

City of Kansas City, Missouri

OMB Circular A-133 Reports
(With Independent Auditor's Report)

April 30, 2014

City of Kansas City, Missouri

OMB Circular A-133 Reports

April 30, 2014

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**Independent Auditor's 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, in accordance with the 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, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 11, 2014, which contained an "Emphasis of Matter" paragraph regarding a change in accounting principles and a reference to the report of other auditors. The financial statements of Kansas City International Airport – Community Improvement District, 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*. Our report includes a reference to other auditors who audited the financial statements of the Kansas City Board of Police Commissioners and the Port Authority of Kansas City, both of which are component units included in the financial statements of the aggregate 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 auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

Management of the City is responsible for establishing and maintaining effective internal control over financial reporting (internal control). In planning and performing our audit, we considered the City's internal control to determine the audit procedures that are appropriate in the circumstances 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. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

The Honorable Mayor
and Members of the City Council
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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. 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses as defined above. However, material weaknesses may exist that have not been identified. We identified a certain deficiency in internal control described in the accompanying schedule of findings and questioned costs as item 2014-001 that we consider to be a significant deficiency in internal control.

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 matters that we reported to the City's management in a separate letter dated December 11, 2014.

The City's Response to Findings

The City's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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and Members of the City Council
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Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BKD, LLP

Kansas City, Missouri
December 11, 2014

Independent Auditor's 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 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, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated December 11, 2014, which contained an unmodified opinion on those financial statements. Our report included a reference to the reports of other auditors. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations* and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

BKD, LLP

Kansas City, Missouri
December 11, 2014, except for the changes described in footnote 4 of the schedule of expenditures of federal awards.



Certified Public Accountants

Independent Auditor's Report on Compliance For Each Major Program and on Internal Control Over Compliance Required by OMB Circular A-133

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

Report on Compliance for Each Major Federal Program

We have audited the City of Kansas City, Missouri's (the City's) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that could have direct and material effect on each of the City's major federal programs for the year ended April 30, 2014. The City's major federal programs are identified in the summary of accountants' results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. 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 on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

Basis for Qualified Opinion

As described in finding numbers 2014-002, 2014-003, 2014-004 and 2014-007 in the accompanying schedule of findings and questioned costs, the City did not comply with requirements of Reporting for its CDBG program (CFDA #17.218) and Airport Improvement Program (CFDA #20.106), Special Tests and Provisions for its CDBG program (CFDA #17.218), and Davis-Bacon Act requirement for its Energy Efficiency & Conservation Block Grant Program (CFDA #81.128). Compliance with such requirements is necessary, in our opinion, for the City to comply with the requirements applicable to those programs.

Qualified Opinion on CDBG Program, Airport Improvement Program, and Energy Efficiency & Conservation Block Grant Program

In our opinion, except for the noncompliance described in the *Basis for Qualified Opinion paragraph*, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on Airport Improvement Program and Energy Efficiency & Conservation Block Grant Program for the year ended April 30, 2014.

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended April 30, 2014.

Other Matters

The results of our auditing procedures disclosed other instance of noncompliance, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as item 2014-008. Our opinion on the major federal program is not modified with respect to this matter.

The City's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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and Members of the City Council
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Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2014-002, 2014-003, 2014-004 and 2014-008 to be material weaknesses.

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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2014-005, 2014-006, 2014-007 and 2014-009 to be significant deficiencies.

The City's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

CMA Group, LLC

Kansas City, Missouri
December 11, 2014

City of Kansas City, Missouri
Schedule of Findings and Questioned Costs
April 30, 2014

(1) Summary of Accountants' Results

- (a) The type of report issued on the basic financial statements: **Unmodified**
- (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: **Yes**
- (e) The type of report issued on compliance for major programs/Clusters:
 - **Community Development Block Grants/Entitlement Grants (CDBG)/Entitlement Grants Cluster:**
 - **Community Development Block Grants/Entitlement Grants (14.218): Qualified**
 - **HOME Investment Partnership Program (14.239): Unmodified**
 - **Airport Improvement Program (20.106): Qualified**
 - **Highway Planning and Construction Cluster (20.205): Unmodified**
 - **National Infrastructure Investments (20.933): Unmodified**
 - **Capitalization Grant for Clean Water State Revolving Fund Grant & Loan (66.458): Unmodified**
 - **Energy Efficiency and Conservation Block Grant (81.128): Qualified**
 - **HIV Emergency Relief Project Grants (93.914): Unmodified**
 - **Advanced Surveillance Program – CCTV (97.118): Unmodified**
- (f) Any audit findings which are required to be reported under Section 510(a) of OMB Circular A-133: **Yes**
- (g) Major programs: **Community Development Block Grants/Entitlement Grants (14.218), HOME Investment Partnership Program (14.239), Airport Improvement Program (20.106), Highway Planning and Construction Cluster (20.205), National Infrastructure Investments (20.933); Capitalization Grant for Clean Water State Revolving Fund Grant & Loan (66.458); Energy Efficiency and Conservation Block Grant (81.128), HIV Emergency Relief Project Grants (93.914) and Advanced Surveillance Program (97.118).**
- (h) Dollar threshold used to distinguish between Type A and Type B programs: **\$2,012,095**
- (i) Auditee qualified as a low-risk auditee under Section 530 of OMB Circular A-133: **No**

City of Kansas City, Missouri
Schedule of Findings and Questioned Costs
April 30, 2014

(2) Findings Related to Financial Statements

FINDING 2014-001: Recognition of Liabilities

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 various liability accounts to record them in the correct period.

CAUSE: The various liability 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 liability accounts to ensure all transactions are properly accounted for.

VIEW OF RESPONSIBLE OFFICIALS AND CORRECTIVE ACTION PLAN: Management agrees with the auditor's recommendation. The Finance Department will work jointly with other departments that enter into significant contracts and agreements, to identify all liabilities and ensure all transactions are properly accounted for.

