

Sedgwick County, Kansas

Single Audit Reports

Year Ended December 31, 2017



Sedgwick County, Kansas
Year Ended December 31, 2017

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Sedgwick County, Kansas

Schedule of Expenditures of Federal Awards

Year Ended December 31, 2017

<i>Agency/Program</i>	<i>Clusters</i>	<i>CFDA #</i>	<i>Award/Contract Number</i>	<i>Passed Through to Subrecipients</i>	<i>Federal Expenditures</i>
U.S. Department of Agriculture:					
Pass-Through Program From:					
Kansas Department of Education					
National School Breakfast Program	1	10.553	2011N109943	\$	49,958
National School Lunch Program	1	10.555	2011N109943		90,529
Kansas Department of Health & Environment					
WIC - Women Infants & Children FY17		*10.557	2013IW100343		1,539,161
WIC - Women Infants & Children FY17 8		*10.557	2013IW100343		443,237
Subtotal Indirect Programs					<u>2,122,885</u>
Total U.S. Department of Agriculture					<u>2,122,885</u>
U.S. Department of Housing & Urban Development:					
Continuum of Care Program (SPC-Main) FY' 15		14.267	KS0012L7P021508		118,715
Continuum of Care Program (SPC-Main) FY' 16		14.267	KS0012L7P021609		381,159
Continuum of Care Program (SPC-B-1) FY '15		14.267	KS0066L7P021505		3,072
Continuum of Care Program (SPC-B-1) FY '16		14.267	KS0066L7P021606		5,732
Continuum of Care Program (SPC-B-2) FY '15		14.267	KS0082L7P021504		6,485
Continuum of Care Program (SPC-B-2) FY '16		14.267	KS0082L7P021605		3,110
Continuum of Care Program (Safety Net) FY '15		14.267	KS0011L7P021508		25,393
Continuum of Care Program (Safety Net) FY '16		14.267	KS0011L7P021609		35,227
Continuum of Care Program (Samaritan) FY '15		14.267	KS0009L7P021404		36,195
Section 8 Choice Voucher Program	5	14.871	KS16V169004010		661,079
Subtotal Direct Programs					<u>1,276,167</u>
Pass-Through Program From:					
City of Wichita -					
Resident Opportunity and Supportive Services (ROSS)		14.870	KS004RPS039A015		57,371
Subtotal Indirect Programs					<u>57,371</u>
Total U.S. Department of Housing & Urban Development					<u>1,333,538</u>
U.S. Department of Interior:					
Pass-Through Program From:					
Kansas Department of Wildlife, Parks and Tourism -					
Sport Fish Restoration - Community Fisheries					
Assistance Program	6	15.605	Contract #4892-8		90,187
Subtotal Indirect Programs					<u>90,187</u>
Total U.S. Department of Interior					<u>90,187</u>
U.S. Department of Justice:					
Internet Crimes Against Children (Title IV, JJDP)'16		16.543	2016-MC-FX-K005	\$	80,682
Byrne Justice Assistance Grant '14 (JAG)		16.738	2014-DJ-BX-0829		3,413
Byrne Justice Assistance Grant '15 (JAG)		16.738	2015-DJ-BX-0300		20,488
Byrne Justice Assistance Grant '16 (JAG)		16.738	2016-DJ-BX-0620		71,817
DNA Backlog Reduction Program '16 (NIJ)		16.741	2016-DN-BX-0059		125,986
Equitable Sharing Program USMS		16.922			159,418
Subtotal Direct Programs					<u>286,539</u>
Subtotal Indirect Programs					<u>811,858</u>
Pass-Through Program From:					
Kansas Governor Federal Grants Program					
Paul Coverdell National Forensic Science Improvement Act		16.742	16-NFSIA-02		1,575
Paul Coverdell National Forensic Science Improvement Act		16.742	17-NFSIA-02		16,294
Kansas Department of Corrections					
Juvenile Accountability Block Grant '17 (JABG)		16.523	OJJ-2017-18-16		15,077
Subtotal Indirect Programs					<u>32,946</u>
Total U.S. Department of Justice					<u>844,804</u>
U.S. Department of Transportation:					
Pass-Through Program From:					
Kansas Dept. of Transportation					
Highway Planning & Construction (Force Acct Agreement)	4	20.205	87 C-4628-01		10,271
Formula Grants for Rural Areas Section 5311 - FY17		20.509	PT-079937	367,213	454,178
Formula Grants for Rural Areas Section 5311 - FY18		20.509	PT-079937	231,128	256,298
Highway Safety Project - Click Step	3	20.600	PT-0995-17		6,055
National Priority Safety Programs (A)	3	20.616	AL-9093-16 / SP-4704-17		1,612
Subtotal Indirect Programs					<u>728,414</u>
Total U.S. Department of Transportation					<u>728,414</u>

