



VONFELDT, BAUER & VONFELDT, CHTD

Certified Public Accountants

2306 Anderson Ave
Manhattan, KS 66502

Telephone: (785) 320-2555
Fax: (785) 371-1665

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Board of Directors of Flint Hills Metropolitan Planning Organization:

We have performed the procedures enumerated in the attached schedule on the accounting records, transactions and internal control of Flint Hills Metropolitan Planning Organization as of December 31, 2020. Flint Hills Metropolitan Planning Organization's management is responsible for the accounting records, transactions and internal control.

Flint Hills Metropolitan Planning Organization has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of meeting the requirements as specified in KSA 75-1122(b). This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are listed in the attached schedule.

We were engaged by Flint Hills Metropolitan Planning Organization to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an audit or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the accounting records and transactions. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of Flint Hills Metropolitan Planning Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely for the information and use of the Board of Directors of Flint Hills Metropolitan Planning Organization and is not intended to be and should not be used by anyone other than that specified party.

Sincerely,

VonFeldt, Bauer & VonFeldt, Chtd.

VonFeldt, Bauer & VonFeldt, Chtd.
Manhattan, Kansas
October 29th, 2021

Flint Hills Metropolitan Planning Organization
Schedule of Findings and Recommendations
December 31, 2020

Procedure #1: Obtain a copy of (1) previous year end's balance sheet and statement of income and expenses for the year then ended and (2) the balance sheet and year-to-date statement of income and expenses available as of the end of the Test Period. For both sets of statements, agree each amount on such financial statements to the corresponding amounts in the organization's general ledger.

No exceptions were found as a result of applying this procedure.

Procedure #2: Using the balance sheet as of the end of the Test Period, identify any "credit" account balances included in the "Assets" section of the organization's balance sheet or "debit" balances included in the "Liabilities" or "Equity" sections of the balance sheet. For all such balances identified, obtain an explanation from the organization's accountant of the nature of the account and why it has a "credit" (for asset accounts) or "debit" (for "liability" or "net asset" accounts) balance.

Except for the following, no other exceptions were found as a result of applying this procedure:

- 1- **Finding:** Per review of the balance sheet, a debit balance was noted for the following liability accounts: Blue Cross Blue Shield, KPERs, and Accounts Payable. Per review of the QuickBooks account detail and inquiry with management, these negative balances are due to not transferring a beginning balance when the organization separated from the City of Manhattan.
 - a. **Recommendation:** Management should determine what the beginning liability balances were when the current QuickBooks online file was started on 7/1/2020 and input those as beginning balances for each liability account.

Procedure #3: Cash balances – Obtain copies of the monthly bank statements and corresponding bank reconciliations for each organization bank account for the end of the Testing Period and for one other month end during the Testing Period, and perform the following:

- a. Agree the "balance per bank" from the reconciliation to the corresponding ending balance of the bank statement, and the "balance per books" to the corresponding amount in the general ledger.
- b. If any bank statement cash balance exceeds \$100,000, obtain written confirmation of such balances directly from the bank or banks.
- c. If there are any deposits in transit included in the bank reconciliations, agree such amounts to the following month's bank statements. If such deposits are not recorded by the bank in the bank statements in the following month within three business days following the preceding month end, obtain an explanation for the delay from the organization's accountant.
- d. If there are outstanding checks included in the reconciliations, select fifteen checks from the following months bank statement(s) that have dates on or before the date of the end of the bank reconciliation tested. Agree the amounts of selected checks to the corresponding outstanding check amounts included in the list of outstanding checks included in the bank reconciliation being tested.
- e. Prove the arithmetic accuracy of the total dollar amount of outstanding checks included in the bank reconciliation(s) by adding the list(s) of outstanding checks and agreeing that amount to the total amount used in the bank reconciliation(s).
- f. Include a listing of outstanding checks that have been outstanding more than six months in the final report.
- g. Obtain an explanation of any other reconciling items used in the bank reconciliation(s) and include the explanation of any significant reconciling items (those in excess of \$3,000) in the final report.

Except for the following, no other exceptions were found as a result of applying this procedure:

- 1- **Finding:** Per inspection of the bank reconciliation register and the cash balance on the balance sheet as of 8/31/2020, the two do not match. The difference was the amount of a check to AICK for \$96.90 and check to KPERs for 1,263.50. These checks were deleted after completing the bank reconciliation resulting in the bank reconciliation balance not matching the balance sheet balance.
 - a. **Recommendation:** Clearing items after completing the bank reconciliation should not occur if possible. If not avoidable, a new bank reconciliation should be saved and filed to reflect the changes that were made. Management should establish procedures to review the bank reconciliation and make sure that the ending book balance ties to the balance sheet.

