

SECOND COMMITTEE SUBSTITUTE FOR ORDINANCE NO. 090980

Amending Chapter 2 of the Code of Ordinances by repealing Section 2-113 and enacting in its place a new section, relating to contract and agency audits.

BE IT ORDAINED BY THE COUNCIL OF KANSAS CITY:

Section 1. That Chapter 2 of the Code of Ordinances is hereby amended by repealing Section 2-113 and enacting in its place a new section to read as follows:

Sec. 2-113. Contract and agency audits.

(a) *Authority to audit.* The city auditor shall have the right to audit any city contract regardless of its size or purpose.

(b) *Contracts for funding.*

- (1) *Contract provisions.* All contracts under which an agency receives funding from the city shall provide that any and all books and records of the agency concerning any aspect of its operations shall be made available for inspection and audit by the city auditor within a reasonable time after any request for such inspection or audit shall be made.
- (2) *Financial audit by CPA.* All contracts under which an agency receives funding from the city shall provide that if annual funding of \$100,000.00 or more is received by the agency or an affiliate of the agency, whether in a single contract or as a cumulative amount, the agency will engage a CPA to conduct an audit or audits and will require the CPA to furnish the city manager with a copy of the audit or audits, copies of any management letters, and copies of the agency's responses to management letters. An audit, management letter and response, shall be promptly provided to the city manager without the need for a special request. Additionally, all such contracts shall specifically authorize the city manager and city auditor to make inquiries directly to the agency's auditor and shall require the agency's auditor to respond truthfully to the city manager's and city auditor's questions.
- (3) *Reports of internal controls.* All contracts under which an agency receives funding from the city shall provide that if annual funding of \$100,000.00 or more is received by the agency or an affiliate of the agency, whether in a single contract or as a cumulative amount, the agency will engage a professional qualified to analyze the agency's internal control structures, and to furnish the city manager with a copy of the analysis. A report shall be promptly provided to the city manager without the need for a special request. Additionally, all such contracts shall specifically authorize the city manager and city auditor to make inquiries

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directly to the agency's professional and shall require the agency's professional to respond truthfully to the city manager's and city auditor's questions.

- (4) *Report to the mayor and city council.* The city manager shall review audits of agencies receiving funding from the city and communicate information to the mayor and city council that includes at least control deficiencies, significant deficiencies, and material weaknesses identified in agency audits.
- (5) *Policy compliance.* The city manager shall develop a procedure to ensure compliance with these sections.

Approved as to form and legality:

Heather A. Brown
Assistant City Attorney