



Audit Services
Fourth Quarter 2007
Implementation of Audit Recommendations

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**Implementation of Audit Recommendations
As of Fourth Quarter 2007
Table of Contents**

Disposal of Surplus Computers	1
Accounts Payable Vendor Payment Review	2
Johnson County Developmental Supports General and Financial Management Review	3
Library Special Use Fund Management and Financial Review	5
Public Works Fund Audit	6
Self –Insured Health Care Plan Review.....	7
 Recently Issued Reports	
Audit of Department of Corrections	11

When updating this document quarterly, all items noted as resolved on the prior matrix will be dropped. ‘Completed’ 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.

**Implementation of Audit Recommendations
As of Fourth Quarter 2007**

Disposal of Surplus Computers

Audit Comment	Department	Date Comment Appeared	Responsible	Management Action Plan & Management Comments	Resolution Date
Establish a target date for presenting a revised asset disposal policy to the BOCC for review.	County Manager, ITS, and OFM	4th Quarter 2005	Mike Press Jack Clegg Tom Franzen	<p>Staff has submitted a policy, <i>Surplus Property Disposal</i>, to Chief Legal Counsel, and is awaiting confirmation. The policy will be implemented immediately following Chief Legal Counsel's release.</p> <p><i>Comments from Chief Legal Counsel:</i> It (draft policy) is in line but does not have a high priority right now. The real audit issue has been resolved; that is, the scrubbing of the memory prior to disposal. We do have a policy in place that does allow disposal, so we are not hindering any operations. The proposed policy will simply allow optional ways for disposal to employees, civic groups, elderly, schools, etc. rather than the statutory method, which is auction.</p>	<p>09/30/2006 11/30/2006 03/31/2007 06/01/2007 09/01/2007 11/15/2007 03/01/2008</p>
Additional Comments:					

**Implementation of Audit Recommendations
As of Fourth Quarter 2007**

Accounts Payable Vendor Payment Review

Audit Comment	Department	Date Comment Appeared	Responsible	Management Action Plan & Management Comments	Resolution Date
Develop and implement specific procedures which include authorized purposes for non-travel related food/meals and clearly define what is inappropriate.	Office of Financial Management	2 nd Quarter 2006	Tom Franzen	OFM completed a set of Business Expense Policies and Procedures in August of 2006. The draft documents were sent to Chief Counsel and the E-Team for review at that time. The draft procedures provide clearer definitions and new procedures on non-travel related meals as well as many other miscellaneous expenses.	12/31/2006 02/15/2007 05/01/2007 09/15/2007 11/15/2007 03/01/2008
Additional Comments:					

**Implementation of Audit Recommendations
As of Fourth Quarter 2007**

Johnson County Developmental Supports General and Financial Management Review

Audit Comment	Department	Date Comment Appeared	Responsible	Management Action Plan & Management Comments	Resolution Date
Develop a management reporting system to enable proper oversight of the effectiveness of management and internal controls and develop a mechanism for reporting to the Board of Governors to assure the established controls are effective.	Johnson County Developmental Supports	3 rd Quarter 2006	Maury Thompson	A complete review of the agency's organizational and functional structure has been completed. As a result of this review, the divisions within the agency have been clearly defined and communicated. They are 1) Community Developmental Disability Organization (CDDO), 2) Community Service Provider (CSP), and 3) Administration. The Directors responsible for these divisions meet with the Executive Director on a weekly basis for verbal reporting of significant activities within their divisions. A new written reporting process from each division has also been developed. These reports are submitted to the Executive Director and the Governing Board for review on a monthly basis. Each of these division directors also attend each Governing Board meeting to verbally report and stand for questions as to significant activities within their area of responsibility.	03/31/2007 12/31/2007 Completed
Develop an operating procedures manual for all critical operations in JCDS.	Johnson County Developmental Supports	3 rd Quarter 2006	Maury Thompson	The format and processes for a new operating procedures manual for all critical functions has been approved by the Leadership Team on March 19, 2007. Departments are conducting reviews of rules and processes for inclusion into the manual.	03/31/2007 06/30/2008
Additional Comments:					

**Implementation of Audit Recommendations
As of Fourth Quarter 2007**

Johnson County Developmental Supports General and Financial Management Review (Continued)

