



Audit Services
Third Quarter 2008
Implementation of Audit Recommendations

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**Implementation of Audit Recommendations
As of Third Quarter 2008
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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
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Disposal of Surplus Computers

Audit Comment	Department	Date Comment Appeared	Responsible	Management Action Plan & Management Comments	Resolution Date
<p>Establish a target date for presenting a revised asset disposal policy to the BOCC for review.</p>	<p>County Manager, ITS, and OFM</p>	<p>4th Quarter 2005</p>	<p>Mike Press Jack Clegg Tom Franzen</p>	<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 06/01/2008 09/01/2008 12/15/2008</p>
<p>Additional Comments:</p>					

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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 06/01/2008 09/01/2008 11/15/2008
Additional Comments:					

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Johnson County Developmental Supports General and Financial Management Review

Audit Comment	Department	Date Comment Appeared	Responsible	Management Action Plan & Management Comments	Resolution Date
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 continuing ongoing reviews of critical operations and identifying new rules and processes for inclusion. Currently, approximately 34 rules and processes have been included.	03/31/2007 06/30/2008 09/30/2008 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 has reviewed and updated all of their policies. All have been submitted to Chief Counsel for review.	07/31/2007 12/31/2007 03/31/2008 06/30/2008 09/30/2008 Completed
Additional Comments:					

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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 has been established. The new Deputy County Librarian has been trained.	08/31/2007 12/31/2007 03/31/2008 06/30/2008 07/15/2008 Completed
Additional Comments:					

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Public Works Fund Audit

Audit Comment	Department	Date Comment Appeared	Responsible	Management Action Plan & Management Comments	Resolution Date
Develop a procedure 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	2 nd 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 06/30/2008 09/01/2008 11/15/2008
Additional Comments:					

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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 finalized the amendment to the Health Care Fund reserve policy. The amendment has been sent to Chief Counsel for review prior to submission to the BOCC for approval.</p>	<p align="center"> 03/31/2008 06/30/2008 09/01/2008 03/01/2009 </p>

Additional Comments:

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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	Staff has developed and implemented a continual audit program. The monthly BCBSKC census and claim expense files are compared to the Oracle eligibility data to identify any potentially ineligible claimants. These potential errors are investigated and resolved with BCBSKC by the Health Care Manager. This program has been in production since August 1, 2008.	03/31/2008 06/30/2008 07/31/2008 Completed
Additional Comments:					

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Audit of Department of Corrections

Audit Comment	Department	Date Comment Appeared	Responsible	Management Action Plan & Management Comments	Resolution Date
<p>Review all common functions between the Adult and Juvenile divisions and merge them into one where feasible. Candidates for merger would be:</p> <ul style="list-style-type: none"> • Payroll • Vehicle management 	Corrections	4 th Quarter 2007	Betsy Gillespie	<p>We continue to review the common functions between Adult and Juvenile Divisions and below are the plans for each.</p> <p><u>Payroll System:</u> We anticipate moving forward with time clocks for all facilities once the Oracle Team and OFM have determined a vendor. Until that happens, we have ensured that all divisions are processing Payroll according to County Policies.</p> <p><u>Vehicle Management:</u> We are in the process of merging the vehicle management functions for each division into one. We are planning to reclassify a current vacant Transportation Coordinator position to a Transportation/Fleet Manager. This position will oversee the Vehicle Management for the entire department, including transportation services for the Adult Residential Center.</p> <p>We are currently recruiting for the Transportation Manager, with applications being accepted through 9/26/08. New processes and procedures have already been developed which we will begin utilizing on 10/1/08. Once this position is on board we will continue to merge the vehicle management functions.</p>	<p>10/30/2008</p> <p>08/31/2008 11/30/2008</p>
Additional Comments:					

**Implementation of Audit Recommendations
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Audit of Department of Corrections (Continued)

