JOHNSON COUNTY
KANSAS

Audit Services
Status of Audit Recommendations
As of December 31, 2017

Release Date: March 22, 2018

Report No: QR-2017-04

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Executive Summary

Status of Audit Recommendations

Recommendations Implemented

A total of 11 recommendations were implemented this quarter originating from the following audits:
- One recommendation from the joint audit with HUD-OIG regarding the City of Olathe, published September 28, 2016.
- Four recommendations from the *Johnson County Airport Commission Transition Audit*, published January 26, 2017.
- Six recommendations from the *Johnson County Election Office Transition Audit*, published March 17, 2016.

Aging of Recommendations

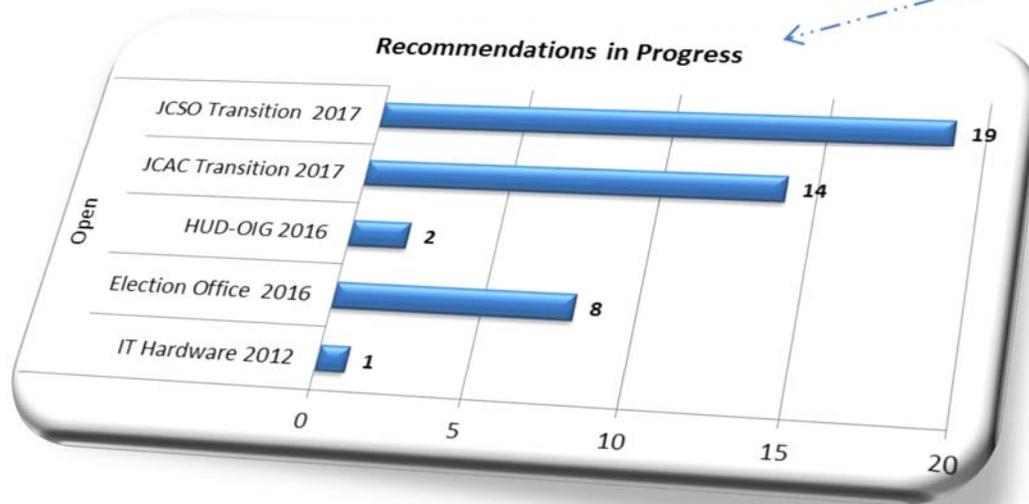| Recommendations				Number Months Past Original Comp Date					
Total	Implemented	Non-Concur	Open	Not Due	0-6 Months	7-12 Months	13-18 Months	19-24 Months	Over 2 Years
55	11	0	44	36	7	0	0	0	1

Aging Schedule Comments

The following recommendation remains open from the Management of IT (Hardware) Resources Audit, published February 2012, in the "Over 2 Years" category.

> "All IT equipment hardware purchases be centrally procured, purchased from Purchasing's recommended source, and approved by the IT governance structure previously recommended in this report."

The CIO is working with the IT Governance Council and has developed a multi-year plan. Execution of this transition will begin in 2018, but will not be fully implemented until 2020. This timeline assumes that required positions are funded.

Executive Summary

	Q1-2016	Q2-2016	Q3-2016	Q4-2016	Q1-2017	Q2-2017	Q3-2017	Q4-2017
Implemented	7	7	-	-	-	10	11	11
Closed	-	-	-	9	-	-	1	-
In-Progess	35	28	28	37	56	47	55	44

Recommendations in Progress

Open

JCSO Transition 2017	19
JCAC Transition 2017	14
HUD-OIG 2016	2
Election Office 2016	8
IT Hardware 2012	1