Sedgwick County, Kansas

Schedule of Expenditures of Federal Awards

Year Ended December 31, 2017

<i>Agency/Program</i>	<i>Clusters</i>	<i>CFDA #</i>	<i>Award/Contract Number</i>	<i>Passed Through to Subrecipients</i>	<i>Federal Expenditures</i>
U.S. Department of Health & Human Services:					
Healthy Start Initiative FFY17		*93.926	5 H49MC 11254-09-00		\$ 157,628
Healthy Start Initiative FFY18		*93.926	5 H49MC 11254-10-00		471,128
Subtotal Direct Programs					<u>628,756</u>
Pass-Through Program From:					
Administration On Aging					
Kansas Department For Aging And Disability Services					
Title III, Part D - Disease Prevention & Health Promotion - FY17		93.043	17-02-3D		26,382
Title III, Part D - Disease Prevention & Health Promotion - FY18		93.043	18-01-1D		7,185
Title III, Part B - Support Services - FY17	2	*93.044	17-02-3B	\$ 232,542	348,542
Title III, Part B - Support Services - FY18	2	*93.044	18-02-1B	15,380	60,118
Title III, Part C(1) - Administration - FY17	2	*93.045	17-01-1A		66,273
Title III, Part C(1) - Administration - FY18	2	*93.045	18-01-1A		22,545
Title III, Part C(1) - Congregate Meals - FY17	2	*93.045	17-01-1C(1)	300,152	432,121
Title III, Part C(1) - Congregate Meals - FY18	2	*93.045	18-01-1C(1)	37,771	37,771
Title III, Part C (2) - Home Delivered Meals - FY17	2	*93.045	17-02-4C(2)	520,753	520,753
Title III, Part C (2) - Home Delivered Meals - FY18	2	*93.045	18-02-1C(2)	89,872	89,872
Title III, Part E - Administration - FY17		93.052	17-02-3A		3,766
Title III, Part E - National Family Caregiver Support Program - FY17		93.052	17-02-3E	30,975	161,523
Title III, Part E - National Family Caregiver Support Program FY18		93.052	18-01-1E	6,733	46,815
Home Delivered & Congregate Meals '17	2	*93.053	17-02-4C(1) & 17-02-4C(2)	211,708	223,558
Home Delivered & Congregate Meals '18	2	*93.053	18-02-1C(1) & 18-02-1C(2)	20,397	20,397
Substance Abuse and Mental Health Services Administration					
Kansas Department For Aging And Disability Services					
Projects for Assistance in Transition from Homelessness FY17		93.150	PATH 17-022		38,305
Projects for Assistance in Transition from Homelessness FY18		93.150	PATH 18-022		36,407
Substance Abuse (Beacon Health) Contract - SFY17		93.959	ADT-17-01-04		97,154
Substance Abuse (Beacon Health) Contract - SFY18		93.959	ADT-18-01-04		220,500
Enhanced Supported Employment of Kansas SFY17		93.243			200,664
Enhanced Supported Employment of Kansas SFY18		93.243			76,552
South Central Mental Health Counseling Center					
Block Grants for Community Mental Health Services FY18		93.958			202,151
Block Grants for Community Mental Health Services FY17		93.958			150,603
Kansas Department of Health & Environment					
Tuberculosis Control Grant '17		93.116			31,744
Public Health Emergency Preparedness (PHEP) '17		93.069	264678R		227,068
Public Health Emergency Preparedness (PHEP) '18		93.069	264678T		119,962
Family Planning Services '17		93.217	264FP17		117,484
Family Planning Services '18		93.217	264FP18		102,218
WIC Immunization Collaboration Agreements FY17		93.268	264315H3OP		25,256
WIC Immunization Collaboration Agreements FY18		93.268	2643568C		12,669
IAP Immunization Cooperation Agreements FY17		93.268	264315H3OP		35,418
Maternal and Child Health IAP Immunization Cooperation FY18		93.268	264315K3OP		12,545
HIV Preventive Activities_Health Dept. Based FY17		93.940	264840G		5,384
HIV Preventive Activities_Health Dept. Based FY18		93.977	264308H & 264308J		71,891
Preventive Health Services STD Control Grants FY17		93.977	264308G & H		102,294
Maternal and Child Health Services Block Grant FY17		93.994	264329J,264334J		110,904
Maternal and Child Health Services Block Grant FY18		93.994	264329J,264334J		100,498
Subtotal Indirect Programs					<u>4,165,292</u>
Total U.S. Department of Health & Human Services					<u>4,794,048</u>
Corporation For National And Community Service:					
Retired and Senior Volunteer Program					
Retired and Senior Volunteer Program FY16		94.002	16SRWKS001		6,827
Retired and Senior Volunteer Program FY17		94.002	16SRWKS001		34,958
Total Corporation For National And Community Service					<u>41,785</u>