**Flint Hills Metropolitan Planning Organization
Schedule of Findings and Recommendations
December 31, 2020**

Procedure #3 Continued:

- 2- **Finding:** Per inspection of the bank reconciliation register and the cash balance on the balance sheet as of 12/31/2020, the two do not match. The difference was the amount of a check to AICK for 96.90. This check was deleted after completing the bank reconciliation resulting in the bank reconciliation balance not matching the balance sheet balance.
 - a. **Recommendation:** Clearing items after completing the bank reconciliation should not occur if possible. If not avoidable, a new bank reconciliation should be saved and filed to reflect the changes that were made. Management should establish procedures to review the bank reconciliation and make sure that the ending book balance ties to the balance sheet.
- 3- **Finding:** Per inspection of the deposits in transit as of 12/31/2020, the deposits from KDHE on 11/20/2020 for \$2,930.86, Flint Hills ATA on 11/20/2020 for \$1,168.97, Flint Hills ATA (MHK) on 11/20/2020 for \$993.65, and Flint Hills ATA (rural) on 11/20/2020 for \$175.32 are still outstanding and have not cleared the bank. Per client and tie out of the Flint Hills ATA confirmation to income in QuickBooks in procedure #6, the three deposits to transit to Flint Hills ATA are duplicate transactions and the deposit to KDHE was invoiced in QuickBooks by mistake.
 - a. **Recommendation:** The uncleared deposits and other credits that are duplicates or incorrect entries should be removed from the books. Management should also develop a policy to review the uncleared deposits and other credits section on the bank reconciliation monthly to ensure that no deposit has been in transit longer than three business days, that all deposits and received payments recorded in QuickBooks have been deposited in the bank, and that none of the outstanding items are duplicate or incorrect entries.
- 4- **Finding:** Per inspection of the cash balance in QuickBooks and the bank confirmation, a money market account exists that is not shown on the books.
 - a. **Recommendation:** The money market account should be added to QuickBooks with a balance of \$100,016.98 as of 12/31/2020 and should also be reconciled monthly moving forward.

Procedure #4: Accounts Receivable – Randomly select 5 customers from the Accounts Receivable balance and confirm the balance with them directly.

No exceptions were found as a result of applying this procedure.

Procedure #5: Organization Credit Card/Purchasing Cards – Obtain a copy of the credit card statement(s) as of the end of the Testing Period and for one other month-end during the Testing Period. Using the statements provided by the card issuer, confirm that any card balance(s) from the previous month(s) were paid in the statement months.

No exceptions were found as a result of applying this procedure.

Procedure #6: Income –

- a. **Confirm 40% of income reported directly with the third party organization.**
- b. **Select twelve “credit” entries from the organization’s various “revenue” accounts recorded in the General Ledger or Cash Receipts Journal during the Testing Period. Agree the amounts selected into the corresponding bank deposit recorded in the organizations bank statements.**
- c. **Select five (5) journal entries in the general ledger recorded to the revenue accounts during the Testing Period from sources other than cash receipts or cash disbursements. Agree the amounts of such journal entries to supporting documentation and determine the propriety of such journal entry based on the supporting documents reviewed.**

Except for the following, no other exceptions were found as a result of applying this procedure.

- 1- **Finding:** The confirmations received from the Flint Hills ATA did not match the income in QuickBooks. The Flint Hills ATA confirmation did not match QuickBooks due to 3 duplicate deposit entries. See procedure #3 where those duplicate entries were found to be outstanding on the bank reconciliations.
 - a. **Recommendation:** The 3 duplicate deposit entries should be removed from the books so that income is not overstated.

**Flint Hills Metropolitan Planning Organization
Schedule of Findings and Recommendations
December 31, 2020**

Procedure #6 Continued:

- 2- **Finding:** Per inspection of the selected “credit” entries from the revenue accounts, a bank deposit could not be located for one of the revenue account credit entries that was selected. Per review of transaction in QuickBooks and inquiry of management, the invoice was created and then determined that it wasn’t needed as KDHE paid in a lump sum so invoicing them for time spent was not necessary.
- a. **Recommendation:** The deposit should be removed from the books as this invoice was included in the \$10,000 payment from KDHE on 7/10/2020. Management should also develop a policy to review the deposits in transit on the bank reconciliation monthly to ensure that all payments received in QuickBooks have been deposited in the bank.