0   5   10   15   20

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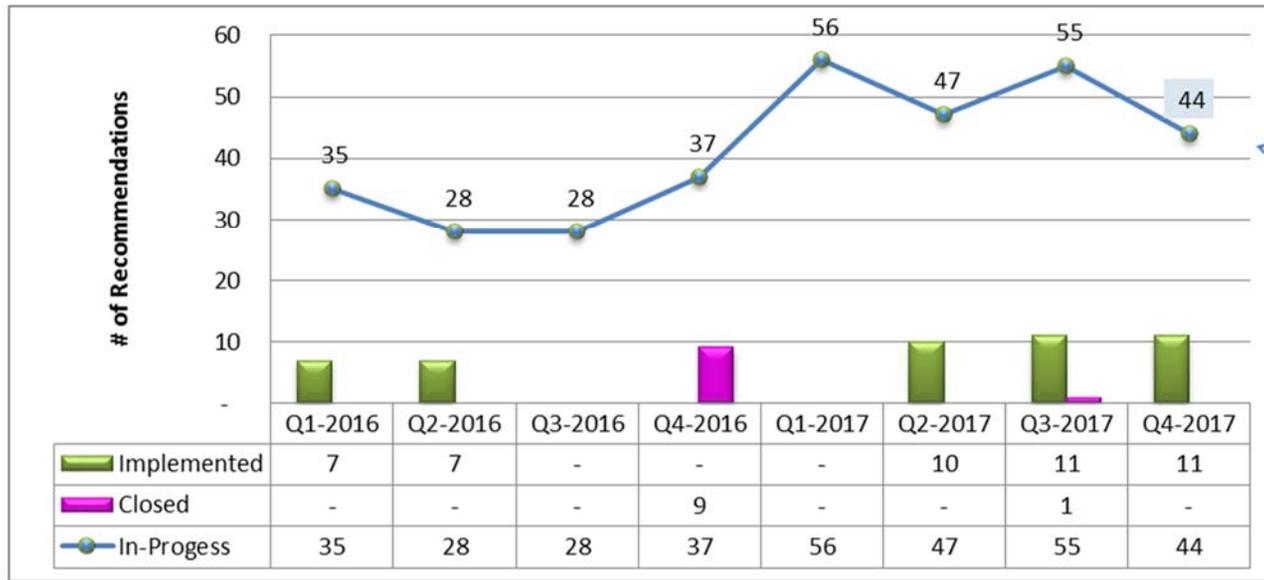
Matters of Interest for the Commission

1. The *Johnson County Election Office Transition Audit* offered 28 audit recommendations in total. Through 12/31/2017, the Election Commissioner implemented 20 (71%) recommendations and modified the implementation dates for the 8 remaining open recommendations. The revised implementation date for the remaining open recommendations is 12/31/2018. See pages 4 & 5 for additional information.

2. Remaining inventory of open audit recommendations includes 39 recommendations rated **crucial** or **significant** by management as defined below:
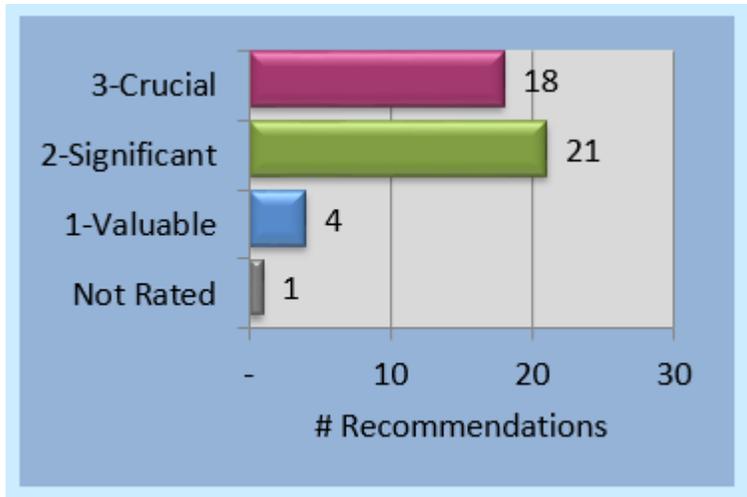
Recommendations Implemented in 4th Quarter 2017

