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*Corrective Action Plan Update*  
*FY 2016 Audit*

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STATUS REPORT - 2016 AUDIT CORRECTIVE ACTION PLAN

JUNE 14, 2018

CITY OF INDEPENDENCE

**CITY OF INDEPENDENCE, KANSAS AUDIT  
FOR THE YEAR ENDED DECEMBER 31, 2016  
CORRECTIVE ACTION PLAN**

**Status Report – June 14, 2018**

**General**

- Met with new lead auditor from Jarred, Gilmore & Phillips to discuss all findings from the 2016 Audit. This meeting provided guidance to assist in addressing the findings to eliminate the reoccurrence in the upcoming 2017 Audit.
- Draft Purchasing/Procurement policy is in the process of being developed and is currently being internally evaluated by City management.

**Finding 2016-001** The City will establish a written policy regarding the creation and review of journal entries.

**STATUS**

This one is fluid and ongoing; continuing to do journal entries correctly since early 2017 is the main thing going forward. Also, just looking at the development of the policies and procedures in the other findings will play a role in this finding as well in establishing appropriate internal controls.

**Finding 2016-002** The City will implement controls to ensure accuracy and completeness of bank reconciliations.

**STATUS**

- We have begun the process of implementing a new reconciliation system and are currently recreating 2017. This new system will be in place until such time that we can move to a reconciliation within our INCODE accounting system (see below).
- Time rescheduled with INCODE system representative to discuss, review and evaluate the City's current purchase order and bank reconciliation process, and how to fully implement the accounting platform's capabilities.
- Working to schedule a time to meet with a similar size community that uses INCODE'S purchase order and reconciliation processes to review how it utilizes the system in these areas. New auditor provided references and recommended meeting with one or more of the communities.

**Finding 2016-003** The City will implement controls to ensure accuracy and completeness of encumbrances.

**STATUS**

- Time rescheduled with INCODE system representative to discuss, review and evaluate the City's current purchase order and bank reconciliation process and how to fully implement the accounting platform's capabilities.
- Working to schedule a time to meet with a similar size community that uses INCODE'S purchase order and reconciliation processes to review how it utilizes the system in these areas. New auditor provided references and recommended meeting with one or more of the communities.

**Finding 2016-004** The City will implement controls to ensure accuracy and completeness of the Schedule of Expenditures of Federal Awards.

**STATUS**

- Primary result of finding was that SEFA schedule was not completed and available upon arrival of auditors for 2016 audit. 2017 SEFA is complete. Tracking spreadsheets are in place to identify and track expenditures to ensure grant funds match federal awards. Also see 2016-006.

**Finding 2016-005** The City will implement controls to ensure accuracy and completeness of encumbrances and journal entries.

**STATUS**

- Analysis of all funds was performed at year end 2017. All budgeted funds were within budgeted statutory authority and all applicable funds in a negative cash balance were properly funded, except where state or federal reimbursement to the City has not been received, in which case would not be a statute violation.

**Finding 2016-006** The City will implement a system of internal controls over compliance that is compliant with Standards for Internal Control in the Federal Government (Green Book), issued by the Comptroller General of the United States, or the Internal Control - Integrated Framework, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

**STATUS**

- Currently working with outside grant administrator that specializes in federal grants to establish policies and procedures over federal grants.

**Finding 2016-007 & Finding 2016-008** The City will implement a system of internal controls over compliance that is compliant with Standards for Internal Control in the Federal Government (Green Book), issued by the Comptroller General of the United States, or the Internal Control - Integrated Framework, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

**STATUS**

**Finding 2016-007**

- See 2016-004

**Finding 2016-008**

- See 2016-006 S