



## Office of the City Auditor

**Date:** June 25, 2008

**To:** Deb Hermann, Chair, and Members of the Finance and Audit Committee

**From:** Gary L. White, City Auditor

**Subject:** Review of 2003 – 2006 Commercial Audits of Jackson and Platte Counties

We initiated this project to review the commercial audits of the counties that bill and collect real property taxes from Kansas City residents and remit those taxes to the city, and report to elected officials and city staff any concerns the commercial auditors expressed about the counties' ability to account for and accurately remit the real property taxes they collect for the city.

Kansas City includes land areas in Cass, Clay, Jackson, and Platte counties. The city has an agreement with Cass, Jackson, and Platte counties to bill and collect real property taxes along with other taxes, assessments, and fees that they bill and collect.<sup>1</sup> Our review focused on Jackson and Platte counties because the city does not have an agreement with Clay County to collect real property taxes and there are very few properties in Cass County within the city limits.

### Work Performed

We reviewed the commercial audits, management letters, and reports on internal control for Jackson and Platte counties for 2003 through 2006.<sup>2</sup> We looked for any qualified<sup>3</sup> or adverse opinions and any conditions the auditors identified that could jeopardize the counties' ability to account for and accurately remit the real property taxes they collect for the city. We conducted our work in accordance with generally accepted government auditing standards. No information was omitted from this memo because it was deemed privileged or confidential.

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<sup>1</sup> The city bills and collects real property taxes itself for Clay County properties within the city limits.

<sup>2</sup> Platte County officials told us their auditor did not issue a management letter in either 2004 or 2005.

<sup>3</sup> Auditors issue a qualified opinion when they see departures from generally accepted accounting principles (GAAP) or have major limitations on the scope of an audit, such as might occur from missing documentation.

## Observations

The 2003-2006 commercial audits for Jackson and Platte counties were unqualified. None of the audits, management letters, or reports on internal controls specifically addressed the counties' ability to accurately collect and remit real property taxes for the city, however, the auditors noted Jackson County had some issues with recording accounts payable in 2006.

We recommend that the director of finance annually request and review the commercial audits and management letters for Jackson and Platte counties, and exercise the oversight opportunities provided for by the city's agreements with those counties. We met with the acting director of finance on May 5, 2008, to discuss this memo and our recommendation. Management's response is attached.

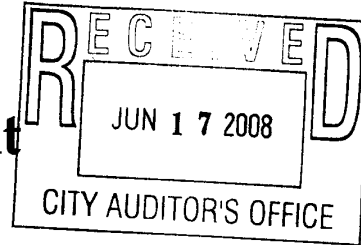
cc: Mayor Mark Funkhouser  
Members of the City Council  
Wayne Cauthen, City Manager  
Wanda Gunter, Acting Director of Finance

CITY OF FOUNTAINS  
HEART OF THE NATION



KANSAS CITY  
MISSOURI

## Finance Department



**DATE:** June 9, 2008

**TO:** Gary L. White, City Auditor

**FROM:** Wanda J. Gunter, Acting Director of Finance *Wanda J. Gunter*

**RE:** Review of 2003-2006 Commercial Audits of Jackson and Platte Counties

This memo is in response to your performance audit on the subject above.

There was one recommendation addressed to the Finance Department that required the Finance Department to request a copy of the annual reports and management letters regarding the audits of Jackson and Platte Counties

The Finance Department agrees and will request copies of both documents annually.

c: Wayne A. Cauthen, City Manager  
Randall Landes, City Treasurer  
G. M. Temple, City Controller