JOHNSON COUNTY

KANSAS

Audit Services
Status of Audit Recommendations
As of March 31, 2019

June 20, 2019

Report No: QR-2019-01

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Status of Audit Recommendations

Open Recommendations

Executive Summary

Recommendations Implemented

Twelve recommendations were implemented during the 1st quarter of 2019, originating from the following audits:

- One recommendation from the *Cybersecurity Incident Response & Recovery Planning Audit* (2019),
- One recommendation from the *Med-Act Transition Audit* (2018),
- Two recommendations from the *Johnson County Sheriff's Office Revenue Audit* (2018),
- One recommendation from the *Johnson County Airport Commission Transition Audit* (2017),
- Five[1] recommendations from the *Johnson County Sheriff's Office Transition Audit* (2017),
- One recommendation from the *Johnson County Elections Transition Audit* (2016), and
- One recommendation from the *Management of IT Resources Audit* (2012).

Recommendations Closed

- The *Johnson County Law Library Review* audit was published on April 18, 2019. Our audit engagement with the Law Library Board of Trustees did not include following up on issued recommendations. Therefore, Audit Services is not tracking and/or monitoring recommendations issued from this audit. Recommendations are being added to our inventory and subsequently closed.

Aging of Recommendations

Recommendation Activity					Number Months Past Original Comp Date					
Open as of 12-31-18	Issued 1st Quarter	Implemented	Closed	Open as of 03-31-19	Not Due	0-6 Months	7-12 Months	13-18 Months	19-24 Months	Over 2 Years
33	26	12	19	28	10	15	3	0	0	0

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1 Recommendation 5.1 from the *Johnson County Sheriff's Office Transition Audit* audit report was implemented in December 2018

## Progress of Open Audit Recommendations by Audit as of March 31, 2019

Open Audits	Total Recommendations	Open Recommendations	% Complete
Cybersecurity Response & Recovery Audit 2019	7	6	14%
Med-Act Transition Audit 2018	18	14	22%
Sheriff's Revenue Audit 2018	7	1	86%
Sheriff's Transition Audit 2017	20	2	90%
Airport Commission Transition Audit 2017	19	1	95%
Election Office Transition Audit 2016	28	2	93%
HUD-OIG - City of Olathe 2016	2	2	0%
Total	101	28	72%

Criticality Impact of Open Audit Recommendations as of March 31, 2019
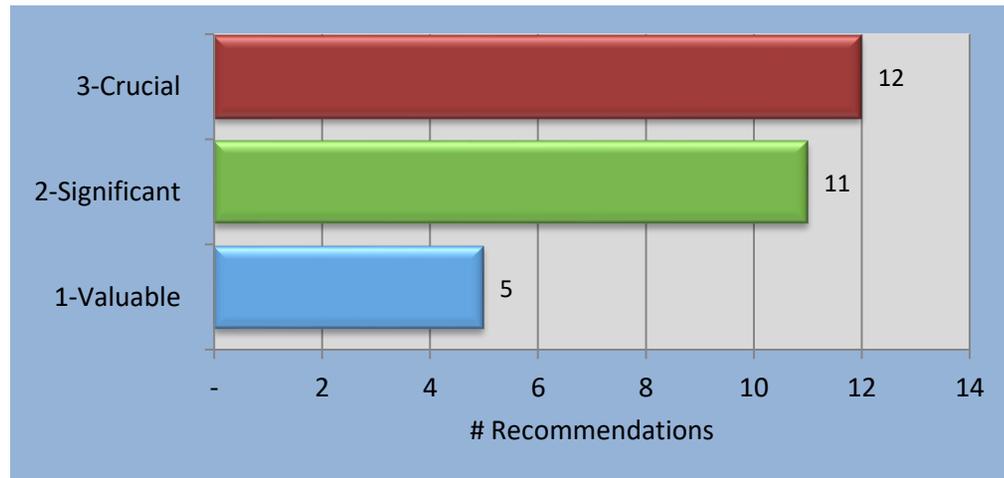
Rating	Implementing a recommendation with the designated rating may improve…
1- Valuable	…efficiencies and effectiveness in a process leading to enhanced operations.
2- Significant	…efficiencies and effectiveness in a process resulting in enhanced program outcomes, cost efficiencies, strengthened internal 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.