Sedgwick County, Kansas

Schedule of Expenditures of Federal Awards

Year Ended December 31, 2017

<i>Agency/Program</i>	<i>Clusters</i>	<i>CFDA #</i>	<i>Award/Contract Number</i>	<i>Passed Through to Subrecipients</i>	<i>Federal Expenditures</i>
Executive Office of the President					
Kansas Bureau of Investigation					
High Intensity Drug Trafficking Areas Program		95.001	G16MW003A		\$ 43,214
High Intensity Drug Trafficking Areas Program		95.001	G17MW003A		15,223
Total Executive Office of the President					<u>58,437</u>
U.S. Department of Homeland Security					
Pass-Through Program From:					
Kansas Adjutant General - Division of Emergency Management					
Hazard Mitigation Grant		97.039	DR-4287-KS		78,338
Emergency Mgmt Performance Grant -Salary Reimbursement		97.042	EMW2011EP00034		96,621
Subtotal Indirect Programs					<u>174,959</u>
Total Department of Homeland Security					<u>174,959</u>
Total Expenditures of Federal Awards				<u>\$ 2,241,024</u>	<u>\$10,189,057</u>

<u>Clusters:</u>	<u>Totals</u>
1 - Child Nutrition Cluster =	\$ 140,487
2 - Aging Cluster =	\$ 1,821,950
3 - Highway Safety Cluster =	\$ 7,667
4 - Highway Planning and Construction Cluster =	\$ 10,271
5 - Housing Voucher Cluster =	\$ 661,079
6 - Fish and Wildlife Cluster =	\$ 90,187

* Major Programs

Sedgwick County, Kansas
Notes to the Schedule of Expenditures of Federal Awards
Year Ended December 31, 2017

(1) Schedule of Expenditures of Federal Awards

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Sedgwick County (the County) under programs of the federal government for the year ended December 31, 2017. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the County, it is not intended to and does not present the financial position, changes in net position, or cash flows of the County.

(2) Basis of Accounting

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87 or the cost principles contained in Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. The County has elected not to use the 10 percent de minimis cost rate allowed under the Uniform Guidance.

**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**

Sedgwick County
Wichita, Kansas

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, each major fund, and the aggregate remaining fund information of Sedgwick County, Kansas (the County), as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated March 30, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (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 County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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 County's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2017-001 to be a material weakness.

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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2017-002 to be a significant deficiency.

Sedgwick County
Wichita, Kansas

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free from 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*.

County's Response to Findings

The County's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The County's responses were not subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we express no opinion on them.

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 County'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 County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BKD, LLP

Wichita, Kansas
March 30, 2018

**Independent Auditor's Report on Compliance for Each Major
Federal Program; Report on Internal Control Over Compliance;
and Report on Schedule of Expenditures of Federal Awards
Required by the Uniform Guidance**

Sedgwick County
Wichita, Kansas

Report on Compliance for Each Major Federal Program

We have audited Sedgwick County, Kansas' (the County) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended December 31, 2017. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the County'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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 County'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 County's compliance.

