



Audit Services
Third Quarter 2003
Status Report on Findings Resolution

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**Status Report on Findings Resolution
As of Third Quarter 2003
Table of Contents**

1999 External Audit Management Letter Comments	1
Indian Creek Middle Basin Interlocal Agreement Audit.....	2
Register of Deeds Internal Control Audit.....	3
2001 External Audit Management Letter Comments	4
Corrections Grants Audit	5
Progress Report on Cash Weaknesses Identified Within the Treasurer’s Department	7

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.

**Status Report on Findings Resolution
As of Third Quarter 2003**

1999 External Audit Management Letter Comments

Management Letter Comment	Department	Date Comment Appeared	Responsible	Management Action Plan & Management Comments	Resolution Date
A central grant administrator to ensure proper grant accounting.	Office of Financial Management	Fiscal 1999	Tom Franzen, Director of Financial Management Doug Robinson, Budget & Financial Planning Director	As directed by the Board, staff is currently researching the grants management issue and will prepare information for a future work session to discuss the County's overall strategy regarding grants management.	09/30/01 ¹ 12/31/01¹ 06/30/02 ¹ 12/31/02¹ 03/31/03 ¹ 12/31/03 ¹

¹ Auditor's Note: Revised timelines determined by Management.

**Status Report on Findings Resolution
As of Third Quarter 2003**

**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 rd Quarter 2001	Mike Press, County Manager	<p>Settlement of this issue was reached; the terms involve seven annual payments of \$484,023.81, or approximately \$3.4 MM to be paid by the City of Olathe.</p> <p>In 2002, the County received the first of seven payments in the amount of \$484,023.81 from the City of Olathe. The County continues to work with the City of Olathe to negotiate a new contract. The estimated date for BOCC consideration of a new contract is the 3rd quarter of FY 2003.</p> <p>Management Comment: A payment for half of the payment due was received when the County submitted a draft contract to Olathe staff. The other half is to be paid when the Olathe governing body approves the contract, expected by 12/31/03 along with the 2003 payment.</p>	<p>Complete¹ 09/30/03¹ 12/31/03¹</p>

¹ Auditor's Note: Revised timelines determined by Management.

**Status Report on Findings Resolution
As of Third Quarter 2003**

**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
The County Auditor's review previously noted internal control weaknesses regarding the safeguarding of assets within the ROD office.	Register of Deeds	3 rd Quarter 2001	Becky Davis, Register of Deeds	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. The RFP for a new computer operating system is complete. The contract with AMCAD® was signed in June 2003. We have planned on the go live date for the system to be December 1, 2003. Acceptance of the system will be thirty days after running consecutively.	11/30/03 12/31/03 ¹

¹ Auditor's Note: Revised timelines determined by Management.

**Status Report on Findings Resolution
As of Third Quarter 2003**

2001 External Audit Management Letter Comments

Management Letter Comment	Department	Date Comment Appeared	Responsible	Management Action Plan & Management Comments	Resolution Date
Various County departments have their own bank accounts, and the Treasurer has numerous bank accounts. This unnecessarily complicates the bank reconciliation, daily bookkeeping, and depository security processes.	Office of Financial Management	3 rd Quarter 2002	Tom Franzen, Director of Financial Management	Numerous bank accounts are open due to the logistics associated with various county department locations. The Cash Manager is currently evaluating the County's options regarding consolidation of accounts and the possible use of one bank for financial activity. A final decision regarding the status of the various County accounts will be determined after this evaluation has been completed.	
	Treasurer	3 rd Quarter 2002	Dennis Wilson, County Treasurer	OFM, with Treasurer staff concurrence, has submitted a recommendation to the County Manager for consolidation of county bank accounts. The recommendation has been approved. After subsequent discussions with affected departments, OFM and TRE staff will begin the migration of banking activity to the appropriate bank accounts.	03/31/03 ¹ 06/30/03 ¹
	Legal	3 rd Quarter 2002	Larry McAulay, Director of Legal Services	Treasurer and OFM staff are currently meeting with various county departments to review impending changes related to the consolidation of bank accounts. The Treasurer concurs with OFM and the County Manager regarding this effort and will continue to cooperate with these departments towards the successful completion of this task.	12/31/03 ¹
				On 2/07/2003, the Legal Department issued an opinion to the Treasurer that most County bank accounts were under the oversight of the Treasurer. This opinion also points out that certain accounts fall outside of the Treasurer's responsibility, for example the Library Board and Park and Recreation District bank accounts.	

¹ Auditor's Note: Revised timelines determined by Management.

