



Audit Services  
Second Quarter 2002  
Status Report on Findings Resolution

Release Date: August 8, 2002

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As of Second Quarter, 2002  
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When updating this document quarterly, all items noted as resolved on the prior matrix will be dropped. ‘Complete’ comments are the representations of management. ‘No Response’ comments indicate Management declined to comment on, or respond to, this quarter’s report. Updated information will be obtained each quarter from the responsible party within the applicable department.

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1999 External Audit Management Letter Comments

Management Letter Comment	Department	Date Comment Appeared	Responsible	Management Action Plan & Management Comments	Resolution Date
Accounting personnel should become familiar with GASB Statement 34 through the attendance of seminars & implement a plan, including the consideration of funding needs.	Office of Financial Management	Fiscal 1999	Susan Dougan/ Tom Franzen	Staff has attended numerous training seminars on the new reporting model. Staff is also working on a detailed analysis and a proposed implementation plan for Statement 34. During the process, staff will meet with various affected agencies and departments of the County to determine steps and resources necessary for a transition to the new model.  Staff continues to meet with affected agencies and departments to transition to the new reporting model. Staff is working closely with the external consultant these issues.	12/31/02
A central grant administrator to ensure proper grant accounting.	Office of Financial Management	Fiscal 1999	Mike Press/Tom Franzen/Doug Robinson	This item will be addressed as part of the ASPIRE system implementation. At this point, preliminary plans include two potential FTEs, one in the Budget and Financial Planning Department to coordinate pre-award activities and one in the Office of Financial Management to administer post-award financial issues.	<del>09/30/01</del> <del>12/31/01</del> <sup>1</sup> <del>06/30/02</del> <sup>1</sup> 12/31/02
Policy implementation whereby all County departments are required to utilize separate organizations for recording and reporting grant activity.	Office of Financial Management	Fiscal 1999	Tom Franzen	The CFO stated that the current policy will be rewritten to address all facets of grant management, including but not limited to: grant applications; grant approvals; grant renewals; accounting for grant activity; grant documentation and any reports as required by the granting agency.  Staff is currently reviewing the recording and reporting activity of grants within the Aspire project. All grants will have revenues and expenses booked appropriately. Staff is in the process of updating the financial policy regarding grant management for the county.	<del>09/30/01</del> <del>12/31/01</del> <del>06/30/02</del> <sup>1</sup> 12/31/02

<sup>1</sup> Auditor's Note: Revised timelines determined by Management.

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Management Letter Comment	Department	Date Comment Appeared	Responsible	Management Action Plan & Management Comments	Resolution Date
Review of effectiveness & controls of purchasing card.	Office of Financial Management	Fiscal 1998	Tom Franzen	<p>The County's purchasing card program policy will be addressed within the new County Administrative Policies scheduled for completion during fiscal 2002.</p> <p>The County's purchasing card program policy has been updated to reflect recommendations made by DMJK from fiscal 1998. These policy changes are being reviewed by various County staff and will be rolled out to the organization, after approval by the BOCC, as part of the implementation of ASPIRE.</p>	<p><del>08/31/01</del>  <del>11/30/01</del><sup>1</sup>  <del>03/31/02</del><sup>1</sup>  <del>06/30/02</del><sup>1</sup>  12/31/02</p>

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Self-Insured Health Care Audit  
Report Number 2001-01

Audit Comment	Department	Date Comment Appeared	Responsible	Management Action Plan & Management Comments	Resolution Date
Establish written policies and procedures that delineate budgetary authority and establish departmental responsibilities.	Budget	1 <sup>st</sup> Quarter 2001	Doug Robinson	This item was completed in June as part of the County Manager's Proposed Budget for FY 2003. Please refer to the Summary Budget Information document, Health Care Fund section, page 2, Table #1.	<del>12/01/01</del> <del>06/30/02</del> <sup>1</sup> Complete
Establish written policies and procedures establishing and maintaining an unencumbered cash balance at year - end.	Budget	1 <sup>st</sup> Quarter 2001	Doug Robinson	This item will be addressed by a Health Insurance Program Manager, if this new position is approved by the Board as part of the FY 2003 Budget. Please refer to the Summary Budget Information document, Health Care Fund section, page 4.	<del>12/01/01</del> <del>06/30/02</del> <sup>1</sup> 12/31/02

<sup>1</sup> Auditor's Note: Revised timelines determined by Management.

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Indian Creek Middle Basin Interlocal Agreement Audit  
Report Number 2001-02

Audit Comment	Department	Date Comment Appeared	Responsible	Management Action Plan & Management Comments	Resolution Date
Johnson County Wastewater representatives either did not bill or under billed approximately \$4.1 million of charges for fees associated with the operation of the Indian Creek Middle Basin Interlocal Agreement.	County Manager	3 <sup>rd</sup> Quarter 2001	Mike Press	Burns & McDonnell's independent review stated total Olathe liability at approximately \$3.9 million. The County Manager proposed an immediate settlement of fees for approximately \$3.8 million.  Settlement of this issue is pending a final response from the City of Olathe representatives.	Awaiting Outcome of Negotiations
Approximately \$1.5 million in Wastewater billings to the City of Olathe remains unpaid for fiscal year 2001.	Johnson County Wastewater	1 <sup>st</sup> Quarter 2002	Doug Smith	Wastewater officials sent a letter, dated March 5, 2002, to the City of Olathe requesting payment for the unpaid portion of the 2001 invoice.  This payment has not been received from the City of Olathe.	Awaiting Outcome of Negotiations
Invoice for 2002 should be sent to the City of Olathe in December 2001.	Johnson County Wastewater	1 <sup>st</sup> Quarter 2002	Doug Smith	Johnson County Wastewater officials stated the 2002 billing has been sent with a cover letter dated June 12, 2002, to the City of Olathe.  No payment has been received.	<del>06/30/02</del> Invoice sent on 06/12/02

