

***UNIFIED GOVERNMENT OF WYANDOTTE COUNTY /  
KANSAS CITY, KANSAS***

OMB *CIRCULAR A-133*, SINGLE AUDIT REPORT

YEAR ENDED DECEMBER 31, 2009

WITH

INDEPENDENT AUDITORS' REPORT

UNIFIED GOVERNMENT OF WYANDOTTE COUNTY /  
KANSAS CITY, KANSAS

OMB *CIRCULAR A-133*, SINGLE AUDIT REPORT

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**UNIFIED GOVERNMENT OF WYANDOTTE COUNTY /  
KANSAS CITY, KANSAS**

OMB *CIRCULAR A-133*, SINGLE AUDIT REPORT

Year Ended December 31, 2009

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*This is a copy of the County's single audit report reproduced from an electronic file. An original copy of this document is available at the County's office.*

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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Board of Commissioners  
**Unified Government of Wyandotte County /  
Kansas City, Kansas**

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Unified Government of Wyandotte County / Kansas City, Kansas (Unified Government), as of and for the year ended December 31, 2009, which collectively comprise the Unified Government's basic financial statements, and have issued our report thereon dated June 18, 2010. Our report includes a reference to other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Other auditors audited the financial statements of the Board of Public Utilities, as described in our report on the Unified Government's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Unified Government's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Unified Government's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Unified Government's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a

material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2009-1 and 2009-2 to be material weaknesses.

A *significant deficiency* is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2009-3, 2009-4, and 2009-5 to be significant deficiencies.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the financial statements of the Unified Government are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the Unified Government in a separate letter dated June 18, 2010.

The Unified Government's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the Unified Government's responses, and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the Board of Commissioners, management, others within the entity, federal awarding agencies and pass-through entities and is not intended to be, and should not be, used by anyone other than these specified parties.

*Allen, Gibbs & Houlik, L.C.*  
CERTIFIED PUBLIC ACCOUNTANTS

June 18, 2010  
Wichita, Kansas

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO  
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL  
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

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Board of Commissioners  
**Unified Government of Wyandotte County /  
Kansas City, Kansas**

Compliance

We have audited the compliance of the Unified Government of Wyandotte County / Kansas City, Kansas (Unified Government), with the types of compliance requirements described in the OMB *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2009. The major federal programs of the Unified Government are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the management of the Unified Government. Our responsibility is to express an opinion on the compliance of the Unified Government, based on our audit.

The Unified Government's basic financial statements include the operations of the Board of Public Utilities, a major fund, whose federal awards are not included in the Schedule of Expenditures of Federal Awards for the year ended December 31, 2009. Our audit, described below, did not include the operations of the Board of Public Utilities, which engaged other auditors to perform an audit in accordance with OMB Circular A-133.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the compliance of the Unified Government with those requirements, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the compliance of the Unified Government with those requirements.

In our opinion, the Unified Government complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2009. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements that are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as findings 2009-6, 2009-7, 2009-8 and 2009-9.

## Internal Control Over Compliance

Management of the Unified Government is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Unified Government's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Unified Government's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies as described in the accompanying schedule of findings and questioned costs as findings 2009-6, 2009-7, 2009-8 and 2009-9. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

The Unified Government's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the Unified Government's responses, and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the Board of Commissioners, management, others within the entity, federal awarding agencies and pass-through entities and is not intended to be, and should not be, used by anyone other than these specified parties.

*Allen, Gibbs & Houlik, L.C.*  
CERTIFIED PUBLIC ACCOUNTANTS

July 19, 2010  
Wichita, Kansas

INDEPENDENT AUDITORS' REPORT  
ON SUPPLEMENTARY INFORMATION  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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Board of Commissioners  
**Unified Government of Wyandotte County /  
Kansas City, Kansas**

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Unified Government of Wyandotte County / Kansas City, Kansas (Unified Government) as of and for the year ended December 31, 2009, and have issued our report thereon dated June 18, 2010. We did not audit the financial statements of the Board of Public Utilities, which is both a major fund and 86%, 81%, and 88%, respectively, of the assets, net assets, and revenues of the business-type activities. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Board of Public Utilities, is based solely on the report of the other auditors.

Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise the Unified Government's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the Board of Commissioners, management, others within the entity, federal awarding agencies and pass-through entities and is not intended to be, and should not be, used by anyone other than these specified parties.

*Allen, Gibbs & Houlik, L.C.*

June 18, 2010

UNIFIED GOVERNMENT OF WYANDOTTE COUNTY /  
KANSAS CITY, KANSAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended December 31, 2009

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SECTION I – SUMMARY OF AUDITORS' RESULTS

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FINANCIAL STATEMENTS

Type of auditors' report issued:

Unqualified

Internal control over financial reporting:

- Material weaknesses identified?   X   yes        no
- Significant deficiencies identified that are not considered to be material weaknesses?   X   yes        none reported
- Noncompliance material to financial statements noted?        yes   X   no

FEDERAL AWARDS

Internal control over major programs:

- Material weaknesses identified?        yes   X   no
- Significant deficiencies identified that are not considered to be material weaknesses?   X   yes        none reported

Type of auditors' report issued on compliance for major programs:

Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133?