**Status Report on Findings Resolution
As of Third Quarter 2003**

**Corrections Grants Audit
Report Number 2002-03**

Audit Comment	Department	Date Comment Appeared	Responsible	Management Action Plan & Management Comments	Resolution Date
<p>The County maintained approximately \$1.1 million of revenues, unexpended Client Reimbursements, in a Project Account that existed outside of the Annual Capital and Operating Budget.</p> <p>The County Auditor recommends that the County Manager or his representatives provide the BOCC with a timeframe or implementation schedule for including Client Reimbursements within the annual operating budget.</p>	County Manager	4th Quarter 2002	Mike Press, County Manager	The FY03 Budget will be revised during the first quarter of FY03 to include the four Corrections project accounts - Client Reimbursements, Recreation, Juvenile Supervision and House Arrest. All four projects will be included as part of the FY04 annual budget process.	Complete
<p>The County Auditor recommends that the County Manager or his representatives review the three remaining Community Corrections Department's Project Accounts to determine if these programs should be included in the annual budgetary process.</p>	County Manager	4th Quarter 2002	Mike Press, County Manager	County staff has already begun reviewing all existing project accounts, including those in Corrections, for inclusion in a FY03 budget revision and the FY04 annual budget process.	Complete
<p>The County Auditor recommends that the County Manager or his representatives review all County Project Accounts to ensure that all Project Accounts are properly reflected in the County's financial system and the annual operating budget.</p>	County Manager	4th Quarter 2002	Mike Press, County Manager	County staff has already begun reviewing all existing project accounts, including those in Corrections, for inclusion in a FY03 budget revision and the FY04 annual budget process.	Complete
<p>The County Auditor recommends that Community Corrections representatives notify the corrections advisory board and the BOCC of the anticipated usage of \$31,384 in unexpended Juvenile Justice Authority grant funds, from grant year 1998, to be used for grant year 2003 operations.</p>	Department of Corrections	4th Quarter 2002	Michael Youngken, Department of Corrections Director	Staff contacted JJA in December 2002 to request the use of these unexpended funds for FY2003. Staff continues to follow up with JJA in working through the process to resolve any outstanding issues.	<p>03/31/03¹</p> <p>06/30/03¹</p> <p>09/30/03¹</p> <p>12/31/03¹</p>

¹ Auditor's Note: Revised timelines determined by Management.

**Status Report on Findings Resolution
As of Third Quarter 2003**

**Corrections Grants Audit (Continued)
Report Number 2002-03**

Audit Comment	Department	Date Comment Appeared	Responsible	Management Action Plan & Management Comments	Resolution Date
The County Auditor recommends that the County Manager or his representatives obtain the appropriate authorization to use \$4,096 of unexpended grant funding, from prior years, for grant year 2003 operations.	Department of Corrections	4th Quarter 2002	Michael Youngken, Department of Corrections Director	Staff contacted JJA in December 2002 to request the use of these unexpended funds for FY2003. Staff continues to follow up with JJA in working through the process to resolve any outstanding issues.	03/31/03 ¹ 06/30/03 ¹ 09/30/03 ¹ 12/31/03
The County Auditor recommends that the County Manager or his representatives obtain the appropriate authorization to apply the \$7,133 of unexpended grant funding to grant year 2003 operations.	Department of Corrections	4th Quarter 2002	Michael Youngken, Department of Corrections Director	Staff contacted JJA in December 2002 to request the use of these unexpended funds for FY2003. Staff continues to follow up with JJA in working the process to resolve any outstanding issues.	03/31/03 ¹ 06/30/03 ¹ 09/30/03 ¹ 12/31/03 ¹

¹ Auditor's Note: Revised timelines determined by Management.

**Status Report on Findings Resolution
As of Third Quarter 2003**

**Progress Report on Cash Weaknesses Identified Within the Treasurer's Department
Report Number 2003-01**

Audit Comment	Department	Date Comment Appeared	Responsible	Management Action Plan & Management Comments	Resolution Date
The Treasurer's Department needs to establish written policies and procedures that clearly delineate responsibilities and practices for monthly bank reconciliations.	Treasurer	2 nd Quarter 2003	Dennis Wilson	The Treasurer is currently working on a complete set of procedures for all duties within this office including the bank reconciliation process.	11/01/2003
The Accounts Payable account bank account reconciliation shows additions of \$785,173.66 to the bank balance for amounts related to old bank accounts to arrive at the ASPIRE cash balance. The Treasurer had not been able to determine the nature and disposition of these amounts.	Treasurer	2 nd Quarter 2003	Dennis Wilson	Research is currently being conducted and the vast majority of this amount has been identified. We will continue to work with OFM until a final resolution is reached to ensure the accuracy of the resolution process is not compromised.	12/31/2003