Audit Comment	Department	Date Comment Appeared	Responsible	Management Action Plan & Management Comments	Resolution Date
Reconcile the Consumer Payroll Account (CPA) and make appropriate general ledger entries to adjust for the differences noted. If JCDS staff is unable to make a complete reconciliation of the account, we recommend closing the account and opening a new account. The old account should be closed, the balance adjusted to zero, by December 31, 2006.	Johnson County Developmental Supports	3 rd Quarter 2006	Maury Thompson	JCDS and county staff are proceeding to develop the use of county resources (OFM and ORACLE) to be similar to a payroll bureau and provide bank management, check production, and direct deposit capability. Final transition steps are taking place and on schedule for this service to be provided by OFM beginning January 2008.	07/31/2007 08/31/2007 12/31/2007 Completed
Reduce the build-up of long lists of outstanding checks and the potential for escheatment by providing for alternative means of payment where the consumer is unable or unwilling to cash the payroll checks consistently. Possible alternatives might be to require automatic deposit of payroll, where there is repeated failure to cash checks, or payment of some of the payroll in cash.	Johnson County Developmental Supports	3 rd Quarter 2006	Maury Thompson	JCDS staff is currently working with OFM in the setup of consumer payroll to be handled by OFM in a service bureau capacity. OFM will provide bank account reconciliation, check processing, direct deposit capability, and tax payments. The transition is targeted for December 2007 in order for OFM to process and file consumer W-2 forms for 2007 and begin payroll services with the payroll of January 4, 2008.	07/31/2007 08/31/2007 12/31/2007 Completed
Have other Governing Board policies reviewed by legal for compliance with applicable federal, state, and local laws and policies and make recommendations for any needed changes.	Johnson County Developmental Supports	3 rd Quarter 2006	Maury Thompson	The Governing Board is updating all board policies and will include review by county legal services. Of the sixteen current Governing Board policies, eleven have been reviewed and approved, leaving five yet to review and approve. The eleven board approved policies have been sent to county legal services for review.	07/31/2007 12/31/2007 03/31/2008
Additional Comments:					

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As of Fourth Quarter 2007**

Library Special Use Fund Management and Financial Review

Audit Comment	Department	Date Comment Appeared	Responsible	Management Action Plan & Management Comments	Resolution Date
Develop a quality control process to ensure compliance with existing Administrative Regulations and procedures.	Library	1 st Quarter 2007	Donna Lauffer	A spot audit process will be established as soon as the new Deputy County Librarian position is filled. The position is open at this time. New Deputy County Librarian position remains unfilled – negotiating with final candidate.	08/31/2007 12/31/2007 03/31/2008
Additional Comments:					

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As of Fourth Quarter 2007**

Public Works Fund Audit

Audit Comment	Department	Date Comment Appeared	Responsible	Management Action Plan & Management Comments	Resolution Date
Develop a procedure for which: <ul style="list-style-type: none"> • Clearly defines the circumstances under which donations of County funds may occur, • Provides a system of checks and balances to ensure County funds are not unilaterally donated without board approval, and • Ensures donations directly benefit Johnson County. 	County Manager	2nd Quarter 2007	Mike Press	OFM, with the help of a cross-organizational users group, has developed a policy and procedure on the management of business expenses including specifically the donation of tax dollars countywide. The policy and procedure are being reviewed by Chief Counsel. Public Works will comply with any and all related procedures in the future.	11/15/2007 03/01/2008
Additional Comments:					

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As of Fourth Quarter 2007**

Self-Insured Health Care Plan Review

Audit Comment	Department	Date Comment Appeared	Responsible	Management Action Plan & Management Comments	Resolution Date
<p>In conjunction with the reduction in reserve, develop an amended Health Care Fund Reserve policy for Board discussion which:</p> <ul style="list-style-type: none"> • Establishes an upper limit on the HCF Fund Balance in addition to the lower limit in the current policy, <ul style="list-style-type: none"> ○ This upper limit should be approximately 20% to 50% above the calculated Secure Funding Level. ○ This upper limit should be a trigger for BOCC notification and discussion rather than an absolute prohibition on funding above that limit. • Requires notification to the BOCC that the limit has been exceeded as part of the next available budget setting process, • Requires the use of prior year excess funding to reduce the calculated funding required for the next available budget based on the upper limits established, and • Requires reporting to the BOCC, as part of the budget process, the most recent year's results including the difference between projected and actual collections, expenditures, and change in fund balance. 	<p align="center">County Manager</p>	<p align="center">2nd Quarter 2007</p>	<p align="center">Mike Press</p>	<p>Staff has begun the process of amending the Health Care Fund reserve policy.</p>	<p align="center">03/31/2008</p>
<p>Additional Comments:</p>					

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Self-Insured Health Care Plan Review (Continued)

Audit Comment	Department	Date Comment Appeared	Responsible	Management Action Plan & Management Comments	Resolution Date
Establish a program of continual audit of the health care expenditures and, to the extent possible, continual monitoring of contract compliance.	Office of Financial Management	2 nd Quarter 2007	Tom Franzen	While staff has an audit process in place, staff will enhance the audit process with software to review the monthly billing received from BCBSKC. Staff will continue to explore software solutions to address the auditors concerns of contract compliance.	03/31/2008
Use statistical methods to review the claims administrator's performance while continuing to use the targeted case review.	Office of Financial Management	2 nd Quarter 2007	Tom Franzen	Staff has engaged a claims audit firm to assist with the random sampling of HC claims. Next on-site claims compliance audit is scheduled for January 2008.	05/01/2008
Additional Comments:					

**Implementation of Audit Recommendations
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Recently Issued Reports Requiring Action Plans in 1st Quarter 2008