  X   yes        no

UNIFIED GOVERNMENT OF WYANDOTTE COUNTY /  
KANSAS CITY, KANSAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended December 31, 2009

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SECTION I – SUMMARY OF AUDITORS' RESULTS  
(Continued)

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Identification of major programs:

<u>CFDA NUMBER</u>	<u>NAME OF FEDERAL PROGRAM</u>
14.218	Community Development Block Grants
14.228	Community Development Block Grants / State's Program and Non-entitlement Grants in Hawaii
14.257	Homelessness Prevention and Rapid Re-housing Program (HPRP)(Recovery Act Funded)
16.738	Edward Byrne Memorial Justice Assistance Grant Program
93.044 / 93.045 / 93.053	Aging Cluster: Special Programs for the Aging – Title III Part B, Title III, Part C and Nutrition Services Incentive Program
93.069	Public Health Emergency Preparedness
97.067	Homeland Security Grant Program Cluster

Dollar threshold used to distinguish  
between type A and type B programs:

\$ 334,667

Auditee qualified as low-risk auditee?

       yes   X   no

**UNIFIED GOVERNMENT OF WYANDOTTE COUNTY /  
KANSAS CITY, KANSAS**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

Year Ended December 31, 2009

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**SECTION II – FINANCIAL STATEMENT FINDINGS**

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**Finding 2009-1: Preparation of the Financial Statements (Material Weakness)**

**Condition:** The Unified Government's management is responsible for the accuracy, completeness, and fairness of data presented in the Comprehensive Annual Financial Report, including all disclosures. There are deficiencies in the controls over the period-end financial reporting process, including a) a deficiency among accounting personnel in understanding the Governmental Accounting Standard Board (GASB) guidance related to governmental generally accepted accounting principles to record financial transactions and to prepare the annual financial statements, and b) a deficiency in controls over procedures used to initiate, authorize, record and process journal entries into the general ledger, and record recurring and nonrecurring adjustments to the financial statements.

During the audit process, several material adjusting entries were made to correct journal entries previously posted by management. In addition, material adjustments were made to the financial statements, including:

- to reconcile and record activity related to STAR and TDD bonds and certificates of participation
- to adjust long-term debt activity between governmental and enterprise funds
- to reconcile and record activity related to bond premiums, discounts and costs of issuance
- to adjust activity related to temporary note proceeds and payments
- to reconcile and record activity related to compensated absences
- to adjust amounts recorded for capital assets for both the enterprise funds and governmental activities
- to reconcile and record pollution remediation and landfill closure / post-closure obligations
- to adjust to two significant estimates for incurred but not reported health and workers' compensation claims and for other post-employment benefits
- to adjust amounts recorded for early termination benefits
- to adjust accrued interest payable on governmental fund type long-term debt
- to reconcile and adjust activity related to capital leases
- to adjust the balance of special assessments receivable

**Criteria or Specific Requirement:** Internal controls should be designed to provide adequate control over the preparation of reliable financial statements.

**Cause:** Accounting personnel responsible for preparation of the Comprehensive Annual Financial Report are not adequately trained in generally accepted accounting principles issued by the GASB.

**Effect:** Lack of controls and procedures could result in a material misstatement to the financial statements.

**Recommendation:** We recommend management evaluate and strengthen controls and procedures to capture the information needed to identify, authorize, record and process recurring and

**UNIFIED GOVERNMENT OF WYANDOTTE COUNTY /  
KANSAS CITY, KANSAS**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

Year Ended December 31, 2009

nonrecurring journal entries and year-end adjustments to the financial statements. We also recommend management consider additional training for staff in the preparation of financial statements, and ensure that key personnel in the accounting area are trained in the requirements of governmental accounting and reporting.

**Management Response:** Management recognizes that various year-end entries that could be completed internally. Our goal is to continue to make progress towards staff assuming this responsibility. We are willing to work with our external auditors to provide additional training and are willing to consider other options that they may identify.

**UNIFIED GOVERNMENT OF WYANDOTTE COUNTY /  
KANSAS CITY, KANSAS**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

Year Ended December 31, 2009

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**SECTION II – FINANCIAL STATEMENT FINDINGS**

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**Finding 2009-2: Accounting for Capital Assets (Material Weakness)**

**Condition:** Capital asset data reported for both governmental activities and the enterprise funds was found to include errors relating to the accuracy and completeness of the data. Control deficiencies exist pertaining to: a) the identification of completed construction in process (CIP) projects so that they can be removed from CIP, b) the identification of asset disposals, c) the accuracy of depreciation schedules for enterprise funds, d) the lack of a formal process to evaluate CIP projects as being capital in nature vs. projects that should be expensed, e) the reconciliation of capital asset activity to the general ledger or Comprehensive Annual Financial Report, and f) the identification of asset acquisitions funded by federal grant programs to ensure compliance with federal regulations. We recommend procedures be designed and implemented that ensure all capital asset activity is identified, evaluated for recording as a capital asset, and properly reconciled to the general ledger.