Opinion on Major Federal Programs

In our opinion, the County 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 major federal programs for the year ended December 31, 2017.

Report on Internal Control Over Compliance

Management of the County 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 County'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 the Uniform Guidance, 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 County'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 a 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. 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.

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 over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We identified a certain deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2017-003 that we consider to be a material weakness.

The County's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs and/or corrective action plan. The County'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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Sedgwick County
Wichita, Kansas

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the County as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated March 30, 2018, which contained unmodified opinions on those financial statements. Our audit was conducted 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 the Uniform Guidance and is not a required part of the basic 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

BKD, LLP

Wichita, Kansas
March 30, 2018

Sedgwick County, Kansas
Schedule of Findings and Questioned Costs
Year Ended December 31, 2017

Section I – Summary of Auditor’s Results

Financial Statements

1. The type of report the auditor issued on whether the financial statements audited were prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) was:
☒ Unmodified ☐ Qualified ☐ Adverse ☐ Disclaimer

2. The independent auditor’s report on internal control over financial reporting disclosed:
Significant deficiency(ies) ☒ Yes ☐ None reported
Material weakness(es) ☒ Yes ☐ No

3. Noncompliance considered material to the financial statements was disclosed by the audit? ☐ Yes ☒ No

Federal Awards

4. The independent auditor’s report on internal control over compliance for major federal awards programs disclosed:
Significant deficiency(ies) ☐ Yes ☒ None reported
Material weakness(es) ☒ Yes ☐ No

5. The opinions expressed in the independent auditor’s report on compliance for major federal awards were:
☒ Unmodified ☐ Qualified ☐ Adverse ☐ Disclaimer

6. The audit disclosed findings required to be reported by 2 CFR 200.516(a)? ☒ Yes ☐ No

Sedgwick County, Kansas
Schedule of Findings and Questioned Costs (Continued)
Year Ended December 31, 2017

7. Identification of major programs:

CFDA 93.044, 93.045, 93053 – Aging Cluster

CFDA 10.557 – Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)

CFDA 93.926 – Healthy Start Initiative

8. The threshold used to distinguish between Type A and Type B programs was \$750,000.

9. The County qualified as a low-risk auditee?

☐ Yes

☒ No

Sedgwick County, Kansas

Schedule of Findings and Questioned Costs (Continued)

Year Ended December 31, 2017

Section II – Findings Required to be Reported by *Government Auditing Standards*

Reference Number	Finding
2017-001	<p>Finding: Significant Deficiency - Grant Administration</p> <p>Criteria: The County is expected to maintain accurate accounting records for grant funds.</p> <p>Condition: The County's grant tracking procedures were inadequate to ensure proper year-end cutoff.</p> <p>Context: During our current year-end audit procedures, although we noted the County has made significant improvements in grant tracking, there were still two material entries necessary for proper cutoff related to grant receivables and unearned/unavailable revenue. The following audit adjustments were identified:</p> <ul style="list-style-type: none"> • An audit journal entry was identified totaling \$628,462 to reclass revenue to the correct accounts. • An audit journal entry was identified correcting the the understatement of grant related unearned/unavailable revenue in the amount of \$337,911, and the overstatement of revenues in the amount of \$337,911. <p>Cause: The County does not have adequate procedures to track grants for year-end cutoff purposes.</p> <p>Effect: Two material adjustments were made during the audit.</p> <p>Recommendation: The County should continue to develop specific policies and procedures for the central tracking and monitoring of grant activities. These procedures should include an annual review of grant activity to ensure the correct year-end grant revenues, receivables and unearned/unavailable revenues have been recorded. The County's policy where revenues are only considered available when received within 60 days of the fiscal year-end should be considered during this process. Year-end procedures should also include the review of the state subsequent distributions to help ensure proper year-end cut off. In addition, procedures should be implemented that ensures grant receipts are recorded in the correct revenue account.</p> <p>Views of Responsible Officials: With regard to audit journal entries totaling \$628,462 to reclass revenue to the correct accounts, we will conduct reviews of all grant and intergovernmental-related general ledger revenue accounts at the end of each calendar quarter to determine that proper postings have occurred and to make any necessary corrections to assure accurate reporting at year-end.</p> <p>Grant Administration</p> <p>With regard to audit journal entries in the amount of \$337,911 to correct the understatement of grant-related unearned/unavailable revenue and the overstatement of revenues in that amount, Finance has implemented a formal procedure outlining the following:</p> <ol style="list-style-type: none"> 1. Conduct a year-end review of each grant and intergovernmental fund center using available SAP reports and State Confirmation reports as of December 31 to determine the accurate posting of revenues received and the proper calculation of receivables and unearned/unavailable revenues to be recorded. 2. After March 1, a follow-up review will be conducted to determine if the grant receivables were actually received within 60 days of year-end, and, for those amounts that were not received within the 60-day timeframe, a correcting entry will be made to remove the funds from revenue to a deferred inflow category. 3. Also after March 1, Finance will run a State confirmation report to confirm State subsequent distributions to help ensure proper year-end cutoff. 4. Finance will perform a quarterly review of the revenue general ledger accounts related to grants and intergovernmental revenues to confirm accuracy of postings in these areas. <p>This comment and discussion with the auditors has lead us to believe that we need to do more intensive grant administration training with all involved in grant management for the organization. We will work with BKD in the coming weeks to coordinate that training and also to identify peers who have centralized grant management functions. We will then reach out to those entities to identify their processes and resources and potentially request a centralized grant administration program at Sedgwick County.</p>

