

**WICHITA AREA METROPOLITAN
PLANNING ORGANIZATION**

FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION

YEAR ENDED DECEMBER 31, 2019

AND

INDEPENDENT AUDITOR'S REPORT



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PLANNING ORGANIZATION

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**FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION**

Year Ended December 31, 2019

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FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

To the Governing Board
Wichita Area Metropolitan Planning Organization

We have audited the accompanying financial statements of the governmental activities and each major fund of the Wichita Area Metropolitan Planning Organization (WAMPO), as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise WAMPO's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and major fund of WAMPO as of December 31, 2019, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and schedule of revenue, expenditures, and changes in fund balance – budget and actual – budgetary basis, as listed on the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 1, 2020 on our consideration of WAMPO's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the WAMPO's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering WAMPO's internal control over financial reporting and compliance.

Allen, Gibbs & Houlik, L.C.
CERTIFIED PUBLIC ACCOUNTANTS

December 1, 2020
Wichita, Kansas

MANAGEMENT'S DISCUSSION AND ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Wichita Area Metropolitan Planning Organization (WAMPO), we offer readers of WAMPO's financial statements this narrative overview and analysis of the financial activities of WAMPO for the fiscal year ending December 31, 2019.

FINANCIAL HIGHLIGHTS

- The assets of WAMPO exceeded its liabilities at the close of the fiscal year ended December 31, 2019 by \$98,265. This full amount was unrestricted. WAMPO's total net position decreased by \$38,146. The decrease is attributed to a combination of grant revenue reimbursements and the timing of related accounts payable and a prior period adjustment. As of the close of the fiscal year, WAMPO's governmental fund reported an ending fund balance of \$111,220.

OVERVIEW OF THE FINANCIAL STATEMENTS

Management's Discussion and Analysis is intended to serve as an introduction to WAMPO's basic financial statements, which include three components: 1) Government-wide financial statements, 2) Fund financial statements and 3) Notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of WAMPO's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of WAMPO's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of WAMPO is improving or deteriorating.

The statement of activities presents information showing how the government's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both of the government-wide financial statements present the activities of WAMPO that are principally supported by intergovernmental revenues (governmental activities). The governmental activities of WAMPO include general government, pavement monitoring, short- and long-range planning assistance to local entities, economic development, and transportation planning.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. WAMPO, like other state and local government uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of WAMPO consist of governmental funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements.

However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

WAMPO maintains one individual governmental fund, which is reported as the organization's general fund.

Notes to the Financial Statements

The notes to the financial statements are an integral part of the basic financial statements. They provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Budgets. WAMPO adopts an annual appropriated budget. A budgetary comparison statement has been provided for the fund to demonstrate compliance with this budget.

WAMPO's actual revenues were \$859,237 less than the final budgeted amounts for WAMPO. Remaining funds will be applied to the Long Range Transportation Plan.

WAMPO's actual expenditures were \$782,198 less than the final expenditure budget, primarily due to the number of projects that were being carried out in 2019. Certain expenditures were accrued into 2018 while others were deferred until 2020.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements and should be read with the financial statements. The notes can be found immediately following the financial statements in this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Analysis of Net Position

As previously noted, net position may serve over time as a useful indicator of a government's financial position. In the case of WAMPO, assets exceeded liabilities by \$98,265 at the close of the fiscal year.

Governmental activities. Significant changes in governmental activities on the statements of net position included the following:

- Assets increased by \$430,919 and liabilities increased by \$469,065, due primarily to the cash advance received from its fiscal agent.

- Net position decreased by \$38,146 due primarily to a decrease in grant revenue reimbursement and the timing of related accounts payable. WAMPO did not have any restricted net position balances.

Governmental activities. Significant changes in governmental activities on the statements of activities included the following:

- Operating grants and contributions decreased by \$163,908 as a result of a decrease in federal operating grants.
- Expenses increased by \$61,985 primarily due to timing of expenses.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

As noted earlier, WAMPO uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental fund. The focus of WAMPO's governmental fund is to provide information on the near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing WAMPO's financing requirements. In particular, assigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of December 31, 2019, WAMPO's governmental fund reported ending fund balance of \$111,220, a decrease of \$28,641 from the prior year. The ending fund balance is assigned fund balance, which is available for spending at the government's discretion.

STATEMENT OF OVERALL FINANCIAL POSITION

Overall, WAMPO continues to meet both its administrative and highway and transit planning obligations. Expenditures exceeded revenues in the current year for WAMPO by \$77,039.

Economic Factors

As a metropolitan planning organization, WAMPO's focus is on multimodal transportation planning. WAMPO will focus on administering its work program in a manner that reduces traffic accidents, transportation related fuel consumption, air pollution, and greenhouse gases, while increasing transportation safety clean energy, air quality and supporting sustainable communities, trade, and tourism.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview for all those with an interest in WAMPO finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Executive Director, Wichita Area Metropolitan Planning Organization, 271 W 3rd St N, Wichita, KS 67202.