**Criteria or Specific Requirement:** Internal controls should be designed so that transactions are properly recorded and accounted for, to permit the preparation of reliable financial statements.

**Cause:** Accounting personnel responsible for preparation of the Comprehensive Annual Financial Report are not adequately trained in generally accepted accounting principles issued by the GASB. Additionally, formal policies and procedures are not in place to address the steps required in accounting for the accuracy and completeness of data, including monitoring and review procedures over the process.

**Effect:** Lack of controls and procedures could result in a material misstatement of the financial statements.

**Recommendation:** We recommend procedures be designed and implemented that ensure all capital asset activity is identified, evaluated for recording as a capital asset, and properly reconciled to the general ledger.

**Management Response:** In 2009, Finance and Accounting placed an emphasis on conversion of the capital asset data base. Finance and Accounting staff are committed to identifying and recording completed capital projects. This past year projects bonded and completed in 2008 were closed and recorded with the intention of reviewing 2009 bonded projects in 2010. Finance will further discuss this process to ensure that procedures are refined if necessary.

**UNIFIED GOVERNMENT OF WYANDOTTE COUNTY /  
KANSAS CITY, KANSAS**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

Year Ended December 31, 2009

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**SECTION II – FINANCIAL STATEMENT FINDINGS**

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**Finding 2009-3: Municipal Court (Significant Deficiency)**

**Condition:** During our review of internal controls in the Municipal Court, we noted that Municipal Court personnel are unable to generate a listing of bonds outstanding for the bond accounts, and that there is currently no reconciliation being done between the total bonds outstanding and the bank account balance. We also noted that clerks in Municipal Court have the ability to accept and post payments, and the ability to void transactions without supervisory approval. There is a policy that voided receipts must be approved by a supervisor at the time of the void; however, the clerks have access to perform the voids without that approval. As a compensating control, there is a daily report generated that shows voided transactions. This report is reviewed by a supervisor; however, it is one of the supervisors with access to enter voided transactions. We recommend that the daily voids / adjustments report be reviewed by someone without access to approve voids and adjustments.

**Criteria or Specific Requirement:** Internal controls should be designed to provide for adequate segregation of duties, and for reconciliations of transaction activity to the bank accounts as part of the monitoring process.

**Cause:** There may be system limitations for generating the list of bonds outstanding. Additionally, there was a lack of understanding that the daily report should be reviewed by someone other than an individual with access to enter voided transactions.

**Effect:** Lack of adequate segregation of duties and proper reconciliations could result in misappropriation of assets and misstatements to the financial statements.

**Recommendation:** We recommend that job duties be evaluated for personnel in the Municipal Court area who handle cash, and that procedures be implemented to ensure that voided transactions or other adjustments to the system have adequate supervisory review. In addition, procedures should be implemented so that a reconciliation can be performed between the cash account where bond activity is recorded and the detail listing of outstanding bonds.

**Management Response:** As to bonds, Municipal Court is willing to discuss any suggestion or solution to be in compliance with the Auditors to reconcile this account. Currently, there are reports in software application, however, none of the reports reconcile total dollars in or out. The initial step may require Technology to create a financial report for this reason. Thereafter, it may require opening a new bank account as well.

Regarding voids, only supervisors can void receipts. There are minimal occurrences when clerks may need to void a receipt if supervisors are unavailable in order to provide accurate receipts to defendants. Clerks are well-informed of this procedure. There is a report in the Justware application showing voided receipt transactions. This report was designed to capture information of the user that voided a transaction. It is reviewed and monitored by the department head while the other supervisor performs the void transactions. Supervisors have complete access and permissions to the database due to the design of the application. Restricting the capability of one to void transactions or view reports only is not a reasonable solution due to the number of clerks allowed to accept payments and customer volume. Secondly, the application is not designed to do so.

UNIFIED GOVERNMENT OF WYANDOTTE COUNTY /  
KANSAS CITY, KANSAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended December 31, 2009

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SECTION II – FINANCIAL STATEMENT FINDINGS

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**Finding 2009-4: Auto License (Significant Deficiency)**

**Condition:** During our review of internal controls over processing auto fees in the Treasurer's Office, we noted that clerks have the ability to accept and post payments, and the ability to void or adjust transactions without supervisory approval. There is a policy that voided transactions must be approved by a supervisor at the time of the void; however, the clerks have access to enter voids or adjustments without that approval. As a compensating control, there is a daily report of voided transactions printed at the end of each day; however, it was not being reviewed by a supervisor.

