OMB Circular A-133 Reports (With Independent Accountants' Report) April 30, 2012



#### OMB Circular A-133 Reports April 30, 2012

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# Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with Government Auditing Standards

The Honorable Mayor and Members of the City Council City of Kansas City, Missouri Kansas City, Missouri

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City of Kansas City, Missouri (the City) as of and for the year ended April 30, 2012, which collectively comprise its basic financial statements and have issued our report thereon dated October 25, 2012, which contained an explanatory paragraph regarding a change in accounting principles and a reference to the report of other accountants. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. The financial statements of Kansas City International Airport - Community Improvement District, Metropolitan Ambulance Services Trust, Maintenance Reserve Corporation, Employees' Retirement System, Firefighters' Pension System, Police Retirement System and Civilian Employees' Retirement System, which are included in the City's financial statements, were not audited in accordance with Government Auditing Standards. Other accountants audited the financial statements of the Kansas City Board of Police Commissioners, Port Authority of Kansas City, Missouri, Maintenance Reserve Corporation, Performing Arts Community Improvement District and American Jazz Museum, all of which are included as discretely presented component units as described in our report on the City's financial statements. This report does not include the results of the other accountants' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those accountants.

#### Internal Control Over Financial Reporting

Management of the City is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented or detected and corrected on a timely basis.





The Honorable Mayor and Members of the City Council City of Kansas City, Missouri Page 2

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses as defined above. However, we identified certain deficiencies in internal control over financial reporting described in the accompanying schedule of findings and questioned costs as items 12-01 and 12-02 that we consider to be significant deficiencies in internal control over financial reporting. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

#### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We also noted certain additional matters that we reported to the City's management in a separate letter dated October 25, 2012.

The City's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the City's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the governing body, management and others within the City and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Kansas City, Missouri October 25, 2012

BKD, LLP



### Independent Accountants' Report on the Schedule of Expenditures of Federal Awards

The Honorable Mayor and Members of the City Council City of Kansas City, Missouri Kansas City, Missouri

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City of Kansas City, Missouri (the City) as of and for the year ended April 30, 2012, and have issued our report thereon dated October 25, 2012, which contained an explanatory paragraph regarding a change in accounting principles. Our report included a reference to the reports of other accountants.

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the *U.S. Office of Management and Budget (OMB) Circular A-133* and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the governing body, management and others within the City and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

October 25, 2012

BKD,LLP







## Independent Accountants' Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133

The Honorable Mayor and Members of the City Council City of Kansas City, Missouri Kansas City, Missouri

#### Compliance

We have audited the compliance of the City of Kansas City, Missouri (the City) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended April 30, 2012. The City's major federal programs are identified in the summary of accountants' results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City's compliance with those requirements.

As described in finding number 12-03, 12-04, 12-06, 12-08, 12-09, 12-14, 12-16, and 12-17 in the accompanying Schedule of Findings and Questioned Costs, the City did not comply with requirements of Earmarking and Period of Availability of Federal Funds that are applicable to CDBG Entitlement Grant Cluster; Reporting that are applicable to CDBG Entitlement Grant Cluster, Airport Improvement Program, Weatherization Assistance Program, and Energy Efficiency & Conservation Block Grant; Procurement, Suspension and Debarment that are related to Energy Efficiency & Conservation Block Grant; and Subrecipient Monitoring that are applicable to Home Improvement Partnership Grant. Compliance with such requirements is necessary, in our opinion, for the City to comply with requirements applicable to these programs.

In our opinion, except for the non-compliances described in the preceding paragraph, the City complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended April 30, 2012.

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The Honorable Mayor and Members of the City Council City of Kansas City, Missouri Page 2

#### Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance requirements referred to above. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of the internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be deficiencies, significant deficiencies, or material weaknesses in internal control over compliance. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies as described in the accompanying schedule of findings and questioned costs as items 12-03 through 12-17. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

The City's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. We did not audit the City's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the City Council, management, federal awarding agencies, and pass-through entities and is not intended to be, and should not be, used by anyone other than these specified parties.

CMA Group, LLC

Kansas City, Missouri September 15, 2012

### Schedule of Findings and Questioned Costs April 30, 2012

#### (1) Summary of Accountants' Results

- (a) The type of report issued on the basic financial statements: **Unqualified Opinion**
- (b) Significant deficiencies in internal control over financial reporting were reported: Yes Material weaknesses in internal control over financial reporting were reported: No
- (c) Noncompliance, which is material to the basic financial statements: No
- (d) Significant deficiencies in internal control over compliance were disclosed: Yes
   Material weaknesses in internal control over compliance were disclosed: No
- (e) The type of report issued on compliance for major programs/Clusters:
  - CDBG Entitlement Grants Cluster:
    - Community Development Block Grants/Entitlement Grants (14.218): Qualified
    - Community Development Block Grant ARRA Entitlement Grants (CDBG-R) (14.253): Qualified
  - HOME Improvement Partnership Program (14.239): Qualified
  - Airport Improvement Program (20.106): Qualified
  - Highway Planning and Construction Cluster (20.205 and 20.219): Unqualified
  - Capitalization Grant for Clean Water State Revolving
    - Fund Grant & Loan (66.458): Unqualified
  - Weatherization Assistance Program (81.042): Qualified
  - Energy Efficiency and Conservation Block Grant (81.128): Qualified
  - Homeland Security Grant Program Urban Area Security Initiative (97.067): Unqualified
  - Advanced Surveillance Program CCTV (97.118): Unqualified
- (f) Any audit findings which are required to be reported under Section 510(a) of OMB Circular A-133: **Yes**
- (g) Major programs: CDBG Entitlement Grants Cluster (Community Development Block Grants/Entitlement Grants (14.218) & Community Development Block Grant ARRA Entitlement Grants (CDBG-R) (14.253)), HOME Improvement Partnership Program (14.239), Airport Improvement Program (20.106), Highway Planning and Construction Cluster (20.205 and 20.219), Capitalization Grant for Clean Water State Revolving Fund Grant & Loan (66.458); Weatherization Assistance Program (81.042), Energy Efficiency and Conservation Block Grant (81.128), Homeland Security Grant Program (97.067), and Advanced Surveillance Program (97.118)
- (h) Dollar threshold used to distinguish between Type A and Type B programs: \$2,988,770
- (i) Auditee qualified as a low-risk auditee under Section 530 of OMB Circular A-133: No

### Schedule of Findings and Questioned Costs April 30, 2012

#### (2) Findings Related to Financial Statements

FINDING 12-01: Allowance for Accounts Receivable – Water Services Department

**CRITERIA:** Management is responsible for establishing and maintaining effective internal control

over financial reporting.

**CONDITION:** Financial statements are to be prepared in accordance with generally accepted

accounting principles.

**CONTEXT:** Multiple adjustments were required to be made during the audit to the allowances for

doubtful accounts at the Water Services Department. The allowance for one of the departments, as originally provided, was greater than the total of the receivables

outstanding.

**CAUSE:** The allowances for doubtful accounts are not effectively being monitored to ensure

proper recording of transactions.

**EFFECT:** Potential misstatements in the financial statements.

**RECOMMENDATION:** We recommend that the Water Services Department develop a methodology

for estimating the allowance for doubtful accounts that is consistently applied from month to month. The calculated allowance should be reviewed each month by a

member of management.

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS: Management

agrees with the auditors' findings and recommendations. Although Water Services did follow its historical process for allowance of doubtful accounts, the methodology was insufficient to address the issues this past year. Water Services will review the methodology and make any necessary changes to adopt a methodology that is sufficient

and reliable for estimating doubtful accounts.

FINDING 12-02: Grants Receivable Accounting

**CRITERIA:** Management is responsible for establishing and maintaining effective internal control

over financial reporting.

**CONDITION:** Financial statements are to be prepared in accordance with generally accepted

accounting principles.

**CONTEXT:** Multiple adjustments were required to be made during the audit to the grants

receivable accounts for grants closed out during the year, cash receipts during the year, remove non-grant revenues and properly account for special arrangements with

one of the granting agencies.

### Schedule of Findings and Questioned Costs April 30, 2012

**CAUSE:** The grants receivable accounts are not effectively being monitored to ensure proper

recording of transactions.

**EFFECT:** Potential misstatements in the financial statements.

**RECOMMENDATION:** We recommend the City more closely monitor the accounting for the grants receivable accounts to ensure all transactions are properly accounted for.

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS: Management

agrees with the auditors' recommendations and has communicated the need to inform the Finance Department's Accounts Division when projects are closed. Accounts staff will work with departments to ensure that deposits are posted timely and that any unusual grant agreements are communicated to Accounts.

