for the office that need to be addressed in fiscal year 2022.

We released six audits in fiscal year 2021, (one less than our goal) that strengthen city government's accountability and transparency, and made recommendations to improve city operations. The potential direct financial impact of these audits is about \$20.3 million through potential new revenues or avoided costs.

The City Council directed the city auditor to audit the use of city buildings and facilities. We released the audit report within the short timeframe and covered the five audit objectives (most audits have one or two) as directed by the City Council. To do this audit, I suspended four other audits we were working on and assigned all staff to the new project. Although this impacted the number of audits we released last year, there were also positive impacts on our office. The talents of the entire office were combined into one project and staff were able to learn from one another and re-establish a sense of teamwork following the retirements noted earlier and after working remotely for several months.

We were honored to receive a national award for our audit work. The Association of Local Government Auditors awarded a 2020 Distinguished Knighton Award for best performance audit in the medium shop category to our [City Hall Office Space Under Used, Significant Costs to Consolidate Office Space](#) audit. Judges noted "*This large undertaking by the Office of the City Auditor provided decision makers with valuable information and feasible recommendations to implement practices that could lead to efficiencies and cost savings.*"

Thank you to the Mayor and City Council for your 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

City Auditor's Office 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

Office of the City Auditor, Kansas City, Missouri

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Kansas City, MO 64106

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 @KCMOCityAuditor
kcmo.gov/cityauditor

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 2021

Inputs	
Expenditures	\$1,322,609
Auditors	7.2
Outputs	
Audit Reports Issued (Goal = 7)	6
Administrative Reports Issued	2
Memoranda	0
Outcomes	
Recommendation Agreement Rate ¹ (Goal = 90%)	95%
Recommendation Implementation Rate ² (Goal = 75%)	70%
Potential Direct Financial Impact	\$20,256,500
Potential Indirect Financial Impact	\$12,353,967
Efficiency	
Average Hours per Audit Report	1,951

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

Audits and hours per report. Audits are our primary output and we issued six audit reports in fiscal year 2021, one less than our goal. (Report summaries are on page 5.) These audits took an average of 1,951 hours to complete. The use of city buildings and facilities audit the City Council directed us to conduct had an impact on the number of audits we were able to issue and the average hours to complete audits. Issuing this audit report by the date requested by the City Council required the suspension of four audits that were in progress, assigning all audit staff to the audit, and about 3,600 staff hours.

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 these audits through new revenues or avoided costs is about \$20.3 million. In other words, for every \$1 we spent, our audit work identified about \$15.32 in potential direct financial impacts.

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 made recommendations and provided information to improve how nearly \$12.4 million in public monies are used, overseen, or managed.

¹ Percentage of recommendations with which management agreed.

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, 2021. The fiscal year 2021 rate reports the implementation of recommendations made in fiscal year 2019.

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 percent of our audit recommendations. In fiscal year 2021, we made 44 recommendations and management agreed with 95 percent of our recommendations.

We also have a goal for 75 percent of our recommendations to be implemented within two years of when an audit is issued. About 70 percent of our fiscal year 2019 recommendations have been implemented according to Audit Report Tracking System (ARTS) reports submitted by management.

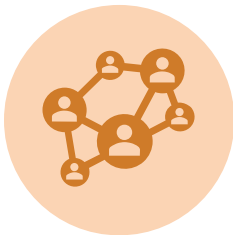
National Audit Award



We received a national award for our audit work. The Association of Local Government Auditors awarded a 2020 Distinguished Knighton Award for best performance audit in the medium shop category to our [City Hall Office Space Under Used, Significant Costs to Consolidate Office Space](#) audit. (Award letter starts on page 6.) Judges noted:

- *The report was comprehensive and all-encompassing taking into account use of City Hall office space, city owned buildings, leased buildings and telecommuting.*
- *This large undertaking by the Office of the City Auditor provided decision makers with valuable information and feasible recommendations to implement practices that could lead to efficiencies and cost savings.*

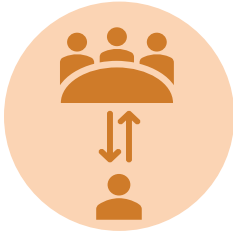
Communicating Results and Engaging the Public



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 internal and external groups such as the city's Community Engagement University about the work of the City Auditor's Office.
- Asking the public for their audit suggestions, which they can submit through our website or Twitter account.
- Using our 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.