Audit Comment	Department	Date Comment Appeared	Responsible	Management Action Plan & Management Comments	Resolution Date
(Continued) Review all common functions between the Adult and Juvenile divisions and merge them into one where feasible. Candidates for merger would be: <ul style="list-style-type: none"> • Accounts Receivable 	Corrections	4 th Quarter 2007	Betsy Gillespie	<u>Accounts Receivable:</u> The development of a new Accounts Receivable system for the Department now approximately 100% complete. The system will be utilized by all divisions within the Corrections Department. We have completed testing of the system and JIMS has finalized further changes required and completed the development of reports. The new system was fully implemented by July 31, 2008.	06/30/2008 07/31/2008 Completed
Establish an accounts receivable system complete with standard internal controls.	Corrections	4 th Quarter 2007	Betsy Gillespie	A new Accounts Receivable System with appropriate internal controls was developed. The system will be utilized by all divisions within the Corrections Department.	06/30/2008 07/31/2008 Completed
Additional Comments:					

**Implementation of Audit Recommendations
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Audit of Department of Corrections (Continued)

Audit Comment	Department	Date Comment Appeared	Responsible	Management Action Plan & Management Comments	Resolution Date
Reconcile receivables and create internal management reports complete with beginning and ending account balances as well as detailed additions and subtractions.	Corrections	4 th Quarter 2007	Betsy Gillespie	During the development of the new Accounts Receivable System, reports were also developed to reconcile account balances..	06/30/2008 07/31/2008 Completed
Take appropriate steps to collect assessed fees prior to a resident's release from the facility.	Corrections	4 th Quarter 2007	Betsy Gillespie	Per diem and other resident fees are considered the highest priority for payment for residents. The residents must budget each paycheck with their assigned case managers and provide proof of payments for debts. A revised offender funds policy is being finalized and will be issued when the Accounts Receivable system is completed and ready for implementation. In the meantime, senior case managers are monitoring the process carefully with their subordinate staff. During the revision of the offender fund policy the decision was made to review the offender fees. The revised policy has now been implemented.	06/30/2008 07/31/2008 Completed
Additional Comments:					

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Audit of Department of Corrections (Continued)

Audit Comment	Department	Date Comment Appeared	Responsible	Management Action Plan & Management Comments	Resolution Date
Evaluate the purpose and effectiveness of resident fee waivers.	Corrections	4 th Quarter 2007	Betsy Gillespie	<p>We have determined that there are situations in which offender fees should be appropriately waived. While these situations are relatively rare, they do exist. Currently, the Director of the Residential Center must approve the waiver of any fee for an ARC resident. The Director of Field Services must approve waivers for Adult ISP offenders. The waiver of fees has been significantly reduced. The final process will be included in the offender funds policy that will be issued and implemented in July 2008 when the new Accounts Receivable system is implemented. We will include an automatic two-week waiver of fees during the resident's orientation to the Adult Residential Center. We want the offenders to be successful and pay towards their debts and believe that mounting debt during the first two weeks at the ARC will serve to discourage the offenders and make them less successful.</p> <p>The revised policy has now been implemented.</p>	<p>06/30/2008 07/31/2008 Completed</p>
Additional Comments:					

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Audit of Department of Corrections (Continued)

Audit Comment	Department	Date Comment Appeared	Responsible	Management Action Plan & Management Comments	Resolution Date
<p>If management continues the practice of fee forgiveness, internal controls are needed including:</p> <ul style="list-style-type: none"> • Detailed fee forgiveness policies and procedures including specific conditions needed to satisfy waiver criteria, • Active management analysis and oversight to ensure the equitable and consistent application of forgiven fees, • Integrating the recording and tracking of forgiven fees into the accounts receivable system in order to report on and account for waived revenue. 	Corrections	4 th Quarter 2007	Betsy Gillespie	<p>We are in the process of developing policies and procedures for fee collection and forgiveness that will include specific conditions needed to satisfy waiver criteria. The Director of the Adult Residential Center will be responsible for analyzing and oversight to ensure equitable and consistent forgiveness of fees only in rare instances as appropriate. Management will ensure that the recording and tracking of forgiven fees are integrated in the new accounts receivable system. In order to provide a more immediate resolution, we have implemented a process in which each fee forgiven must be approved by the Director of the ARC or Director of Field Services prior to forgiving the fee.</p> <p>The policies and procedures have been implemented.</p>	<p>06/30/2008 07/31/2008 Completed</p>
Additional Comments:					