BASIC FINANCIAL STATEMENTS

**WICHITA AREA METROPOLITAN
PLANNING ORGANIZATION**

STATEMENT OF NET POSITION

December 31, 2019

	Governmental Activities
ASSETS:	
Cash, including investments	\$ 301,403
Receivables	<u>550,626</u>
Total assets	<u><u>\$ 852,029</u></u>
LIABILITIES AND NET POSITION:	
Liabilities:	
Accounts payable	\$ 148,351
Accrued expenses	5,847
Cash advance from fiscal agent	586,611
Compensated absences, current	8,360
Compensated absences, long-term	<u>4,595</u>
Total liabilities	<u>753,764</u>
Net position:	
Unrestricted	<u>98,265</u>
Total net position	<u><u>\$ 98,265</u></u>

The accompanying notes are an integral part of the basic financial statements.

**WICHITA AREA METROPOLITAN
PLANNING ORGANIZATION**

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2019

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position Total Governmental Activities
		Charges for Services	Operating Grants and Contributions	
Governmental activities:				
Administrative	\$ 419,426	\$ --	\$ --	\$ (419,426)
Highway and transit planning	1,365,094	--	1,498,557	133,463
Total governmental activities	1,784,520	--	1,498,557	(285,963)
General revenues:				
Member fees				50,000
Tip Fees				149,419
Total general revenues				199,419
Change in net position				(86,544)
Net position, beginning of year				136,411
Prior period adjustment				48,398
Net position, beginning of year, restated				184,809
Net position, end of year				\$ 98,265

The accompanying notes are an integral part of the basic financial statements.

**WICHITA AREA METROPOLITAN
PLANNING ORGANIZATION**

BALANCE SHEET

GOVERNMENTAL FUNDS

December 31, 2019

	WAMPO Fund
ASSETS:	
Cash, including investments	\$ 301,403
Receivables: Intergovernmental	550,626
	<hr/>
Total assets	\$ 852,029
	<hr/>
LIABILITIES AND FUND BALANCE:	
Liabilities:	
Accounts payable	\$ 148,351
Accrued expenses	5,847
Cash advance from fiscal agent	586,611
	<hr/>
Total liabilities	740,809
	<hr/>
Fund balance:	
Assigned to: Highway and transit planning	111,220
	<hr/>
Total fund balance	111,220
	<hr/>
Total liabilities and fund balance	\$ 852,029
	<hr/> <hr/>

The accompanying notes are an integral part of the basic financial statements.

**WICHITA AREA METROPOLITAN
PLANNING ORGANIZATION**

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION

December 31, 2019

Amounts reported for governmental activities in the statement of net position are different because:

Total fund balance – total governmental funds	\$ 111,220
Compensated absences are not due and payable in the current period and, therefore, are not reported in the governmental fund	<u>(12,955)</u>
Total net position – governmental activities	<u><u>\$ 98,265</u></u>

The accompanying notes are an integral part of the basic financial statements.

**WICHITA AREA METROPOLITAN
PLANNING ORGANIZATION**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS**

For the Year Ended December 31, 2019

	WAMPO Fund
Revenues:	
Intergovernmental:	
Kansas Department of Transportation / Federal Highway Administration / Federal Transit Administration	\$ 1,498,557
Member fees	50,000
TIP fees	149,419
	<hr/>
Total revenues	1,697,976
	<hr/>
Expenditures:	
Current:	
Administration	419,426
Highway and transit planning	1,355,589
	<hr/>
Total expenditures	1,775,015
	<hr/>
Change in fund balance	(77,039)
	<hr/>
Fund balance, beginning of year	139,861
Prior period adjustment	48,398
	<hr/>
Fund balance, beginning of year, restated	188,259
	<hr/>
Fund balance, end of year	\$ 111,220
	<hr/> <hr/>

The accompanying notes are an integral part of the basic financial statements.

**WICHITA AREA METROPOLITAN
PLANNING ORGANIZATION**

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN THE FUND BALACE OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ACTIVITIES

For the Year Ended December 31, 2019

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balance – governmental funds	\$ (77,039)
Compensated absences are not due and payable in the current period and, therefore, are not reported in the governmental fund	<u>(9,505)</u>
Net change in net position – governmental activities	<u>\$ (86,544)</u>

The accompanying notes are an integral part of the basic financial statements.

NOTES TO THE FINANCIAL STATEMENTS

**WICHITA AREA METROPOLITAN
PLANNING ORGANIZATION**

NOTES TO THE FINANCIAL STATEMENTS

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Wichita Area Metropolitan Planning Organization (WAMPO) have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The more significant accounting and reporting policies and practices employed by WAMPO are as follows:

A. Reporting Entity

WAMPO is a quasi-governmental entity which was established as Wichita Metropolitan Area's designated Metropolitan Planning Organization under federal law.

The membership of the Executive Board consists of members from towns and cities in the Wichita Metropolitan Area. The Transportation Policy Body acts as a policy body coordinating transportation planning, traffic engineering, air quality conformity, and related implementation activities. It prepares reports to meet the requirements of several transportation and environmental oversight entities at the federal level.

The Transportation Policy Body also has broad financial responsibilities, including the approval of the annual budget and the establishment of a system of accounting and budgetary controls.

B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) present financial information about WAMPO as a whole. The reported information includes all of the nonfiduciary activities of WAMPO. These statements are to distinguish between the governmental and business-type activities of WAMPO. Governmental activities normally are supported by taxes and intergovernmental revenues and are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. WAMPO did not report any business-type activities.

Government-Wide Financial Statements – The government-wide financial statements are reported using the “economic resources” measurement focus and the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the grantor or provider have been met.