Executive Summary

Matters of Interest for the Commission

Management of IT (Hardware) Resources Audit (2012):

Status: Implemented 1st Quarter 2019

Management made significant progress during 2018 developing and implementing a centralized IT hardware procurement process. Centralizing IT hardware purchases has achieved significant savings and will continue. To date, the three bulk purchases has yielded the County $398k savings[2].

HUD OIG – City of Olathe Audit (2016):

Recommendation 5a: Work with the City to pursue the efficiencies to be gained by consolidating the two entities' HOME programs.

Status: County representatives conducted a telephone call with representatives of the Department of Housing and Urban Development (HUD) on May 15th to discuss the consolidation of the City of Olathe's HOME Program with the County's HOME Program. Because of that call, a meeting has been scheduled with the County's Legal Department to discuss amendments to the current Memorandum of Understanding with the City of Olathe. HUD staff agreed with the County's preference to assume HOME Program administration of the Olathe HOME Program at the end of this year to coincide with the current Consolidated Plan expiration.

Recommendation 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.

Status: County and City of Olathe will continue to address this recommendation as a component of the action referenced in 5a above.

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2 Unaudited, as reported by Department of Technology and Innovation.

Executive Summary

Johnson County Law Library Review (2019):

The *Johnson County Law Library Review* audit focused on assessing internal controls in operational and financial activities. Audit areas included:
- o   Payroll and timekeeping,
- o   Payables, receivables, and inventory,
- o   Cash handling – receipts and deposits,
- o   Financial investments,
- o   Compliance with Kansas Statutes and
- o   Financial reporting to the Board of Trustees (BOT).

The audit issued a total of nineteen audit recommendations and offered 5 audit observations – 24 areas where operations could be improved. The BOT concurred with 14 (74%) of the 19 recommendations.

Recommendations Implemented During 1st Quarter 2019

Audit	Responsible Party	Rec #	Recommendation	Rating
Johnson County Airport Commission Transition Audit	Aaron Otto	6.3	Consider purchasing a barcode system to facilitate more efficient and accurate inventory tracking.	1
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.	3
Johnson County Sheriff's Office Revenue Audit	Sheriff Hayden	1.2	Develop detailed standard operating procedures for their Accounts Receivable (A/R) program	3
Johnson County Sheriff's Office Revenue Audit	Sheriff Hayden	5.1	Considering the JCSO recently migrated to a new commissary contract with CBM Inc., it is imperative the JCSO develop standard operating procedures and designate specific personnel the responsibility for monthly balancing, reconciling and reporting.	3
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.	2
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.	3
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.	3
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.	2
Johnson County Sheriff's Office Transition Audit	Sheriff Hayden	7.1	Modify internal grant policies/procedures to align with County Grant Policy requirements.	2
Management of IT Resources - County Manager's Office	Brian Thomas	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.	-
Med-Act Transition Audit	J. Paul Davis	4.3	Implement a more efficient method of billing supplies to front-line providers in the field, rather than on a per-event basis. Greater efficiency can be obtained by billing less frequently.	2
Cybersecurity Incident Response & Recovery Planning	Tim Mulcahy	1.1	Audit Services offered this recommendation to strengthen the County's ability to respond to and recover from cybersecurity incidents. This audit is confidential under K.S.A. 45-221(a)(12) and (45).	3