(3) Findings and Questioned Costs Related to Federal Awards

FINDING 12-03: Community Development Block Grant (CFDA # 14.218)

**AGENCY:** Department of Housing and Urban Development (HUD)

**COMPLIANCE: Earmarking** 

**CRITERIA:** 

**FINDING TYPE: Compliance and Internal Control** 

-

a) In accordance with 24 CFR 570.205 and 570.206, not more than 20% of the total grant plus 20% of program income received during a program year can be expended for the activities that qualify as planning and administrative activities.

b) In accordance with 24 CFR 570.201(e), not more than 15% the grant amount received during a program year plus no more than 15% of the program income it received during the preceding program year can be expended for public services.

**CONDITION:** The City monitors compliance with earmarking requirements using IDIS (Integrated

Disbursement and Information System) CDBG Financial Summary. Per the Financial Summary Report # PR26, we noted that the City did not meet two out of the three earmarking requirements as the City expenditures for Planning and

Administration were at 23.71% and for Public Services was at 20.75%.

**OUESTIONED COST:** None

**CAUSE:** Failure to adhere to federal regulations and requirements that govern the grant.

**EFFECT:** Lack of adherence to the stated Federal regulations is non-compliance and might lead

to the Grantor Agency adverse action.

### Schedule of Findings and Questioned Costs April 30, 2012

**RECOMMENDATION:** We recommend that the City adhere to the percentage of earmarking required by Federal regulations and put in place safeguards that would alert management when the required limit is reached so that the City can take a corrective action.

VIEWS OF RESPONSIBLE OFFICIAL AND CORRECTIVE ACTION PLAN: The Neighborhood

and Housing Services Department is aware that erroneous percentages have been reported on the IDIS PR-26 report. The issue stems from prior year expenses being applied under the wrong program year causing the percentages on the report to be miscalculated and inflated. These expenses have been identified and are in the process of being corrected and coded to the accurate program year in HUD's IDIS grant reporting system. In addition, the City's HUD field office was notified of this error and sent a letter dated July 17, 2012, advising of the correct percentage of funds obligated for planning and administration activities for program year 2010. Staff is working diligently with our HUD representatives to achieve a resolution and having the report reflect the correct percentages.

FINDING 12-04: Community Development Block Grant (CFDA # 14.218)

**AGENCY:** Department of Housing and Urban Development (HUD)

**COMPLIANCE:** Period of Availability of Federal Funds

**FINDING TYPE: Compliance and Internal Control** 

**CRITERIA:** Per 24 CFR 570.200(h), the effective date of a grant agreement is the program year

start date or the date that the consolidated plan is received by HUD, whichever is later. Any costs incurred prior to the effective date of the grant agreement may be authorized provided that the activity for which the costs are being incurred is included, prior to the costs being incurred, in a consolidated action plan, or an

amended consolidated action plan.

**CONDITION:** During our review of the program disbursements made during the year, we noted that

the City made a payment from current program funds for expenses that were incurred in prior years before the start of the program. We also noted that the expenses that were paid from the current program year were not included in the 2011 Consolidated

Action Plan that was approved by HUD.

QUESTIONED COST: \$50,000

**CAUSE:** The City's failed to include the related expenditures in its 2011 Consolidated Action

Plan or obtain approval from the Federal Grantor prior to payment from the current

grant funds.

**EFFECT:** Lack of adherence to the stated agreement the City signed with the Federal Grantor

Agency is non-compliance and might lead to the repayment of the expenses to the

Grantor Agency.

#### **Schedule of Findings and Questioned Costs** April 30, 2012

**RECOMMENDATION:** We recommend that the City adhere to the grant agreement it signed with the Federal Grantor, and for expenses incurred prior to the start of the program year request approval prior to making payments.

VIEWS OF RESPONSIBLE OFFICIAL AND CORRECTIVE ACTION PLAN: This payment

> was linked to financing provided in 2001 by HEDFC to Neighborhood Housing Services for development of single-family housing to be sold for owner-occupancy. When the completed property did not sell as anticipated, NHS was forced to incur unexpected costs for several years in order to maintain and manage the property. In addition, the eventual sale price of the house was well below the original price resulting in a significant gap between the cost of development and maintenance and the price. Because HEDFC has been in federal receivership since 2005, the burden of bridging this gap fell on the nonprofit agency which sought assistance from the City. The grantee will take steps in contracting with future subrecipients and developers to limit the City's exposure for such an increase in gap funding.

FINDING 12-05: Community Development Block Grant (CFDA # 14.218)

**AGENCY:** Department of Housing and Urban Development (HUD)

**COMPLIANCE: Program Income** 

**FINDING TYPE: Internal Control** 

**CRITERIA:** Per 24 CFR 570.504(b) (2) (ii), substantially all program income shall be disbursed

> for eligible activities before additional cash withdrawals are made from the U.S. Treasury. Further, according to OMB Circular A-133, the grantee (the City) must accurately account for any program income generated from the use of CDBG funds, and must treat such income as additional CDBG funds which are subject to all

program rules.

**CONDITION:** During the fiscal year ended April 30, 2012, the City failed to recognize receipt and

> use an eligible program income. Although the amount was insignificant as a whole, the City's internal control failed to deter the missing program income or detect for

necessary corrective action.

**QUESTIONED COST:** None

**CAUSE:** The City's internal control did not deter or detect the missing activity in a timely

manner.

EFFECT: Lack of properly functioning internal controls checks could lead to non-compliance

with federal compliance requirements.

**RECOMMENDATION:** We recommend that the City strengthen its internal controls to prevent or detect errors and to take corrective action in timely manner.

#### **Schedule of Findings and Questioned Costs** April 30, 2012

VIEWS OF RESPONSIBLE OFFICIAL AND CORRECTIVE ACTION PLAN: Management

concurs with the finding. There were two instances, where program income was applied in error. In one instance \$1,700.00 was credited incorrectly to the general ledger and the error was discovered during the monitoring visit. Since discovery, this instance has been corrected and will be adjusted on the next draw submitted to HUD for approval. The other instance involved \$1,240.00 being receipted on the City's general ledger and HUD's IDIS grant reporting system, but not applied towards the previous amounts drawn. This instance will also be corrected on the next draw submitted to HUD for approval.

The department will review its current internal controls and continue to coordinate with the City's Finance department to bill and reconcile each grant at the close of each month. This will assist in the accuracy and timeliness of reporting and draw request submitted to HUD.

FINDING 12-06: Community Development Block Grant (CFDA # 14.218)

**AGENCY: Department of Housing and Urban Development (HUD)** 

**COMPLIANCE: Reporting** 

**FINDING TYPE: Compliance and Internal Control** 

**CRITERIA:** Per 73 CFR 58341(O)(bi), HUD requires each grantee to submit a quarterly

performance report, no later than 30 days following the end of each quarter, using the

Disaster Recovery Grant Reporting (DRGR) system.

**CONDITION:** During the year, the City submitted the quarterly performance reports for CDBG

Entitlement Cluster Program relative to Neighborhood Stabilization Program (NSP) after the required due dates. All performance reports for the quarters ended on June 30, September 30, and December 31, 2011, and March 31, 2012 that were filed in the

Disaster Recovery Grant Reporting (DRGR) system were submitted late.

**QUESTIONED COST:** None

**CAUSE:** The City failed to adhere to the reporting requirements for its NSP grants.

**EFFECT:** Failure to submit a required report by the due date could result in disruption in the

flow of federal assistance and render the City to non-compliance with the financial

reporting requirements.

**RECOMMENDATION:** We recommend that the City implement its internal control procedure to ensure that the required reports are submitted by the due dates for such reports.

### Schedule of Findings and Questioned Costs April 30, 2012

VIEWS OF RESPONSIBLE OFFICIAL AND CORRECTIVE ACTION PLAN: The Quarterly

Report referenced regarding the NSP Program was submitted within the required timeframe. There were times that the QPR sat for more than two (2) weeks, if not longer, before they were reviewed. Once they were reviewed and, if rejected, the City would then have to correct, re-submit and await the approval. It is incumbent upon the reviewer(s) to access the DRGR system in a timely manner to either approve or reject the QPR reports.

During these periods, there were three (3) staff changes who were the designated responding parties that also played a factor in the delays. With the change in the roles/responsibilities of approving the QPR's, the reports were reviewed after the required date of each quarter.

FINDING 12-07: HOME Improvement Partnership Program (CFDA # 14.239)

**AGENCY:** Department of Housing and Urban Development (HUD)

**COMPLIANCE:** Activities Allowed/Unallowed and Allowable Costs and Cost Principles

**FINDING TYPE: Internal Control** 

**CRITERIA:** 

OMB Circular A-87 Attachment B, item 11-h (5) (e) (ii) requires that payroll allocations be compared to actual activity at least quarterly, and necessary cost adjustments be made accordingly. If employees work on multiple activities or cost objectives, a distribution of their salaries or wages should be supported by personnel activity reports or equivalent documentation which meets the standards in subsection (5) unless a statistical sampling system (see subsection (6)) or other substitute system has been approved by the cognizant Federal agency.

The OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations, Subpart C – Auditees, Section .300 – Auditee Responsibilities" require the auditee to maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs. The auditee is also required to implement and adhere to the designed internal control systems.