(3) Findings and Questioned Costs Related to Federal Awards

FINDING 2014-002: Community Development Block Grant (CFDA #14.218)

AGENCY: Department of Housing and Urban Development (HUD)

COMPLIANCE: Reporting

FINDING TYPE: Compliance and Internal Control

CRITERIA: OMB requires submission of the SF-425 report in an effort to obtain financial information from the recipients of Federal funding assistance. HUD requires this report submitted and reviews this report for compliance with applicable requirements. Per 73 FR 58341(O)(b)(i), 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 our review of the quarterly reports submitted by the City to HUD for its CDBG and NSP grants we noted the following exceptions:

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April 30, 2014

- A. The City's quarterly reports (SF- 425) submitted to HUD during the quarters ended June 30, 2013 and September 30, 2013, show an incorrect amount of program income, although the supporting program income per general ledger showed the correct amount.
- B. The quarterly reports required to be reported on the DRGR system for the period ending September 30, 2013 (both for NSP 1 and NSP 3 grants) were submitted after the due date.
- C. For NSP 1 and NSP 3 grants, the total amount of expenditures per the quarterly reports do not reconcile with the total amount expended for the programs per the City's general ledger.

QUESTIONED COST: None

CAUSE: Lack of adequate review and reconciliation of the quarterly reports with the supporting records and documents by the City before the reports are submitted, and lack of adherence to the due dates.

EFFECT: If the required reports are not submitted by the due date, and the amounts reported are correctly stated it could result in administrative action and may lead the grantor to suspend funding.

RECOMMENDATION: We recommend that the City take corrective action to ensure that the required reports are correctly reported, consistent with the underlying records and are submitted by the due dates to the grantor agency.

VIEW OF RESPONSIBLE OFFICIAL AND CORRECTIVE ACTION PLAN:

- A. The City recognizes there was an error in the formula for the report. The error has since been corrected.
- B. The City will continue to submit the quarterly reports, as required and on time.
- C. The City reported expenditures based on the sub-recipients reports. Therefore expenditures were reported when made by the sub-recipient, not necessarily when the charges hit the City's general ledger. The City has taken both NSP programs back in house and no additional funding is anticipated. This issue should resolve itself moving forward.

FINDING 2014-003: Community Development Block Grant (CFDA #14.218)

AGENCY: Department of Housing and Urban Development (HUD)

COMPLIANCE: Special Tests and Provisions

City of Kansas City, Missouri
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FINDING TYPE: Compliance and Internal Control

CRITERIA: The grant agreement the City signed with HUD requires that the City shall develop written procedures approved by HUD to ensure that all environmental requirements under 24 CFR Part 58 are satisfied before committing CDBG funds to a project or activity and/or undertaking a choice limiting action.

CONDITION: During our review we noted that the City did not develop, compile or have a written HUD approved procedures for environmental reviews.

QUESTIONED COST: None

CAUSE: Delay in developing and compiling the required procedures in written format and obtaining approval from HUD.

EFFECT: As the grant funding is based on the City meeting the special conditions in the signed agreement, failure by the City to have an approved written environmental review procedures could lead the federal grantor to suspended federal funding for the City.

RECOMMENDATION: We recommend that the City take corrective action and ensure that the required written and approved environmental review procedures are put in place before committing grant funds, or if approved obtain an extension of time from HUD.

VIEW OF RESPONSIBLE OFFICIAL AND CORRECTIVE ACTION PLAN: The City has drafted environmental review procedures. The procedures are currently being edited and reviewed prior to submittal to HUD.

FINDING 2014-004: Airport Improvement Grant (CFDA #20.106)

AGENCY: Department of Transportation (DOT)/ Federal Aviation Administration (FAA)

COMPLIANCE: Reporting

FINDING TYPE: Compliance and Internal Control

CRITERIA: Per OMB guidelines and the grant requirement, the Aviation Department is required to submit a quarterly performance report for each of its Airport Improvement Program projects to the Federal Aviation Administration (FAA). The Quarterly reports should be submitted no later than 30 days after the end of each reporting quarter.

City of Kansas City, Missouri
Schedule of Findings and Questioned Costs
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CONDITION: During the year the Aviation Department has not submitted first quarter, third quarter, and fourth quarter performance report relative to projects # AIP 3-29-0040-69 and the third quarter performance report for project # AIP 3-29-0040-66. Further, for project # AIP 3-29-0040-23, AIP 3-29-0040-26, and AIP 3-29-0040-70 the fourth quarter performance report was submitted after the due date. Also, for project AIP 3-29-0040-65 all four quarter reports were submitted on August 8, 2014 while the reports were due July 30, 2013, October 30, 2013, January 30, 2014, and April 30, 2014.

QUESTIONED COST: None

CAUSE: Misunderstanding regarding which projects required to have a quarterly performance reports submitted. Certain projects that still had open grants were not included in the quarterly activity report when they should have been.

EFFECT: Non-compliance with grant reporting requirement.

RECOMMENDATION: We recommend that the Aviation Department submit all reports on a timely basis.

VIEW OF RESPONSIBLE OFFICIAL AND CORRECTIVE ACTION PLAN: The Aviation Department now fully understands the requirements and has instructed staff to submit quarterly activity reports for all open grant projects. Additionally, staff from Finance and Accounting will monitor the quarterly submission for completeness.

FINDING 2014-005: Highway Planning and Construction (CFDA #20.205)

AGENCY: Department of Transportation (DOT)

COMPLIANCE: Activities Allowed/Unallowed and Cash Management

FINDING TYPE: Internal Control

CRITERIA: Per the contract agreement the City signed with the contractors, the City processes payments after receiving recommendation of 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 executed work. The schedule of values accompanied with the payment application should be reviewed by the design professionals and the City personnel for its accuracy and consistency to the unit of work performed.

City of Kansas City, Missouri
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CONDITION: During our audit we noted that one of the contractor payments (payment application #4) contained a schedule of values supporting the payment application in excess of the actual work performed. As a result, the contractor was paid excess money in the amounts of \$29,510 (Project #89001270) on July 3, 2013, more than the value of the actual work performed. The City also failed to identify the error on the subsequent payment applications #5 and #6. The City later corrected the error and recovered this excess payment by adjusting the payment application #7 after three months.

QUESTIONED COST: None

CAUSE: Lack of adequate review and comparison of the schedule of values presented by the contractor against the actual work performed.

EFFECT: The City provided unauthorized and unallowable advances to the contractors.

RECOMMENDATION: We recommend that the City and the design professionals review the payment requests in detail to ascertain whether it reflects the actual work performed prior to processing the payments.

VIEW OF RESPONSIBLE OFFICIAL AND CORRECTIVE ACTION PLAN: This item does not approach being a Significant Deficiency. It falls under Nonmaterial Noncompliance due to both the amount involved and the fact that it was discovered and corrected on a subsequent application. Public Works will re-emphasize 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.

