



# Office of the City Auditor

## Annual Report

### Fiscal Year 2022

June 13, 2022

Honorable Mayor and Members of the City Council:

Fiscal year 2022 was a successful year for the City Auditor's Office. We met our goal of issuing six performance audits in fiscal year 2022. Our audits helped strengthen city government's accountability and transparency and made recommendations to improve city operations.

Our audits covered topics in each of the City Council goal areas in the Citywide Business Plan. We evaluated lease payments, purchasing cards, body-worn cameras, illegal dumping, GOKc sidewalk inspections, and board financial disclosures. The potential direct and indirect financial impacts of these audits is about \$46.2 million.

We passed our required peer review, receiving the highest possible rating. The reviewers determined the City Auditor's Office complied with the *Government Auditing Standards* issued by the U.S. Comptroller General. This compliance is a testament to the hard work by audit staff to meet these rigorous requirements and produce high-quality, objective, and independent audit reports that the Mayor, City Council, and the public can rely on.

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

Douglas Jones, CGAP, CIA, CRMA  
City Auditor

#### Our 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



KANSAS CITY  
MISSOURI

Office of the City Auditor  
Douglas Jones, CGAP, CIA, CRMA – City Auditor  
21st Floor, City Hall, 414 E. 12th St.  
Kansas City, Missouri 64106

816-513-3300  
cityauditor@kcmo.org  
@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 2022

Inputs	
Expenditures	\$1,163,665
Auditors	5.9
Outputs	
Audit Reports (Goal = 6)	6
Council Memos	1
Administrative Reports	4
Outcomes	
Recommendation Agreement Rate <sup>1</sup> (Goal = 90%)	89%
Recommendation Implementation Rate <sup>2</sup> (Goal = 75%)	69%
Potential Direct Financial Impact	\$822,227
Potential Indirect Financial Impact	\$45,426,356
Efficiency	
Average Hours per Audit Report	1,557

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

**Audits and hours per report.** Performance audits are our primary output. We achieved our goal of issuing six audit reports in fiscal year 2022. Brief summaries of these audits are on page 5. These audits took an average of 1,557 hours to complete; a reduction from 1,951 hours in fiscal year 2021.

**Potential financial impacts.** Our audits can have a potential direct financial impact on city government through recommendations and information to reduce, avoid, or recover costs, or increase revenues. The potential direct financial impact of audits we issued in fiscal year 2022 is about \$822,000.

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 about \$45.4 million in public monies and assets are used or managed.

In other words, for every \$1 we spent last fiscal year, our audit work identified about \$39.74 in potential direct and indirect financial impacts.

<sup>1</sup> Percentage of recommendations with which management agreed.

<sup>2</sup> 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, 2022. The fiscal year 2022 rate reports the implementation of recommendations made in fiscal year 2020.

**Implementation of audit recommendations.** Auditing alone does not directly produce benefits. The benefits come from implementing audit recommendations which cannot be effective without management’s support. To measure the effectiveness of our recommendations, our goal is to achieve management agreement with 90% of our audit recommendations. We made 48 recommendations in fiscal year 2022. Management agreed with 89% of our recommendations.

We also have a goal for 75% of our recommendations to be implemented within two years of when an audit is issued. We track implementation through Audit Report Tracking System (ARTS) reports submitted by management. Management has reported implementing about 69% of our fiscal year 2020 recommendations.

## Required Peer Review



Every three years the City Auditor’s Office is ‘audited’, and this is called a peer review. The office’s most recent required peer review happened at the end of February 2022. We successfully passed our 10<sup>th</sup> peer review, receiving the highest possible rating.

In addition to the peer review team’s compliance opinion, they also issued a management letter with observations on areas in which they believed we excelled and suggestions to enhance our demonstrated adherence to the standards. The peer review report and city auditor’s response begin on page 7.

As government auditors we follow the [Government Auditing Standards](#). These standards provide a framework for performing high quality, objective, and independent audit work. To comply with these standards, we must obtain an external peer review conducted by independent reviewers once every three years.

## Communicating Results and Engaging the Public



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

- Publishing our audits and other reports on our website.
- Publicly presenting our audits and other reports to the City Council, and city boards and commissions.
- Talking to residents at the city’s Community Engagement University or councilmember constituent meetings 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.
- 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.<sup>3</sup> The charter grants the city auditor complete access to the books, records, and employees of city government. Additionally, state statues authorize the city auditor to audit the Kansas City, Missouri, Police Department.<sup>4</sup>

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 currently has eight full-time staff and the average tenure with the city is just over 20 years. All professional audit staff have master’s degrees in fields such as business, public, or health services administration; accounting; economics; and psychology. As an office, we have 118 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. Four auditors have one or more professional certifications.

### Professional Certifications

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

Source: City Auditor’s Office records.