**Criteria or Specific Requirement:** Internal controls should be designed to provide for adequate segregation of duties.

**Cause:** Voided transactions were not being approved by a supervisor in accordance with the policy. There may have been a lack of understanding of the policy requirements.

**Effect:** Lack of adequate segregation of duties could result in misappropriation of assets and misstatements to the financial statements.

**Recommendation:** We recommend that job duties be evaluated for personnel in the Auto License area who handle cash, and that procedures be implemented to ensure that voided transactions or other adjustments to the system have adequate supervisory review.

**Management Response:** The current software product being used does not allow security to be locked down on void transactions, so the Treasury office has put into policy that clerks may void transactions as necessary to continue processing citizen payments; however, all voids must be approved in the software system by the manager on duty. At the end of the day, a report is run showing all voids which indicates who initiated the void and who approved the void. Since December of 2009, this report, as well as each individual void, is reviewed by the Treasurer on a daily basis to ensure approval policy is being followed as well as validity of void.

UNIFIED GOVERNMENT OF WYANDOTTE COUNTY /  
KANSAS CITY, KANSAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended December 31, 2009

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SECTION II – FINANCIAL STATEMENT FINDINGS

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**Finding 2009-5: Bank Reconciliations, Sheriff Accounts (Significant Deficiency)**

**Condition:** Bank reconciliations for the Sheriff's Bond and Inmate accounts were not completed for all of 2009, and were not completed as of December 31, 2009.

**Criteria or Specific Requirement:** Internal controls should include timely and accurate reconciliations of balances recorded by the bank compared to those recorded on the books.

**Cause:** This task did not get transferred to new employees when turnover occurred in the department responsible for the bank reconciliations.

**Effect:** Lack of accurate and timely reconciliations could result in misappropriation of assets and misstatements to the financial statements.

**Recommendation:** We recommend that all significant accounts be reconciled on a timely basis each month.

**Management Response:** In 2010 all bank accounts will be reconciled on a monthly basis. Any adjustments will be made in the following month to correct the previous month.

**UNIFIED GOVERNMENT OF WYANDOTTE COUNTY /  
KANSAS CITY, KANSAS**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

Year Ended December 31, 2009

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**SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

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**Finding 2009-6 (Significant Deficiency):**

**#97.067, Homeland Security Grant Program, U.S. Department of Homeland Security, Passed Through the Kansas Highway Patrol**

**Condition:** Journal vouchers to transfer funds to another fund for equipment or other purchases were supported only by quotes, not actual invoices. In one case, the eventual purchase of equipment was less than the quote used for the transfer of funds (by \$282), and for another, actual expenditures incurred on the quote by December 31, 2009 were \$7,124 less than the original quote.

**Criteria or Specific Requirement:** OMB Circular A-87 requires that expenditures be properly supported.

**Questioned Costs:** Total expenditures on the journal voucher transfers were \$35,716. Of that, \$7,124 was not expended by December 31, 2009, and actual expenditures on one of the price quotes were \$282 less than the original quote.

**Context:** All journal vouchers were tested. The only issues noted related to the transfers of funds as described above. Transfers to other funds results in an expenditure charged to the grant program, but does not necessarily coincide with the occurrence of the actual expenditures in those other funds, resulting in the possibility that expenditures were not actually incurred during the period of availability.

**Effect:** The Unified Government may be required to reimburse the State of Kansas Highway Patrol for the questioned costs.

**Cause:** Management may not have realized the implications of using a price quote instead of an actual invoice for the journal voucher transfer.

**Recommendation:** We recommend that purchases from grant funds be made in the original grant fund rather than transferring the cash to another fund, and if such a transfer is necessary, that the journal voucher transfer be based on actual invoices received rather than price quotes.

**Management Response:** The Unified Government will establish internal controls to ensure costs to Federal awards are recorded in their established accounts. Additionally, internal controls will be established to ensure costs to Federal awards are supported by actual invoices and approved by a supervisor with knowledge of the award's requirements.

**UNIFIED GOVERNMENT OF WYANDOTTE COUNTY /  
KANSAS CITY, KANSAS**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended December 31, 2009

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SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

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**Finding 2009-7 (Significant Deficiency):**

<u>CFDA #</u>	<u>Program</u>
16.738	Edward Byrne Memorial Justice Assistance Grant Program, U.S. Department of Justice
93.044 / 93.045 / 93.053	Aging Cluster: Special Programs for the Aging – Title III Part B, Title III Part C, and Nutrition Services Incentive Program, U.S. Department of Health and Human Services, passed through the Kansas Department of Aging
97.067	Homeland Security Grant Program Cluster, U.S. Department of Homeland Security, passed through the Kansas State Highway Patrol

**Condition:** The programs above do not have sufficient procedures for ensuring that contracts are not entered into with parties who are suspended or debarred.