Fund Financial Statements – Governmental fund financial statements are reported using the “current financial resources” measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, WAMPO considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

**WICHITA AREA METROPOLITAN
PLANNING ORGANIZATION**

NOTES TO THE FINANCIAL STATEMENTS

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation
(Continued)**

However, compensated absences are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in the governmental fund.

Member fees associated with the current fiscal period are all considered to be susceptible to accrual and, accordingly, have been recognized as revenue of the current fiscal period. Miscellaneous revenues are not susceptible to accrual because generally they are not measurable until received in cash.

Grants and similar awards are recognized as revenue as soon as all eligibility requirements imposed by the grantor or provider have been met. Unearned revenues also arise when resources are received by WAMPO before it has legal claim to them, as when grant monies are received prior to meeting all eligibility requirements imposed by the provider.

Receivables that will not be collected within the available period have also been reported as unavailable revenue on the governmental fund financial statements.

WAMPO reports the following major governmental fund: WAMPO Fund – Accounts for all resources used to finance WAMPO's highway and transportation planning activities.

C. Compensated Absences

All regular full-time employees of WAMPO are entitled to paid time off. Annual leave begins to accrue according to the following schedule:

<u>Completed Years of Service</u>	<u>Vacation Days Earned Per Year</u>
Less than 4	10 days
4 - Less than 10	15 days
10 - Less than 15	17 days
15 - Less than 20	20 days
20 or more	25 days

The maximum vacation hours an employee can carryforward is 240 hours. Unused annual leave will be paid at the time of termination up to this maximum at their current rate of pay at the time of termination.

The current and long-term liabilities, including related benefits, for accumulated vacation and sick leave are reported on the government-wide financial statements. A liability for these amounts, including related benefits, is reported in governmental funds only if they have matured, for example, as a result of employee leave, resignations, and retirements.

D. Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

**WICHITA AREA METROPOLITAN
PLANNING ORGANIZATION**

NOTES TO THE FINANCIAL STATEMENTS

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Net Position / Fund Balance Classifications

Net Position – Government-wide financial statements classify net position as invested in capital assets; restricted; and unrestricted. Restricted net position represents constraints on resources that are either a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or b) imposed by law through state statute.

Fund Balance – In the governmental fund financial statements, fund balance is composed of five classifications based on a hierarchy of the constraints placed on the use of those resources. The classifications are based on the relative strength of the constraints that control how the specific amounts can be spent. The governmental fund types classify fund balances as follows:

- *Nonspendable.* The nonspendable fund balance classification includes amounts that cannot be spent because they are not in spendable form, (such as prepaid items), or legally or contractually required to be maintained intact.
- *Restricted.* Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions or enabling legislation.
- *Committed.* The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action of the Executive Committee of the Transportation Policy Board (Executive Committee). Those committed amounts cannot be used for any other purpose unless the Executive Committee removes or changes the specified use by taking the same type of action it employed to previously commit those accounts through ordinances or resolutions.
- *Assigned.* Amounts in the assigned fund balance classification are intended to be used by WAMPO for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds assigned fund balance represents the remaining amount that is not restricted or committed. Assigned amounts represent intended uses established by the Executive Committee or a management official delegated that authority by the formal Executive Committee action. The Executive Committee has delegated this authority to the Executive Director.
- *Unassigned.* The unassigned classification is the portion of fund balance that has not been restricted, committed, or assigned to specific purposes or other funds.

F. Fund Balance Policies

WAMPO applies restricted resources first when expenditures are incurred for purposes for which either restricted, committed, assigned, and unassigned amounts are available. Similarly, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the remaining fund balance classifications could be used.

**WICHITA AREA METROPOLITAN
PLANNING ORGANIZATION**

NOTES TO THE FINANCIAL STATEMENTS

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Program Revenues

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and fees that are restricted to meeting the operational or capital requirements of a particular function or segment. Member fees for general purposes and other items not included among program revenues are reported instead as general revenues.

II. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS

A. Cash and Cash Equivalents

Custodial Credit Risk. For deposits, custodial credit risk is the risk that, in the event of a bank failure, WAMPO will not be able to recover the value of its deposits. State statutes require pledged collateral with a fair value equal to 100% of the funds on deposit, less insured amounts, and that the collateral be held in safekeeping in WAMPO's name at other than the depository financial institution.

At December 31, 2019, approximately \$67,000 of WAMPO's deposits were not fully covered by federal depository insurance or collateralized by securities held by WAMPO's agent in WAMPO's name.

Credit Risk and Concentration of Credit Risk. Kansas law limits the types of investments that can be made by WAMPO, which inherently reduces its credit risk.

Credit risk is the risk that the issuer or other counterparty to an investment will be unable to fulfill its obligations to the holder of the investment. This risk can be measured by the assignment of a rating by a nationally recognized statistical rating organization.

Interest Rate Risk. As a means of managing its exposure to fair value losses arising from increasing interest rates, WAMPO follows state statutes which generally limit investment maturities to two years. To minimize the risk of loss, WAMPO matches investments to anticipated cash flows and diversifies the investment types to the extent practicable. Investments in U.S. treasury coupon securities have a maturity of less than one year.

B. Receivables

Receivable balances are due from an intergovernmental agency. Intergovernmental receivables as of year-end for WAMPO in the aggregate, were \$550,626. The full amount is due from the Kansas Department of Transportation.

Management considers all receivables at June 30, 2019 to be fully collectible; therefore, no allowance for doubtful accounts was included.