**Required continuing professional education.** All professional audit staff met the requirements for continuing professional education hours, completing an average of 101 hours over the last two fiscal years. The *Government Auditing Standards* require each auditor to complete at least 80 hours of continuing professional education every two years. Over the last year auditors obtained required training by attending webinars, 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 Secretary 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.

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

<sup>4</sup> [Revised Statutes of Missouri §84.350.2.](#)

## Performance Audits Issued in Fiscal Year 2022 (May 2021 – April 2022)



### [Leases Not Actively Managed, City Owed Money](#) (July 2021)

This audit evaluated whether the city is receiving all rent payments due for leased properties and whether the city has a below-market rate lease policy. We made recommendations to the city manager and director of general services directed towards improving the city's lease management program and enhancing the transparency and oversight of below-market rate leases.

### [Purchasing Cards Not Always Used as Intended, Additional Oversight Needed](#) (December 2021)

This audit focused on determining whether purchasing cards are used as intended and identifying program improvements needed to reduce the risk of card misuse. We recommended the directors of finance and general services improve the guidance and training provided to cardholders and staff approving purchases, and strengthen program controls.

### [Police Body-Worn Camera Use Generally Follows Policy, Some Opportunities for Improvement](#) (April 2022)

City Council Resolution 200422 directed the city auditor to audit the Kansas City, Missouri, Police Department's body-worn camera program. This audit assessed police officers' use of body-worn cameras and the department's handling of the related video recordings. We made recommendations to the chief of police directed towards clarifying and strengthening the body-worn camera policy and improving recording, classification, and handling of videos and monitoring of the program.

### [Better Data, Analysis, Goals, and Community Engagement Needed to Combat Illegal Dumping](#) (April 2022)

This audit focused on determining how long it takes the Public Works Department to respond to illegal dumping service requests and efforts to engage the community to reduce illegal dumping. We recommended the director of public works consolidate illegal dumping service request intake and data, analyze response times and establish response time goals, and develop an anti-illegal dumping campaign using a community engagement framework. This audit was inspired by audit suggestions from the public.

### [Sidewalk Program Needs to Improve Warranty Inspections, Implement Past Recommendations](#) (April 2022)

This follow-up audit of the GOkc Sidewalk Program evaluated the Public Works Department's implementation of warranty inspections and previous audit recommendations related to contract enforcement of sidewalk construction. We made recommendations to the director of public works directed towards improving construction and warranty inspections for GOkc sidewalk projects.

### [Boards and Commissions Financial Disclosures Need Timely Filing](#) (April 2022)

This audit of boards and commissions assessed whether board and commission members are filing conflict of interest disclosure forms as required by city code and whether the current disclosure captures potential conflicts of interest. We recommended the city clerk improve processes for collecting the annual conflict of interest disclosure forms and communicating board members' filing status. We recommended the city attorney review and potentially change the City Code of Ethics to increase transparency.

## Memos and Other Reports Issued in Fiscal Year 2022



**Council Memos.** Elected officials occasionally request we conduct limited scope work on specific topics such as pending legislation, issues, or questions about city operations. The resulting memo is not considered an audit.

[\*Council Memo - Council Direction to Prioritize Sidewalk Repairs and Replacement Near Schools\*](#) (March 2022)

Councilmember Barnes asked if recent legislation (Resolution 211098) directing the city manager to prioritize sidewalk construction or replacement near schools using GO Bonds was consistent with the ballot language approved by voters in April 2017. Our memo notes the direction given by the City Council appears to be consistent with the GO Bond ballot language

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

[\*Office of the City Auditor Annual Audit Plan Fiscal Year 2022\*](#) (May 2021)

[\*Annual Report Office of the Auditor Fiscal Year 2021\*](#) (June 2021)

[\*Office of the City Auditor Annual Audit Plan Fiscal Year 2023\*](#) (January 2022, Updated May 2022)

[\*2022 External Quality Control Review \(Peer Review\)\*](#) (March 2022)



## 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, 2018 – August 31, 2021



## Association of Local Government Auditors

March 3, 2022

Douglas Jones, City Auditor  
Office of the City Auditor  
City of Kansas City  
414 East 12<sup>th</sup> 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, 2018, through August 31, 2021. In accordance with generally accepted government auditing standards peer review requirements, we followed the standards and guidelines contained in the *Peer Review Guide* published by the Association of Local Government Auditors (ALGA).

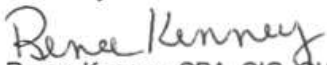
We reviewed the internal quality control system of your audit organization and conducted tests to determine whether your internal quality control system was adequately designed and operating effectively to provide reasonable assurance of compliance with *Government Auditing Standards* issued by the Comptroller General of the United States and applicable legal and regulatory requirements. Our procedures included:


- Reviewing the audit organization's written policies and procedures.
- Reviewing internal monitoring procedures.
- Reviewing a sample of audit engagements 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. Organizations can receive a rating of pass, pass with deficiencies, or fail. The Office of the City Auditor, City of Kansas City has received a rating of pass.