**CONDITION:** 

a) The City pays the salaries of Housing and Community Development Division employees out of the CDBG and HOME funds. The City's policy is to periodically allocate the payroll costs based on the actual timesheet completed by the employees. Per our review of the approved timesheets for a sample of nine (9) employees, we noted that the City failed to properly allocate payroll charged to HOME and CDBG grants according to the actual time worked in the programs for three employees. Although the Neighborhood and Housing Services department noted that they have a different methodology of allocation than the actual timesheet, such methodology was not provided for our review.

### Schedule of Findings and Questioned Costs April 30, 2012

b) The City's internal control system over disbursements requires the project managers to review the payment requests submitted by the contractors, the fiscal officer signs to ensure whether the payments comply with the program requirements, and the department's director approves the disbursements. Out of the forty (40) disbursements tested, we noted four (4) instances where the department's payment authorization slips were signed by only the project manager. The review and approval of the fiscal officer and the department director were missing. Out of the four invoices, three payments were disbursed while the vacant position was temporarily filled with personnel other than the project manager.

**QUESTIONED COST:** None

**CAUSE:** Lack of adequate review process on payroll journal entries and appropriate allocation

of level of effort.

**EFFECT:** Unallowable costs were charged to the Federal Programs. In the absence of proper

review and approval process, the City may not discover unallowable expenses prior

to making program payments.

**RECOMMENDATION:** We recommend that the management adhere to the City's internal control procedure over cost allocation in order to comply with the Activities Allowed or Unallowed and Allowable Costs/Costs Principles and OMB Circular A-87 cost principles. We also recommend that management follow the City's review and approval procedures in order to detect unallowable activities or cost.

#### VIEWS OF RESPONSIBLE OFFICIAL AND CORRECTIVE ACTION PLAN:

- a) Management disputes this finding. The methodology used by the auditors and the methodology used by the Neighborhood and Housing Services department were different. The department utilized the method that allows us to stay within the administrative caps as required by the applicable grants. In some instances, time can be charged to one or both grants based on the project. The department believes that its' methodology used is in compliance with the grant rules and requirements. The department will review its current process to ensure that we are in compliance and if any changes need to occur.
- b) The instances identified occurred during a time period when the department leadership was in a period of transition and the project manager was acting in the capacity and/or had the authority to sign for the director. Therefore, it was believed that it was unnecessary to have the acting director sign on two lines on the same form, since he was authorized to sign in the final approval section. The vacancy that caused the redundancy in the signature lines has been filled; therefore this issue has been resolved and should not reoccur in the future. The department will review its current practice to determine if any other revisions need to be made.

### Schedule of Findings and Questioned Costs April 30, 2012

FINDING 12-08: HOME Improvement Partnership Program (CFDA # 14.239)

**AGENCY:** Department of Housing and Urban Development (HUD)

**COMPLIANCE:** Subrecipient Monitoring

**FINDING TYPE: Compliance and Internal Control** 

**CRITERIA:** OMB Circular A-133, Subpart–D (d), Pass-Through Entities Responsibilities, requires

the City to monitor the activities of subrecipients as necessary to ensure that Federal awards are used for authorized purposes in compliance with laws, regulations, and the provisions of contracts or grant agreements and that performance goals are achieved. Also, the City is required to ensure that subrecipients expending \$500,000 or more in Federal awards during the subrecipient's fiscal year have met the A-133 audit requirements; issue a management decision on audit findings within six months after receipt of the subrecipient's audit report, and ensure that the subrecipient takes appropriate and timely corrective action; and consider whether subrecipient audits

necessitate adjustment of the City's own records.

**CONDITION:** The City's approved one year action plan for the year 2011-2012 states that on-site

monitoring review be conducted once a year between October and November and a follow-up should be conducted between March and April. Out of five subrecipients' contract files reviewed, we noted that the City failed to conduct on-site monitoring of

one subrecipient (Blue Hills Community Service, Inc.).

**QUESTIONED COST:** None

**CAUSE:** The City has not consistently implemented its internal control procedures applicable

to the grant compliance requirement.

**EFFECT:** If the City does not adequately follow established internal control procedures

designed for grant required compliance, it may fail to comply with the Federal

compliance requirements.

**RECOMMENDATION:** We recommend that the City implement its established sub-recipient monitoring

procedures and clearly communicate it to the responsible personnel.

VIEWS OF RESPONSIBLE OFFICIAL AND CORRECTIVE ACTION PLAN: The Neighborhood

and Housing Services department acknowledges the finding related to sub-recipient monitoring. A Compliance Management Unit has been established in the Neighborhood and Housing Services Department to implement mandatory administrative guidance for Community Development Block Grant (CDBG) and Home Investment Partnership (HOME) programs. This Unit will serve as a check and balance to Program Managers, Division Managers and other City departments. A Program and Project Compliance

### Schedule of Findings and Questioned Costs April 30, 2012

Guide has been developed, which details the comprehensive standards and expectations of the Compliance Management Unit and staff. The guide is designed to reduce the issues of noncompliance and ensure uniformity and efficiency in the administration of entitlement funds. In addition, the Compliance Management Unit will be assisting in the follow up of sub-recipient monitoring in order to address, identify and correct deficiencies and/or concerns.

FINDING 12-09: Airport Improvement Program (CFDA # 20.106)

AGENCY: Department of Transportation-Federal Aviation Administration (FAA)

**COMPLIANCE: Reporting** 

**FINDING TYPE: Compliance and Internal Control** 

**CRITERIA:** The City (Aviation Department) is required to submit Federal Financial Report (FFR)

- SF-425 to Federal Aviation Administration (FAA) on quarterly, semi-annual, or annual basis as directed by FAA. A final FFR should be submitted at the completion of the award agreement. Quarterly and semi-annual interim reports should be submitted no later than 30 days after the end of each reporting period. Annual reports should be submitted no later than 90 days after the end of each reporting period. Final reports should be submitted no later than 90 days after the project or

grant period end date.

**CONDITION:** During the year, we noted that there are four completed projects funded with Airport

Improvement Program. For one of its completed projects (AIP 3-29-0040-57) the Aviation Department received a project closing letter from an FAA representative on May 18, 2011. As of August 17, 2012, the Aviation Department has not submitted

the required final SF-425 report for this project.

Further, the other three SF-425 reports submitted for project numbers AIP 3-29-0041-17, AIP 3-29-0040-58 and AIP 3-29-0040-62 contained wrong information entered in the "Recipient Share" section. Also, for grant numbers AIP 3-29-0040-62 and AIP 3-29-0040-58, the Aviation Department reported that there were no disbursements made and the City maintains all the money received in cash although

the projects operated on a cost reimbursement basis.

**QUESTIONED COST:** None

**CAUSE:** The Aviation Department obtained reporting instructions from the Federal Aviation

Administration representative and believed that the reports were correct.

**EFFECT:** The City failed to comply with the federal financial reporting requirement.

#### Schedule of Findings and Questioned Costs April 30, 2012

**RECOMMENDATION:** We recommend that the City adequately review the reports before submitting and adequately follow the reporting requirements per the FAA reporting guidelines and OMB compliance requirements. We also recommend that the City correct the wrong information in the reports already submitted.

#### VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS: With

regards to (AIP 3-29-0040-57), the Aviation Department made its final reimbursement request in December 2009. Based on the age of the grant, the Aviation Department was of the belief that the SF-425 was not required for this grant. We have since submitted the SF-425 for this grant. For the remaining three grants where the form SF-425 was filed, the recipient share was shown at the gross cost to the Aviation Department rather than the net cost. The Aviation Department believed that this was the appropriate requirement. After discussing with the FAA, the change was made to report the recipient share at the net amount and the amended reports were re-submitted on September 14, 2012.

FINDING 12-10: Advanced Surveillance Program – CCTV (97.118)

**AGENCY:** Department of Homeland Security-Transportation Security Administration

(TSA)

**COMPLIANCE: Reporting** 

FINDING TYPE: Internal Control

**CRITERIA:** 

Section 1512 of the American Recovery and Reinvestment Act (ARRA) of 2009, P.L. 111-5 ("Recovery Act") required the recipients of the ARRA funds to provide data on the use of Recovery Act funding on a quarterly basis. One of the project information required to be reported is the "Total Federal Amount of ARRA Expenditure." This is the total amount of expenditures that the recipient has incurred as of the report date. It includes the amount of Federal share of cumulative expenditures relative to recovery funds received or will be received that were expended to projects or activities related to the award. For reports prepared on a cash basis, expenditures are the sum of cash disbursements for direct charges for property and services; the amount of indirect expense charged; and the amount of cash advance payments and payments made to subcontractors and sub-awardees. For reports prepared on an accrual basis, expenditures are the sum of disbursements for direct charges for property and services; the amount of indirect expense incurred; and the total amount owed by the recipient for (1) goods and other property received; (2) services performed by employees, contractors, subcontractors, sub-awardees, and other payees; and (3) programs for which no current services or performance are required. This amount does not include program income expended.