**WICHITA AREA METROPOLITAN
PLANNING ORGANIZATION**

NOTES TO THE FINANCIAL STATEMENTS

II. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)

C. Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2019 was as follows:

	Compensated absences
Governmental Activities:	
Balance at January 1, 2019	\$ 3,450
Additions	22,426
Reductions	(12,921)
Balance at December 31, 2019	\$ 12,955
Due within one year	\$ 8,360

As of December 31, 2019, WAMPO had an outstanding cash advance in the amount of \$586,611 from its fiscal agent. Interest is charged on the outstanding balance at a variable rate based on the greater of the fiscal agent's weighted average yield to maturity on its pooled cash and investments or the 91-day Treasury Bill yield. As of December 31, 2019, the effective interest rate on the cash advance was 2.042% and interest expense for the year ended December 31, 2019 was \$2,851. In the event of termination of the fiscal agent agreement, the cash advance will become due and payable within thirty days of termination.

D. Economic Dependency

WAMPO received approximately 88% of its revenues from the Federal Transit Administration and the Federal Highway Administration passed through the Kansas Department of Transportation.

E. Risk Management

WAMPO is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

WAMPO carried commercial insurance for all risks of loss, including property and liability, workers' compensation, and employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

F. Retirement Plans

WAMPO participates in a voluntary defined contribution retirement plan (Plan), as authorized by Internal Revenue Services (IRS) Code Section 457. Salary reduction agreements are made with eligible employees whereby prescribed amounts are withheld from the employee's pay and remitted to the Trustee, American United Life Insurance Company, which invests the withholdings in allowable investments in accordance with the investment instructions of the employees. These monies are not available to employees until termination or retirement from employment, death, or unforeseeable emergency. Any classified or unclassified employees, except those employed on an emergency, temporary, or intermittent basis, are eligible on their first day of employment to participate in the Plan. For the year-ended December 31, 2019, WAMPO made contributions to the Plan totaling \$20,065 and six employees of WAMPO participated in the Plan.

**WICHITA AREA METROPOLITAN
PLANNING ORGANIZATION**

NOTES TO THE FINANCIAL STATEMENTS

II. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)

F. Retirement Plans (Continued)

All assets under this Plan are held in trust for the exclusive benefit of participants and their beneficiaries. For this purpose, an annuity contract or custodial account described in IRS Code Section 497(g) is treated as a trust.

G. Pending Governmental Accounting Standards

The effect on WAMPO's financial statements of the following statements issued, but not yet adopted, has not yet been determined.

GASB Statement No. 83, *Certain Asset Retirement Obligations*, addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability and a corresponding deferred outflow of resources for AROs when the liability is incurred and reasonably estimable. This statement also requires disclosure of information about the nature of a government's AROs, the methods and assumptions used for estimating the liability and the estimated remaining useful life of the associated tangible capital asset. The provisions of this statement were originally effective for financial statements for WAMPO's fiscal year ending December 31, 2019, now postponed until December 31, 2020 per GASB Statement No. 95.

GASB Statement No. 84, *Fiduciary Activities*, improves guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when demands for resources has been made or when no further action, approval or condition is required to be taken or met by the beneficiary to release the assets. The provisions of this statement were originally effective for financial statements for WAMPO's fiscal year ending December 31, 2019, now postponed until December 31, 2020 per GASB Statement No. 95.

GASB Statement No. 87, *Leases*, improves accounting and financial reporting for leases by governments. This statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resource based on the payment provisions of the contract. It establishes a single model for lease accounting based on foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. Provisions of this statement were originally effective for financial statements for WAMPO's fiscal year ending December 31, 2020, now postponed until December 31, 2022 per GASB Statement No. 95.

GASB Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*, improves information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. Provisions of this statement are effective for financial statements for WAMPO's fiscal year ending December 31, 2019, now postponed until December 31, 2020 per GASB Statement No. 95.

**WICHITA AREA METROPOLITAN
PLANNING ORGANIZATION**

NOTES TO THE FINANCIAL STATEMENTS

II. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)

G. Pending Governmental Accounting Standards (Continued)

GASB Statement No. 90, *Major Equity Interests*, improves consistency and comparability of reporting a government's majority equity interest in a legally separate organization, and improves the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. Provisions of this statement were originally effective for financial statements for WAMPO's fiscal year ending December 31, 2019 and now postponed until December 31, 2020 per GASB Statement No. 95.

GASB Statement No. 91, *Conduit Debt Obligations*, provides a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The provisions of this statement were originally effective for WAMPO's fiscal year ending December 31, 2021 and now postponed until December 31, 2022 per GASB Statement No. 95.

GASB Statement No. 92, *Omnibus 2020*, enhances comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB statements. This statement addresses a variety of topics including: effective date of GASB 87 for interim financial reports; intra-entity transfers between primary governments and component unit pension or OPEB plans; applicability of Statements No. 73 and 74 for reporting assets accumulated for postemployment benefits; applicability of certain requirements of GASB 84 to postemployment benefit arrangements; measurement of asset retirement obligations in government acquisitions; reporting by public entity risk pools for amounts recoverable from reinsurers or excess insurers; reference to nonrecurring fair value measurements in authoritative literature and terminology used related to derivative instruments. Certain provisions of this statement were effective upon issuance and did not impact WAMPO's financial reporting, other provisions of this statement are were originally effective for financial statements for WAMPO's fiscal year ending December 31, 2022 and now postponed until December 31, 2023 per GASB Statement No. 95.