Sedgwick County, Kansas

Schedule of Findings and Questioned Costs (Continued)

Year Ended December 31, 2017

Reference Number	Finding
2017-002	<p>Finding: Significant Deficiency - Risk Assessment</p> <p>Criteria: The County is expected to complete periodic risk assessments.</p> <p>Condition: The County has not performed a recent fraud risk assessment.</p> <p>Context: Risk assessments are valuable tools for entities to evaluate and plan for threats facing the entity. Recent reports indicate that fraud is rapidly growing in the United States. A proven and effective deterrent to fraud and abuse is the establishment of an antifraud culture within the organization. A strong and highly ethical “tone at the top” provides significant strength to deter fraud.</p> <p>Cause: The County has not performed a recent fraud risk assessment.</p> <p>Effect: Higher fraud risk exposure.</p> <p>Recommendation: We suggest the following:</p> <ul style="list-style-type: none"> • Define the role of the County Board and committees as they relate to fraud and abuse. • Management and supervisors should set an example. • Management and supervisors should remain aware of fraud risks and indicators. • Internal controls should be given high priority. • Fraud-related policies should be enforced. • Reports of potential fraud and abuse should be investigated promptly. <p>Views of Responsible Officials: Since the 2016 fiscal year financial audit, when the recommendation for the County to perform a risk assessment was made, the County’s Risk Manager (January 2018) and Assistant Risk Manager/Safety Training Coordinator (March 2018) have retired. The Risk Manager position was posted for recruitment, but Finance management did not believe that any applicants had adequate experience. In consultation with stakeholders, County senior management, and the governing board, Finance was authorized in March 2018 to hire a risk management consultant to provide the County with subject matter expertise.</p> <p>The first priority for the consultant is an in-depth risk assessment of Sedgwick County. This risk assessment is to focus initially on financial operations, but should then include assessments of information systems and field operations. The risk assessment is intended to specify how to identify risk in order to mitigate it. The risk assessment will be conducted under the oversight of the Deputy Chief Financial Officer. Risk assessment deliverables include a risk assessment report with a risk reduction action plan to manage or mitigate any unacceptable risks.</p>

Sedgwick County, Kansas

Schedule of Findings and Questioned Costs (Continued)