### Schedule of Findings and Questioned Costs April 30, 2012

**CONDITION:** 

The City uses an accrual basis of accounting for reporting federal expenditures. For the quarter ended March 31, 2012 (first quarter of 2012) Section 1512 ARRA report, the City underreported the total federal amount of ARRA expenditures by \$1,719,050. The total cumulative amount of expenditures as of April 30, 2012 (the sum of expenditure balances as of April 30, 2011 and 2012) was \$4,255,895. When the expenditures for April 2012 in the amount of \$857,311 are backed out, the cumulative expenditures amount would be \$3,398,584. The City reported only \$1,679,534.

**QUESTIONED COST:** None

**CAUSE:** Per our discussion with the management of the Aviation Department and review of

email correspondences, the Aviation Department followed the email instruction provided by the contractor consultant of TSA to report the amount of reimbursement

received as total federal amount of expenditure.

**EFFECT:** The City's total expenditure amount reported in the recovery.gov website for the

program would reflect the amount reimbursed to the City instead of the actual expenditure incurred. Further, any data derived by relying on this report, for

example, obligations and remaining grant balances, etc. would be distorted.

**RECOMMENDATION:** We recommend that the City coordinate with the TSA and correct the report.

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS: The

Aviation Department is currently following the guidance provided by the TSA, the granting agency, for reporting. The Aviation Department has reached out to the TSA to discuss the audit findings and will attempt to work with the TSA to assure appropriate reporting. However, until we receive further guidance from the TSA, we

believe that we must continue reporting as the granting agency has asked.

FINDING 12-11: Advanced Surveillance Program – CCTV (97.118)

**AGENCY:** Department of Homeland Security-Transportation Security Administration (TSA)

**COMPLIANCE: Davis-Bacon Act** 

**FINDING TYPE: Internal Control** 

**CRITERIA:** The OMB Circular A-133, Audits of States, Local Governments, and Non-Profit

Organizations, Subpart C – Auditees, Section .300 – Auditee Responsibilities require the auditee to maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs. The auditee is also required to

implement and adhere to the designed internal control systems.

### Schedule of Findings and Questioned Costs April 30, 2012

Based on the Davis-Bacon Act requirement, all laborers and mechanics employed by contractors or subcontractors to work on construction contracts in excess of \$2,000 financed by Federal assistance funds must be paid wages not less than those established for the locality of the project (prevailing wage rates) by the DOL (40 USC 3141-3144, 3146, and 3147 (formerly 40 USC 276a to 276a-7)). ARRA-funded award that involve construction, alteration, maintenance or repair are also subject to the requirements of the Davis-Bacon Act.

The City should include in its construction contracts subject to the Davis-Bacon Act a requirement that the contractor or subcontractor comply with the requirements of the Davis-Bacon Act and the DOL regulations. This includes a requirement for the contractor or subcontractor to submit to the City a copy of the weekly certified payroll and a statement of compliance for each week in which any contract work is performed. The City is required to verify that employees of the contractors are paid the prevailing wage relevant to the project. The City also performs a planned labor interview of the employees of the contractors and subcontractors to make sure that the laborers are receiving the wages that are reported by the contractors and subcontractors.

#### **CONDITION:**

The City received the weekly certified payroll reports from all contractors and subcontractors working on the TSA funded project to monitor whether the employees working on the project are paid at least the prevailing wage rate. As of April 30, 2012, the City did not perform any labor interview to independently verify whether the employees received the prevailing wage rates according to its existing internal control practices. The project had begun in April 2010.

**QUESTIONED COST:** None

**CAUSE:** The Aviation Department failed to follow the City's internal control procedures.

**EFFECT:** The City did not independently verify the accuracy of the certified payroll from the

employees. Part of the control process in place to make sure that Davis-Bacon Act is

complied with was not performed.

**RECOMMENDATION:** We recommend that the City perform its control procedures in its entirety to comply with the Davis-Bacon Act compliance.

#### VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS: The

Aviation Department concurs with this finding as it relates to this grant. The Engineering Division of the Aviation Department typically assigns this responsibility to the Design Professional for the project. The Design Professional for this grant has been notified that interviews must be conducted at least once a month. The Aviation Department's contracting staff will more closely monitor receipt of the interview forms and notify the Project Manager and Design Professional when those forms have not been submitted on a timely basis.

### Schedule of Findings and Questioned Costs April 30, 2012

FINDING 12-12: Highway Planning and Construction Cluster (CFDA # 20.205)

AGENCY: Department of Transportation (DOT); Passed through Missouri Department of

**Transportation** 

**COMPLIANCE:** Allowable Costs/Cost Principle and Cash Management

**FINDING TYPE: Internal Control** 

**CRITERIA:** The OMB Circular A-133, Audits of States, Local Governments, and Non-Profit

Organizations, Subpart C – Auditees, Section .300 – Auditee Responsibilities require the auditee to maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs. The auditee is also required to

implement and adhere to the designed internal control systems.

Per the contract agreement the City signed with construction contractors, the City processes payments after receiving recommendation from the design professionals who have reviewed the quality and the progress of the work to the point indicated in the billing statement based on their observation of the work performed. The schedule of values accompanied with the payment application should also be reviewed by the design professionals and the City personnel for its accuracy and consistency to the unit of work

performed.

**CONDITION:** During our audit, we noted that the schedule of values supporting two payment

applications have included more values than the actual work performed for two different contractors (project # 89008113 and #89008008). As a result, the contractors were paid \$16,000 and \$24,200 in excess of the value of the work performed on April 29, 2011 and December 14, 2009, respectively. The City later recovered these excess payments by adjusting the next progressive payment applications after one and half month and one and

half year later, respectively.

**QUESTIONED COST:** None

CAUSE: Lack of adequate review and comparison of the schedule of values presented by the

contractors against the actual work performed.

**EFFECT:** The City provided unauthorized advances to the contractors for which interest was

not paid.

**RECOMMENDATION:** We recommend that the City and the design professionals validate the payment

requests in detail to ascertain whether it reflects the actual work performed prior to

processing the payments.

### Schedule of Findings and Questioned Costs April 30, 2012

#### VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS: Public

Works will employ a double check system. The construction manager assigned to a project will review the payment request and then pass the payment request to the assigned project manager for the final review. This double check system should prevent excess payments.

FINDING 12-13: Capitalization Grant for Clean Water State Revolving Fund Grants & Loans

(CFDA # 66.458)

AGENCY: Environmental Protection Agency (EPA); Passed-through Missouri Department

of Natural Resources

**COMPLIANCE: Activities Allowed/Unallowed** 

**FINDING TYPE: Internal Control** 

**CRITERIA:** The OMB Circular A-133, Audits of States, Local Governments, and Non-Profit

Organizations, Subpart C – Auditees, Section .300 – Auditee Responsibilities require the auditee to maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs. The auditee is also required to

implement and adhere to the designed internal control systems.

According to the funding agreement of the City with Missouri Department of Natural Resources (MDNR), the City will be reimbursed by MDNR for all allowable expenses incurred in performing the scope of services. The request for reimbursement of expenditures should be placed after verifying that all outlays were made, the amount was accurately determined and has not been previously requested.

**CONDITION:** During our audit, we noted that the City (Water Services Department) submitted

duplicate invoices supporting its request for reimbursements. The City had already received the reimbursement for the expenditures in the prior year. The Water Services Department also submitted duplicate requests for reimbursement that was related to ARRA funds for which the City has received the grant fully in prior year. Claiming reimbursement of the same expenditure twice is not allowable. The State discovered the duplicate request in the amount of \$508,469 and corrected the reimbursement request.

**QUESTIONED COST:** None

CAUSE: Lack of adequate review of the documentation supporting the reimbursement

requests. The Water Department has not followed the internal control procedures

adopted by City.

### Schedule of Findings and Questioned Costs April 30, 2012

**EFFECT:** 

Failure to comply with the program's cash management compliance requirement may lead the grantor agency to request accrued interest payments. The City could pay unauthorized payments and the internal control system designed for disbursements may not serve its intended purpose.

**RECOMMENDATION:** We recommend that the City thoroughly review documentation supporting reimbursement requests in order to avoid duplicate requests. We also recommend that the City adhere to its internal control system over disbursements and the finance department should not honor the payment request until the approval procedure is adequately completed.

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS: The individual responsible for requesting reimbursement from MDNR has created a tracking mechanism that will prevent duplicate invoices from being processed. Also, an additional level of review has been instituted (Assistant Director of Operations) prior to submission to the funding agency.

FINDING 12-14: Weatherization Assistance Program (CFDA # 81.042)

AGENCY: Department of Energy (DOE); Passed-through Missouri Department of Natural

**Resources (MDNR)** 

**COMPLIANCE: Reporting** 

**CRITERIA:** 

FINDING TYPE: Compliance and Internal Control

Per the grant agreement the City entered with MDNR, Attachment B-5(A & B) the City is required to submit monthly reports by the 14<sup>th</sup> and 10<sup>th</sup> day after the end of the month for the DOE regular grant and ARRA, respectively. The City is also required to submit its quarterly report for the DOE regular grant by the 10<sup>th</sup> calendar day

following the end of a quarter.