FINDING 2014-006: Congressionally Mandated Projects (CFDA #66.202) and Capitalization Grants for Clean Water State Revolving Fund (CFDA #66.458)

AGENCY: Environmental Protection Agency (EPA)

COMPLIANCE: Reporting

FINDING TYPE: Internal Control

CRITERIA: As a recipient of federal grants, the City is required to prepare appropriate schedule of expenditures of Federal awards (SEFA) in accordance with OMB Circular A-133§_.310. At a minimum, among other things, the City should correctly:

- (1) List individual Federal programs by Federal agency.

City of Kansas City, Missouri
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- (2) For Federal awards received as a subrecipient, include the name of the pass-through entity and identifying number assigned by the pass-through entity.
- (3) Provide total Federal awards expended for each individual Federal program and the CFDA number or other identifying number when the CFDA information is not available.

- CONDITION:**
- a) During our audit we noted that the expenditures related to Congressionally Mandated Projects (CFDA #66.202) for West Bottom Storm Water Improvement project was reported in the SEFA under CFDA #66.458. Also, those expenditures included the 45% matching expenditures of the City. These issues were identified during the audit and corrected.
 - b) The Capitalization Grants for Clean Water State Revolving Fund (CFDA #66.458) was a federal grant passed-through the Missouri Department of Natural Resources. However, in the SEFA, the City reported it as direct funds from EPA until we identified and corrected it.

QUESTIONED COST: None

CAUSE: Lack of adequate review of the SEFA report by a person other than the preparer to verify correctness of the reporting.

EFFECT: The City may report expenditures incorrectly and in wrong CFDA number thereby providing wrong information to the funding agency.

RECOMMENDATION: We recommend that the City review the SEFA reports by a person other than the preparer to ensure the expenditures, CFDA numbers and direct or pass through information is correctly included.

VIEW OF RESPONSIBLE OFFICIAL AND CORRECTIVE ACTION PLAN: Management agrees with the auditors' findings and recommendations. Water Services has added a review to be completed by the Water Services Finance and Accounting Division after Contracts has completed their report and prior to submitting the report to the Finance Department. After receipt from Water Services, Finance will review and send the completed SEFA schedule back to Water Services for a final review and approval before it is submitted to the auditors. Finally, Water Services will review the methodology and make any additional changes to ensure proper recording is completed.

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Schedule of Findings and Questioned Costs
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FINDING 2014-007: Energy Efficiency and Conservation Block Grant (CFDA #81.128)

AGENCY: Department of Energy (DOE)

COMPLIANCE: Allowable Costs/Cost Principle

FINDING TYPE: Compliance and Internal Control

CRITERIA: To be allowable costs should meet the requirements of OMB Circular A-87, Attachment A, paragraph C.

CONDITION: The City draw down funds in the amount of \$5,019 for unsupported expenditures. Expenditures in the amount of \$4,135 were claimed twice (on draw #23 and Draw #24) whereas the other \$884 was unsupported with adequate documentation.

QUESTIONED COST: None

CAUSE: Lack of adequate review of reimbursement requests before making draw-downs.

EFFECT: Unsupported expenditures and duplicate vouchers are unallowable and therefore the City should refund the money to DOE.

RECOMMENDATION: We recommend that the City adequately review reimbursement requests before making drawdown. We also recommend that the City refund the money to DOE.

VIEW OF RESPONSIBLE OFFICIAL AND CORRECTIVE ACTION PLAN: Draw #24 was a true-up of project to date expenses vs to date reimbursement from DOE. The documentation submitted to auditors during audit was an attempt to identify each individual charge when in fact the total expenditures support the requested draw amount. There was no doubling up of charges. In total, all expenses can be identified; there was a timing issue between reimbursement request and actual posting of expenses. No refund is in order.

FINDING 2014-008: Energy Efficiency and Conservation Block Grant (CFDA #81.128)

AGENCY: Department of Energy (DOE)

COMPLIANCE: Davis-Bacon Act

FINDING TYPE: Compliance and Internal Control

City of Kansas City, Missouri
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CRITERIA: Per 29 CFR Part 5, the Davis-Bacon Act requires that all laborers and mechanics employed by contractors or subcontractors working 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 DOL. In addition 29 CFR sections 5.5 and 5.6 require the contractor or subcontractor to submit weekly, for each week in which any contract work is performed, a copy of the payroll and a statement of compliance (certified payrolls).

CONDITION: For one of the six sample projects selected for review of compliance with the Davis-Bacon Act, the City (Office of Environmental Quality) failed to provide support documentation (such as weekly certified payrolls or reviews performed) to show that the City has obtained the weekly certified payrolls and has reviewed and performed certain other procedures to ensure the project's compliance with the Davis-Bacon Act.

QUESTIONED COST: None

CAUSE: Error by the Office of Environmental Quality staff.

EFFECT: Failure to ensure the project's compliance with the Act on a timely manner and maintaining such documentation could lead the City to non-compliance with federal regulations and could hinder the City from taking a timely corrective action.

RECOMMENDATION: We recommend that the City implement procedures necessary to ensure the weekly certified payrolls are obtained and that the required reviews are done in a timely manner to ensure compliance with the Davis-Bacon Act and also maintain in file all support documentation for further reference.

VIEW OF RESPONSIBLE OFFICIAL AND CORRECTIVE ACTION PLAN: The Office of Environmental Quality contract management erred in not obtaining weekly certified payrolls from this contractor. The documentation for reimbursement requested by reStart was received at one time post-improvements as backup for the one and only payment request by reStart. These documents were forwarded to Human Relations for retroactive review to determine correctness of the payrolls. Human Relations, even though review was completed retroactively, has found no problems with the documentation. Complete documentation is available only as reimbursement documentation. Forwarding of the weekly reports should have been addressed as the improvements work progressed over the short term of the contract just as had been done with other contracts. Should the opportunity for such review be available in the future, contract management will create a table of required actions which is time sensitive for each contract, including weekly payroll submission and review.