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Appraiser's Exempt Property Review  
Report Number 2001-05

Audit Comment	Department	Date Comment Appeared	Responsible	Management Action Plan & Management Comments	Resolution Date
Maintenance of Exempt Property Files.	Appraiser	2 <sup>nd</sup> Quarter 2001	Paul Welcome	All real estate exemption orders scanned and filed by parcel number. On 07/03/2002, the Appraiser's office stated that 62 exemptions remain to be scanned; the expected date of completion is reflected in the revised resolution date.	<del>12/31/01</del> <del>03/31/02</del> <sup>1</sup> <del>06/30/02</del> <sup>1</sup> 12/31/02 <sup>1</sup>

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Register of Deeds Internal Control Audit  
Report Number 2001-05-a

Audit Comment	Department	Date Comment Appeared	Responsible	Management Action Plan & Management Comments	Resolution Date
<p>Two internal controls weaknesses regarding the integrity of history data within the ROD information processing systems were noted as unresolved. One, additional documents and associated fees could be added, resulting in the modification of historical data and daily receipts. Two, pre-April 2001 data had not been migrated to the new Phoenix system, the ROD's new information processing system.</p>	<p align="center">Register of Deeds</p>	<p align="center">3<sup>rd</sup> Quarter 2001</p>	<p align="center">Becky Davis</p>	<p>One, the ROD's office has made significant progress in correcting weaknesses within our information system. The ability to add documents and associated fees to historic information was a recently identified "glitch" within our information system. We immediately contacted the County's Information Technology Systems to assist in resolving this problem. As of March 8, 2001, this glitch has been resolved and the integrity of historical information has been fully restored.</p> <p>Two, pre-April 2001 data had not been migrated to the new Phoenix system. Due to the unseasonably high workload of the ROD's office, ROD staff has not yet had time to migrate pre-April 2001 computer data.</p>	<p align="center"><del>Complete</del> <del>03/08/02</del> Completed</p> <p align="center">10/31/02</p>
<p>The County Auditor's review previously noted that customer payments were stored in boxes, on the vault room floor, for approximately ten calendar days, prior to recording and deposit.</p>	<p align="center">Register of Deeds</p>	<p align="center">3<sup>rd</sup> Quarter 2001</p>	<p align="center">Becky Davis</p>	<p>ROD's office has been working diligently to reduce the time it takes to process customer payments and deposit checks. Our processing time has been reduced from ten days to approximately six days. We are continuing long-term efforts to ultimately reduce the processing and deposit time to approximately one workday. Mail backlog always remains subject to increases in customer volume.</p> <p>In the short-term, the existing backlog of checks can be eliminated by 04/12/02. However, in the long-term the ROD office requires a replacement of our entire computer operating systems and a process restructure of ROD personnel in order to keep pace with the huge increase in customer transactions we now experience.</p>	<p align="center"><del>Complete</del> <del>Short-term: 04/12/02</del> Completed</p> <p>Long-term: Replacement of our computer systems and a process restructure.</p> <p>RFP for a Technology Analyst was sent out on 7/26/02.</p>

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Juvenile Intake and Assessment Audit  
Report Number 2001-06

Audit Comment	Department	Date Comment Appeared	Responsible	Management Action Plan & Management Comments	Resolution Date
Grant accounting problems.	JIAC	4 <sup>th</sup> Quarter 2001	Michael Youngken	Staff worked with the Juvenile Justice Authority to go back and reconcile previous grant years, finishing the FY2001 grants in late May. The Board of County Commissioners approved amendments to the FY2002 JJA budgets on June 27 <sup>th</sup> , effectively rolling forward the numbers and bringing closure to the reconciliation process.	<b>Complete</b> 05/31/02 <sup>1</sup> Complete
Accounting errors and mispostings.	JIAC	4 <sup>th</sup> Quarter 2001	Michael Youngken	The clerical errors regarding the purchase of a copier and a refrigerator were corrected in August 2001. Regarding the purchase of a vehicle for Case Management that was charged to a JIAC org, a correction cannot be posted to the financial system. JJA staff directed that since both Case Management and JIAC are core services and are funded through Intervention / Graduated Sanctions dollars, the only action needed was to include this expenditure in calculating the final carryover numbers. The Board of County Commissioners approved amendments to the FY2002 JJA budgets on June 27 <sup>th</sup> , effectively rolling forward the numbers and bringing closure to the reconciliation process.	<b>Complete</b> 05/31/02 <sup>1</sup> Complete
Improper Transfer of JIAC funds.	JIAC	4 <sup>th</sup> Quarter 2001	Michael Youngken	The journal voucher in question cannot be corrected on the financial system. However, corrective action has been taken to roll forward and apply the carryover funds to the correct grant orgs, removing all non-related grant funds from the Juvenile Detention Facilities Fund grant org. The remaining JDFF grant dollars were re-appropriated for the FY02 JDFF grant cycle and have now been transferred to the FY02 JDFF grant org. This completes the reconciliation process.	<b>Complete</b> 05/31/02 <sup>1</sup> Complete

<sup>1</sup> Auditor's Note: Revised timelines determined by Management.