Further, based on the results of our review, it is our opinion that the Office of the City Auditor, City of Kansas City internal quality control system was adequately designed and operating effectively to provide reasonable assurance of compliance with *Government Auditing Standards* and applicable legal and regulatory requirements for audits during the period of September 1, 2018, through August 31, 2021.

We have prepared a separate letter offering suggestions to further strengthen your internal quality control system.

  
Renee Kenney, CPA, CIG, CIA, CISA  
Inspector General  
Maryland-National Capital Park  
and Planning Commission

  
Achu Nyindem, CIA, CRMA  
Internal Auditor II  
Mecklenburg County Government, NC





## Association of Local Government Auditors

March 3, 2022

Douglas Jones, City Auditor  
Office of the City Auditor  
City of Kansas City  
414 East 12<sup>th</sup> 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 (Office), for the period September 1, 2018, through August 31, 2021, and issued our report thereon dated March 3, 2022. We are issuing this companion letter to offer certain observations and suggestions stemming from our peer review.

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

- **Workpaper Documentation.** The Office consistently ensures workpapers facilitate the planning, performance, and supervision of performance audits. This includes obtaining sufficient information to support findings and recommendations. To accomplish this, the Office utilizes several monitoring and quality control tools. Examples include:
  - Each audit contains a Quality Control Guide (QCG). The purpose of the QCG is to ensure compliance with government auditing standards and Office policies and procedures. The QCG requires the Audit Manager to certify the sufficiency and appropriateness of the evidence.
  - Audit report referencing (i.e., indexing the draft report to the support workpapers) is comprehensive. Office policies and procedures require referencing of statements, conclusions, recommendations, and summaries.

We offer the following observations and suggestions to enhance your organization's demonstrated adherence to *Government Auditing Standards*:

- **Standard 5.44** requires the audit organization to analyze and summarize the results of its monitoring process at least annually, with identification of any systemic or repetitive issues needing improvement, along with recommendations for corrective action.
- **Standard 5.45** requires the audit organization to evaluate the effects of the deficiencies noted during the monitoring of the audit organization's system of quality control to determine and implement appropriate actions to address the deficiencies.

The required analysis and evaluation were completed for Fiscal Year 2019, but due to staffing reductions, it was not completed for Fiscal Years 2020 and 2021. Approximately 68% (13 out of 19) of performance audits completed during the peer review period were not subject to the required analysis and evaluation.

Association of Local Government Auditors  
Companion Letter – Office of the City Auditor, City of Kansas  
Page 2

The standards referenced above strengthen an audit office's overall quality control program. However, the lack of an annual review is not indicative of deficiencies in individual audits within the Office.

Filling the vacant Audit Manager position would assist the Office in conducting the required annual analysis and evaluation to fully comply with this requirement.

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



Renee Kenney, CPA, CIG, CIA, CISA  
Inspector General  
Maryland-National Capital Park  
and Planning Commission



Achu Nyindem, CIA, CRMA  
Internal Auditor II  
Mecklenburg County Government, NC

CITY OF FOUNTAINS  
HEART OF THE NATION



KANSAS CITY  
MISSOURI

## Office of the City Auditor

21<sup>st</sup> Floor, City Hall  
414 East 12<sup>th</sup> Street  
Kansas City, Missouri 64106

(816) 513-3300  
Fax: (816) 513-3305

March 3, 2022

Renee Kenney, CPA, CIG, CISA, CIA  
Inspector General  
Maryland-National Capital Park and Planning Commission

Achu Nyindem, CIA, CRMA  
Internal Auditor II  
Mecklenburg County Government, NC

Dear Ms. Kenney and Mr. Nyindem:

Thank you for conducting the required external quality control review of the City of Kansas City, Missouri, City Auditor's Office.

I am pleased the review team concluded that the City Auditor's Office complies with *Government Auditing Standards*. We have 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; how well our documentation facilitates planning, supervision, and the collection of sufficient evidence for our audits; and the monitoring and quality control tools we use to accomplish this.

I agree with the review team's observations regarding the annual quality monitoring reviews we did not complete. We will redesign our annual quality monitoring process to take into account our other rigorous quality control processes and staffing, and update our policies and procedures.

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

Sincerely,

A handwritten signature in blue ink that reads 'Douglas Jones'.

Douglas Jones, CGAP, CIA, CRMA  
City Auditor

cc: Trevor Williams, Chief Audit Executive, Florida International University



## City Auditor's Office Staff

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

**Terry Bray, MS – Senior Auditor**

**Kara Jorgensen, MBA - Auditor**

**Jonathan Lecuyer, MPA, MAE – Senior Auditor**

**Joyce Patton, MS, CPA – Senior Auditor**

(Retired July 31, 2021, after 25 years of city service)

**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>***



**KANSAS CITY  
MISSOURI**

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 @KCMOCityAuditor

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