GASB Statement No. 93, *Replacement of Interbank Offered Rates*, provides guidance where some governments have entered into agreements in which variable payments made or received depend on an interbank offered rate (IBOR) -most notably, the London Interbank Offered Rate (LIBOR). As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form at the end of 2021, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates, by either changing the reference rate or adding or changing fallback provisions related to the reference rate. The provisions of this statement were originally effective for financial statements for WAMPO's fiscal year ending December 31, 2022 and now postponed until December 31, 2023 per GASB Statement No. 95.

**WICHITA AREA METROPOLITAN
PLANNING ORGANIZATION**

NOTES TO THE FINANCIAL STATEMENTS

II. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)

G. Pending Governmental Accounting Standards (Continued)

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, improves financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). A PPP is an arrangement in which a government contracts with an operator to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset, for a period of time in an exchange or exchange-like transaction. This statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs), which is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. The provisions of this statement are effective for financial statements for WAMPO's fiscal year ending December 31, 2023.

GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, provides temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, which provides new accounting and financial reporting guidance for subscription-based information technology arrangements (SBITAs), which have become increasingly common among state and local governments in recent years. Statement 96 is based on the standards established in Statement 87, *Leases*. The new defines a SBITA as a contract that conveys control of the right to use a SBITA vendor's IT software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction. The guidance requires governments with SBITAs to recognize a right-to-use subscription asset, an intangible asset, and a corresponding subscription liability (with an exception for short-term SBITAs, those with a maximum possible term of 12 months) and provides guidance related to outlays other than subscription payments, including implementation costs, and requirements for note disclosures related to a SBITA. The provisions of this statement will be effective for financial statements for WAMPO's fiscal year ending December 31, 2023.

GASB Statement No. 97, *Certain Component Unit Criteria and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, provides the following guidance: 1) increases consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; 2) mitigates costs associated with the reporting of certain defined contribution pension plans, defined contribution OPEB plans and employee benefit plans other than pension or OPEB plans as fiduciary component units in fiduciary fund financial statements; and 3) addresses relevance, consistency and comparability of the accounting and financial reporting for Internal Revenue Code Section 457 deferred compensation plans that meet the definition of a pension plan and for benefit provided through those plans. The first two provisions of this statement are effective immediately. The last provision will be effective for financial statements for WAMPO's fiscal year ending December 31, 2022.

**WICHITA AREA METROPOLITAN
PLANNING ORGANIZATION**

NOTES TO THE FINANCIAL STATEMENTS

II. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)

H. Prior Period Adjustment

In the 2019 financial statements, WAMPO recorded a prior period adjustment in the amount of \$48,398 to account for a federal reimbursement receivable attributable to 2018 expenses. The result of the adjustment was an increase beginning net position and a decrease to current year revenues.

I. Subsequent Events

On March 11, 2020, the World Health Organization declared COVID-19 a global pandemic and recommended worldwide mitigation measures. The extent of COVID-19's effect on WAMPO's operational and financial performance will depend on future developments, including the duration, spread and intensity of the pandemic, all of which are uncertain and difficult to predict considering the rapidly evolving landscape. As a result, it is not currently possible to ascertain the overall impact of COVID-19 on WAMPO's operations.

REQUIRED SUPPLEMENTARY INFORMATION

**WICHITA AREA METROPOLITAN
PLANNING ORGANIZATION**

REQUIRED SUPPLEMENTARY INFORMATION

December 31, 2018

Required supplementary information includes financial information and disclosures that are required by GASB but are not considered a part of the basic financial statements.

For WAMPO, this information includes:

- A budgetary Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Budget Basis – WAMPO Fund

Budgetary Comparison Schedule

- A. The accompanying budgetary comparison schedule is presented using the modified accrual basis of accounting.

**WICHITA AREA METROPOLITAN
PLANNING ORGANIZATION**

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE – BUDGET AND ACTUAL – BUDGET BASIS
WAMPO FUND

For the Year Ended December 31, 2019

	<u>Budgeted Amounts Final</u>	<u>Actual Amounts Budgetary Basis</u>	<u>Variance with Final Budget Over/ (Under)</u>
Revenues:			
Intergovernmental:			
Kansas Department of Transportation / Federal Highway Administration / Federal Transit Administration	\$ 2,357,213	\$ 1,498,557	\$ (858,656)
Member fees	50,000	50,000	--
TIP fees	150,000	149,419	(581)
Total revenues	<u>2,557,213</u>	<u>1,697,976</u>	<u>(859,237)</u>
Expenditures:			
Administration	625,180	419,426	(205,754)
Highway and transit planning	1,932,033	1,355,589	(576,444)
Total expenditures	<u>2,557,213</u>	<u>1,775,015</u>	<u>(782,198)</u>
Net change in fund balance	<u>\$ --</u>	<u>\$ (77,039)</u>	<u>\$ (77,039)</u>
Fund balance, beginning of year		139,861	
Prior period adjustment		48,398	
Fund balance, beginning of year, restated		<u>188,259</u>	
Fund balance, end of year		<u>\$ 111,220</u>	