Year Ended December 31, 2017

Section III – Findings Required to be Reported by the Uniform Guidance

Reference Number	Finding
2017-003	<p>Finding: Allowable Cost/Cash Management</p> <p>CFDA No. 93.044, 93.045, and 93.053 - Aging Cluster & 93.926 - Healthy Start Initiative Department of Health and Human Services, Award Number - None Provided, Award Year 2017 Aging Cluster Passed-through Kansas Department for Aging and Disability Services (KDADS)</p> <p>Criteria: The County is required to maintain effective internal controls over the single audit process.</p> <p>Condition: For the Aging Cluster, we noted for the first five months of the year the County heavily relied on KDADS employees to catch errors in reporting. When KDADS sends the County corrections of errors, there is no review process over those corrections. We also noted that reports submitted to KDADS require certification by the executive director, which the County's accountant is applying a electronic version of and the executive director does not review those reports. We also noted there were no procedures in place to trace interest earnings on federal advances.</p> <p>For the Healthy Start Initiative, we noted that monthly reimbursement reports were being prepared and submitted by one individual with no additional review as well as the submissions occurring utilizing the login of a different person that that of the one actually doing the submission.</p> <p>Questioned Costs: None.</p> <p>Context: For the Aging Cluster, during our testing of allowable costs/activities allowed and cash management, we noted multiple reports the executive director signature is copied and pasted on the reports as opposed to an actual review of the report. The majority of monthly report corrections are based solely on the KDADS employee's input with no secondary review.</p> <p>For the Healthy Start Initiative, during our testing of cash management, we noted that the quarterly reimbursement requests had no formal secondary review as well as the person submitting the report was using the login of another individual.</p> <p>Effect: The County is not maintaining effective internal controls over the Aging Cluster and Healthy Start Initiative and external parties cannot be a part of the County's internal control process.</p> <p>Cause: For the Aging Cluster, the County is utilizing the KDADS employee as a final approval instead of implementing controls over the reporting process that would give the aging finance director the final approval. For the Healthy Start Initiative, one person is using another individuals login to submit reports and is completing monthly reimbursements with no secondary review.</p> <p>Identification as a Repeat Finding: 2016-011</p> <p>Recommendation: For the Aging Cluster, we noted that beginning June 2017, the County has updated their review process allowing for documentation of who is reviewing the monthly reports and any corrections that are being suggested by KDADS employees. For the Healthy Start Initiative, we suggest the County implement a review process of quarterly reimbursement requests as well as set up a separate login for the individual submitting the quarterly reports.</p> <p>Views of Responsible Officials: The County agrees with the finding. See separate auditee document for planned corrective actions.</p>



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Corrective Action Plan

2017-003 Finding: Allowable Cost/Cash Management

CFDA No. 93.044, 93.045, and 93.053 – Aging Cluster & 93.926 – Healthy Start Initiative
Department of Health and Human Services, Award Number - None Provided, Award Year 2017
Aging Cluster Passed-through Kansas Department for Aging and Disability Services (KDADS)

Criteria: The County is required to maintain effective internal controls over the single audit process.

Condition: For the Aging Cluster, we noted for the first five months of the year the County heavily relied on KDADS employees to catch errors in reporting. When KDADS sends the county corrections of errors, there is no review process over those corrections. We also noted that reports submitted to KDADS require certification by the Executive Director, which the county's accountant is applying a electronic version of and the Executive Director does not review those reports. We also noted there were no procedures in place to trace interest earnings on federal advances.

For Healthy Start Initiative, we noted that monthly reimbursement reports were being prepared and submitted by one individual with no additional review as well as submissions occurring utilizing the log in of different person than that of the one actually doing the submission.

Questioned costs: None.

Context: For the aging cluster, during our testing of allowable costs/activities allowed and cash management, we noted multiple reports the executive director signature is copied and pasted on the reports as opposed to an actual review of the report. The majority of monthly report corrections are based solely on the KDAD employee's input with no secondary review.

For the healthy start initiative, during our testing of cash management, we noted that the quarterly reimbursement requests had no formal secondary review as well as the person submitting the report was using the login of another individual.

Effect: The County is not maintaining effective internal controls over the aging program and healthy start initiative and external parties cannot be a part of the County's internal control process.

Cause: For the aging cluster, the County is utilizing the KDADS employee as a final approval instead of implementing controls over the reporting process that would give the aging finance director the final approval.

For the healthy start initiative, one person is using another individuals login to submit reports and is completing monthly reimbursements with no secondary review.

Identification as a repeat finding: 2016-011

Recommendation: For the aging cluster, we noted that beginning June 2017, the County has updated their review process allowing for documentation of who is reviewing the monthly reports and any corrections that are being suggested by KDADS employees. For the healthy start initiative, we suggest the county implement a review process of quarterly reimbursement requests as well as set up a separate login for the individual submitting the quarterly reports.