**CONDITION:** During our review of the required monthly and quarterly reports for the grant, we

noted:

- a) Six out of 11 monthly on-line reports submitted for the ARRA grant were submitted after the due date for such reporting.
- b) Although all the required OMB 1512 quarterly reports required during the year ended April 30, 2012 were submitted by the due date, we noted in three out of the four quarters the City failed to submit the Report Check Register (one of the two required reports).

### Schedule of Findings and Questioned Costs April 30, 2012

- c) From the test work we performed for the four quarters during the period ended April 30, 2012, we noted that the City did not provide supporting documents to show the required reports were submitted for the quarter that ended on June 30, 2011. We also noted that for the quarter ending period on March 31, 2012, the City did not submit two out of the three required reports for the quarter.
- d) For the four quarters we tested during the year ended April 30, 2012, we noted that the City did not provide supporting documents to show that three of the required quarterly reports were submitted to DNR. We also noted that for one of the required four quarterly reports, the City submitted the report after the due date and two of the required reports were not submitted.

**QUESTIONED COST:** None

**CAUSE:** A failure to submit the required DOE regular grant quarterly reports and ARRA grant

monthly and quarterly reports by the due date.

**EFFECT:** Lack of submitting the required reports or submitting after the due date could affect

the proper and timely management of the grant activities by the Grantor Agency.

**RECOMMENDATION:** We recommend that the City file the required reports according to the grant requirement.

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS: The required

monthly reports were submitted reasonably close to the due date established by MDNR. Unfortunately, MDNR's web based reporting system (MOWAP) experienced numerous technical issues on a regular, sometimes monthly, basis which contributed to the delay in submitting the required reports on time. The Kansas City Home Weatherization Program continues to work toward timely submission of the reports as required in the weatherization grant agreement(s) with MDNR.

FINDING 12-15: Energy Efficiency and Conservation Block Grant (CFDA # 81.128)

**AGENCY:** Department of Energy (DOE)

**COMPLIANCE: Cash Management** 

**FINDING TYPE: Internal Control** 

**CRITERIA:** The OMB Circular A-133, Audits of States, Local Governments, and Non-Profit

Organizations, Subpart C – Auditees, Section .300 – Auditee Responsibilities require the auditee to maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs. The auditee is also required to implement and adhere to the designed internal control systems.

### Schedule of Findings and Questioned Costs April 30, 2012

**CONDITION:** 

In order to ensure the City's compliance with the federal rules and regulations outlined for Cash Management and ensure all drawdowns are supported by the approved vouchers, we tested a sample of 9 drawdowns made during the fiscal year ended April 30, 2012. The City has not provided the list of paid vouchers that support the drawdowns selected for our review. The City provided the payment transaction confirmation that showed the amount of drawdowns requested. We are unable to ascertain the accuracy of the drawdowns as the requested amounts were not supported with adequate and sufficient documentation. In addition, although the approval of the drawdowns should have been made prior to the City submitting the drawdown requests to Treasury, six (6) of the nine (9) drawdowns were approved after the requests were submitted.

**QUESTIONED COST:** None

**CAUSE:** Lack of adequate recordkeeping for drawdowns. The Department has not applied the

internal control preemptively.

**EFFECT:** Lack of review of the paid vouchers prior to drawdown of program funds may result

in unallowable expenses being included in the drawdowns. Also, drawdowns that are

not adequately supported may not be allowable.

**RECOMMENDATION:** We recommend that management maintain adequate and sufficient support

documentation for drawdown requests, which may include a summary of the list of paid vouchers downloaded from the City's accounting system. Both the accountant and the program personnel should review and approve the drawdown worksheet

before drawdowns are claimed from the Treasury.

VIEWS OF RESPONSIBLE PERSONNEL AND PLANNED CORRECTIVE ACTION: The

Department discussed the issue during the fieldwork with the auditors that although there were approvals for the drawdowns, the evidence of the approval could not be traced. Such evidence will be maintained into the future for all drawdowns.

FINDING 12-16: Energy Efficiency and Conservation Block Grant (CFDA # 81.128)

**AGENCY:** Department of Energy (DOE)

**COMPLIANCE: Procurement, Suspension and Debarment** 

**FINDING TYPE: Compliance and Internal Control** 

### Schedule of Findings and Questioned Costs April 30, 2012

**CRITERIA:** 

According to 2 CFR Section 180.300, when a non-federal entity enters into a covered transaction (subaward, contract, or agreement for purchases of goods or services) with an entity at a lower tier, the non-federal entity must verify that the entity is not suspended or debarred or otherwise excluded. This verification may be accomplished by checking the Excluded Parties List System (EPLS) maintained by the General Services Administration (GSA) website, collecting a certification from the entity, or adding a clause or condition to the covered transaction with that entity. In order to support its compliance, the non-federal entity must print the EPLS search result and document in its procurement file. Further, Section 1512(h) of ARRA Act of 2009 and 2 CFR section 176.50 (c) states that recipients and their first-tier recipients must maintain current registrations in the Central Contractor Registration at all times during which they have active federal awards funded with Recovery Act funds. A DUNS Number is one of the requirements for registration in the Central Contractor Registration.

**CONDITION:** 

During our audit, we noted that the City did not obtain the required suspension and debarment certification or otherwise check the status of these vendors or contractors on the federal EPLS prior to awarding contract for one (1) of the five (5) subrecipient selected for our audit (Mazuma Credit Union). Per our discussion with the program personnel, we noted that the suspension and debarment status of the subrecipient was checked before the contract was awarded; however, no paper trail was documented to substantiate the City's compliance.

• For three (3) of the five (5) ARRA contract files reviewed, the City failed to check the subrecipients' registration with the CCR prior to providing the subaward. One of these three subrecipients did not provide its DUNS Number before signing contract agreement.

**QUESTIONED COST:** Undetermined

**CAUSE:** Lack of adequate record keeping and adherence to the City's procurement manual.

**EFFECT:** The City may fail to comply with the special terms and conditions of the DOE grant agreement and the ARRA of 2009.

**RECOMMENDATION:** We recommend that the Department consistently implement its internal controls to ensure all contractors and procurements are conducted in compliance with the federal, state and City's procurement manual.

VIEWS OF RESPONSIBLE PERSONNEL AND PLANNED CORRECTIVE ACTION: Program personnel agrees that they have not checked using the CCR number although they have maintained a file of DUNS numbers with inquiries to the federal EPLS system using the DUNS Number being documented. Program personnel agreed that CCR registration will be checked in all future contracting along with DUNS Number inquiries.

### Schedule of Findings and Questioned Costs April 30, 2012

FINDING 12-17: Energy Efficiency and Conservation Block Grant (CFDA # 81.128)

**AGENCY:** Department of Energy (DOE)

**COMPLIANCE: Reporting** 

FINDING TYPE: Compliance and Internal Control

**CRITERIA:** The Office of Management and Budget (OMB) requires the quarterly reporting of grant

information in accordance with Section 1512 of the Recovery Act. Prime recipients are required to submit their initial reports through FederalReporting.gov. The report is due no later than ten (10) days after the quarter ended. It also requires entities receiving federal grant submit their quarterly and semi-annual interim Federal Financial Report (SF-425) no later than 30 days after the end of each reporting period and annual reports shall be submitted no later than 90 days after the end of each reporting period. In addition, section 12 of the special terms and conditions of the grant agreement states that failure to comply with the reporting requirements included in the DOE's contract under the attachment "DOE F 4600.2" is considered as material noncompliance with the terms

of the award.

**CONDITION:** During our audit, we noted that the City did not submit some of the Financial Status

Reports (SF- 425) and Section 1512 ARRA reports on or before the due date. The

following summarized list shows the instances noted.

Report	Grant Number	Quarter Ended	Due date	Report Submitted on	Number of days delayed
SF- 425	DE-EE-0000758	6/30/2011	7/30/2011	August 4, 2011	4
Section 1512 ARRA report	DE-EE-0000758	12/31/2011	1/10/2012	January 11, 2012	1
Section 1512 ARRA report	DE-EE-0000758	6/30/2012	7/10/2012	July 11, 2012	1
Section 1512 ARRA report	DE-EE-0003564	6/30/2011	7/10/2011	August 2, 2011	23
Section 1512 ARRA report	DE-EE-0003564	12/31/2011	1/10/2012	January 12, 2012	2
Section 1512 ARRA report	DE-EE-0003564	3/31/2012	4/10/2012	April 24, 2012	14
Section 1512 ARRA report	DE-EE-0003564	6/30/2012	7/10/2012	July 13, 2012	3

**QUESTIONED COST:** None

**CAUSE:** Lack of adherence to grant terms.

**EFFECT:** The City is not in compliance with the federal grant compliance reporting requirements.

### Schedule of Findings and Questioned Costs April 30, 2012

**RECOMMENDATION:** We recommend that the City submit all required reports on or before the due date to avoid noncompliance with the federal grant requirements.