**Criteria or Specific Requirement:** Under the A-133 Compliance Supplement, non-federal entities are prohibited from contracting or making subawards under covered transactions to parties that are suspended or debarred. Covered transactions include those procurement contracts for goods and services awarded under a nonprocurement transaction (e.g., grant or cooperative agreement) that are expected to equal or exceed \$25,000, as well as all nonprocurement transactions (i.e., subawards to subrecipients), irrespective of award amount.

**Questioned Costs:** Unknown.

**Context:** For a sample of expenditures for each of the programs listed above, the Excluded Parties List System (EPLS) was checked at <http://epls.arnet.gov>, and no instances of suspended or debarred vendors were noted. No formal procedures were identified to ensure compliance with the requirements, either by the Unified Government Purchasing department, or the program management staff for the grant programs.

**Effect:** A lack of procedures could result in inappropriate vendor or subrecipient contracts, and ultimately, unallowable costs.

**Cause:** Management indicates this condition was due to a lack of understanding regarding this OMB Circular A-133 requirement.

**Recommendation:** We recommend management establish controls to ensure departments have procedures for verifying whether a potential vendor or subrecipient is suspended or debarred. This can be accomplished by checking the EPLS on the internet at <http://epls.arnet.gov>, or by adding a clause or condition to the covered transaction agreement. If the EPLS site is utilized, such verification checks should be documented in the contract file.

**Management Response:** The Unified Government will establish internal controls to prevent procurement with Federally suspended and debarred vendors and subrecipients. Controls will include updating the purchasing policy and adding a Supplier Certification regarding debarment and suspension to all bids and requests for proposals.

**UNIFIED GOVERNMENT OF WYANDOTTE COUNTY /  
KANSAS CITY, KANSAS**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended December 31, 2009

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SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

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**Finding 2009-8 (Significant Deficiency):**

**#14.257, Homelessness Prevention and Rapid Re-housing Program (HPRP)(Recovery Act Funded), U.S. Department of Housing and Urban Development**

**Condition:** Regarding funds passed through to subrecipients: 1) The Unified Government did not determine that subrecipients were currently registered on the Central Contractor Registration (CCR) system prior to making the subaward, and 2) the agreement with each subrecipient did not document the CFDA number for the program, and disbursements did not identify the award number, CFDA number and amount of Recovery Act funds.

**Criteria or Specific Requirement:** Where American Recovery and Reinvestment Act funds are passed through to subrecipients, 2 CFR 176.50(c) requires that subrecipients maintain current registrations in the CCR at all times during which they have active federal awards funded with Recovery Act funds. Pass-through entities are required to determine that this registration is current prior to making the subaward and perform periodic checks to ensure that subrecipients are updating information as necessary.

Additionally, 2 CFR 176.210 requires that recipients agree to separately identify to each subrecipient, and document at the time of subaward and at the time of disbursement of funds, the award number, CFDA number, and amount of Recovery Act funds.

**Questioned Costs:** Unknown.

**Context:** The American Recovery and Reinvestment Act requirements were new in 2009. Additionally, upon subsequent review of the CCR website, both of the subrecipients funded in 2009 were located and found to be registered.

**Effect:** A lack of procedures could result in inappropriate subrecipient contracts, and ultimately, unallowable costs.

**Cause:** Likely due to management having a lack of understanding of the new requirements under the Recovery Act.

**Recommendation:** We recommend management establish controls to ensure departments have adequate training in Recovery Act requirements, and have documented procedures for implementing those requirements.

**Management Response:** The Unified Government will establish internal controls to ensure subrecipients maintain current registrations in the CCR at all times during which they have active Recovery Act funding. Additionally, the Unified Government will establish internal controls to ensure the CFDA number, the award number and the amount of Recovery Act funds is identified to subrecipients at the time of subaward and disbursement of funds.

**UNIFIED GOVERNMENT OF WYANDOTTE COUNTY /  
KANSAS CITY, KANSAS**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

Year Ended December 31, 2009

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**SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

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**Finding 2009-9 (Significant Deficiency):**

**#14.218, Community Development Block Grants, U.S. Department of Housing and Urban Development**

**Condition:** Documentation of the comparison of budgeted distributions of salaries to actual costs based on time activity reports was not completed where employees work on multiple activities. In addition, other employees whose salaries are charged 100% to the CDBG program cross-train and have some program duties related to other federal HUD grant programs.

**Criteria or Specific Requirement:** OMB Circular A-87 states that where budget estimates or other distribution percentages are determined before services are performed, the government should, at least quarterly, perform comparisons of actual costs to budgeted distributions based on monthly activity reports. Distribution percentages should be revised, if necessary, to reflect changed circumstances.

**Questioned Costs:** Total salaries and benefits for the employee with time charged to multiple activities were \$78,090. Questioned costs pertaining to employees who are charged 100% to CDBG but who may incur efforts for programmatic duties related to other federal HUD grant programs is unknown.

