



Annual Performance Audit Plan Fiscal Year 2016

Office of the City Auditor
Kansas City, Missouri



May 13, 2015

Honorable Mayor and Members of the City Council:

The mission of the City Auditor's Office is to provide elected officials, management, and the public with independent and objective information regarding the work of city government to help improve city operations and strengthen city government's accountability to the public. We seek to accomplish our mission through performance audits evaluating department and program performance.

Departments and programs are selected for an audit in one of three ways. The City Council as a body or the City Council's Finance, Governance, and Ethics Committee may direct the city auditor to conduct a specific audit. In addition, the city auditor has the authority and responsibility to initiate audits.

To develop an annual audit plan and select performance audits that can result in improved city operations and services to the public, the City Auditor's Office considers a variety of factors including risks, Council goals, KCStat, citizen surveys, past audits, complaints, and input and concerns from the City Council, city management, and the public. The annual audit plan is subject to review and revision throughout the year. Changes may be based on City Council directives, the city auditor's discretion, staff changes, emerging issues, or unanticipated events.

Our goal for fiscal year 2016 is to complete nine performance audits. Six audits are already in progress. We have also identified five potential audits topics from which we will select three to reach our goal. Having additional audit topics to choose from allows us the flexibility to match staff and audits, schedule around audits in progress, and have audits to start as we transition into the next fiscal year.

The information on the following pages briefly describes the audits already in progress, potential audit topics for fiscal year 2016, and future Police Department audit topics. We identify possible objectives for each audit topic; however the final objectives may change as we plan the actual performance audits.

Douglas Jones, City Auditor

Annual Performance Audit Plan – Fiscal Year 2016

Audits in progress for fiscal year 2016. There are six performance audits currently in progress. The governance assessment and HUD MOA performance oversight audits are required; the streets, streetcar management agreement, and police take home vehicle audits were taken from last year's list of potential audits; and the financial condition audit was selected from this year's list. The HUD MOA also requires a performance audit of regulatory criteria, which could be included in the MOA performance oversight audit or result in a separate performance audit. Only the scope statement for Governance Assessment has been presented to the appropriate City Council committee.

Audits in Progress – Fiscal Year 2016

Audit Topic	Council Goal	Objective, Status, and Anticipated Release Date
Governance Assessment*	Finance & Governance	<i>Objective:</i> What governance practices are the city's boards and commissions following? <i>Status:</i> Conducting field work. <i>Anticipated Release Date:</i> August 2015
Performance Oversight: Memorandum of Agreement Between HUD and the City*	Neighborhoods & Healthy Communities	<i>Objective:</i> Did the city fulfill its obligations under the Memorandum of Agreement between the city and HUD from May 1, 2014 to April 30, 2015? <i>Status:</i> Project initiated. <i>Anticipated Release Date:</i> Not yet determined.
Streets	Transportation & Infrastructure	<i>Status:</i> Project initiated, scope being developed. <i>Anticipated Release Date:</i> Not yet determined.
Streetcar Management Agreement	Transportation & Infrastructure	<i>Status:</i> Project initiated, scope being developed. <i>Anticipated Release Date:</i> Not yet determined.
Police Department Take Home Vehicles	Public Safety	<i>Status:</i> Project initiated, scope being developed. <i>Anticipated Release Date:</i> Not yet determined.
Financial Condition of the Enterprise Funds	Finance & Governance	<i>Status:</i> Project initiated, scope being developed. <i>Anticipated Release Date:</i> Not yet determined.

* Audit required by ordinance or contractual obligation of the city.

Potential audit topics for fiscal year 2016. We will select three of the following potential audits to conduct during this fiscal year.

Potential Audit Topics – Fiscal Year 2016

Audit Topic	Council Goal	Possible Audit Objective
Ethics Survey	Finance & Governance	Survey city employees about their perceptions of the city's ethical environment.
Inventory Controls	Finance & Governance	Evaluate internal controls over city inventories and compare city policies, procedures, and practices to recommended practices.
Land Bank	Neighborhoods & Healthy Communities	Evaluate operations, procedures, controls, or outcomes. Review how vacant properties are being managed, marketed, or sold.
Payroll Accuracy	Finance & Governance	Assess the accuracy of city payroll and internal controls over payroll activities.
Succession Planning	Finance & Governance	Review succession planning for city departments or specific job classes.

Auditing the Kansas City, Missouri, Police Department. State statute (RSMo §84.350.2) authorizes the city auditor to audit the Kansas City, Missouri Police Department. Prior to auditing the Police Department, the city auditor shall determine which agencies or divisions of the department would most benefit from performance auditing and notify the Board of Police Commissioners. The following future audit topics were shared with the Board of Police Commissioners and Police Chief on April 15, 2015.

The City Auditor's Office considers Police Department audits during our annual audit selection process and generally conducts one audit in the department every 12 to 18 months. For fiscal year 2016, we are auditing the Police Department's Take Home Car program.

Future Police Department Audit Topics

Audit Topic	Reason for Audit / Possible Scope
Alarm Permits	Examine whether the city's alarm ordinance effectively reduces the number of false alarms, evaluate customer service, and/or determine whether fees are properly assessed and recorded.
Case Clearance Follow-up	The problems identified in our 2008 case clearance audit, including incomplete clearance data and inadequate training on incident-based reporting, prevented us from comparing the city's Police Department case clearance rates with average clearance rates achieved by comparable cities. The follow-up could confirm whether the issues in the original audit were addressed and also complete the case clearance comparisons.
Consolidating City and Police Support Services	Evaluate city and police support services to identify potential areas for consolidation, cost savings, and/or efficiencies.
Crime Reduction Efforts	Review efforts and outcomes of programs such as KC NoVA, Aim4Peace, etc. to reduce crime in the city. This could include evaluation of policies, processes, crime statistic trends, effectiveness, etc. Citizen satisfaction with the city's overall efforts to prevent crime was about 44 percent and ranked as the highest priority among other police services in the 2014 survey.
Overtime Analysis	Analyze overtime usage within the department, identifying divisions or activities with significant overtime levels. In addition, it could assess the department's monitoring and reporting of department overtime.
Property and Evidence Management	Examine whether confiscated weapons and/or drugs are destroyed in accordance with federal and/or state laws and regulations as well as department policies. Audit objectives could also include evaluating the adequacy of controls over tracking confiscated weapons and/or drugs.
Span of Control	Analyze the organizational structure of the department and its more than 2,100 employees. Span of control (number of employees reporting to a supervisor) and management layers (number of levels in an organization) are components of organizational structure.