VIEWS OF RESPONSIBLE PERSONNEL AND PLANNED CORRECTIVE ACTION: Sometimes the ARRA reporting system does not require the City to file during the due date and grants extensions similar to the extension allowed for the current quarter – Q3-2012. Extensions granted by the grantor could not be found. Program personnel will maintain record of such allowances in the future.

## Schedule of Expenditures of Federal Awards April 30, 2012

Federal Funding Agency/Granting Agency	Program	Federal/Pass-through Identification Number	CFDA Number	Amount of Expenditures
US Department of Agriculture/				
Missouri Department of Health				
and Senior Services (DHHS)	WIC 11	ERS04511110	10.557	\$ 22,773
	WIC Nutrition Program - 12	ERS04512110	10.557	40,898
	Summer Food Service for Children	ERS219-1151i	10.559	63,671
	Summer Food Service for Children	ERS219-11311 ERS46-081345	10.559	172,551
	Summer 1 ood Service for Children	LK540-001545	10.557	178,551
	Child and Adult Care Food Program	ERS46-091345	10.558	250,759
	Total Department of Agriculture Fur	nd Passed-through Missouri DHHS		\$ 492,981
	Total Department of Agriculture Full	id i assed-tili ough Wissouti Diffis	:	φ <b>4</b> 92,901
<b>US Department of Commerce</b>				
	Northwestern Avenue and 21st - 8045	EDA-05-01-04219	11.300	\$ 306,571
	Northwestern Avenue and 21st - 8045	EDA-05-01-04219	11.300	2,747
	Total US Department of Commerce I	Direct Funding	:	\$ 309,318
US Department of Housing	Community Development DII- C	P 11 MC 200002	14 210	¢ 11.072.227
and Urban Development	Community Development Block Grants Neighborhood Stabilization Program	B-11-MC-290003 B-11-MN-29-001	14.218	\$ 11,073,227
	Neighborhood Stabilization Program	B-08-MN-29-0001	14.218 14.218	2,015 162,499
	Neighborhood Stabilization Frogram	D-08-WIN-29-0001	14.210	11,237,741
	HOME	M-08-MC-290201	14.239	4,139,066
	Health/HOPWA	MOH11F001	14.241	690,663
	Health/HOPWA	MOH09F001	14.241	4,229
	Health/HOPWA	MOH10F001	14.241	539,518
	Treatm/Tion w/t	WOIII0I 001	17.271	1,234,410
	Linwood Housing SP	B-06-NI-MO-	14.248	207,362
	Emwood Housing SI	0026/G55EDILIN	11.210	207,302
	Linwood Housing NI	B-06-SPMO-0530	14.248	77,591
	Zmwood Housing 141	D oo Dillie deed	12.10	284,953
	Northeast Community Center	B-10-SP-MO-0230	14.251	2,461,570
	CDBG Stimulus Grant ARRA	B-09-MY-29-	14.253	
	CDBG Sumulus Grant ARRA	0003/G10CDBGST	14.255	101,593
	Clay County HPRP ARRA Funds	S09DY290001	14.257	74,998
	Homelessness Prevention and Rapid Rehousing ARRA Funds	C00M3/200002	14.257	651,406
	Kansas City HPRP ARRA Funds	S09MY290003 S09DY290001	14.257	11,667
	Kansas City III KI AKKA Funus	509171290001	14.237	738,071
	Fair Housing Assistance-HUD	FF207K087007	14.401	136,950
			•	
Passed-through Missouri	Total HUD Direct Funding			20,334,354
Department of Social Services				
(DSS), Division of Family	State Emergency Shelter	G57MOES08	14.231	71,167
(DBB), Division of Lummy	HUD Emergency Shelter	E11MC290003	14.231	308,373
	HUD Emergency Shelter	S10MC292670	14.231	65,472
	Treb Emergency Sherter	510112272070	11.231	445,012
		140045005004000	•	<u> </u>
	<b>HUD Supportive Housing Program</b>	MO0458B7PO40802	14.005	700 710
	CL IA DI CL D 1 412	MO050B7PO41003	14.235	720,713
	Shelter Plus Care Project 12	MO0117C7P041002	14.238	252,383
	Shelter Plus Care 11	MO0117C7P040901	14.238	51,261
			-	303,644

Federal Funding Agency/Granting Agency	Program	Federal/Pass-through Identification Number	CFDA Number	Amount of xpenditures
	Lead Based Paint Hazards ARRA Total HUD Fund Passed-through the M	MOLHB0406-08 issouri DSS, Family Division	14.900	\$ 1,236,332 2,705,701
	Total Department of Housing and Urban	n Development		\$ 23,040,055
<b>US Department of Justice</b>	Domestic Violence Court Enhancement Grants to Encourage Arrest Policies &	2009-DC-BX-0029	16.585	\$ 48,152
	Enforcement of Protection Orders	2006WEAX0039	16.590	153,641
	Justice Assistance Grant	2007-DJ-BX-0647	16.738	484,790
	Bureau of Justice Congressional Award	2010-D1-BX-0357	16.579	40,996
	DOJ Drug Court Enhancement Initiatives	2009-DC-BX-0029	16.585	44,170
	JAG Stimulus Grant ARRA	2009-SB-B9-2900	16.804	236,360
	Recovery Violence Against Women Act Grant ARRA	C12VAWCT	16.588	10,184
	Grant ARRA	G13VAWST	10.366	 10,164
	<b>Total US Department of Justice Direct F</b>	<b>Funding</b>		\$ 1,018,293
US Department of Transportation Federal Aviation Administration				
(FAA)	Rehab Airfield Pavement Rehabilitate Runway 1/19R Lighting	AIP 3-29-0040-58	20.106	\$ 93,539
	(Electrical Vault)	AIP 3-29-0040-59	20.106	187,594
	Rehabilitate Runway 1/19R & Runway 9/27; Terminal Aprons	AIP 3-29-0040-62	20.106	924
	Airfield Pavement Repairs KCI; Runway 1L-19R	AIP 3-29-0040-65	20.106	8,904,290
	Update KCI Master Plan and 14 CRF Part 150 Program	AIP 3-29-0040-66	20.100	606,325
	Runway 1/19 safety area construction	AIP 3-29-0041-21	20.106	805,768
	Rehabilitate Taxiways and MITLs	AIP 3-29-0041-21 AIP 3-29-0041-22	20.106	4,243,044
	KCI-Upgrade Glycol Collection	Possible Look Back	20.106	
	Chill Water System Rehab			2,046
		Possible Look Back	20.106	5,036,445
	Taxiway M & M1 Rehab	Possible Look Back	20.106	28,577
	New Terminal Advance Planning	Possible Look Back	20.106	260,394
	AOA Fence Replacement	Possible Look Back	20.106	25,996
	AOA Fence Replacement Ph. II	Possible Look Back	20.106	 120,940
Passed through the Missouri	<b>Total Federal Aviation Administration</b>			 20,315,882
Department of Transportation	Riverfront Heritage Trail Phase I - 2785	CMAQ-3300 (488)	20.205	917,377
	KC Bicycle Transportation - 2880	BRM 3355 (404)	20.205	16,862
	Walnut & 10th - 4265	STP-3438 (405)	20.205	28,868
	Walnut & 7th St Traffic Signal - 4287 Blue Ridge Blvd & 107th Street Geometric	STP-3438 (408)	20.205	1,703
	and Signal Improvement - 4421	STP-3335 (406)	20.205	13,172
	11th to 75th Troost Signals - 4622	CMAQ 3303(410)	20.205	66,003
	Broadway/West Pennway Interconnect - 4644	CMAQ (3399 (412)	20.205	128,907
	Southwest Blvd / Baltimore Inte - 4645	CMAQ-3408 (407)	20.205	83,712
	18th Street Interconnect Ph 1 - 4646	CMAQ 3445 (403)	20.205	133,912
	Central Corridor Signalization - 4647	STP-3301 (435)	20.205	18,720
	Baltimore Corridor Signalization - 4648	STP-3301 (434)	20.205	52,491
	Charlotte St Corridor Signalization - 4649	STP-3301 (437) STP 3201 (438)	20.205	319,954
	Locust Corridor Signalization - 4650	STP-3301 (438)	20.205	371,066