Audit	Responsible Party	Rec #	Recommendation	Days to Complete
HUD-OIG Joint Audit	Maury Thompson	1e	Receive monitoring by the appropriate grantee to ensure that it establishes and implements a new activity tracking system.	1
Johnson County Airport Commission Transition Audit	Aaron Otto	2.3	Provide training to JCAC Governing Board and staff to ensure they aware of Johnson County's Code of Ethics and are briefed annually on these standards of conduct.	90
Johnson County Airport Commission Transition Audit	Aaron Otto	4.1	Immediately assess the conditions of all t-hangars at both airports and initiate action to remedy fire and safety hazard conditions found.	1
Johnson County Airport Commission Transition Audit	Aaron Otto	5.1	Examine the merits and benefits of continuing the business relationship between the JCAC and the EDC.	1
Johnson County Airport Commission Transition Audit	Aaron Otto	5.2	If a determination is made to continue the business relationship between the two entities: a. Require specific contract deliverables of the EDC. b. Exercise a proactive oversight role to ensure contract compliance.	1
Johnson County Election Office Transition Audit	Ronnie Metsker	5.1	Adopt Department of Technology and Innovation's (DTI) County-wide IT Hardware Asset Management Practice, and related policies, procedures and standards, for ensuring proper stewardship of County IT resources.	1
Johnson County Election Office Transition Audit	Ronnie Metsker	6.5	Review previous billings for the January 2015 special election and all special elections in 2014 to ensure they were billed accurately and take appropriate action if errors are detected.	1
Johnson County Election Office Transition Audit	Ronnie Metsker	9.1	Request the County's Purchasing Manager to conduct an assessment of the Election Office's procurement activity.	1
Johnson County Election Office Transition Audit	Ronnie Metsker	9.2	Designate office staff to be assigned appropriate and necessary financial responsibilities, as well as, contract management responsibilities. Financial and contract management responsibilities and actions would be an outcome from the assessment performed by the Purchasing Manager.	1
Johnson County Election Office Transition Audit	Ronnie Metsker	10.1	Coordinate with the Sheriff's Office and the Facilities Director to arrive at a consensus regarding access to the Election Office.	1
Johnson County Election Office Transition Audit	Ronnie Metsker	11.1	Request assistance from Emergency Management to develop a Continuity of Operations Plan (COOP) that is tied to the overall County plan and addresses aspects of the Election Office's operational requirements regarding voter registration and holding elections.	1

Open Recommendations as of 4ᵗʰ Quarter 2017

Audit	Responsible Party	Rec #	Recommendation	Proposed Action	Proposed Resolution Date	Days Past Due	Rating
HUD-OIG Joint Audit	Maury Thompson	5a	Work with the City to pursue the efficiencies to be gained by consolidating the two entities' HOME programs.	County and City of Olathe have met to discuss efficiencies to be gained by consolidating the two entities' HOME programs.	12/31/2018	Not Due	3
HUD-OIG Joint Audit	Maury Thompson	5b	Amend previous HOME agreements to a 10-year affordability period with 10 percent loan forgiveness each to be aligned with Johnson County's HOME program affordability period and release all loans that have already met the 10-year affordability period.	County and City of Olathe will continue to discuss amending the City's HOME agreements to a 10-year affordability period in conjunction with 5a above.	12/31/2018	Not Due	3
Johnson County Airport Commission Transition Audit	Aaron Otto	1.1	Develop a system of internal control and convey its requirements to staff. This system should address each of the five following components: Control Environment, Risk Assessment, Control Activities, Information & Communication, and Monitoring	CFO has identified the 15 most important financial operations for the Airport. They are now beginning to ensure policy and procedures are written and are in agreement with the County's. Monitoring and reporting elements will be implemented soon after.	12/31/2018	Not Due	2
Johnson County Airport Commission Transition Audit	Aaron Otto	1.2	Develop a management reporting system to ensure proper internal controls are in effect and monitored on a periodic basis.	0	12/31/2018	Not Due	2
Johnson County Airport Commission Transition Audit	Aaron Otto	2.1	Develop and implement JCAC specific policies and procedures, in conjunction with the County's Purchasing Manager, addressing the authorization and receipt of goods and services.	Currently they are following County purchasing policy and have had training with the County's purchasing manager. ED has discussed with former Transit director and is coordinating with her to design procedures in agreement with federal grant regulations.	12/31/2017	Not Due	3
Johnson County Airport Commission Transition Audit	Aaron Otto	3.1	Develop a system of internal control for management of business park and t-hangar leases.	A paralegal temp is reviewing business park's leases to ensure proper contract information is contained electronically, documents are signed appropriately, escalation clauses are accurate, and if abatements or credits are still active.	12/31/2018	Not Due	2
Johnson County Airport Commission Transition Audit	Aaron Otto	3.2	Implement an appropriate lease management tool allowing JCAC administration to easily access key lease terms and rent schedules and ensures responsible parties are notified in advance of changes in lease terms such as increases in rent.	One tool was reviewed but it was too expensive and too robust for what they need it for. They are going to continue to use the lease tracking sheet, but ensure it is accurate and then develop a system for notifications when escalations are due.	5/1/2018	Not Due	2