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Audit of Department of Corrections (Continued)

Audit Comment	Department	Date Comment Appeared	Responsible	Management Action Plan & Management Comments	Resolution Date
<p>Actively monitor and continually evaluate the delinquent fee collections process by:</p> <ul style="list-style-type: none"> • Maintaining accurate accounts receivable balances • Requesting and analyzing regular, detailed reports of referred and collected balances, • Annually reviewing and evaluating third party collections agency contracts, • Have all collections contracts reviewed by County Legal staff. 	Corrections	4 th Quarter 2007	Betsy Gillespie	<p>Improvement of this process is directly linked to the implementation of the new Accounts Receivable System. Management plans to actively monitor and evaluate the entire collections process. We will maintain accurate accounts receivable balances. We will request and analyze regular detailed reports of referred and collected balances. We will annually review and evaluate third party collections agency contracts and have all collections agency contracts reviewed by the County's legal staff.</p> <p>The new collection processes have now been implemented.</p>	<p>06/30/2008 07/31/2008 Completed</p>
<p>Seek cost effective alternatives to delinquent fee collections such as the State of Kansas Setoff Program or assistance from the County Treasurer collections services.</p>	Corrections	4 th Quarter 2007	Betsy Gillespie	<p>We plan to look at all cost effective alternatives to delinquent fee collections, include the State's Setoff Program. Our work now is concentrated mostly on the development of the Accounts Receivable system. Attention will follow to the collection process with the goal of collecting as many fees as possible.</p>	<p>08/31/2008 Completed</p>
Additional Comments:					

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Audit of Department of Corrections (Continued)

Audit Comment	Department	Date Comment Appeared	Responsible	Management Action Plan & Management Comments	Resolution Date
Create collections management policies that mitigate inequities and maximize returns by clearly establishing specific and direct criteria for the delinquent accounts referral process.	Corrections	4 th Quarter 2007	Betsy Gillespie	We developed appropriate collections management policies. Our overall goals will be to maximize our returns through aggressive collections practices and to cease inequities in the process. This process will be developed and implemented following implementation of the Accounts Receivable system. It will be important to monitor the individual and collective amount of fees owed as compared to amounts collected. These policies have now been implemented.	08/31/2008 Completed
Develop centralized, comprehensive financial and accounting policies and procedures.	Corrections	4 th Quarter 2007	Betsy Gillespie	We developed departmental accounting policies and procedures at the same time that we developed the new Accounts Receivable system. We have issued and implemented the new policies. The new practices have been implemented in accordance with County policies.	08/31/2008 Completed
Additional Comments:					

**Implementation of Audit Recommendations
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Audit of Department of Corrections (Continued)

Audit Comment	Department	Date Comment Appeared	Responsible	Management Action Plan & Management Comments	Resolution Date
<p>Modify the ethics policy to indicate how to report violations outside the organization when necessary.</p>	<p>Corrections</p>	<p>4th Quarter 2007</p>	<p>Betsy Gillespie</p>	<p>The policy is currently being revised to include how to report violations outside the organization when necessary. This message, however, has also been delivered to all staff and will continue to be delivered to all new staff.</p> <p>We are revising the policy regarding employee conduct to include the reporting of violations. This policy will also include reference to the Code of Ethics. The revision of the policy is in its final stages. Because we decided to revise the entire employee conduct policy, the process was slightly delayed. The policy will be implemented in October 2008.</p> <p>Human Resources just recently completed their review of the new policy. We are in the process of incorporating their changes into the policy. We will then provide to the Legal department for review and approval.</p>	<p>06/30/2008 07/31/2008 10/31/2008</p>
<p>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.</p>	<p>Corrections</p>	<p>4th Quarter 2007</p>	<p>Betsy Gillespie</p>	<p>We modified the department's performance goals and measures in 2008. The department's vision and strategic goals were modified and as an extension of the process, new and better measurements of those goals were established. Some revised performance measures and goals were submitted in the FY 2009 budget process.</p>	<p>07/31/2008 Completed</p>
<p>Additional Comments:</p>					

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Library Management Transition