**Context:** In March 2009, the Community Development department began performing quarterly time studies. Employees complete monthly time activity reports showing time spent on various federal programs and activities. These are then summarized and reviewed by the department director quarterly. Actual costs pertaining to the Neighborhood Stabilization Program (#14.228) and Homelessness Prevention and Rapid Re-Housing program (#14.257) were appropriately transferred to each of those respective programs at December 31, 2009 based on these time studies. However, the quarterly review does not include a comparison of budgeted distributions versus actual costs for use in evaluating the distribution of salaries among Community Development's other programs, including CDBG.

24 CFR 570.206 allows for CDBG funds to be used to pay for HOME Investment Partnerships (#14.239) program administration costs. Therefore, the Condition described above pertains primarily to non-program administration activities performed by employees, and their corresponding salary expenditures.

Regarding the employees whose salaries are charged 100% to CDBG, but who may incur efforts on other programs, it was noted that, of the total federal funding received directly from HUD, approximately 63% is for CDBG, and 37% for other programs.

**Effect:** Salary expenditures incurred under the program may not be allowed as a cost of the grant without proper documentation.

**UNIFIED GOVERNMENT OF WYANDOTTE COUNTY /  
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**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

Year Ended December 31, 2009

**Cause:** Management indicates this condition was due to a lack of understanding regarding this OMB Circular A-87 requirement.

**Recommendation:** We recommend management utilize the existing time studies to perform quarterly comparisons of actual costs to budgeted distributions. Additionally, distribution percentages should be revised, if necessary, to reflect changed circumstances.

**Management Response:** The employee without documentation of comparison of actual salary costs to budgeted distributions is no longer employed by the Unified Government and no further instance of non-compliance is anticipated.

Regarding other employees whose salaries are paid 100% by CDBG, the Unified Government will utilize existing time studies to compare actual salary costs to budgeted distributions. Additionally, the Unified Government will establish internal controls to make quarterly adjustments as necessary to the budgeted distributions based on those comparisons.

**UNIFIED GOVERNMENT OF WYANDOTTE COUNTY /  
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**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

Year Ended December 31, 2009

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**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

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***Findings Required to be Reported by Government Auditing Standards***

Finding 2008-1 and 2007-1: There is a deficiency in the controls over the period-end financial reporting process, including controls over procedures used to initiate, authorize, record and process journal entries into the general ledger, and record recurring and nonrecurring adjustments to the financial statements.

Corrective Action: The Accounting Department held one-on-one training with their external auditors to review all adjustments made to the 2007 statements in an effort to gain a better understanding of these entries and why they needed to be done. The Accounting Department established a list of standard year end journal entries that needed to be addressed prior to the completion of the draft of the financial statements. The Accounting Department used prior year schedules to develop schedules and adjustments for the current year, to better reflect an accurate accounting of the items being included and mistakes could be avoided.

Status: Turnover in the Accounting Department in 2009 resulted in the above corrective action plan not being continued in 2009. Corrective actions are in process as described in current year finding 2009-1.

Finding 2008-2: Capital asset data reported for both governmental activities and the enterprise funds was found to include errors relating to the accuracy and completeness of the data.

Corrective Action: Management implemented a new database to capture capital asset information in 2009.

Status: See current year finding 2009-2.

Finding 2008-3: In Municipal Court, a lack of segregation of duties and a lack of a reconciliation between total bonds outstanding and the bank balance were noted.

Corrective Action: A policy was implemented to have voided receipts approved by a supervisor at the time of the void; however, the clerks have access to perform the voids without that approval. As a compensating control, there is a daily report generated that shows voided transactions. This report is reviewed by a supervisor; however, it is one of the supervisors with access to enter voided transactions.

Status: See current year finding 2009-3

**UNIFIED GOVERNMENT OF WYANDOTTE COUNTY /  
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**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

Year Ended December 31, 2009

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**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

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***Findings Required to be Reported by OMB Circular A-133***

**CFDA #14.218, Community Development Block Grants, U.S. Department of Housing and Urban Development**

Finding 2008-5 and 2007-4: Documentation of the comparison of budgeted distributions of salaries to actual costs based on time activity reports was not completed where employees work on multiple activities.

Corrective Action: Management has developed a time tracking system to identify staff time spent on specific awards. However, the time tracking system was not yet implemented during the 2008 audit period.

Status: In progress. See also current year finding 2009-9.

**CFDA #97.067, Homeland Security Grant Program, U.S. Department of Homeland Security, Passed Through the Kansas Highway Patrol**

Finding 2008-4 and 2007-6: Quarterly performance and financial reports as required by the grant agreements for the Metropolitan Medical Response System program included within the grant cluster were not completed. In addition, quarterly reports for the State Homeland Security Program and Law Enforcement Terrorism Prevention Program were not completed timely.

Corrective Action: The Emergency Management department established a tickler system to remind staff when reports are due.

Status: Completed. No instances of noncompliance noted during testing of this program in 2009.