Open Recommendations as of 4th Quarter 2017

Audit	Responsible Party	Rec #	Recommendation	Proposed Action	Proposed Resolution Date	Days Past Due	Rating
Johnson County Airport Commission Transition Audit	Aaron Otto	4.2	Ensure JCAC t-hangar tenant leases, the T-hangar Registration Policy, and JCAC Rules and Regulations provide uniform and consistent direction (to staff and tenants) to ensure FAA registration guidance and JCAC Airport objectives are enforced and met.	All t-hangar leases will be updated. They are still researching whether they can implement requirements on the tenants above FAA's requirements and still be grant compliant.	5/1/2018	Not Due	2
Johnson County Airport Commission Transition Audit	Aaron Otto	6.1	Develop appropriate records to record and monitor assets valued less than $10,000.	They are currently using the CFO's expertise from TFM to develop an appropriate system of recording assets under $10,000.	10/31/2018	Not Due	1
Johnson County Airport Commission Transition Audit	Aaron Otto	6.2	Perform a physical inventory of all assets annually and investigate any missing assets.	They are currently using the CFO's expertise from TFM to develop an appropriate system of recording assets under $10,000.	10/31/2018	Not Due	1
Johnson County Airport Commission Transition Audit	Aaron Otto	6.3	Consider purchasing a barcode system to facilitate more efficient and accurate inventory tracking.	This is still under consideration.	10/31/2018	Not Due	1
Johnson County Airport Commission Transition Audit	Aaron Otto	7.1	Request assistance from Emergency Management to complete their Continuity of Operations Plan (COOP) which addresses aspects of JCAC's operational requirements for all lines of business.	The Airport received a crash course in Emergency Management when the microburst hit Executive and destroyed three hangars. They are working with EM and Risk Management to develop a more robust plan that covers all of their operations.	12/31/2018	Not Due	2
Johnson County Airport Commission Transition Audit	Aaron Otto	8.1	Develop and implement a written system of internal control to ensure accounts receivable activities have appropriate segregation of duties (or mitigating controls) and sufficient supervisory oversight.	CFO is implementing this, most of the controls have already been put into operation.	8/31/2017	122	2
Johnson County Airport Commission Transition Audit	Aaron Otto	8.2	Establish a management reporting process identifying "credits" and "adjustments" applied to tenant accounts on a periodic basis.	0	12/31/2017	Not Due	2
Johnson County Airport Commission Transition Audit	Aaron Otto	8.3	Transfer the receipt of all accounts receivable to Treasury and Financial Management (TFM) – AR Unit so all payments received are processed by TFM and not JCAC staff.	0	8/31/2017	122	2