Recommendations Closed During 1st Quarter 2019

Audit	Responsible Party	Rec #	Recommendation	Reason for Closing
Johnson County Law Library Review	Law Library Director	1.1	Develop a proposed Debt Collection policy/procedure regarding unpaid registration fees for the Trustees consideration and approval	Audit Services is not tracking and/or monitoring recommendations issued from this audit
Johnson County Law Library Review	Law Library Director	1.2	Continue the coordination and planning effort underway with Treasury and Financial Management and the Oracle Support group to migrate the Law Library's annual registration fee process to Oracle	Audit Services is not tracking and/or monitoring recommendations issued from this audit
Johnson County Law Library Review	Law Library Director	2.1	Seek a refund from Thomson Reuters in the amount of $3,638	Audit Services is not tracking and/or monitoring recommendations issued from this audit
Johnson County Law Library Review	Law Library Director	2.2	Develop standard operating procedures for the A/P process addressing the following issues at a minimum: • Comparison of invoice with contract terms • Documented approval of invoices (initial or signature) • Check generation as the last step in the A/P process • Restructure A/P files: o Maintain all payment supporting documentation in payment file. For example, the original or complete copy, of the contract or purchase order and invoice should reside in payment file. o Store A/P files in a secure area.	Audit Services is not tracking and/or monitoring recommendations issued from this audit
Johnson County Law Library Review	Law Library Director	2.3	Continue the coordination and planning effort underway with Treasury and Financial Management and the Oracle Support group to migrate the Law Library's A/P process to Oracle	Audit Services is not tracking and/or monitoring recommendations issued from this audit
Johnson County Law Library Review	Treasurer / Director	3.1	Correctly categorize the amount being set aside for the move to the new Johnson County Courthouse as an asset	Audit Services is not tracking and/or monitoring recommendations issued from this audit
Johnson County Law Library Review	Treasurer / Director	3.2	Develop a proposed policy for the Trustees' consideration and approval describing the purpose of maintaining a Reserve Fund to include target amount, or percentage, to be held in reserve	Audit Services is not tracking and/or monitoring recommendations issued from this audit
Johnson County Law Library Review	Treasurer / Director	3.3	Develop a balance sheet "like" financial statement reporting assets – cash, cash balances in checking accounts, investments and amounts held in reserve	Audit Services is not tracking and/or monitoring recommendations issued from this audit
Johnson County Law Library Review	Treasurer / Director	3.4	Establish clarity regarding amounts held in reserve and amount set aside for the courthouse move. • Determine if the amount set-aside for the courthouse move is needed given the Law Library's existing informal reserve policy	Audit Services is not tracking and/or monitoring recommendations issued from this audit

Recommendations Closed During 1st Quarter 2019

Audit	Responsible Party	Rec #	Recommendation	Reason for Closing
Johnson County Law Library Review	Law Library Director	4.1	Request Treasury and Financial Management review current cash handling procedures and provide cash handling training specifically tailored to Law Library	Audit Services is not tracking and/or monitoring recommendations issued from this audit
Johnson County Law Library Review	Treasurer / Director	5.1	Develop a policy/procedure for the Trustees' consideration and approval addressing: • A process for obtaining the Trustee's approval of specific investments • An investment strategy, such as, risk appetite and investment terms for the Law Library's investment portfolio • Regular reporting to the Trustees how investments have performed	Audit Services is not tracking and/or monitoring recommendations issued from this audit
Johnson County Law Library Review	Treasurer / Director	5.2	Reconcile investment bank statements monthly	Audit Services is not tracking and/or monitoring recommendations issued from this audit
Johnson County Law Library Review	Law Library Treasurer	6.1	Terminate the appointment of certain District Court Clerk staff who are identified on bank signature cards as authorized users of the accounts	Audit Services is not tracking and/or monitoring recommendations issued from this audit
Johnson County Law Library Review	Law Library Treasurer	6.2	Appoint the Law Library Director to assist in the performance of Treasurer duties and align duties accordingly	Audit Services is not tracking and/or monitoring recommendations issued from this audit
Johnson County Law Library Review	Board of Trustees	7.1	Recognize, as a best practice, County Financial Policy 160.3: Accounting Principles for Capital Assets, paragraph 2, which addresses the recording and inventorying of assets	Audit Services is not tracking and/or monitoring recommendations issued from this audit
Johnson County Law Library Review	Treasurer / Director	7.2	Request JIMS provide assistance in managing Law Library computer equipment assets. JIM's assistance would include but not be limited to: • Providing equipment inventory records needed to monitor and inventory computer equipment • Managing computer equipment from a life cycle management perspective	Audit Services is not tracking and/or monitoring recommendations issued from this audit
Johnson County Law Library Review	Treasurer / Director	7.3	Perform periodic physical inventory of computer equipment	Audit Services is not tracking and/or monitoring recommendations issued from this audit
Johnson County Law Library Review	Board of Trustees	8.1	Develop and adopt a policy/procedure which requires future appointments of the Law Library Director be coordinated with and appointed by the BOCC	Audit Services is not tracking and/or monitoring recommendations issued from this audit
Johnson County Law Library Review	Law Library Director	9.1	Use Oracle's Absence Request form to request/report absences from work and have absences approved by a County official	Audit Services is not tracking and/or monitoring recommendations issued from this audit

Open Recommendations as of March 31, 2019

Audit	Responsible Party	Rec #	Recommendation	Proposed Action	Initial 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	90	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	90	3
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.		12/31/2018	90	2
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	90	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.)	06/30/2018	270	2