Audit Comment	Department	Date Comment Appeared	Responsible	Management Action Plan & Management Comments	Resolution Date
Establish a system of internal controls for the Gift Fund.	Library	1 st Quarter 2008	Donna Lauffer	Some segregation of duties has been implemented. Conversion to Oracle will further address the issues. 2009 budget included a budgeted amount for the Gift Fund. We are working closely with OFM to adhere to the year end closeout within their timeframe.	01/01/2009
Set up accounting for the Gift Fund within the County's Oracle system with workflows designed to ensure the Library Board has final authority to approve transactions.	Library	1 st Quarter 2008	Donna Lauffer	We will convert to Oracle starting in 2009. Work with the conversion process has begun.	01/01/2009
Establish accounting rules for the Gift Fund which will ensure compliance with applicable laws, rules, regulations, and applicable County policies.	Library	1 st Quarter 2008	Donna Lauffer	Adopt procedures already in existence for County Oracle transactions.	01/01/2009
Establish an on-going total of restricted assets held by the Gift Fund to ensure restricted money is spent in accordance with the wishes of the donors and that general expenditures are made out of unrestricted money.	Library	1 st Quarter 2008	Donna Lauffer	Work is in process to establish an efficient means for tracking 100 separate restricted assets in Oracle. External auditor has been hired to do an agreed upon procedure audit to sample compliance with donor wishes.	09/30/2008 12/20/2008
Additional Comments:					

**Implementation of Audit Recommendations
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Library Management Transition (Continued)

Audit Comment	Department	Date Comment Appeared	Responsible	Management Action Plan & Management Comments	Resolution Date
Determine whether the external audit of the Gift Fund provides sufficient additional information to be cost effective.	Library	1 st Quarter 2008	Donna Lauffer	Library external auditor is conducting a more extensive audit for 2007.	09/30/2008 12/20/2008
Work with County, or other individuals with accounting and auditing experience, to determine whether audit procedures can be developed which would provide the Library Board with more useful information and convert the financial audit to an agreed-upon-procedures engagement.	Library	1 st Quarter 2008	Donna Lauffer	New accountant position requested in 2009 budget-- Not funded. External auditor is conducting Agreed-Upon-Procedures audit for 2007. Conversion to Oracle will also address these issues.	01/01/2010 01/01/2009
Use the County pooled investment service to maximize the return on the Gift Fund assets, and improve internal control by having the investments managed by someone without access to cash and accounting records.	Library	1 st Quarter 2008	Donna Lauffer	Once conversion to Oracle is complete, work with the Treasurer's department on the investment of Gift Fund assets will be coordinated	Unknown 03/30/2009
Additional Comments:					

**Implementation of Audit Recommendations
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Library Management Transition (Continued)

Audit Comment	Department	Date Comment Appeared	Responsible	Management Action Plan & Management Comments	Resolution Date
Improve the process for disposing surplus books to ensure the minimum amount of current tax money is expended.	Library	1 st Quarter 2008	Donna Lauffer	Staffs are working closely with the Friends of the JCL to establish new procedures.	09/30/2008 12/31/2008
Discontinue the use of tax money to support the activities of non-profit corporations which are intended to provide support for library activities.	Library	1 st Quarter 2008	Donna Lauffer	Negotiations with Friends proceeding. Expect conclusion and outcomes to be completed by year end.	09/30/2008 12/31/2008
Work with Oracle Support to develop an interface between the Library's SIRSI system and the County's Oracle system.	Library	1 st Quarter 2008	Donna Lauffer	Working with OFM and Oracle.	01/01/2009
Ensure the Treasurer of the Johnson County Library Board of Directors receives and disburses all book sales proceeds as defined in Library Administrative Regulation 50-20-55.	Library	1 st Quarter 2008	Donna Lauffer	Staff is working with Friends Board to redesign this process.	12/31/2008
Ensure that book sales revenues are accurately accounted for in the Gift Fund.	Library	1 st Quarter 2008	Donna Lauffer	We are working diligently with the Friends to redesign and re-establish the relationship and make the entire process appropriate but we are not done with the work. We anticipate that we will be done in the 4th quarter of 2008.	9/30/2008 12/31/2008
Additional Comments:					