Open Recommendations as of 4th Quarter 2017

Audit	Responsible Party	Rec #	Recommendation	Proposed Action	Proposed Resolution Date	Days Past Due	Rating
Johnson County Airport Commission Transition Audit	Aaron Otto	9.1	Seek reimbursement from all former employees for the improper payments made.	0	12/31/2017	Not Due	1
Johnson County Election Office Transition Audit	Ronnie Metsker	1.1	Request assistance from the Director, Treasury and Financial Management, in concert with Audit Services, to assist with the design and implementation of an effective system of internal control and convey its requirements to all Election Office personnel. This system of internal control should follow the COSO model and address the five interrelated components: Control Environment, Risk Assessment, Control Activities, Information and Communication, and Monitoring	The Election Office acknowledges the audit's findings. We will work with Treasury and Financial Management to document and implement policies and procedures that will improve internal controls. (Original proposed resolution date was 12/31/2017.)	12/31/2018	Not Due	3
Johnson County Election Office Transition Audit	Ronnie Metsker	3.1	Develop/implement appropriate controls to ensure the P-Card Guidelines are followed when purchasing with the P-Card, including: • Providing current and sufficient business justification for purchases,• Providing all supporting documentation for purchases, • Ensuring supporting documentation contains detailed information including flight itinerary and hotel expense detail to provide the who, what, when, and where of expenses, and • Ensuring only the assigned cardholders are making purchases with the accounts.	The Election Office acknowledges the audit's findings. We will work with Treasury and Financial Management to educate our staff on proper purchasing card policies and procedures to protect against inappropriate spending and insufficient documentation. (Original proposed resolution date was 12/31/2017.)	6/30/2018	Not Due	3
Johnson County Election Office Transition Audit	Ronnie Metsker	4.1	Develop office policies and procedures which follow the County's Administrative Policy and Procedure for Purchasing (110) and Business Expenses (120). Election Office policies and procedures should address, at a minimum, the following requirements: • Each purchase will support the mission of the Election Office and have a bona fide need/requirement, • Good judgment must be exercised when obtaining goods and services at the lowest reasonable cost, • The Oracle record for each purchase will include supporting documentation for the purchase, • Established management authorization/approval levels.	The Election Office acknowledges the audit's findings. On the advice of Treasury and Financial Management, we will seek the example of other county departments in improving and implementing our own purchasing policies and procedures. Potential contacts include Public Health, Sheriff's Office, Wastewater, and Facilities. (Original proposed resolution date was 12/31/2017.)	6/30/2018	Not Due	2

Open Recommendations as of 4th Quarter 2017

Audit	Responsible Party	Rec #	Recommendation	Proposed Action	Proposed Resolution Date	Days Past Due	Rating
Johnson County Election Office Transition Audit	Ronnie Metsker	5.2	Develop office policies and procedures in support of DTI's IT Hardware Asset Management Practice, and related policies, procedures and standards.	See 5.1 (Original proposed resolution date was 12/31/2017.)	3/31/2018	Not Due	3
Johnson County Election Office Transition Audit	Ronnie Metsker	6.3	Develop an office policy addressing broad objectives regarding tracking and billing direct costs associated with special elections.	The Election Office acknowledges the audit's findings. We will work with Treasury and Financial Management and Budget and Financial Planning to assess the pricing, tracking, recording, and reporting of election costs. In addition, we will work with the Kansas Secretary of State's Office to review relevant statutes. To ensure transparency, accountability, and continuity, we will adequately document the revised policies and procedures. (Original proposed resolution date was 12/31/2017.)	3/31/2018	Not Due	3
Johnson County Election Office Transition Audit	Ronnie Metsker	6.4	Develop office procedures that will provide assurance local jurisdictions are billed in a timely and accurate manner to include: • Effective recording, tracking and reporting all vendor costs, • Establishing relevant rates for office costs/services, and • Reviewing and updating procedures periodically.	See 6.3 (Original proposed resolution date was 12/31/2017.)	3/31/2018	Not Due	3
Johnson County Election Office Transition Audit	Ronnie Metsker	9.3	Develop written procedures for procurement and contract management practices to ensure the Election Office complies with the County's purchasing policies. Written procedures would be based, in part, from the assessment performed by the Purchasing Manager.	The Election Office acknowledges the audit's findings. We will consider the Purchasing Manager's assessment and Treasury and Financial Management's training to implement and document procedures related to contract management, procurement, when soliciting bids and purchasing voting machines in 2017. (Original proposed resolution date was 12/31/2017.)	6/30/2018	Not Due	2
Johnson County Election Office Transition Audit	Ronnie Metsker	9.4	Identify, review, and catalogue all current contracts and recurring office expenses to determine if: • Purchasing thresholds warrant solicitation of bids via the competitive procurement process, or if, • benefit would be received by contractually binding recurring expenditures.	The Election Office acknowledges the audit's findings. We will document current office contracts and recurring expenses, then work with Treasury and Financial Management to review the findings and, as needed, take action. (Original proposed resolution date was 12/31/2017.)	6/30/2018	Not Due	3