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 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

The city auditor is appointed by and reports to the Mayor and City Council. The city auditor is independent of the city manager.

Highly Qualified Professional Audit Staff



The City Auditor’s Office has nine full-time staff. All professional staff have advanced degrees in fields such as business, public, or health services administration; accounting; economics; and psychology. As an office, we have 137 years of audit experience, nearly all of it auditing Kansas City government.

Staff hold professional certifications. The office encourages staff to obtain professional certifications related to our work. Five staff members have one or more professional certifications.

Professional Certifications

Professional Certification	Number
Certified Internal Auditor	2
Certified Government Auditing Professional	2
Certified Information Systems Auditor	2
Certified Public Accountant	1
Certified Fraud Examiner	1
Certification in Risk Management Assurance	1

Source: City Auditor’s Office records.

Required continuing professional education. All staff met requirements for continuing professional education hours, completing an average of 104 hours over the last two fiscal years. The [Government Auditing Standards](#) we follow require that each audit staff member complete at least 80 hours of continuing professional education every two years. Over the last year auditors obtained required training by attending webinars and online workshops and seminars. Training topics included auditing, accounting, cybersecurity, data security, risk management, ethics, fraud, report writing, and internal controls.

We are active in our profession. The office and individual staff members are active in several professional associations of auditors, accountants, and public managers. The city auditor and several staff serve in leadership roles for some of these organizations. For example, the city auditor serves on the Domestic Working Group, an advisory council to the U.S. comptroller general and one staff member is the Vice President for the Kansas City Chapter of the Information Systems Audit and Control Association. The city auditor and staff also chair or serve on committees of the Association of Local Government Auditors and the Missouri Society of Certified Public Accountants.

³ Article II, Section 216 of the Charter of Kansas City, Missouri.

⁴ Revised Statutes of Missouri §84.350.2.

Performance Audits Issued in Fiscal Year 2021 (May 2020 – April 2021)



[Board Appointments Not Current, Formal Process Needed to Assist Appointing Officials](#) (October 2020)

This audit evaluated whether city-appointed board and commission membership is current. Our recommendations to the city clerk were directed towards designing and implementing a process that addresses board application, appointment, and commissioning; management and accuracy of board data; and retention of board documentation.

[City Hall Office Space Under Used, Significant Costs to Consolidate Office Space](#) (December 2020)

The City Council passed Resolution 200679 directing the city auditor to assess the city's management of real estate related to the use of facilities by city departments. Our recommendations to the city manager and director of general services were directed towards developing information to assess future space use and needs, collecting data on city-owned parcel use, and continuing the process to identify and dispose of surplus city-owned properties.

[Continuous Auditing: Few Duplicate Payments, Some Improvements Needed](#) (March 2021)

This audit focused on identifying duplicate payments and processes that could be strengthened to prevent them. Our recommendations to the director of finance were directed towards improving duplicate payment recovery efforts, further reducing the frequency of duplicate payments by improving training and written procedures and implementing ongoing procedures to monitor for suppliers with multiple identification numbers.

[Change Needed to Align On-Street Parking Enforcement with City Goals](#) (April 2021)

This audit focused on actions the city could take to improve on-street parking enforcement in downtown Kansas City, Missouri. Our recommendation to the city manager was to explore returning parking enforcement to a city department, outsource enforcement, or identify other enforcement options.