Open Recommendations as of March 31, 2019

Audit	Responsible Party	Rec #	Recommendation	Proposed Action	Initial Resolution Date	Days Past Due	Rating
Johnson County Sheriff's Office Revenue Audit	Sheriff Hayden	4.2	Re-engineer remittance processing within the JCSO. Design and implement a systematic, uniform approach which includes sufficient internal controls.	We concur with this recommendation. The CFO will review the current remittance and deposit process and implement changes to streamline the collection, reconciliation and reporting of remittances received. This will be completed by October 1, 2018.	10/01/2018	180	3
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.	06/30/2018	270	2
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.	06/30/2018	270	3
Med-Act Transition Audit	J. Paul Davis	1.1	Develop a fee-setting policy which complies with County Policy 170.150 and adopts a desired level (or range) of cost recovery for the services being provided.	Med-Act will develop a fee setting policy that complies with the County Policy 170.150. Our goal as steward of the public trust is to establish reasonable and customary fees that support the Med-Act operations and ensure response readiness.	02/28/2019	30	3
Med-Act Transition Audit	J. Paul Davis	1.2	Review the current ambulance transport rates to determine if they are set at the appropriate levels.	The Med-Act policy will include an annual review of our ambulance services fees as well as those in the MARC region. We will present a recommendation to the Board of County Commissioners for its approval.	02/28/2019	30	3
Med-Act Transition Audit	J. Paul Davis	2.1	Develop a standby billing procedure which ensures consistency and equity and describes the criteria to consider when waiving fees.	The Med-Act policy will ensure consistency and equity. We will identify circumstances when waiving fees for standbys is appropriate.	02/28/2019	30	2
Med-Act Transition Audit	J. Paul Davis	3.1	Develop and implement a plan to transfer all current fleet management responsibilities from Med-Act to the County's Fleet Services Division.	Med-Act will work with the county's fleet management team to transition fleet management responsibilities to a team concept. Meaning, the majority of our fleet is specialized (ambulances) and requires internal coordination to achieve our mission. We will designate an existing staff position to serve as the fleet coordinator to ensure apt coordination of maintenance, priority service of mission-critical vehicles and effective communications between the county's Fleet Manager and service vendors.	01/31/2019	60	2

Open Recommendations as of March 31, 2019

Audit	Responsible Party	Rec #	Recommendation	Proposed Action	Initial Resolution Date	Days Past Due	Rating
Med-Act Transition Audit	J. Paul Davis	3.2	Assess mission requirements and prepare a business case analysis regarding take-home vehicle assignments to include considering elimination of take-home vehicle assignments.	Med-Act will assess its mission requirements and review current practices to determine the business need for assigned take-home vehicles.	03/31/2019	Not Due	1
Med-Act Transition Audit	J. Paul Davis	3.3	Revise Med-Act internal Policy & Procedure 1201-Vehicles to include language, in addition to operational and maintenance requirements, which ensures compliance with County policy regarding: guidelines for the assignment of vehicles, documentation and approvals necessary, and the taxation of the personal use of County-owned or leased vehicles by employees.	Med-Act is in the process of reviewing and revising department policies and procedures. This work will coincide with the work related to the recommendation 3.2.	03/31/2019	Not Due	1
Med-Act Transition Audit	J. Paul Davis	3.4	Assume responsibility for managing all Med-Act fleet vehicles in accordance with Johnson County fleet management guidelines.	Fleet Services understands the Audit recommendation and is prepared to provide services as outlined above. Transition of the Med-Act fleet to management by Fleet Services will require the establishment of a service level agreement and the establishment of a cost structure consistent with all other fleet user departments. Upon approval of the Med-Act Transition Audit, formalization of service level agreements will take place between Med-Act and Fleet Services. Fleet Services does not anticipate any immediate impact to staffing due the increased work load required to perform the requested services.	01/31/2019	60	2
Med-Act Transition Audit	J. Paul Davis	3.5	Administer and provide oversight for the current Med-Act vehicle maintenance and repair contract with the local vendor (for the near term) to ensure compliance with Kansas Board of Emergency Medical Services (KBEMS) regulations.	Fleet Services understands the Audit recommendation and is prepared to provide services as outlined above. Oversight of the current local vendor contract will be assumed by Fleet Services. Fleet will establish a direct point of contact to act as a liaison between the vendor and Med-Act. Details related to management of the repair contract, such as vendor payment, vehicle transfers, communication etc.… will be formalized along with the Service Level Agreement between Med-Act and Fleet Services	01/31/2019	60	2