Open Recommendations as of 4th Quarter 2017

Audit	Responsible Party	Rec #	Recommendation	Proposed Action	Proposed Resolution Date	Days Past Due	Rating
Johnson County Sheriff's Office Transition Audit	Sheriff Hayden	1.1	Train personnel with purchasing authority in the JCSO Purchasing Policies and Procedures.	We will review and revise the Sheriff's Office internal purchasing directives and procedures as needed, and provide any necessary training.	6/30/2018	Not Due	2
Johnson County Sheriff's Office Transition Audit	Sheriff Hayden	1.2	Require the Chief Financial Officer (CFO) to enforce compliance with the JCSO Purchasing Policies and Procedures.	The CFO is currently reviewing all Fiscal and Purchasing Directives, will revise if needed, and will work to ensure that all staff comply both with Sheriff's Office and County policy.	6/30/2018	Not Due	2
Johnson County Sheriff's Office Transition Audit	Sheriff Hayden	1.3	Require purchases under $500 to be made via P-Card.	We will encourage usage of the purchasing card as the primary tool for purchases under $500.	1/1/2018	Not Due	2
Johnson County Sheriff's Office Transition Audit	Sheriff Hayden	1.4	Coordinate with the Department of Technology and Innovation to ensure JCSO Purchasing Manager is granted Oracle Requisition Authority and is properly trained.	The Sheriff's Office is beginning an extensive review of the Purchasing Division's task. The extent to which the Purchasing Manager will use Oracle Requisition Authority to enter requisitions will be evaluated as part of the overall review.	9/30/2018	Not Due	2
Johnson County Sheriff's Office Transition Audit	Sheriff Hayden	2.1	Develop and implement policy and procedures for inventory management in accordance with the County's Capital Asset Policy 160.3.	The Sheriff's Office has begun the process of developing and implementing policy and procedures for inventory management in accordance with County policy.	9/30/2018	Not Due	3
Johnson County Sheriff's Office Transition Audit	Sheriff Hayden	2.2	Develop and implement inventory management procedures for consumable supply-type inventories, including uniforms, ammunition, and other supplies.	The Sheriff's Office has begun the process of developing and implementing policy and procedures for inventory management for consumable supply-type inventories, including uniforms, ammunition and other supplies.	9/30/2018	Not Due	3
Johnson County Sheriff's Office Transition Audit	Sheriff Hayden	2.3	Perform a physical inventory and document results of personal property to ensure integrity in Justice Information Management System (JIMS) inventory records by December 31, 2017.	Due to current staffing and inventory size, it may not be feasible to complete a full physical inventory by December 31, 2017. The Sheriff's Office will ensure that every effort is made to complete a physical inventory by September 1, 2018.	9/30/2018	Not Due	3
Johnson County Sheriff's Office Transition Audit	Sheriff Hayden	2.4	Consult the JIMS Office to seek improvements to the JIMS inventory database such as, recording of physical inventory checks, the date of the last physical inventory performed, and a report to evidence physical inventory processes.	The Sheriff's Office will continue to work with JIMS to make improvements to allow for an efficient and accurate inventory management database. Accounts will be reviewed routinely to ensure all items are being appropriately entered.	9/30/2018	Not Due	3