**WICHITA AREA METROPOLITAN
PLANNING ORGANIZATION**

SINGLE AUDIT REPORT

YEAR ENDED DECEMBER 31, 2019

WITH

INDEPENDENT AUDITOR'S REPORT



WICHITA AREA METROPOLITAN
PLANNING ORGANIZATION

SINGLE AUDIT REPORT

YEAR ENDED DECEMBER 31, 2019

WITH

INDEPENDENT AUDITOR'S REPORT

**WICHITA AREA METROPOLITAN
PLANNING ORGANIZATION**

SINGLE AUDIT REPORT

Year Ended December 31, 2019

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This is a copy of the WAMPO's annual financial statements reproduced from an electronic file. An original copy of this document is available at the WAMPO's office.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

INDEPENDENT AUDITOR'S REPORT

To the Governing Board
Wichita Area Metropolitan Planning Organization

We have audited, in accordance with 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 and the major fund of Wichita Area Metropolitan Planning Organization (WAMPO) as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise WAMPO's basic financial statements, and have issued our report thereon dated December 1, 2020

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered WAMPO'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 WAMPO's internal control. Accordingly, we do not express an opinion on the effectiveness of WAMPO'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 did identify 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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2019-001 and 2019-002 to be material weaknesses.

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 2019-003 to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether WAMPO'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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item 2019-005.

WAMPO's Response to Findings

WAMPO's response to the findings identified in our audit is described in the accompanying *schedule of findings and questioned costs*. WAMPO'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.

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

Allen, Gibbs & Houlik, L.C.
CERTIFIED PUBLIC ACCOUNTANTS

December 1, 2020
Wichita, Kansas

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

INDEPENDENT AUDITOR'S REPORT

To the Governing Board
Wichita Area Metropolitan Planning Organization

Report on Compliance for Each Major Federal Program

We have audited Wichita Area Metropolitan Planning Organization's (WAMPO) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of WAMPO's major federal programs for the year ended December 31, 2019. WAMPO'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 WAMPO'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 WAMPO'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 qualified opinion on compliance for each major federal program. However, our audit does not provide a legal determination of WAMPO's compliance.

Basis for Qualified Opinion on Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research

As described in Finding 2019-005 in the accompanying schedule of findings and questions costs, WAMPO did not comply with requirements regarding the following:

<i>Finding #</i>	<i>CFDA</i>	<i>Program Name</i>	<i>Compliance Requirement</i>
2019-005	20.505	Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research	Procurement

Compliance with such requirements is necessary, in our opinion, for WAMPO to comply with the requirements applicable to that program.

Qualified Opinion on Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, WAMPO complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research for the year ended December 31, 2019.

Other Matters

WAMPO's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. WAMPO'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 WAMPO 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 WAMPO'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 WAMPO's internal control over compliance.

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 have not been identified. However, as discussed below, we did identify 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 2019-004 and 2019-005 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 deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2019-006 to be a significant deficiency.

WAMPO's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and question costs. WAMPO'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.

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

We have audited the financial statements of WAMPO as of and for the year ended December 31, 2019, and have issued our report thereon dated December 1, 2020, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion of the financial statements as a whole. 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 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 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 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Allen, Gibbs & Houlik, L.C.
CERTIFIED PUBLIC ACCOUNTANTS

December 1, 2020
Wichita, Kansas

**WICHITA AREA METROPOLITAN
PLANNING ORGANIZATION**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended December 31, 2019

SECTION I - SUMMARY OF AUDITOR'S RESULTS

FINANCIAL STATEMENTS

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weaknesses identified? X Yes No
- Significant deficiencies identified that are not considered to be material weaknesses? X Yes None reported
- Noncompliance material to financial statements noted? X Yes No

FEDERAL AWARDS

Internal control over major programs:

- Material weaknesses identified? X Yes No
- Significant deficiencies identified that are not considered to be material weaknesses? X Yes None reported

Any audit findings disclosed that are required to be reported in accordance with section 516(a) of the Uniform Guidance: X Yes No

Type of auditor's report issued on compliance for major programs:

<u>CFDA Number</u>	<u>NAME OF FEDERAL PROGRAM</u>	<u>Opinion</u>
20.505	Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research	Qualified

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? Yes X No

**WICHITA AREA METROPOLITAN
PLANNING ORGANIZATION**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended December 31, 2019
(Continued)

SECTION II - FINANCIAL STATEMENT FINDINGS

Finding 2019-001 Material Weakness (Repeat of Finding 2018-001): Segregation of Duties

Condition: WAMPO has a general lack of segregation of duties within in the accounting function.

Criteria: 2 CFR 200.302 of the uniform guidance requires effective control over, and accountability for, all funds, property, and other assets. The non-federal entity must adequately safeguard all assets and assure that they are used solely for authorized purposes. An entity that expends federal awards must have controls in place that would enable an appropriate level of supervision and monitoring. Segregation of duties is a principle based on sharing responsibilities of key processes and spreading the authorization of transactions, recording of transactions and the custody assets across more than one person or department.

Questioned Costs: Unknown.

Context: WAMPO has an insufficient level of supervision and monitoring.

Cause: During 2019, the accounting functions for WAMPO were brought in-house and all transactions are recorded in QuickBooks. Due to limited staffing levels within the organization, supervision and monitoring of transactions are important compensatory controls which were not properly implemented or operating effectively during the year.