Views of Responsible Officials: The County agrees with the finding. See separate auditee document for planned corrective actions.

Corrective Action Plan

2017-003 Finding: Allowable Cost/Cash Management (cont.)

Corrective Action: The aging cluster portion of this finding has been addressed through the June, 2017 implementation of a revised review process that documents who is the internal reviewer of the original monthly report and any recommended changes suggested by KDADS employees during their review. It also specifies that the SCDOA Executive Director or, if unavailable, the Finance Director will sign the reports on behalf of the Executive Director. Signature will be hand written, or electronic.

The healthy start initiative quarterly report and related cash request will be reviewed and approved by a second party familiar with the grant program prior to the submission of the report and cash request. The approval will be documented via email correspondence. The individual submitting the quarterly report and cash request will use the login assigned to Sedgwick County for the reporting website and will change the user information within the reporting website to reflect the actual individual submitting the report.

Anticipated Completion Date: April 1, 2018

Responsible Party: Marty Hughes, Revenue Manager, Sedgwick County Finance/Accounting



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Prior Year Audit Finding **Corrective Action Plan**

2016-011 Finding: Allowable Cost/Cash Management

CFDA No. 93.044, 93.045, and 93.053 – Aging Cluster

**Department of Health and Human Services, Award Number - None Provided, Award Year 2016
Passed-through Kansas Department for Aging and Disability Services (KDADS)**

Criteria: The County is required to maintain effective internal controls over the single audit process

Condition: We noted the County heavily relied on KDADS employees to catch errors in reporting. When KDADS sends the county corrections of errors, there is no review process over those corrections. We also noted that reports submitted to KDADS require certification by the Executive Director, which the county's accountant is applying a electronic version of and the Executive Director does not review those reports. We also noted there were no procedures in place to trace interest earnings on federal advances.

Questioned costs: None.

Context: During our testing of allowable costs/activities allowed and cash management, we noted multiple reports the executive director signature is copied and pasted on the reports as opposed to an actual review of the report. The majority of monthly report corrections are based solely on the KDAD employee's input with no secondary review.

Effect: The County is not maintaining effective internal controls over the aging program and external parties cannot be a part of the County's internal control process.

Cause: The County is utilizing the KDADS employee as a final approval instead of implementing controls over the reporting process that would give the aging finance director the final approval.

Identification as a repeat finding: N/A

Recommendation: We recommend the County have a review process in place that allows for documentation of who is reviewing the monthly reports and any corrections that are being suggested by KDADS employees.

Corrective Action: KDADS reports will be prepared each month by the Sedgwick County Department On Aging (SCDOA) Accountant and submitted for review to the SCDOA Executive Director and Finance Director. Once reviewed and revised as necessary it will be approved by the reviewers. The SCDOA Accountant will be notified by email of approval. The Executive Director or, if unavailable, the Finance Director will sign on behalf of the Executive Director. Signature may be hand written, or electronic. In the event of recommendations from KDADS for revisions to the monthly report, both the Executive Director and the Finance Director will review the recommendations to determine the cause of the error and will then work with staff to address for future report accuracy. The Finance Director will meet with KDADS staff to learn their report review processes with a goal of enhanced reporting and internal review processes to improve reporting accuracy.

Federal funds will be requested on a monthly reimbursement basis on all Cash Requests with the exception of September when we are required by the State to draw down remaining funds estimated to be used for the remainder of the fiscal year prior to September 30. Federal cash balances will be monitored each month to determine required interest earnings.


Prior Year Audit Finding
Corrective Action Plan

2016-011 Finding: Allowable Cost/Cash Management (cont.)

Anticipated Completion Date: September 30, 2017

Responsible Party: Brad Ashens, Finance Director, Sedgwick County Department On Aging

Corrective Actions Completed: A new KDADS monthly report; review, approval and signature process was implemented in August, 2017 whereby the Executive Director or her designee will review and sign each report. Federal funds will be requested monthly on a reimbursement basis to insure no federal funds are kept on hand that would require excess interest earnings. This was completed August 31, 2017.


Hope Hernández, Accounting Director