Open Recommendations as of 4th Quarter 2017

Audit	Responsible Party	Rec #	Recommendation	Proposed Action	Proposed Resolution Date	Days Past Due	Rating
Johnson County Sheriff's Office Transition Audit	Sheriff Hayden	2.5	Consult the JIMS Office and determine if the Corrections Department's uniform inventory system can be applied to meet JCSO business requirements.	Staff met with JIMS personnel on August 3, 2017 to review the Department of Corrections' uniform inventory system. We determined it should meet the JCSO's needs, and have assigned a project team to begin implementation as soon as possible.	9/30/2018	Not Due	3
Johnson County Sheriff's Office Transition Audit	Sheriff Hayden	3.1	Develop written descriptions of contract administration responsibilities and formally assign these responsibilities to staff.	A job description is being developed to formally assign contract oversight responsibilities to a front line staff member (Deputy) to act as the liaison for each contracted entity. This interim solution will need to be readdressed – additional resources will be needed long-term.	12/30/2018	Not Due	3
Johnson County Sheriff's Office Transition Audit	Sheriff Hayden	3.2	Ensure contract deliverables are enforced as written and ensure any mutually agreed upon changes to the contract or scope of services are documented in amendments to the contract.	Staff is developing a process to ensure timely contract reviews and compliance monitoring. The Detention Bureau liaison and Detention Commanders will work closely with the JCSO contract manager and TFM to make sure contract deliverables are enforced.	12/30/2018	Not Due	3
Johnson County Sheriff's Office Transition Audit	Sheriff Hayden	3.3	Establish written procedures to periodically verify contractor performance based on JCSO documentation and observation.	Written procedures will be completed, which will assist in ensuring liaison responsibilities are documented.	6/30/2018	Not Due	3
Johnson County Sheriff's Office Transition Audit	Sheriff Hayden	3.4	Assess penalty associated with short staffing in the amount of $47,848 for CCS contract.	We concur with this recommendation and will ensure that the contract is revised to reflect the 2012 amendment.	12/30/2018	Not Due	2
Johnson County Sheriff's Office Transition Audit	Sheriff Hayden	4.2	Require Command Staff to periodically review overtime hours worked by individual.	We currently employ methods to distribute overtime equitably, thereby safeguarding employees from working an excessive amount. Supervisors review a report monthly to address any individuals not complying with established overtime distribution measures.	2/28/2018	Not Due	2
Johnson County Sheriff's Office Transition Audit	Sheriff Hayden	4.3	Perform staffing analysis to determine total FTE staffing requirements.	The Sheriff's Office has requested a staffing audit be completed and conducted by Audit Services.	2/28/2018	Not Due	3

Open Recommendations as of 4th Quarter 2017

Audit	Responsible Party	Rec #	Recommendation	Proposed Action	Proposed Resolution Date	Days Past Due	Rating
Johnson County Sheriff's Office Transition Audit	Sheriff Hayden	5.1	Revise Employee Compensation 2004-01 to incorporate guidance describing what steps must be followed when approving employee time and attendance, to include validating differences between the employees' time record and the work schedule.	Johnson County Sheriff's Office Policy 2004-01 Employee Compensation to govern staff overtime was revised to a statement to prescribe guidance.	12/30/2017	1	2
Johnson County Sheriff's Office Transition Audit	Sheriff Hayden	6.1	Document the staffing/scheduling process.	The Communications Division plans to create a document that will give staff guidance on the staffing/scheduling process and factors to consider when scheduling such as call volume, duration of calls, radio traffic, and other metrics.	2/28/2018	Not Due	2
Johnson County Sheriff's Office Transition Audit	Sheriff Hayden	6.2	Periodically review call volume data and other performance metrics.	The Mid America Regional Council (MARC) has been working with the vendor to fix the reporting function failure. We plan to continue the practice of reviewing statistics once MARC is able to provide us the metrics report.	2/28/2018	Not Due	2
Johnson County Sheriff's Office Transition Audit	Sheriff Hayden	7.1	Modify internal grant policies/procedures to align with County Grant Policy requirements.	The Chief Financial Officer is reviewing the Sheriff's Office internal grant policies and working with the County's Grant Coordinator to ensure compliance with federal and state regulations for grants, and with County policy as needed.	2/28/2018	Not Due	2
Management of IT Resources - County Manager's Office	Michael Aldridge	2.5	Require all IT equipment hardware purchases be centrally procured, purchased from Purchasing's recommended source and approved by the IT governance structure previously recommended in this report	Research the potential for centrally managed, approved or tracked technology purchases	7/1/2013	1644	-

Rating	Implementing a recommendation with the designated rating may improve…
1- Valuable	…efficiencies and effectiveness in a process leading to enhanced operations.
2- Significant	…efficiencies and effectiveness in a process resulting in enhanced program outcomes, cost efficiencies, strengthened internal controls and/or compliance.
3- Crucial	…operations, resulting in significant program outcomes and cost efficiencies; strengthen internal controls and/or reduce the potential for liability and/or loss.