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FINDING 2014-009: HIV/AIDS Surveillance - Case Management (CFDA #93.914)

AGENCY: Department of Health and Human Services (DHHS)

COMPLIANCE: Procurement, Suspension, and Debarment

FINDING TYPE: Internal Control

- CRITERIA:**
- 1) The service contract agreements the Director of the Department of Health has signed with contractors and sub-recipients set the terms and conditions that the parties to the agreements must strictly follow, abide and implement in the performance of their obligations, including all other federal, state and local regulation stated by reference.
 - 2) The City's procurement procedures set the levels of authorization for procurement of services. For contract amounts over \$300,000 it requires an authorization and approval from the City Council by ordinance before the Director of the Department of Health can sign a binding contract with a contractor or a sub-recipient.

CONDITION: During our review of a sample of six service contract agreements the Department of Health signed with contractors we noted the following exceptions:

- 1) The contract agreement the Department signed with Healthcare Strategic Initiatives (HSI) stated that the Department will pay the contractor (HSI) a 7% fee for the services provided based on the total amount of "insurance premiums" paid/processed by the contractor. However, the Department paid the contractor a 7% fee based on the total amount of "insurance premiums, co-pays and deductibles" paid/processed by the contractor.
- 2) On another contract we reviewed, we noted, that the Department signed an amendment to an existing contract to increase the grant funding amount to \$391,907, i.e. an increase of \$248,194, but failed to obtain a proper authorization and approval from the City Council by ordinance as required by the City's procurement procedures for contract amounts over the \$300,000 threshold level.

QUESTIONED COST: None

CAUSE: Lack of strictly following and applying the terms and conditions of the contract agreement and adhering to the City's procurement procedures.

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EFFECT: Grant funds could be paid incorrectly if the contract terms and conditions are not applied. Also, lack of adhering to the level of authorization and approval set by the procurement procedures is undermining the oversight review performed by the City Council.

RECOMMENDATION: We recommend that the City verify and clearly determine the components of the total amount on which the fee to the contractor should be based or calculated and make a corrective action to reconcile the terms of the contract and the actual payments paid to the contractor. We also recommend that the City adhere to the level of authorization as required per the approved procurement procedures, and obtain the necessary authorization before signing binding contract agreements with contractors/subrecipients.

VIEW OF RESPONSIBLE OFFICIAL AND CORRECTIVE ACTION PLAN:

- a) The contract with Healthcare Strategic Initiatives (HSI) to provide third-party administration of the health insurance premium and co-pay assistance program is part of a statewide collaborative between KCHD, the Missouri Ryan White Part B grantee and the Ryan White Part A grantee in St. Louis. In January 2012, the MO Part B grantee recommended that the program expand to include assistance with co-pays and deductibles. KCHD staff obtained the required approval of the local Ryan White Planning Council and made an adjustment to the HSI contract budget and scope of services, however there was an oversight with regard to updating the contract terms for the administrative fees. We actually paid what was allowable under the grant and also did not overpay the vendor. The terms of that contract have been updated since the audit visit to reflect administrative fees to be paid on insurance premiums, co-pays and deductibles.
- b) The Department does strictly adhere to the level of authorization as required per the approved procurement procedures. This contract was one of 18 that needed to be processed in a very short period of time in order to not interrupt the flow of care to the client and we inadvertently missed the increase going over the \$300,000 on this contract. To correct this on the next amendment we went to ordinance even though we did not increase the contract by another \$300,000. This ordinance was done before the audit and a copy was shown to the auditors. In order to make sure this does not happen again we have implemented a procedure which requires a copy of the ordinance to be given to the Fiscal Officer before she/he will sign off on the encumbrance form.

City of Kansas City, Missouri
Schedule of Expenditures of Federal Awards
April 30, 2014

Federal Funding Agency / Granting Agency	Program Name	Grant Name	Federal Assistance Identification Number	CFDA #	Expenditures
DEPARTMENT OF AGRICULTURE: Passed through the Missouri Department of Health and Senior Services (DHSS)	Special Supplemental Nutrition Program for Women, Infants and Children	WIC Local Agency Nutrition Services	ERS04513110	10.557	\$ 37,504
	Special Supplemental Nutrition Program for Women, Infants and Children	WIC Nutrition Program	ERS04514110	10.557	46,365
	Total CFDA #10.557				83,869
	Child and Adult Care Food Program	Child and Adult Care Food Program	ERS46-091345	10.558	<u>303,783</u>
	Summer Food Service Program for Children	Summer Food Service for Children	ERS219-1351i	10.559	7,710
	Summer Food Service Program for Children	Summer Food Service for Children	ERS46-081345	10.559	122,826
	Total CFDA #10.559				<u>130,536</u>
	Total Department of Agriculture				<u>\$ 518,188</u>
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:	Community Development Block Grants/Entitlement Grants – NSP	Community Development Block Grants	B-12MC-290003	14.218	\$ 6,576,850
	Community Development Block Grants/Entitlement Grants – NSP	Neighborhood Stabilization Program	B-11-MN-29-001	14.218	75,345
	Community Development Block Grants/Entitlement Grants – NSP	Neighborhood Stabilization Program 3	B-08-MN-29-0001	14.218	655,868
	Total CFDA #14.218				<u>7,308,063</u>
	Home Investment Partnership Program	HOME	M-12-MC-290201	14.239	<u>3,266,871</u>
	Community Development Block Grants Section 108 Loan Guarantees	Linwood Housing SP	B-06-NI-MO-0026	14.248	39,603
	Fair Housing Assistance-Program State & Local	Fair Housing Assistance-HUD	FF207K087007	14.401	516,514

City of Kansas City, Missouri
Schedule of Expenditures of Federal Awards
April 30, 2014

Federal Funding Agency / Granting Agency	Program Name	Grant Name	Federal Assistance Identification Number	CFDA #	Expenditures
Passed Through Missouri Department of Health and Senior Services	Housing Opportunities for Persons With AIDS	HOPWA 12	MOH11F001	14.241	\$ 217
	Housing Opportunities for Persons With AIDS	HOPWA 12	MOH12F999	14.241	218,081
	Housing Opportunities for Persons With AIDS	HOPWA 13	MOH13-F001	14.241	976,209
	Total CFDA #14.241				1,194,507
Passed Through Missouri Department of Social Services, Division of Family	HUD Supportive Housing Program	HUD Supportive Housing Program	MO0045B7P041104 / MO0164B7P041100 / MO0048B7P041104 / MO0049B7P041104	14.235	542,188
	Emergency Solutions Grant Program - HUD	Missouri Emergency Solutions	E-13-704-E	14.231	66,732
	Emergency Solutions Grant Program - HUD	HUD Emergency Shelter	E-13-MC-29-0003	14.231	587,931
	Total CFDA #14.231				654,663
	Shelter Plus Care	Shelter Plus Care	MO0117C7P041103	14.238	60,332
	Shelter Plus Care	Shelter Plus Care	MO0117L7P041204	14.238	266,445
Total CFDA #14.238				326,777	
Lead Based Paint Hazard Control in Privately Owned Housing		Lead Based Paint Hazards ARRA	MOLHBO519 - 12 Amd 1	14.900	717,527
Total Department of Housing and Urban Development				14,566,713	
DEPARTMENT OF JUSTICE:	Community-Based Violence Prevention Program	A4P Community-Based Violence Prevention	2013-PB-FX-K003	16.123	11,827
	Violence Against Women Formula Grants	State Services to Victims	2010-VAWA-086-NW	16.588	97,556