Effect: Having appropriate segregation of duties can ensure that there is appropriate oversight to assist in reviewing and catching errors. Additionally, separating the authorization of transactions, recording of transactions and the custody of assets can help prevent fraud or theft because it requires two people to collude in order to hide a transaction.

Recommendation: We recommend that management and the Board continue to monitor the internal control environment and strive to maintain strong controls over the accounting function which include periodic monitoring and adequate supervision.

Management's Response (Unaudited): In 2020 we implemented more stringent control procedures in the updated Employee and Operations Manual. The financial analyst has no approval authority. All invoices must receive the approval of the Director prior to processing and payment. Once they are approved for payment the financial analyst enters the invoice into the accounting software and sets up the payment using the online banking system. For the payment to be processed, the Director is notified to go into the banking system for the final approval to pay. Neither the Director nor other personnel can initiate payments. WAMPO does not utilize paper checks for paying invoices. This further reduces the exposure of assets to misuse.

Contact Person: WAMPO Director

Anticipated Correction Date: The new process has been in place for 2020.

**WICHITA AREA METROPOLITAN
PLANNING ORGANIZATION**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended December 31, 2019
(Continued)

SECTION II – FINANCIAL STATEMENT FINDINGS (CONTINUED)

Finding 2019-002 Material Weakness (Repeat of Finding 2018-003): Payroll

Condition: Specific to payroll; it was noted that

- (a) WAMPO was unable to provide adequate support for payroll personnel files;
- (b) The individual responsible for payroll record-keeping was also responsible for reviewing and approving the bi-weekly payroll; and
- (c) During 2018 it was discovered that an employee may have received an unauthorized payroll increase. The employee was terminated shortly after the discovery. As a result, KDOT also completed an investigation and identified further questioned costs. Such costs were deducted from the reimbursement requests submitted to KDOT. As a result of KDOT's investigation, a total of \$74,567 in questioned costs were identified. Of these costs, \$49,367 was excluded from federal expenditures. These costs were subject to an 80% federal share. Thus, the net amount of questioned costs related to federal expenditures was \$20,160. These amounts were included as questioned costs in the 2018 audit report and are therefore not reported as questioned costs below.

Criteria: 2 CFR 200.302 of the uniform guidance requires effective control over, and accountability for, all funds, property, and other assets.

Questioned Costs: Unknown.

Context: Personnel files provided to support tests of controls and other substantive testing did not contain adequate support for employee master file data.

Cause: WAMPO indicated that when the former Finance Director was terminated, the files were inadvertently disposed of or misplaced.

Effect: Better controls over the above processes would allow for more transparency and assist in preventing the misappropriation of assets or management override of controls.

Recommendation: Personnel files should be re-created so that employee master file data is adequately supported. All employee master file changes (i.e., changes in pay rate) should be approved by an authorized individual and such approval documented in the personnel file.

**WICHITA AREA METROPOLITAN
PLANNING ORGANIZATION**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended December 31, 2019
(Continued)

SECTION II - FINANCIAL STATEMENT FINDINGS (CONTINUED)

Finding 2019-002 Material Weakness (Repeat of Finding 2018-003): Payroll (Continued)

Management's Response (Unaudited):

- (a) The Director maintains custody of the personnel files and is working to complete the process of reviewing the files to include all necessary documents.
- (b) The individual responsible for payroll record-keeping is no longer responsible for approving the bi-weekly payroll. The financial analyst prepares a payroll summary and sends it to the Director for approval. Once approved, it is submitted to the payroll processor. After processing, the payroll service sends a payroll register to the financial analyst to review. The financial analyst reviews the data and compares it to previous periods to look for variances. If it appears correct, the register is forwarded to the Director for approval. Once approved, the register is returned to the processor so the payroll checks can be prepared. Once the processor sends the data to the bank, the Director is notified to go into the banking system for the final approval to pay. A data file is sent to the financial analyst who uploads the data into the accounting system.

Contact Person: WAMPO Director

Anticipated Correction Date: The new process has been in place for 2020.

**WICHITA AREA METROPOLITAN
PLANNING ORGANIZATION**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended December 31, 2019
(Continued)

SECTION II - FINANCIAL STATEMENT FINDINGS (CONTINUED)

Finding 2019-003 Significant Deficiency (Repeat of Finding 2017-003): Schedule of Expenditures of Federal Awards

Condition: 2 CFR 200.510(b) of the Uniform Guidance requires WAMPO to prepare a schedule of expenditures of federal awards (SEFA) for the period covered by the financial statements. Due to personnel turnover, management does not currently have any procedures in place for the preparation of the SEFA.

Criteria: An entity that expends federal awards must have controls in place that would enable an entity to compile an accurate and complete SEFA. A SEFA identifies and tracks all federal awards and their related information, including but not limited to the Catalog of Federal Domestic Assistance (CFDA No.), grant award title, grant award amount, federal expenditures, and amount provided to subrecipients.

Questioned Costs: Unknown.

Context: Because WAMPO was unable to create the SEFA, the audit compiled the SEFA based on the reimbursement requests submitted to KDOT.

Cause: The personnel responsible for preparation of the SEFA were not adequately trained to appropriately compile a complete and accurate SEFA. Additionally, there is no review process in place to adequately determine the accuracy of the final SEFA.

Effect: A lack of an accurate and complete SEFA could result in reporting of inaccurate information and to grant noncompliance.