**CFDA #14.218, Community Development Block Grants, #93.044/93.045/93.053 Aging Cluster, and #97.067, Homeland Security Grant Program**

Finding 2008-6: The programs do not have sufficient procedures for ensuring that contracts are not entered into with parties who are suspended or debarred.

Corrective Action: The Community Development department began verifying suspension and debarment by checking the EPLS website and documenting that verification by including a screen print of the website in the procurement file. New procedures were not found in Aging or Emergency Management for the other two programs.

Status: In progress. See also current year finding 2009-7.

UNIFIED GOVERNMENT OF WYANDOTTE COUNTY /  
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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended December 31, 2009

<u>Program</u>	<u>CFDA #</u>	<u>Federal Expenditures</u>	<u>Total By Federal Agency</u>
<b>U.S. Department of Agriculture:</b>			
<i>Passed Through Kansas Department of Health and Environment:</i>			
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	\$ 819,228	
<i>Passed Through Kansas Department of Education:</i>			
School Breakfast Program	10.553 <sup>3</sup>	14,935	
National School Lunch Program	10.555 <sup>3</sup>	<u>24,677</u>	
<i>Total U.S. Department of Agriculture</i>			\$ 858,840
<b>U.S. Department of Commerce:</b>			
<i>Passed Through the National Association of Area Agencies on Aging</i>			
Special Projects	11.553	<u>15,000</u>	
<i>Total U.S. Department of Commerce</i>			15,000
<b>U.S. Department of Housing and Urban Development:</b>			
<i>Direct Funding:</i>			
Community Development Block Grant	14.218	2,481,138	
Emergency Shelter Grants Program	14.231	122,889	
Supportive Housing Program	14.235	212,817	
HOME Investment Partnerships Program	14.239	1,017,276	
ARRA - Homelessness Prevention and Rapid Re-housing Program (HPRP)	14.257	117,574	
<i>Passed Through Kansas Department of Commerce:</i>			
Community Development Block Grants / State's Program and Non-entitlement Grants in Hawaii	14.228	<u>902,304</u>	
<i>Total U.S. Department of Housing and Urban Development</i>			4,853,998
<b>U.S. Department of Justice:</b>			
<i>Direct Funding:</i>			
Bureau of Justice Assistance:			
Edward Byrne Memorial State and Local Law Enforcement Assistance			
Discretionary Grants Program	16.580	145,296	
Community Capacity Development	16.595	193,671	
Bulletproof Vest Partnership Program	16.607	5,925	
Edward Byrne Memorial Justice Assistance Grant	16.738	205,863	
ARRA - Edward Byrne Memorial Justice Assistance Grant program / Grants to Units of Local Government	16.804	62,091	
<i>Passed Through Kansas Bureau of Investigation</i>			
HIDTA, Metro HIDTA, Missouri Midwest HIDTA	16.000 <sup>1</sup>	49,820	
<i>Passed Through the Kansas Office of the Attorney General:</i>			
Crime Victim Assistance	16.575	113,045	
Violence Against Women Formula Grants	16.588	196,173	
Congressionally Recommended Awards	16.753	79,328	
<i>Passed Through Kansas Crime Victims Compensation Board:</i>			
Community Prosecution and Project Safe Neighborhoods	16.609	<u>157,038</u>	
<i>Total U.S. Department of Justice</i>			1,208,250
<b>U.S. Department of Transportation:</b>			
<i>Passed Through the Kansas City Area Transportation Authority</i>			
Federal Transit Formula Grants	20.507	25,393	
<i>Passed Through the Kansas Department of Transportation:</i>			
State and Community Highway Safety	20.600	71,675	
Interagency Hazardous Materials Public Sector Training and Planning Grants	20.703	<u>10,000</u>	
<i>Total U. S. Department of Transportation</i>			107,068
<b>Environmental Protection Agency:</b>			
<i>Passed Through Kansas Department of Health and Environment:</i>			
Air Pollution Control Program Support	66.001	<u>290,537</u>	
<i>Total Environmental Protection Agency</i>			290,537

The accompanying notes are an integral part of this schedule.

UNIFIED GOVERNMENT OF WYANDOTTE COUNTY /  
KANSAS CITY, KANSAS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended December 31, 2009