Open Recommendations as of March 31, 2019

Audit	Responsible Party	Rec #	Recommendation	Proposed Action	Initial Resolution Date	Days Past Due	Rating
Med-Act Transition Audit	J. Paul Davis	4.1	Develop and maintain a reliable inventory tracking system of items required by EMS regulations and those categories of supplies dictated by the financial manager.	Med-Act has begun researching the best, cost effective method for improving inventory management and loss prevention. Our goal in this area is to develop a computer aided inventory management system which helps us achieve a "Just-In-Time" system while ensuring the most crucial supplies are in-stock all the time.	11/30/2018	120	3
Med-Act Transition Audit	J. Paul Davis	5.1	Develop a report to monitor how crews administer controlled substances to identify potential "red flags" of loss or theft.	We expect to meet this recommendation once we move to a new, more robust, electronic patient care reporting system. We currently have controls in place which meet statutory and federal regulatory standards.	01/31/2019	60	2
Med-Act Transition Audit	J. Paul Davis	5.3	Revise existing policies and procedures to define responsibilities for reporting any significant loss or theft of controlled substances to the U.S. Drug Enforcement Administration (DEA).	Med-Act will comply with this recommendation.	09/30/2018	180	1
Med-Act Transition Audit	J. Paul Davis	6.1	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.	This must be a shared responsibility. Med-Act will work with JIMS to develop and provide an Asset Management practice guide or policy.	06/30/2019	Not Due	1
Med-Act Transition Audit	J. Paul Davis	6.2	Develop and implement policy and procedures for inventory management to ensure compliance with the County's Capital Asset Policy 160.3.	Med-Act has begun a baseline inventory of durable goods and equipment. We will develop a policy that ensures compliance with the County's Capital Asset policy.	07/31/2019	Not Due	3
Med-Act Transition Audit	J. Paul Davis	7.1	Adopt industry performance metrics that align with Med-Act's mission and publicly report operational results.	We acknowledge we can improve on providing more public information, generally, with respect to operational performance metrics. We will engage our PIO team to help us address this recommendation.	10/31/2018	150	1
Cybersecurity Incident Response & Recovery Planning	Tim Mulcahy	1.2	Audit Services offered this recommendation to strengthen the County's ability to respond to and recover from cybersecurity	Management concurs with this recommendation.	09/30/2019	Not Due	3

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Open Recommendations as of March 31, 2019

Audit	Responsible Party	Rec #	Recommendation	Proposed Action	Initial Resolution Date	Days Past Due	Rating
			incidents. This audit is confidential under K.S.A. 45-221(a)(12) and (45).				
Cybersecurity Incident Response & Recovery Planning	Brian Thomas	1.3	Audit Services offered this recommendation to strengthen the County's ability to respond to and recover from cybersecurity incidents. This audit is confidential under K.S.A. 45-221(a)(12) and (45).	Management concurs with this recommendation.	12/31/2019	Not Due	3
Cybersecurity Incident Response & Recovery Planning	Brian Thomas	1.4	Audit Services offered this recommendation to strengthen the County's ability to respond to and recover from cybersecurity incidents. This audit is confidential under K.S.A. 45-221(a)(12) and (45).	Management concurs with this recommendation.	12/31/2019	Not Due	2
Cybersecurity Incident Response & Recovery Planning	Brian Thomas	1.5	Audit Services offered this recommendation to strengthen the County's ability to respond to and recover from cybersecurity incidents. This audit is confidential under K.S.A. 45-221(a)(12) and (45).	Management concurs with this recommendation.	12/31/2019	Not Due	2
Cybersecurity Incident Response & Recovery Planning	Brian Thomas	1.6	Audit Services offered this recommendation to strengthen the County's ability to respond to and recover from cybersecurity incidents. This audit is confidential under K.S.A. 45-221(a)(12) and (45).	Management concurs with this recommendation.	12/31/2019	Not Due	2
Cybersecurity Incident Response & Recovery Planning	Sean Casserly	1.7	Audit Services offered this recommendation to strengthen the County's ability to respond to and recover from cybersecurity incidents. This audit is confidential under K.S.A. 45-221(a)(12) and (45).	Management concurs with this recommendation.	12/31/2019	Not Due	3