Audit Comment	Department	Date Comment Appeared	Responsible	Management Action Plan & Management Comments	Resolution Date
<p>Audit of Department of Corrections Improve Administration Efficiency:</p> <ul style="list-style-type: none"> • Review all common functions between Adult and Juvenile divisions and merge them into one where feasible. • Ensure consistency in managing administrative functions between the two divisions. • Develop procedures and train managers and staff regarding newly consolidated administrative functions. • Ensure that County and departmental policies, as well as state and federal laws and regulations, are applied uniformly across the entire Corrections department. 	Corrections	4thQuarter 2007	Betsy Gillespie		
<p>Additional Comments: This report was issued in the fourth quarter 2007. Due to the release date, we have not requested that management supply action plans or comments at this time. Audit Services will be requesting the management action plans and resolution dates during the first quarter 2008.</p>					

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<p>Audit of Department of Corrections (Continued) Medications Control:</p> <ul style="list-style-type: none"> • Bring all medications to a central location within the Adult Residential Center and establish a system of control and accountability. • Comply with federal and state requirements for the handling of medication, including controlled substances. • Institute appropriate supervision for handling of all medications and ensure those dispensing medication have the required training and knowledge. • Use the system in place at JDC as a model, making changes as needed to account for the differences between the facilities. 	Corrections	4thQuarter 2007	Betsy Gillespie		
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Audit of Department of Corrections (Continued) ARC Key Control: <ul style="list-style-type: none"> • Establish a system of accountability and control over ARC keys commensurate with the security requirements of the facility. 	Corrections	4thQuarter 2007	Betsy Gillespie		
Accounts Receivable System Improvement: <ul style="list-style-type: none"> • Establish an accounts receivable system complete with standard internal controls. • Reconcile receivables and create internal management reports complete with beginning and ending account balances as well as detailed additions and subtractions. • Immediately stop the practice of deleting electronic ledgers upon a resident's release. • Take appropriate steps to collect assessed fees prior to a resident's release from the facility. 	Corrections	4thQuarter 2007	Betsy Gillespie		
Additional Comments: This report was issued in the fourth quarter 2007. Due to the release date, we have not requested that management supply action plans or comments at this time. Audit Services will be requesting the management action plans and resolution dates during the first quarter 2008.					

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<p>Audit of Department of Corrections (Continued) ARC Fee Forgiveness:</p> <ul style="list-style-type: none"> • Evaluate the purpose and effectiveness of resident fee waivers. • If management continues the practice of fee forgiveness, internal controls are needed. 	Corrections	4thQuarter 2007	Betsy Gillespie		
<p>Fee Collections:</p> <ul style="list-style-type: none"> • Actively monitor and continually evaluate the delinquent fee collections process. • Seek cost effective alternatives to delinquent fee collections such as the State of Kansas Setoff Program or assistance from the County Treasurer collections services. • Create collections management policies that mitigate inequities and maximize returns by clearly establishing specific and direct criteria for the delinquent accounts referral process. 	Corrections	4thQuarter 2007	Betsy Gillespie		
<p>Additional Comments: This report was issued in the fourth quarter 2007. Due to the release date, we have not requested that management supply action plans or comments at this time. Audit Services will be requesting the management action plans and resolution dates during the first quarter 2008.</p>					

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Audit of Department of Corrections (Continued) JDC Application of Paid Time-Off: <ul style="list-style-type: none"> • Ensure JDC accounts for all scheduled Paid Time Off appropriately and consistent with County policy. 	Corrections	4thQuarter 2007	Betsy Gillespie		
Purchasing Efficiency: <ul style="list-style-type: none"> • Use the Office of Financial Management established purchasing criteria which encourages the use of P-Cards as the preferred method of payment for a majority of purchases under \$10,000 • Delegate purchasing responsibilities to subordinate staff while actively managing and monitoring purchasing process. 	Corrections	4thQuarter 2007	Betsy Gillespie		
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Audit of Department of Corrections (Continued) Centralized Accounting Policies and Procedures: <ul style="list-style-type: none"> • Develop centralized, comprehensive financial and accounting policies and procedures. 	Corrections	4thQuarter 2007	Betsy Gillespie		
Performance Measurement System: <ul style="list-style-type: none"> • Reassess the current performance goals and measures and develop goals that specifically describe the outcome desired and develop specific performance measures to measure the outcomes and goal achievements. 	Corrections	4thQuarter 2007	Betsy Gillespie		
Additional Comments: This report was issued in the fourth quarter 2007. Due to the release date, we have not requested that management supply action plans or comments at this time. Audit Services will be requesting the management action plans and resolution dates during the first quarter 2008.					

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<p>Audit of Department of Corrections (Continued) Ethics Violations:</p> <ul style="list-style-type: none"> • Provide training to staff to emphasize their responsibility to report violations of ethics policies. • Modify the ethics policy to indicate how to report violations outside the organization when necessary. 	Corrections	4thQuarter 2007	Betsy Gillespie		
<p>Additional Comments: This report was issued in the fourth quarter 2007. Due to the release date, we have not requested that management supply action plans or comments at this time. Audit Services will be requesting the management action plans and resolution dates during the first quarter 2008.</p>					