City of Kansas City, Missouri
Schedule of Expenditures of Federal Awards
April 30, 2014

Federal Funding Agency / Granting Agency	Program Name	Grant Name	Federal Assistance Identification Number	CFDA #	Expenditures
	Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program	State Services to Victims	2006WEAX0039	16.590	\$ 204,335
	Edward Byrne Memorial Justice Assistance Grant Program	Justice Assistance Grant	2007-DJ-BX-0647	16.738	664,028
	Recovery Act – Edward Byrne Memorial Justice Assistance Grant (JAG) Program Grants to Units of Local Government	JAG Stimulus Grant ARRA	2009-SB-B9-2900	16.804	106,963
	Total Department of Justice				1,084,709
DEPARTMENT OF TRANSPORTATION:					
Passed through the Missouri Department of Transportation (MODoT)	Highway Planning & Construction	Longview Rd / Blue Ridge Blvd - Spring Valley Rd - 1270	STP-3358 (401)	20.205	3,130,135
	Highway Planning & Construction	Bike/Ped for Riverfront Park – Town of Kansas Site Fencing	STP-3301 (404)	20.205	61,675
		Blue Parkway over Small Creek	STP-3301 (457)	20.205	10,440
		N Brighton from 210 Hwy to Parvin Road	STP-3400 (422)	20.205	1,489,657
		96th Street Corridor	STP 3422 (403)	20.205	675,171
		Green Zone Olive and Wabash St Resurfacing	TIGER-MO-78-0001 A2	20.933	10,664
		Upper Line Creek Valley Trail	STP-3301 (442)	20.205	100,000
		Shoal Creek Valley Trails	STP-3301 (446)	20.205	614,336
		Route 152 Trail - Phase I	STP-3301 (440)	20.205	368,421
		Route 152 Trail - Phase 2	STP-3301 (440) 1A	20.205	405,188

City of Kansas City, Missouri
Schedule of Expenditures of Federal Awards
April 30, 2014

Federal Funding Agency / Granting Agency	Program Name	Grant Name	Federal Assistance Identification Number	CFDA #	Expenditures
		Armour / Benton Blvd Bike Lanes	CMAQ 3301 (463)	20.205	\$ 2,475
		Bike KC Downtown Loop	CMAQ-3302 (422)	20.205	146,012
		Troost Bridge N. Pedestrian Improvements	ARRA-MO-78-001 A1B	20.205	1,883,004
		NE 48th St - Safe Routes to School	SRTS-INF-H284 (105)	20.205	139,914
		Cliff Drive Recreational Improvements	SB11MO1	20.205	(10,711)
		Emanuel Cleaver II Blvd Streetscape	STP 3387 (406)	20.205	2,354,300
		Blue River & Trolley Track Trail Con	STP 3301 (443)	20.205	383,175
		Cliff Drive/Spirit of KC Scenic Byway	SBMO-12 (001)	20.205	15,046
		Total DOT Fund Passed- through the MODoT			11,778,902
Passed Through Kansas City Area Transportation Agency (KCATA)	Highway Planning & Construction	Green Impact Zone / Traffic Signals	TIGER-MO-78-0001	20.205	780,710
		GZ Traffic Signals Phase 2	ARRA-MO-78-0007A 10-2	20.205	1,317,715
		Green Impact Zone Resurfacing	ARRA-MO-78-0001 A3	20.205	2,307,052
		GIZ Residential Street Resurfacing	TIGER-MO-78-0001 A22	20.205	1,885,769
		Troost Green Zone Sidewalk	ARRA-MO-78-001 A8	20.205	42,444
		Prospect Ave & 51st Green Zone	ARRA MO-78-001 A9	20.205	194,438
		39th St Green Zone Project	ARRA MO-78-001 A5	20.205	34,698
		Boulevard Green Zone Project	ARRA MO-78-001 A7	20.205	273,351
		43rd St Green Zone Project	ARRA MO-78-001 A	20.205	21,963
		Total CFDA #20.205			18,575,367

City of Kansas City, Missouri
Schedule of Expenditures of Federal Awards
April 30, 2014

Federal Funding Agency / Granting Agency	Program Name	Grant Name	Federal Assistance Identification Number	CFDA #	Expenditures
	National Infrastructure Investments	Manheim Park North Sidewalk	TIGER-MO-78-0001 A13	20.933	\$ 759,468
		Manheim Park South Sidewalk	TIGER-MO-78-0001 A14	20.933	448,821
		East 49-63 Sidewalk Improvements GIZ A15 Sidewalk	TIGER-MO-78-0001 A15	20.933	310,575
		Ivanhoe SW North Sidewalk, GIZ A16 Sidewalk	TIGER-MO-78-0001 A16	20.933	654,968
		Ivanhoe SW South Sidewalk Improvements GIZ A17 Sidewalk	TIGER-MO-78-0001 A17	20.933	797,326
		Ivanhoe SE North Sidewalk, GIZ A18 Sidewalk	TIGER-MO-78-0001 A18	20.933	1,693,376
		N. Oak Corridor Transit Bus Stop Improvements	TIGER-MO-78-0001	20.933	177,811
	Total CFDA #20.933				4,842,345
		Total DOT Fund Passed-through the KCATA			11,700,485
FEDERAL AVIATION ADMINISTRATION:	Airport Improvement Program	Airfield Pavement Repairs KCI; Runway 1L-19R	AIP 3-29-0040-65	20.106	10,996
		Update KCI Master Plan and 14 CRF Part 150 Program	AIP 3-29-0040-66	20.106	245,280
		Rehabilitate Taxiways A, E & F	AIP 3-29-0040-69	20.106	60,225
	Airport Improvement Program	Rehabilitate Taxiway A	AIP 3-29-0040-70	20.106	1,957
		Construct 2-Bay ARFF Building	AIP 3-29-0041-23	20.106	288,720
		Phase 2 Taxiway Rehab	AIP 3-29-0041-24	20.106	127,009
		Phase 2 Taxiway Rehab	AIP 3-29-0041-24	20.106	4,883,299
	Total Federal Aviation Administration				\$ 5,617,486