Federal Funding Agency/Granting Agency	Program	Federal/Pass-through Identification Number	CFDA Number	Amount of Expenditures
	Danney Ivania & 19th Street 1651	STP-3357 (402)	20.205	\$ 51,239
	Pennsylvania & 12th Street - 4651 Washington & 12th Street - 4652		20.205	\$ 51,239 36,281
		STP 3301 (439)		,
	Oak Corridor Signalization - 4653	STP-3301 (436)	20.205	132,992
	Independence Corridor Interconnect - 4658	CMAQ 3303 (409)	20.205	235,000
	Ward Parkway / Wornall - 4664	STP 3350 (409)	20.205	256,013
	Sni-A-Bar Bridge Over KCSRR - 5425	BRM-3355 (404)	20.205	30,873
	Forrester Viaduct over Railroad - 5438 12th Street Bridge over Burlington/Northern	BRM-3394 (401)	20.205	2,098,477
	RR Tracks - 5442 Red Bridge Rd. Bridge over the Blue River -	STP-3386 (413)	20.205	247,760
	5464	STP-3424 (401)	20.205	1,098,471
	Troost Avenue Bridge Over Brush Creek -			5,606,669
	5467	ARRA-ES04 (015) 4	20.205	3,000,009
	N Oak Trfwy. 96th to 111th Sec. 2-8000	STP-3318 (408)	20.205	1,444
	Tracy Ave & 22nd Street - 8008	STP-3401 (406)	20.205	4,489
	Red Bridge Road Phase I - B8054	STP-3476 (401)	20.205	704,670
	22nd Street / Baltimore to Caesar - 8084	EDA-05-01-04219	20.205	(306,571)
	87th St - Section 2 - 1.2 Miles E of BRW -	CTD 2249 (404)	20.205	568,834
	8113	STP-3348 (406)	20.205	506.000
	Front Street & Grand - 8204	ARRA-ES04 (038)	20.205	586,902
	Clean Commute - 20107	STP-3303 (417)	20.205	2,035
	I-670 Bike / Pedestrian Enhancements - 20153	STP-3400 (403)	20.205	112,500
	Transportation Enhancement - 25467	ARRA-ES04 (037)	20.205	53,702
	Troost Bridge N. Pedestrian Improvements - 45467	MO-78-0001 TIGER ARRA	20.205	260,790
	Troost Green Zone Sidewalk - 60279	ARRA-MO-78-001 A8	20.205	845,468
	Prospect Ave & 51st Green Zone - 60280	ARRA MO-78-001 A9	20.205	1,614,508
	39th St Green Zone Project - 60281	ARRA MO-78-001 A5	20.205	559,554
	Boulevard Green Zone Project - 60282	ARRA MO-78-001 A7	20.205	2,248,185
	43rd St Green Zone Project - 60325	ARRA MO-78-001 A	20.205	472,570
	NE 48th St - Safe Routes to School - 60340 Indian Creek Trail, Lydia to 99th / Lydia -	SRTS-INF-H284 (105)	20.205	17,279
	G70061305	CMAQ-3400 (402)	20.205	8,677
	North Oak Corridor Streetscape - G646434040 Alex George Lake - Blue River Trail -	STP 3404 (406)	20.205	173,271
	70091301G	STP-3400 (412)	20.205	420,861
	Cliff Drive Interpretation Ph 3 - 70092919G Brush Creek Trail Prospect to Woodland -	STP-3301 (426)	20.205	448,191
	G70091305 Brush Creek Trail Prospect - Lake of the	STP-3301 (408)	20.205	306,951
	Enshriners - G70091306 Blue River & Indian Creek Confluence -	STP-3301 (423)	20.205	278,124
	70091302G	STP-3400 (410)	20.205	<u>179,545</u> 21,508,501
	Hodge Smithville Trail - G70091310	RTP-200808	20.219	17,626
	Total Passed-through the Missouri Depa	artment of Transportation		21,526,127
<b>.</b>	<b>Total Department of Transportation</b>			\$ 41,842,009
Equal Employment Opportunity Commission	Fair Employment Practice - EEOC	EECCN090062	29.001	\$ 66,900
		\$ 66,900		

Federal Funding Agency/Granting Agency	Program	Federal/Pass-through Identification Number	CFDA Number	Amount of Expenditures
Environmental Protection				
Agency (EPA):	West Bottoms Storm water Improvements	XP98714501-03	66.458	\$ 69,536
11901103 (22112)	Total EPA Direct Funding			
Passed-through Missouri	Tour 21 I Direct I unding			69,536
Department of Natural				
Resources (MDNR)	Clean Water State Revolving Loan Program	C295555G-01	66.458	1,089,635
	Capitalization Grants for Drinking Water			
	State Revolving Funds ARRA	C295588G-01/G80498BST	66.458	53,273
				1,142,908
	Air Pollution Control	A-0001-11	66.605	129,156
	Brownfield Revolving Loan (BCRLF)	BL-99791601	66.811	210
	Brownfield Petro City Wide	BF-98787201	66.811	34,043
				34,253
	Brownsfields Area Plan Municipal Farms	TR-83492401	66.814	144,139
	Brownfield's Coalition Haz Grant	BF-97722301	66.816	48,781
	ARRA Brownfield Revolving Loan (BCRLF)	2B-97708801-0	66.818 66.818	118,985
	Brownfields Assessment City Wide Brownfield's Petro Troost C	BF-98787101 BF-98747101	66.818	59,755 38,177
	Brownfield's Assessment Troost Corridor	BF-98747101 BF-98747101	66.818	56,851
	Brownfields Petro Assessment	BF-98737001	66.818	3,395
				277,163
	Total EPA Fund Passed-through MDNR			1,776,400
	<b>Total Environmental Protection Agency</b>			\$ 1,845,936
<b>US Department of Energy</b>				
(DOE)/Missouri Department	** *** d	G55D\\D10	01.040	Ф. 12.420
of Natural Resources (MDNR)	Home Weatherization Assistance City of Independence Weatherization ARRA	G55DNR10 G55INDST	81.042 81.042	\$ 12,428 234,741
	Home Weatherization Assistance ARRA	G-09-EE00151-10	81.042	6,440,057
		0 07 2200101 10	01.0.2	6,687,226
	<b>Energy Efficiency Conservation Block Grant</b>			
	ARRA	DE-EE0003564	81.128	6,109,806
	Energy Efficiency and Conservation Grant ARRA	DE-EE0000758	81.128	823,073
	ARRA	DE-EE0000/30	01.120	6,932,879
				5,252,012
	Total USDOE Fund passed-through MDN	R		\$ 13,620,105
US Department of Education	Recreation Access Grant	H128J070086	84.128	\$ 57,304
	<b>Total US Department of Education</b>			\$ 57,304
US Department of Health &	•			<u> </u>
Human Services	Cities Readiness Initiative	AOC10380120CRI-2	93.069	\$ 156,838
	Healthy Homes Lead Poisoning Prevention	AOC12380166	93.070	58,997
	Childhood Lead Poisoning Prevent	AOC12380049	93.197	20,946
	Control of High Blood Pressure Heart Disease and Stroke Prevention	AOC12380059 AOC09380058- Amd 2	93.283 93.283	34,223 14,566
	Public Hlth Emergency Planning - Phase I and II	AOC10380235	93.283	475,760
	Public HIth Emergency Preparedness 13	AOC 12380158	93.283	201,312
	Public Hlth Emergency Preparedness 12	AOC10380120-Amd 2	93.283	136,789
	Tobacco Control Program A 13	C310191001 - Amd 1	93.283	44,396
	Tobacco Control Program A 12	C310191001	93.283	5,039
	Tobacco Control Program D 13	C310191004 - Amd 1	93.283	32,480

Federal Funding Agency/Granting Agency	Program	Federal/Pass-through Identification Number	CFDA Number	Amount of Expenditures
	Tobacco Control Program D 12 Cities Readiness Initiative	C310191004 AOC12380157	93.283 93.283	\$ 4,660 117,837 1,067,062
	Perinatal Hepatitis B 12 Perinatal Hepatitis B Case Management - 13	AOC11380129HEPB AOC11380129HEPB-2a	93.268 93.268	61,939 23,982 85,921
	Monitoring TB Treatment for Children Minority AIDs Initiative Program for	1R21HD069163-01	93.865	4,310
	Grantees 12	H89HA00028-18-00M	93.914	221,845
	Minority AIDs Initiative Program 13	H389MHA00028-19-00M	93.914	13,050
	Ryan White Part A	H89HA00028-19-00	93.914	333,670
	Ryan White Part A	H89HA00028-18-00	93.914	3,573,212 4,141,777
	Children with Special Health Care Needs	ERS04410012 & 13 Amd 1	93.994	74,718
	Children with Special Health Care Needs	ERS04411012 & 13	93.994	26,048
			-	100,766
Passed-through Missouri	Total Direct Funding - Department of H	ealth & Human Services		5,636,617
Department of Health	TB Outreach Program	AOC11380150	93.116	40,647
1	TB Outreach Program	AOC09380015- Amd 2	93.116	10,428
				51,075
	Child Care Sanitation	ERS220-11052	93.575	31,185
	Refugee Health Screening 12	AOC10380050-Amd 2	93.576	3,892
	Refugee Health Screening	AOC10380070	93.576	29,592
		11001000070	,,,,,,,	33,484
	Child Care Asthma Quality Improvement		-	
	ARRA	AOC11380030	93.713	9,804
	HIV Case Management	C309302001 - Amd 5	93.917	13,557
	HIV Case Management	C309302001- Amd 4	93.917	661,770
			-	675,327
	Home Visiting Building Blocks of MO	AOC07380183	93.944	148,653
	Home Visiting Building Blocks of MO	AOC07380183 - Amd 2	93.944	161,277
	HIV/STD Prevention	C308195001-Amd 6	93.944	390,162
	HIV/STD Prevention	C308195001 - Amd 7	93.944	132,258
	HIV/AIDS Surveillance & Seroprevalence	AOC11380129HIV	93.944	120,153
	HIV/Aids Surveillance - 13	AOC11380129HIV-2a	93.944	51,720
			•	1,004,223
	Maternal Child Health Service	AOC08380261-Amd 4	93.994	72,593
	Maternal Child Health Service	AOC12380151	93.994	68,955
				141,548
	Sexually Transmitted Disease Prevention	AOC08380405STD-2a	93.977	67,301
	Sexually Transmitted Disease Prevention	AOC11380129STD	93.977	295,579
			-	362,880
	Total Passed-through the Missouri Depa	nrtment of Health	-	2,309,526
Passed-through Mid-America Regional Council	Senior Adult Services	11AAMOT3SP	93.045	1,285
	Senior Adult Services	12AAMOT3SP	93.045	18,749
			- -	20,034