**Implementation of Audit Recommendations
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Library Management Transition (Continued)

Audit Comment	Department	Date Comment Appeared	Responsible	Management Action Plan & Management Comments	Resolution Date
Formalize the arrangement between the Library and the FOL through written agreement establishing the Library's right to audit the sales records, books owned by the Library in the hands of FOL, and the amount and timing of commission payments.	Library	1 st Quarter 2008	Donna Lauffer	Staffs are working with Friends on these issues as we redesign the relationship.	12/31/2008
Ensure LIT staff clean surplus computers and turn them over to OFM for disposal in a timely manner.	Library	1 st Quarter 2008	Donna Lauffer	We cleaned the computers and worked with OFM and they picked the surplus computers up from our warehouse as they could make space for them in their warehouse.	07/31/2008 Completed
Record accounts receivable when the amounts become due and manage the receivables by regular reconciliations.	Library	1 st Quarter 2008	Donna Lauffer	Library staff has met with OFM staff to review county reporting procedures and to determine how best to handle this reporting and reconciliation. Procedures are under development. Pending upgrade to Library ILS system in October, the project is moving toward completion.	07/31/2008 12/31/2008
Report the accounts receivable amount for inclusion in the County's GAAP basis financial statements along with a suitable allowance for uncollectible amounts.	Library	1 st Quarter 2008	Donna Lauffer	Library staff is actively working with OFM, sending reports to OFM staff to establish Accts. Receivable patterns and develop a Library policy for uncollectible amounts allowance.	12/31/2008
Additional Comments:					

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Library Management Transition (Continued)

Audit Comment	Department	Date Comment Appeared	Responsible	Management Action Plan & Management Comments	Resolution Date
Modify internal control procedures to ensure that all accounting matters are subject to review by staff that are familiar with generally accepted accounting principles.	Library	1 st Quarter 2008	Donna Lauffer	An accountant position was requested in the 2009 budget but is not part of the County Manager's proposed budget. Looking at contractual accounting support.	12/31/2008
Review all current contracts and renegotiate terms to include the elements that are identified as missing.	Library	1 st Quarter 2008	Donna Lauffer	Contracts are renewed annually. We will handle this when the contracts are renewed.	12/31/2008
Additional Comments:					

**Implementation of Audit Recommendations
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Mental Health Center Financial and Management Controls

Audit Comment	Department	Date Comment Appeared	Responsible	Management Action Plan & Management Comments	Resolution Date
<p>Use County ITS expertise in conjunction with the Mental Health staff to develop a needs analysis leading to a Request for Proposal for an Electronic Medical Records system which will meet the Center's current requirements and provide the flexibility to meet future needs.</p>	<p>Mental Health</p>	<p>2nd Quarter 2008</p>	<p>David Wiebe</p>	<ol style="list-style-type: none"> 1. Center staff will continue its development and enhancements of the current LUCI based EMR system, including installation of the two remaining components (Treatment Plan and Medication Prescribing modules) 2. Center staff will engage the County's Information Technology Services (ITS) Department to assess the functionality and performance of the current LUCI based EMR system. 3. Following the ITS assessment, Center staff will determine the advisability of developing a strategy to pursue the acquisition of a commercially owned and maintained product vs. retaining the current LUCI based EMR system. 4. Center staff will continue to monitor and assess the availability and functionality of other database products designed for Community Mental Health Centers (CMHCs), including experiences of other CMHCs regarding products they have purchased. 	<p>12/31/2008</p>
<p>Additional Comments:</p>					

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Mental Health Center Financial and Management Controls (Continued)

Audit Comment	Department	Date Comment Appeared	Responsible	Management Action Plan & Management Comments	Resolution Date
Maintain a constant inventory of all prescription drug samples.	Mental Health	2 nd Quarter 2008	David Wiebe	The feasibility of maintaining an inventory of drug samples donated by pharmaceutical companies will be evaluated once an on-site contract pharmacy is established.	07/01/2009
Establish procedures to test the inventory of prescription drug samples periodically.	Mental Health	2 nd Quarter 2008	David Wiebe	See management comments above.	07/01/2009
Determine appropriate values for the prescription drug samples received by the pharmaceutical companies and record the value of the inventory in the accounting records.	Mental Health	2 nd Quarter 2008	David Wiebe	See management comments above.	07/01/2009
Document the disposal of controlled substances from outside sources.	Mental Health	2 nd Quarter 2008	David Wiebe	Procedures have been developed, and are now in place, to record and document the disposal of unused medications brought to the Mental Health.	Completed
Additional Comments:					