City of Kansas City, Missouri
Schedule of Expenditures of Federal Awards
April 30, 2014

Federal Funding Agency / Granting Agency	Program Name	Grant Name	Federal Assistance Identification Number	CFDA #	Expenditures
	Total Department of Transportation				\$ 29,035,198
EQUAL EMPLOYMENT OPPORTUNITY: COMMISSION:	Clearinghouse Service, Civil Rights Discrimination Complaints	Fair Employment Practice - EEOC	EECCN090062	29.001	47,550
ENVIRONMENTAL PROTECTION AGENCY:	Congressionally Mandated Projects	Beacon Hill Development Project	XP987979 01	66.202	155,296
		West Bottoms Storm Water Improvements	XP98714501-03	66.202	913,973
	Total CFDA #66.202				1,069,269
Passed through Missouri Department of Natural Resources	Capitalization Grants for Clean Water State Revolving Funds	Capitalization Grants for Drinking Water State Revolving Funds	C295588G-01	66.458	225,939
		A Transform MO American Recovery and Reinvestment Act of 2009 Loan (ARRA)	C295588L-01	66.458	3,165,269
	Total CFDA #66.458				3,391,208
	Brownfield Pilot Cooperative Agreements	Brownfield Revolving Loan (BCRLF)	BL-99791601	66.811	146,823
	Headquarters and Regional Underground Storage Tanks Program	Brownfields Coalition Haz Grant	BF-97722301	66.816	233,926
	Brownfields Assessment and Cleanup Cooperative Agreements	Brownfields Coalition Petroleum	BF-97722201	66.818	19,199
	Total Environmental Protection Agency				\$ 4,860,425
DEPARTMENT OF ENERGY:					
	Energy Efficiency and Conservation Block Grant Program	Energy Efficiency Conservation Block Grant – ARRA	DE-EE0003564	81.128	4,119,861
Passed through Missouri Department of Natural Resources	Weatherization Assistance Low Income Persons	Home Weatherization Assistance	DE-EE0000195	81.042	547,382
	Weatherization Assistance Low Income Persons	Home Weatherization Assistance – ARRA	G-09-EE00151-10	81.042	129,066

City of Kansas City, Missouri
Schedule of Expenditures of Federal Awards
April 30, 2014

Federal Funding Agency / Granting Agency	Program Name	Grant Name	Federal Assistance Identification Number	CFDA #	Expenditures	
	Total CFDA #81.042				\$ 676,448	
	Total Department of Energy				4,796,309	
U.S. DEPARTMENT OF HEALTH & SENIOR SERVICES (USDHSS)	HIV Emergency Relief Project Grants	Minority AIDs Initiative Program	H389MHA00028-20-00M	93.914	20,762	
		Minority AIDs Initiative Program	H389MHA00028-19-00M	93.914	221,350	
		Ryan White Part A	H89HA00028-20-01	93.914	3,477,399	
		Ryan White Part A	H89HA00028-19-00	93.914	241,498	
	Total Direct Funding from USDHSS and Total CFDA #93.914				3,961,009	
Passed through Mid-America Regional Council (MARC)	Special Programs for the Aging Title III Part C Nutrition Services	Senior Adult Services	11AAMOT3SP	93.045	\$ 29,166	
		Community Transformation Grant and National Dissemination and Support for Community Transformation Grants – financed solely by 2012 Prevention and Public Health Funds	Community Transformation Grant	5026113271 - A	93.531	133,890
		Community Transformation Grant	5026113271-B	93.531	89,382	
	Total CFDA #93.531				223,272	
	Total USDHHS Fund Passed-through MARC				252,438	
Passed Through Missouri Department of Health and Senior Services	Public Health Emergency Preparedness	Cities Readiness Initiative	AOC12380157-Amd 2	93.069	95,596	
		Cities Readiness Initiative	AOC12380157-Amd 3	93.069	109,556	
		Public Hlth Emergency Preparedness	AOC12380158-Amd 3	93.069	120,356	
		Public Health Emergency Preparedness	Public Hlth Emergency Preparedness	AOC12380158-Amd 4	93.069	235,556
	Total CFDA # 93.069				\$ 561,064	

City of Kansas City, Missouri
Schedule of Expenditures of Federal Awards
April 30, 2014

Federal Funding Agency / Granting Agency	Program Name	Grant Name	Federal Assistance Identification Number	CFDA #	Expenditures
	Project Grants and Cooperative Agreements for Tuberculosis Control Program	TB Outreach Program	AOC11380150-Amd 3	93.116	\$ 32,724
		TB Outreach Program	AOC14380049	93.116	<u>21,036</u>
	Total CFDA #93.116				<u>\$ 53,760</u>
	Immunization Cooperative Agreements	Perinatal Hepatitis B 12	AOC11380129HEPB Amd 4	93.268	52,687
		Perinatal Hepatitis B Case Management - 13	AOC14380077	93.268	17,367
	Total CFDA #93.268				<u>70,054</u>
	Centers for Disease Control & Prevention Investigation & Technical Assistance	Tobacco Control Program - Region A	C310191001-Amd 2	93.283	6,193
		Tobacco Control Program - Region D	C310191004-Amd 2	93.283	4,442
		Tobacco Control Program - Region D	AOC14380004	93.283	48,620
	Total CFDA #93.283				<u>59,255</u>
	Child Care and Development Block Grant	Child Care Sanitation	ERS220-11052	93.575	17,240
		Child Care Sanitation	ERS22014045	93.575	23,470
	Total CFDA #93.575				<u>40,710</u>
	Refugee & Entrant Assistance Discretionary Grants	Refugee Health Screening	AOC12380070-Amd 2	93.576	10,352
		Refugee Health Screening	AOC14380048	93.576	16,699
	Total CFDA #93.576				<u>27,051</u>
	Child Health & Human Development Extramural Research	Monitoring TB Treatment for Children	1R21HD069163-01	93.865	<u>1,320</u>
	HIV Care Formula Grants	HIV Case Management	C309302001-Amd 6	93.917	100,094
		HIV Case Management	C313110001	93.917	569,786