Federal Funding Agency/Granting Agency	Program	Federal/Pass-through Identification Number	CFDA Number	Amount of xpenditures
	National Family Caregiver Support Community Transformation Grant - Affordable	12AAMOT3SP	93.052	\$ 15,591
	Care Act	5026113271/G50502612	93.531	25,166
	Total Passed-through Mid-America Regio	nal Council		60,791
	Total Department of Health and Human S	Services		\$ 8,006,934
<b>Department of Homeland</b>				
Security	Emergency Management Program Grant	2011-EP-EO-0030	97.042	\$ 223,905
	Assistance to Firefighters Grant - Operations and Safety Program	EMW-2010-FO-09545	97.044	945,000
	Staffing for Adequate Fire and Emergency	ENTW 2010 1 0 00043	77.044	745,000
	Response SAFER Grant	EMW-2006-FF-04303	97.044	36,921
	Assistance to Firefighters Grant - Fire			
	Prevention and Safety	EMW-2009-FP-01964	97.044	48,984
				1,030,905
	Assistance to Firefighters Station		0= 44=	
	Construction ARRA	EMW-2009-FC-05790R	97.115	923,960
	TSA - Explosives Detection K-9 Team Program	DTFA0102X02082	97.072 97.118	241,719
	Terminal CCTV Camera Install (TSA) ARRA Total Direct Funding - Department of Hor		97.118	3,349,407 <b>5,769,896</b>
	Total Direct Funding - Department of Hol	meiand Security		5,709,690
Passed-through Mid-America	Homeland Security Grant Program		07.067	
Regional Council	Urban Area Security Initiative	73009/73057 (PO-001513)	97.067	3,000,000
	Homeland Security Grant Program	PO-001247 PO-001199		
	Urban Area Security Initiative	07-73030-02		
		PO-001307PO-001463		
		PO-001607 PO-001416	97.067	555,948
	Total Fund Passed-through Mid-America	Regional Council		3,555,948
	<b>Total Department of Homeland Security</b>			\$ 9,325,844
	<b>Total Expenditures of Federal Awards</b>		;	\$ 99,625,679

### Notes to Schedule of Expenditures of Federal Awards April 30, 2012

#### Note 1: General

The accompanying schedule of expenditures of federal awards presents the activity of all federal programs of the City of Kansas City, Missouri (the City). The City's reporting entity is defined in Note 1 to the City's basic financial statements. This schedule includes only those awards received by the primary government. All federal awards received directly from federal agencies as well as federal awards passed through other agencies are included in the schedule.

#### Note 2: Basis of Accounting

The accompanying schedule of expenditures of federal awards is presented using the modified accrual basis of accounting, which is described in Note 1 to the City's basic financial statements. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

#### Note 3: Subrecipients

Of the federal expenditures presented in this schedule, the City provided federal awards to subrecipients as follows:

Federal Funding Agency/Granting Agency	Program	CFDA Number	Passed- through Amounts
Department of Housing and	CDBG - Neighborhoods	14.218	\$ 7,315,896
Urban Development (HUD)	Emergency Shelter Grant	14.231	425,044
•	Supportive Housing	14.235	52,339
	Shelter Plus Care	14.238	303,644
	HOPWA	14.241	1,196,926
	Homelessness Prevention & Rapid Rehousing	14.257	283,430
	Total HUD		9,577,279
Department of Justice (DOJ)	Community Arrest Program	16.590	113,248
	Justice Assistance Grant	16.738	281,654
	Total DOJ		394,902
Department of Health and	Ryan White and Minority AIDS Initiative Programs	93.914	3,053,867
Human Services (HHS)	HIV/STD Prevention	93.917	740,242
	Total HHS		3,794,109
	Grand total		\$ 13,766,290

# City of Kansas City Missouri Summary Schedule of Prior Year Findings April 30, 2012

Reference No.	Program	Summary of Findings	Status
Finding 10-05	HOME	Lack of review and approval of employee timesheets for accuracy.	Similar finding noted in the current year audit.
Finding 10-07	HOME	The City failed to monitor the activities of its Subrecipient.	Similar finding noted in the current year audit.
Finding 11-03	CDBG	The City failed to use or apply program income before drawing down Federal funds.	Similar finding noted in the current year audit.
Finding 11-04	CDBG	The City failed to timely submit the SF-272 report, quarterly performance report, SF-425 report, and 2010 CAPER.	Partially resolved. During current year the quarterly performance reports were submitted late.
Finding 11-05	CDBG	The City failed to adequately monitor its subrecipients.	Resolved
Finding 11-06	CDBG	A) The City incurred costs on two projects before obtaining Release of Funds/Authorization from HUD.	Resolved
		B) The City began work on one project before environmental assessment was performed.	
Finding 11-07	НОМЕ	The City failed to provide relevant documentation to determine whether the combination of HOME subsidy is not in excess of what is necessary to provide affordable housing.	Resolved
Finding 11-08	AIP	A) The Aviation Department (KCAD) failed to timely report FAA Forms 5100-126 and 5100-127 as the link was not open. No extension requested.	A) KCAD submitted the report via email although the web link was not open for 2012.
		B) Lack of review on SF-271 reporting.	B) Resolved

# City of Kansas City Missouri Summary Schedule of Prior Year Findings (Continued) April 30, 2012

Reference No.	Program	Summary of Findings	Status
Finding 11-09	AIP	The KCAD failed to comply with the Revenue Diversion Compliance requirements.	During the year similar findings were reported by FAA monitors. The KCAD formally responded its position to FAA claiming that it complies. Until FAA decides on this, it stays unresolved.
Finding 11-10	Highway Planning & Conservation	The City paid excess construction payments without adequate review of the actual work performed against the schedule of values. The overpayment was later recovered.	Similar finding noted during the current year audit.
Finding 11-11	Capitalization Grant for Clean Water State Revolving Fund	The City (Water Department - KCWD) had a cost reimbursement contract agreement with Missouri Department of Natural Resources (MDNR). However, the City obtained \$411,884 in advance for which interest was not paid.	Resolved
Finding 11-12	Capitalization Grant for Clean Water State Revolving Fund	<ul> <li>A) KCWD incurred costs on a project without securing the necessary prior approval from MDNR.</li> <li>B) KCWD failed to properly allocate project costs between two funding sources.</li> <li>C) KCWD submitted duplicate reimbursement requests to the funding agency which was found by the funding agency.</li> </ul>	<ul><li>A) Resolved</li><li>B) Resolved</li><li>C) Similar finding noted during the current year audit.</li></ul>
Finding 11-13	Capitalization Grant for Clean Water State Revolving Fund	KCWD failed to report the federal expenditures for two programs until requested by auditors.	Resolved
Finding 11-14	Weatherization Assistance program	The City failed to timely submit the monthly and quarterly reports to funding agency.	Similar findings noted during the current year audit.

# City of Kansas City Missouri Summary Schedule of Prior Year Findings (Continued) April 30, 2012

Reference No.	Program	Summary of Findings	Status
Finding 11-15	Energy Efficiency & Conservation Block Grant	Timesheets lacked the necessary supervisory approval.	Resolved
Finding 11-16	Energy Efficiency & Conservation Block Grant	The City did not retain evidence of the drawdown review and approval process.	Similar findings noted during this year audit
Finding 11-17	Energy Efficiency & Conservation Block Grant	The City failed to perform the verification of suspension & debarment of its vendors/contractor.	Similar findings noted during this year audit
Finding 11-18	Energy Efficiency & Conservation Block Grant	The City failed to timely submit certain SF-425 and Section 1512 ARRA reports.	Similar findings noted during this year audit