**Implementation of Audit Recommendations
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Mental Health Center Financial and Management Controls (Continued)

Audit Comment	Department	Date Comment Appeared	Responsible	Management Action Plan & Management Comments	Resolution Date
Develop and implement written policy and procedures for processing and accounting for pre-payments, co-payments, and fees for services that might result in overpayments and handling refunds to clients.	Mental Health	2 nd Quarter 2008	David Wiebe	A comprehensive refund policy will be developed by the Director of Operations that documents the policy and procedures pertaining to client refunds.	12/31/2008
Provide clients with materials informing them of the Center's policy and procedures for fee overpayment pursuant to K.A.R. 30-60-15.	Mental Health	2 nd Quarter 2008	David Wiebe	The Fee Policy Information form will be updated to reflect the Center's policy regarding client refunds once the refund policy has been finalized.	12/31/2008
Ensure the Center refunds overpayments to clients as soon as all claims are paid in full and the overpayments are recognized as refundable.	Mental Health	2 nd Quarter 2008	David Wiebe	Center staff is currently conducting a detailed analysis of all potential client refunds. The Office of Financial Management (OFM) will be consulted to assure the Center is in compliance with all Generally Accepted Accounting Principles (GAAP) regarding client refunds.	12/31/2008
Send notification to clients when a refund is due to them.	Mental Health	2 nd Quarter 2008	David Wiebe	A procedure is now in place that meets the Kansas state law regarding Unclaimed Property. The Center has entered into their voluntary compliance program. A comprehensive refund policy will be developed by the Director of Operations that documents the policy and procedures pertaining to client refunds.	12/31/2008
Additional Comments:					

**Implementation of Audit Recommendations
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Mental Health Center Financial and Management Controls (Continued)

Audit Comment	Department	Date Comment Appeared	Responsible	Management Action Plan & Management Comments	Resolution Date
Provide refunds to all clients due overpayments including clients whose balance may have been written off.	Mental Health	2 nd Quarter 2008	David Wiebe	A comprehensive refund policy will be developed by the Director of Operations that documents the policy and procedures pertaining to client refunds.	12/31/2008
Report unclaimed overpayments over a year old that cannot be refunded to clients to the Kansas Secretary of State pursuant to K.S.A. 58-3950.	Mental Health	2 nd Quarter 2008	David Wiebe	A procedure is now in place that meets the Kansas state law regarding Unclaimed Property. The Center has entered into their voluntary compliance program. A check for \$6,341.25 has subsequently been sent to the state Treasurer's office, bringing the Center into compliance.	Completed
Ensure performance evaluations are completed when due for each employee.	Mental Health	2 nd Quarter 2008	David Wiebe	<ol style="list-style-type: none"> 1. JCMHC Supervisors have been advised of the policy regarding timely completion of performance appraisals. 2. A central database has been created to track appraisal due dates and dates of completed appraisals. 	Completed
Hold department supervisors accountable for the evaluation process.	Mental Health	2 nd Quarter 2008	David Wiebe	Timeliness of appraisal completion will be included in supervisor's performance appraisals.	01/01/2009
Additional Comments:					

**Implementation of Audit Recommendations
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Mental Health Center Financial and Management Controls (Continued)