City of Kansas City, Missouri
Schedule of Expenditures of Federal Awards
April 30, 2014

Federal Funding Agency / Granting Agency	Program Name	Grant Name	Federal Assistance Identification Number	CFDA #	Expenditures
		HIV Case Management	C313110001-Amd 1	93.917	\$ 9,634
	Total CFDA #93.917				679,514
	HIV Prevention Activities Health Department Based	CAPUS - Care and Prevention in the United States	AOC14380050	93.940	423
	Human Immunodeficiency Virus (HIV)/AIDS Surveillance	Home Visiting Building Blocks of MO	AOC10380052	93.944	189,683
		Home Visiting Building Blocks of MO	AOC13380052-Amd 2	93.944	198,287
		HIV/STD Prevention	AOC13380104	93.944	357,978
		HIV/STD Prevention	AOC13380104-Amd.1	93.944	94,851
		HIV/Aids Surveillance	AOC14380059	93.944	40,809
		HIV/Aids Surveillance	AOC11380129HIV-4	93.944	101,300
	Total CFDA #93.944				982,908
	Preventive Health Services Sexually Transmitted Disease Control Grants	Sexually Transmitted Disease Program	AOC11380129STD-4	93.977	245,804
	Maternal and Child Health Services Block Grant to the States	Maternal Child Health Block	AOC12380151	93.994	76,106
		Maternal Child Health Block	AOC12380151-Amd 2	93.994	82,539
		Children w/Spec. Health Care Needs - Reg. 2	AOC12380151-Amd 3	93.994	88,393
		Children w/Spec. Health Care Needs - Reg. 1	AOC12380151-Amd 2	93.994	44,483
	Total CFDA #93.994				291,521
	Medical Assistance Program	Children with Special Health Care Needs - Reg 2	ERS04411013-Amd 2	93.778	11,844
		Children with Special Health Care Needs	ERS04411012-Amd 2	93.778	15,019
	Total CFDA #93.778				26,863
	Total Department of Health and Human Services				7,253,694

City of Kansas City, Missouri
Schedule of Expenditures of Federal Awards
April 30, 2014

Federal Funding Agency / Granting Agency	Program Name	Grant Name	Federal Assistance Identification Number	CFDA #	Expenditures
DEPARTMENT OF HOMELAND SECURITY:	Emergency Management Performance Grant	Office of Domestic Preparedness Grant	2008-EM-E8-0004	97.042	\$ 302,190
	Assistance to Firefighters Grant	Staffing for Adequate Fire and Emergency Response SAFER Grant	EMW-2006-FF-04303	97.044	1,983,106
Passed Through Mid-America Regional Council	Pre-Disaster Mitigation	Garrison Comm Ctr Tornado Safe Room	EMK-2012-PC-0003	97.047	84,140
	Homeland Security Grant Program	Homeland Security Grant Program Urban Area Security Initiative	5027120801	97.067	3,500
		Homeland Security Grant Program Urban Area Security Initiative	PO 2626, 2622, 2508, 2732, 2502, 2562, 2564, 2592, 2602, 2447, 2690	97.067	281,226
		Total CFDA #97.067			284,726
	National Explosives Detection Canine Team Program	TSA - Explosives Detection K-9 Team Program	DTFA0102X02082	97.072	223,660
	Advance Surveillance Program (ASP)	Terminal CCTV Camera Install (TSA)	HSTS04-09-H-REC311	97.118	2,029,214
	Total Department of Homeland Security Total Expenditure of Federal Awards				\$ 67,131,497

City of Kansas City, Missouri
Notes to Schedule of Expenditures of Federal Awards
April 30, 2014

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:

Granting Agency	Federal Program Name	CFDA #	Amount
U.S. Department of Housing and Urban Development (U.S. HUD)	Community Development Block Grants/Entitlement Grants - Neighborhood Stabilization Program	14.218	\$ 3,163,462
	Emergency Solutions Grant Program	14.231	573,188
	Supportive Housing Program	14.235	532,034
	Shelter Plus Care	14.238	326,777
	Home Investment Partnerships Program	14.239	634,235
	Housing Opportunities for Persons with AIDS	14.241	1,138,428
	Lead-Based Paint Hazard Control in Privately-Owned Housing	14.900	43,025
	Total U.S. HUD Fund Passed-through to Subrecipients		
U.S. Department of Justice (DOJ)	Grants to Encourage Arrest Policies & Enforcement of Protection Orders program	16.590	204,335
	Edward Byrne Memorial Justice Assistance Grant Program	16.738	475,278
	Edward Byrne Memorial Justice Assistance Grant (JAG) Program / Grants To Units Of Local Government ARRA	16.804	106,963
	Total U.S. DOJ Fund Passed-through to Subrecipients		
Department of Energy	Energy Efficiency and Conservation Block Grant	81.128	3,223,546

City of Kansas City, Missouri
Notes to Schedule of Expenditures of Federal Awards
April 30, 2014

Granting Agency	Federal Program Name	CFDA #	Amount
U.S. Dept of Health & Human Services (USDHHS)	HIV Emergency Relief Project Grants	93.914	\$ 3,041,881
	HIV Care Formula Grants - Case Management	93.917	407,443
	HIV/AIDS Surveillance	93.944	240,316
	Total USDHHS Funds Passed-through to Subrecipients		3,689,640
	Total Funds Passed-through to Subrecipients		<u>\$14,110,911</u>

Note 4: Restatement

The schedule of expenditures of federal awards has been restated for a previously unidentified program. The following line for the year ended April 30, 2014 was affected by the restatement:

Program	As Restated	As Previously Reported	Effect of Corrections
Bike/Ped for Riverfront Park – Town of Kansas Site Fencing	\$61,675	\$0	\$61,675

City of Kansas City Missouri
Summary Schedule of Prior Year Findings
April 30, 2014