[Community Improvement Districts: Strong Oversight Needed to Ensure Public Benefit, Transparency, and Accountability](#) (April 2021)

This audit assessed whether the city is exercising oversight of Community Improvement Districts (CIDs). Our recommendations to the city manager and director of city planning and development were directed towards improving existing CID policy to strengthen oversight, transparency, and accountability of CID activities and compliance with reporting requirements. This audit was inspired by audit suggestions from the public.

[Network Accounts Not Current, Updating and Monitoring Needed](#) (April 2021)

This audit evaluated whether computer network accounts to the city's information technology network are current. The director of general services agreed or partially agreed with all our recommendations. The full audit report is a closed record under RSMo §610.021(21).

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

[Annual Report: Audits and Activities of the City Auditor's Office in Fiscal Year 2020](#) (June 2020)

[Implementation Status of Audit Recommendations – Fiscal Years 2016-2020](#) (February 2021)

Knighton Award Letter



Association of Local Government Auditors

April 8, 2021

Douglas Jones
City Auditor
414 E 12th Street
21st Floor City Hall
Kansas City, MO 64106

RE: 2020 Knighton Award Winner

Dear Douglas Jones:

The Association of Local Government Auditors (ALGA) Awards Program Committee is pleased to announce that the City of Kansas City, City Auditor's Office, *City Hall Office Space Under Used, Significant Costs to Consolidate Office Space*, won a 2020 Distinguished Knighton Award in the Medium Shop Category.

ALGA was founded in 1985 to serve auditors who specialize in working with local governments. ALGA members represent approximately 300 local government audit organizations. Unlike the majority of auditors who work within a single industry, local government auditors must work in an environment that encompasses a wide variety of industries. Local government auditors are committed to helping their governments improve service delivery to citizens while doing so more efficiently and effectively with the limited resources available. In making the award, the judges commented:

The City of Kansas City, Missouri report on City Hall Office Space Under Used, Significant Costs to Consolidate Office Space is a universal topic that nearly all municipalities can relate to. The judges found the subject matter to be responsive to the needs and concerns of the public with the potential to be highly impactful. The report was comprehensive and all-encompassing taking into account use of City Hall office space, city owned buildings, leased buildings and telecommuting. The amount of data analyzed and presented was impressive without being overwhelming to the reader. The report was easy to read, and good use of visuals throughout and exhibits placed at the end of the report allowed the reader to take in the key points. This large undertaking by the Office of the City Auditor provided decision makers with valuable information and feasible recommendations to implement practices that could lead to efficiencies and cost savings. The timing of this report was perfect as many municipalities are facing budget issues and remote working conditions.

To encourage increasing levels of excellence among local government auditors, ALGA created the Knighton Award in 1995 to recognize the best performance audit reports produced by local government audit shops in the previous year. Each year, local government audit organizations submit their best performance audit report to be evaluated against four criteria: (1) an audit scope that has the potential for significant impact, and is responsive to the needs and concerns of decision-makers and/or the public; (2) audit conclusions that are persuasive, logical, and firmly supported by the evidence, which was gathered using appropriate research methods and



Association of Local Government Auditors

tools; (3) audit recommendations that are feasible, and will make government programs more effective and efficient; and (4) audit results that are communicated in a clear, concise way. Judges from peer organizations determined that the City of Kansas City, City Auditor's Office report was among the best of 2020.

Congratulations for receiving this award!

Sincerely,

Larry Stafford, President
ALGA

Hannah Gardener, Chair
ALGA Awards Program Committee

cc: Quinton Lucas, Mayor, Kansas City, Missouri



City Auditor's Office Staff

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

Terry Bray, MS – Senior Auditor

Nancy Hunt, MBA, JD – Audit Manager
(Retired June 30, 2020, after 27 years, 10 months of city service)

Kara Jorgensen, MBA - Auditor

Jonathan Lecuyer, MPA, MAE – Senior Auditor

Joyce Patton, MS, CPA – Senior Auditor

Sue Polys, MA, CIA, CGAP, CFE – Audit Manager

Joan Pu, MPA, CISA – Senior Auditor

Paulette Smith, BA – Executive Assistant

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>*

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