<u>Program</u>	<u>CFDA #</u>	<u>Federal Expenditures</u>	<u>Total By Federal Agency</u>
<b>U.S. Department of Health and Human Services:</b>			
<i>Passed Through Kansas Department of Aging:</i>			
<i>Aging Cluster:</i>			
Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers	93.044	341,814	
Special Programs for the Aging - Title III, Part C - Nutrition Services	93.045	625,985	
Nutrition Services Incentive Program	93.053	<u>146,358</u>	
		1,114,157	
Special Programs for the Aging - Title III, Part D - Disease Prevention and Health Promotion Services	93.043	32,783	
Special Programs for the Aging - Title III, Part E - National Family Caregiver Support	93.052	121,159	
Centers for Medicare and Medicaid Services Research, Demonstrations and Evaluations	93.779	18,932	
<i>Passed Through Kansas Department of Health and Environment:</i>			
Public Health Emergency Preparedness	93.069	414,664	
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	19,435	
Acquired Immunodeficiency Syndrome (AIDS) Activity	93.118	96,351	
Family Planning Services	93.217	318,482	
Childhood Immunization Grant	93.268	49,688	
Child Care and Development Block Grant	93.575	63,049	
Preventive Health Services - Sexually Transmitted Diseases Control Grant	93.977	174,730	
Maternal and Child Health Block Grant	93.994	446,887	
<i>Passed Through Kansas Juvenile Justice Authority:</i>			
Promoting Safe and Stable Families	93.556	<u>51,946</u>	
<i>Total U.S. Department of Health and Human Services</i>			2,922,263
<b>U.S. Department of Homeland Security:</b>			
<i>Passed Through Kansas Division of Emergency Management:</i>			
Hazard Mitigation Grant	97.039	122,200	
Emergency Management Performance Grants	97.042	85,761	
<i>Passed Through Kansas State Highway Patrol:</i>			
Homeland Security Grant Program	97.067 <sup>2</sup>	425,562	
State Homeland Security Program (SHSP)	97.073 <sup>2</sup>	56,479	
Law Enforcement Terrorism Prevention Program (LETPP)	97.074 <sup>2</sup>	20,595	
Buffer Zone Protection Program	97.078	<u>189,000</u>	
<i>Total U.S. Department of Homeland Security</i>			<u>899,597</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<b>\$ 11,155,553</b>

- 1 A CFDA number is not available for this program. Identified by federal awarding agency only.
- 2 Homeland Security Grant Program (cluster). CFDA #97.067 for the cluster as a whole.
- 3 Child Nutrition Cluster.

The accompanying notes are an integral part of this schedule.

**UNIFIED GOVERNMENT OF WYANDOTTE COUNTY /  
KANSAS CITY, KANSAS**

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended December 31, 2009

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**Note 1. Organization**

The Unified Government of Wyandotte County / Kansas City, Kansas is the recipient of several federal grants. Various Unified Government departments administer these grant programs. The grants are accounted for in the General Fund, Special Revenue Funds, and Capital Project Funds.

**Note 2. Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Unified Government and is presented on the cash basis of accounting. The information presented in this schedule is in accordance with the requirements of OMB *Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**Note 3. Local Government Contributions**

Local cost sharing, as defined by the OMB *Circular A-102, Attachment F*, is required by certain federal grants. The amount of cost sharing varies with each program. Only the federal share of expenditures is presented in the Schedule of Expenditures of Federal Awards.

**Note 4. Additional Audits**

Grantor agencies reserve the right to conduct additional audits of the Unified Government's grant programs for economy and efficiency and program results which may result in disallowed costs to the Unified Government. However, management does not believe such audits would result in any disallowed costs that would be material to the Unified Government's financial position at December 31, 2009.

**Note 5. Scope of Audit Pursuant to OMB Circular A-133**

This report does not include the federal financial assistance of the Board of Public Utilities of Kansas City, Kansas. This entity, including the federal financial assistance programs, is audited by other auditors. Copies of financial statements and Single Audit reports can be obtained at the following address:

Board of Public Utilities of Kansas City, Kansas  
540 Minnesota Avenue  
Kansas City, Kansas 66101

**UNIFIED GOVERNMENT OF WYANDOTTE COUNTY /  
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NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended December 31, 2009

**Note 6. Noncash Awards**

Noncash award programs include #97.073, State Homeland Security Program, and #97.074, Law Enforcement Terrorism Prevention Program. These programs result in the acquisition of capital assets. Such noncash awards are valued at the cost incurred to acquire the asset, which approximates fair market value.

**Note 7. Social Services Block Grant Passed Through the Department of Social and Rehabilitation Services**

CDDO-09-087  
Comparison of Expenditures to Budget  
For the Fiscal Year July 1, 2008 Through June 30, 2009

	Budget	July 1, 2008 to December 31, 2008	January 1, 2009 to June 30, 2009	Total	Over (Under) Budget
<u>Revenues</u>					
State Contract	\$ 1,139,337	\$ 569,669	\$ 569,668	\$ 1,139,337	\$ --
	<u>\$ 1,139,337</u>	<u>\$ 569,669</u>	<u>\$ 569,668</u>	<u>\$ 1,139,337</u>	<u>\$ --</u>
<u>Expenses</u>					
Community and Family Services and Support	\$ 654,164	\$ 327,400	\$ 326,764	\$ 654,164	\$ --
State Aid	160,280	80,051	80,229	160,280	--
Administration	324,893	151,810	173,083	324,893	--
	<u>\$ 1,139,337</u>	<u>\$ 559,261</u>	<u>\$ 580,076</u>	<u>\$ 1,139,337</u>	<u>\$ --</u>