Procedure #7: Organization expenses/expenditures and cash disbursements – Judgmentally select twenty-four (24) expenditures recorded during the Testing Period from the general ledger or from the cash disbursements journal or register and payroll register or records. In addition, judgmentally select 18 cash disbursements selected from the bank statements covering the Testing Period. For each individual expenditure or cash disbursement selected, perform the following:

- a. For salary or wage payments selected, agree the pay rate used to determine the payment to the applicable schedule of salaries and pay rates approved by the Board of Directors. Recalculate the salary or wages paid based on such approved salary or wage rates, and if applicable, the approved timecard.
- b. For payroll tax or benefit payments, recalculate the amount of expense recorded and payment made or remitted based on approved tax or benefit rates in effect at the time of payment.
- c. For expenditures paid for using a credit card, agree the charge to a copy of the supplier receipts submitted as support for the charge, and determine the appropriateness of the specific expense account to which the charge was recorded. Confirm the charge was approved for payment in accordance with established practices of the organization. Also, agree the charge for the month to inclusion in the monthly credit card statement received by the organization and used as a basis to pay the monthly credit card charge.
- d. For expenditures paid using organization-issued checks, agree the amount of the expenditure selected to the supporting documentation. Recalculate the charges on the invoice based on the quantities and unit costs listed on the invoice. Confirm the purchase was approved for payment in accordance with the established practices of the organization. Agree the appropriate details to the cancelled check or appropriate details provided in the bank statement received from the bank.
- e. For all expenditures, determine the account in which the expenditure was recorded was appropriate given the nature of the expenditure and consistent with the established practices of the organization.

Except for the following, no other exceptions were found as a result of applying this procedure:

- 1- **Finding:** Per review of the 14 salary/wage payment selections, the hours for the following 2 paychecks did not match the hours on the respective timesheets.
- o The paycheck to Abbey Hebbert on 7/31/2020 was paid for 24.5 hours, but the timesheet showed 29.5 hours were worked.
 - o The paycheck to Rachel Peterson on 7/17/2020 was paid for 83 hours (including 8 vacation hours), but the timesheet showed that 80 hours (including 12 vacation hours) were worked.
- a. **Recommendation:** Management should develop a policy to ensure that employee timesheets are reviewed and that the total hours on the employee’s timesheets matches the total hours being paid.
- 2- **Finding:** Per review of the 25 expenditure selections paid for by credit card or check for the year ended December 31, 2020, all selections were lacking formal approval by an individual other than the individual paying the disbursement and reconciling the bank statement.
- a. **Recommendation:** Management should develop a policy that includes a dollar threshold for which approval of invoices by an individual separate from the individual that is paying the disbursement and reconciling the bank statement is deemed necessary. In addition, management should ensure all invoices are approved according to the aforementioned policy.

**Flint Hills Metropolitan Planning Organization
Schedule of Findings and Recommendations
December 31, 2020**

Procedure #7 Continued:

- 3- **Finding:** Per review of the KPERS payment on 11/10/2020 and the corresponding payroll summary, the amount paid for the KPERS employer insurance was \$75.13 more than shown on the payroll summary.
 - a. **Recommendation:** Management should review the KPERS liability setup in QB to ensure that the KPERS employer insurance portion is calculating correctly when running payroll and that the liability amount is shown correct on the balance sheet.

Procedure #8: Additional KMAAG requirements –

- a. **For one month compare the disbursements as recorded in the check register to an entry in the official minutes that approve the disbursements.**
- b. **For a minimum of two months, review the official minutes to determine that the minutes have been signed by the chairperson of the board of directors.**
- c. **Review the organizations surety (fidelity) bonds to determine that all employees and officers entrusted with funds or property are covered by such a bond.**
- d. **Review the general and entity specific compliance checklists.**

Except for the following, no other exceptions were found as a result of applying this procedure:

- 1- **Finding:** Per review of the December minutes as posted to the organization's website, previous months expenditures were not reported in the minutes.
 - a. **Recommendation:** Management should develop a policy to have the board approve expenditures and to document the total expenditures and board approval in the meeting minutes.
- 2- **Finding:** Per review of the October and December minutes as posted to the organization's website, no evidence of signature by the board chairperson was noted.
 - a. **Recommendation:** Management should develop a policy to have the board chairperson sign the approved minutes.
- 3- **Finding:** The organization does not have any surety (fidelity) bonds to cover employees/officers entrusted with funds or property.
 - a. **Recommendation:** Management should look into getting surety (fidelity) bonds for any employees/officers entrusted with funds or property.