Audit Comment	Department	Date Comment Appeared	Responsible	Management Action Plan & Management Comments	Resolution Date
Develop and implement written policy and procedures for performing the appropriate employee background checks to protect clients.	Mental Health	2 nd Quarter 2008	David Wiebe	Two strategies are currently being considered to assure background checks are completed in a timely manner: (a) Continue to manage background checks internally, but conduct all checks simultaneously on the same day, either annually (all staff), quarterly (1/4 th of all staff), or monthly (1/12 th of all staff). New employees background checks will continue to be conducted upon initial employment; or (b) Contract with an outside vendor to conduct all background checks.	12/31/2008
Ensure that all required background checks are performed on a timely basis.	Mental Health	2 nd Quarter 2008	David Wiebe	See management action plan above.	12/31/2008
Evaluate employee's use of the check requests and petty cash to ensure that the employees that need P-Cards are assigned them.	Mental Health	2 nd Quarter 2008	David Wiebe	The Mental Health Center is currently in compliance with OFM and Purchasing policies with respect to use of the P-Card and i-Expense.	Completed
Ensure employees use iExpense for reimbursement of business related expenses instead of using check requests.	Mental Health	2 nd Quarter 2008	David Wiebe	See management comments above.	Completed
Additional Comments:					

**Implementation of Audit Recommendations
As of Third Quarter 2008**

Mental Health Center Financial and Management Controls (Continued)

Audit Comment	Department	Date Comment Appeared	Responsible	Management Action Plan & Management Comments	Resolution Date
Evaluate the use of all petty cash accounts and consider eliminating the five client activity fund petty cash accounts totaling \$2,100.	Mental Health	2 nd Quarter 2008	David Wiebe	The five petty cash funds will continue to be maintained. Center staff will review the use and controls of these accounts on a semi-annual basis and make necessary changes according to those reviews.	Ongoing, completed
Comply with GAAP requirements for revenue recognition and posting of accounts receivable.	Mental Health	2 nd Quarter 2008	David Wiebe	In consultation with the County Office of Financial Management (OFM), Center staff will establish procedures for reporting accounts receivable; amounts to be written off; and allowance for bad debt. Procedures developed will be consistent with OFM policies, and be in compliance with GAAP (Generally Accepted Accounting Principles).	12/31/2008
Report accurate Accounts Receivable amounts to OFM at year end.	Mental Health	2 nd Quarter 2008	David Wiebe	See management action plan above.	12/31/2008
Develop procedures for determining amounts to include in an allowance for uncollectible accounts.	Mental Health	2 nd Quarter 2008	David Wiebe	See management action plan above.	12/31/2008
Additional Comments:					

**Implementation of Audit Recommendations
As of Third Quarter 2008**

Management Resolution Follow Up

Recommendation	Management Action Plan & Management Comments	Department	Resolution Date	Responsible	Audit Follow Up Results	Audit Review Date
Develop a systematic process for tracking and trending incidents to assist in identifying potential problems with specific consumers, staff, facilities, programs, or providers.	Since December 2006 Med-Act has been working on improving our incident reporting processes and systems. Steps have been taken during the last six months to update policies and implement software that helps to more effectively track incident reports after they are generated and offers a feedback loop to the author. Additionally, the software offers an opportunity to generate reports that measure key performance indicators and show trends.	Med Act	2 nd Quarter 2007	Ted McFarlane	We obtained and reviewed copies of the department's policies and procedures related to incident reporting. We reviewed copies of reports that were produced to assist management in measuring key performance indicators and incident trends in 2007 and 2008. Based on our review, we believe the recommendation has been fully implemented.	10/1/2008
Establish a grading system for assigning risk levels to reported incidents when warranted.	The development of grading criteria has been established and incorporated into Department Policy.	Public Health	3 rd Quarter 2007	Leon Vinci	We reviewed the department procedures and 2007 annual incident report. Based on our review, we believe the recommendation has been fully implemented.	10/3/2008

**Implementation of Audit Recommendations
As of Third Quarter 2008**

Management Resolution Follow Up (Continued)

Recommendation	Management Action Plan & Management Comments	Department	Resolution Date	Responsible	Audit Follow Up Results	Audit Review Date
<p>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.</p>	<p>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.</p>	<p>Developmental Supports</p>	<p>4th Quarter 2007</p>	<p>Maury Thompson</p>	<p>We reviewed the department's organization chart, the division directors' performance expectations and appraisal forms, and reviewed written reports submitted to the Executive Director and Governing Board for April, May, and June 2008. Based on our review, we believe the recommendation has been fully implemented.</p>	<p>09/29/2008</p>