Reference No.	Program	Summary of Findings	Status
Finding 11-04	CDBG	The City failed to timely submit the SF-272 report, quarterly performance report, SF-425 report and 2010 CAPER.	During the current year quarterly report was submitted late.
Finding 11-09	AIP	The KCAD failed to comply with the Revenue Diversion Compliance requirements.	FAA monitors had the same type finding. The KCAD formally responded its position to FAA claiming that it complies. Until FAA decides on this, it stays unresolved.
Finding 11-18	Energy Efficiency & Conservation Block Grant	The City failed to timely submit certain SF-425 and Section 1512 ARRA reports.	No similar findings noted during the current year audit.
Finding 12-03	Community Development Block Grant	The City failed to meet two out of the three earmarking requirements as the City expenditures for Planning and Administration were at 23.71% and for Public Services were at 20.75%.	Resolved
Finding 12-04	Community Development Block Grant	The City failed to meet the period of availability of federal funds compliance as it made a payment from current program funds for expenses that were incurred in prior years before the start of the program.	No similar findings noted during the current year audit.
Finding 12-05	Community Development Block Grant	The City failed to recognize receipt and use an eligible program income.	Resolved
Finding 12-06	Community Development Block Grant	The City submitted the quarterly performance reports for CDBG Entitlement Cluster Program relative to Neighborhood Stabilization Program (NSP) after the required due dates.	During the current year, quarterly report was submitted late.

City of Kansas City Missouri
Summary Schedule of Prior Year Findings
April 30, 2014

Reference No.	Program	Summary of Findings	Status
Finding 12-07	HOME	a. 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.	Resolved
Finding 12-07	HOME	b. 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 finance officer and the department direct were missing.	Resolved
Finding 12-08	HOME	Out of five subrecipients' contract files reviewed, the City failed to conduct on-site monitoring of one subrecipient.	Resolved
Finding 12-09	Airport Improvement Program	The Aviation Department failed to submit the required final SF-425 report for one of its projects. The Aviation Department also submitted wrong information for its SF-425 report.	Similar finding noted during the current year.
Finding 12-10	Advanced Surveillance Program – CCTV	For the quarter ended March 31, 2012, Section 1512 ARRA report, the City underreported the total federal amount of ARRA expenditures by \$1,719,050.	No similar finding noted during the current year.
Finding 12-11	Advanced Surveillance Program – CCTV	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.	Resolved
Finding 12-12	Highway Planning and Conservation	During the year the City overpaid two contractors who submitted more values in their schedule of values supporting the payment applications than the actual work performed.	Similar finding noted during the current year.

City of Kansas City Missouri
Summary Schedule of Prior Year Findings
April 30, 2014

Reference No.	Program	Summary of Findings	Status
Finding 12-13	Capitalization Grant for Clean Water State Revolving Fund	During the year the City (Water Services Department) submitted duplicate invoices supporting its request for reimbursements.	No similar finding noted during the current year.
Finding 12-14	Weatherization Assistance Program	The City failed to submit required reports within the report due dates and/or failed to submit the reports.	Resolved
Finding 12-15	Energy Efficiency and Conservation Block Grant	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 show the amount of drawdowns requested. We were 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.	Resolved
Finding 12-17	Energy Efficiency and Conservation Block Grant	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.	No similar finding was noted during the current year.
Finding 2013-002	Community Development Block Grant	The City made payments for expenses incurred prior to the starting period of the grant fund.	The City continues to take steps to decrease the possibility for additional funding. No similar finding noted in the current year audit.

City of Kansas City Missouri
Summary Schedule of Prior Year Findings
April 30, 2014

Reference No.	Program	Summary of Findings	Status
Finding 2013-003	Community Development Block Grant	<ol style="list-style-type: none"> 1. The City failed to provide a signed and dated copy of the quarterly reports (SF-425). We were unable to ensure if the properly approved reports were submitted by the due dates for such reports. 2. For quarterly reports required to be submitted using the DRGR system, we noted that the reports for the period ending December 31, 2012 for both NSP 1 and NSP 3 grants were submitted after the due date. 3. For NSP 3 grant, no dates of submission of the quarterly reports were indicated in the DRGR's system-generated report for the quarters ended June 30, 2012 and September 30, 2012. 	<p>The City continues to be diligent in submitting quarterly reports.</p> <p>Auditor's note: During the current year, certain quarterly reports were submitted late.</p>
Finding 2013-004	Community Development Block Grant	<p>For two of the 10 sample contract files reviewed, the City failed to obtain a certification and/or check the GSA excluded parties listing currently System for Award Management (SAM) website (www.sam.gov) to make sure that the contractors were not suspended or debarred from participation in the procurement program.</p>	<p>No similar finding noted during the current year audit.</p>
Finding 2013-005	Community Development Block Grant	<p>The City failed to publish in local papers the public notice of its planned July 15, 2013 public hearing on the 2012 Consolidated Annual Performance and Evaluation Report (CAPER). The Public Hearing was conducted by the City on July 15, 2013 that reflected only one person in attendance.</p>	<p>No similar finding noted during the current year audit.</p>
Finding 2013-006	Airport Improvement Grant	<p>The amounts reported on SF-425 under line item 10a (total federal funds authorized) and 10h (unobligated balance of federal fund) for AIP grant # AIP 3-29-0040-65, AIP 3-29-0040-66, AIP 3-29-0040-69 and AIP 3-29-0041-24 projects were incorrect.</p>	<p>Corrected reports were submitted for 2013.</p>

City of Kansas City Missouri
Summary Schedule of Prior Year Findings
April 30, 2014

Reference No.	Program	Summary of Findings	Status
Finding 2013-007	Airport Improvement Grant	For two of the 10 sample contract files reviewed, the City failed to obtain a certification and/or check the GSA excluded parties listing currently System for Award Management (SAM) website (www.sam.gov) to make sure that the contractors were not suspended or debarred from participation in the procurement program.	Our internal procedures comply with the suspension and debarment requirements.
Finding 2013-008	Advanced Surveillance Program – CCTV	For the quarter ended March 31, 2013 (first quarter of 2013), Section 1512 ARRA report, the City underreported the total federal amount of ARRA expenditures by \$511,341.	No similar finding noted during the current year audit.
Finding 2013-009	Energy Efficiency and Conservation Block Grant	The City failed to remit the interest income generated on advance fund to the appropriate agency.	The City provided its action plan to DOE and the corrective action plan was accepted.
Finding 2013-010	Energy Efficiency and Conservation Block Grant	The City failed to submit some of the Financial Status Reports (SF-425) and Section 1512 ARRA reports on or before the due date.	The City provided its action plan to DOE and the corrective action plan was accepted.