Recommendation: We recommend that management set in place controls and procedures over the preparation of the SEFA, including additional training for personnel that prepare the SEFA and adding an internal review of the final SEFA for accuracy and completeness.

Management's Response (Unaudited): WAMPO used a payment tracking system that closely matches the SEFA. For 2020 this worksheet is being updated to match the SEFA as compiled by the auditor. WAMPO currently submits monthly expenditure reports to the Kansas Department of Transportation for review and approval. Grant compliance training will be scheduled to gain a better understanding of the document requirements.

Contact Person: WAMPO Director

Anticipated Correction Date: The new worksheet will be in place for 2020. Employee training will be scheduled prior to preparation of the 2020 SEFA.

**WICHITA AREA METROPOLITAN
PLANNING ORGANIZATION**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended December 31, 2019
(Continued)

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Finding 2019-004 Material Weakness (Repeat of Finding 2018-004)

CFDA#20.505: U.S. Department of Transportation, Passed Through Kansas Department of Transportation, Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research, All Open Grants

Condition: General lack of proper internal controls on the approval process for expenditures, both non-payroll and payroll, cash management, period of performance and reporting.

Criteria: Per 2 CFR 200.303(a) establish and maintain effective internal control over the federal award that provides reasonable assurance that the non-federal entity is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the federal award.

Questioned Costs: Unknown.

Context: 1) Expenditures: from of a sample size of 60 expenditures (23 non-payroll and 37 payroll), we found ten (10) instances of non-payroll expenditures without proper review and approval. We also found one (1) instance of payroll expenditures without proper review and approval and nine (9) instances where employees personnel files didn't have support for current pay rate.

2) Cash management: from a sample size of three (3) drawdowns, there was one (1) instance without the proper review and approval for each drawdown before it was sent to the Kansas Department of Transportation.

3) Period of Performance: from a sample size of three (3) manual journal entries and nine (9) expenditure transactions, we identified four (4) instances of expenditures without proper documentation of review and approval.

4) Reporting: per WAMPO the Unified Planning Work Program is approved by the Executive Committee of the Transportation Policy Board before being sent to the Kansas Department of Transportation. From a sample size of 2 reports, there were 2 instances without proper evidence of the review and approval process.

The sample sizes were determined based upon the guidelines provided by the AICPA which was not a statistically valid sample.

**WICHITA AREA METROPOLITAN
PLANNING ORGANIZATION**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended December 31, 2019
(Continued)

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (CONTINUED)

Finding 2019-004 Material Weakness (Repeat of Finding 2018-004) (Continued)

Cause: WAMPO has not put internal controls in place to ensure proper review and approval of expenditures, cash management, period of performance or reporting.

Effect: Without proper review and approval there is potential for charges to the federal award for expenditures to be inaccurate, unallowable and improperly allocated.

Recommendation: Review internal controls and implement policies and procedures to ensure the proper review and approval over expenditures, cash management, period of performance and reporting. Also implementing procedures to make sure employee personnel files are complete and accurate to support employee master file data.

Management's Response (Unaudited): WAMPO invoices are approved by the Director before payment is submitted. This practice was implemented in late 2019 and will continue. The Director approves payroll prior to submission. Journal entries on behalf of WAMPO were being made by the City of Wichita. Effective September 2019, WAMPO had direct control of journal entries. The Director received verbal approval of UPWP grant funding prior to June 2019. Minutes from the UPWP approval will now be drawn up and signed by an Executive Committee member.

Contact Person: WAMPO Director

Anticipated Correction Date: The new process has been in place for 2020.

**WICHITA AREA METROPOLITAN
PLANNING ORGANIZATION**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended December 31, 2019
(Continued)

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (CONTINUED)

Finding 2019-005 Material Weakness (Repeat of Finding 2018-005)

CFDA#20.505: U.S. Department of Transportation, Passed Through Kansas Department of Transportation, Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research, All Open Grants

Condition: WAMPO was unable to provide appropriate documentation of the significant history of its procurements, including evidence that the relevant procurement policies were followed.

Criteria: 2 CFR Part 200 of the Uniform Guidance requires that entities must use their own documented procurement procedures which reflect applicable state, local, and tribal laws and regulations, provided that the procurements conform to applicable federal law and the standards identified in parts 2 CFR 200.318 through 200.326 of the Uniform Guidance.

Questioned Costs: Unknown.

Context: From a sample size of seven (7) transactions subject to procurement requirements, there were:

- Seven (7) instances in which contract files documenting the significant history of the procurement, including rationale for the method of procurement and basis of contract price, could not be provided. As a result, no evidence that the procurement process provided for full and open competition and no evidence that the organization followed its own procurement policies was available for review.
- Five (5) instances in which evidence that the procurement method utilized was appropriate in the circumstances could not be provided.
- Four (4) instances in which a cost/ price analysis was required, but no evidence that the analysis was performed could be provided.
- Two (2) instances in which a contract was entered into which did not include all of the applicable provisions of Appendix II of 2 CFR 200.

In addition, there was one (1) instance in which appropriate approval of the transaction could not be provided.

The sample sizes were determined based upon the guidelines provided by the AICPA which was not a statistically valid sample.

Effect: Without the appropriate internal controls in place, WAMPO could be in noncompliance of the procurement standards in 2 CFR section 200 of the Uniform Guidance.

Recommendation: We recommend that the Board and management review their procurement policies and establish procedures to ensure that WAMPO is in compliance with the procurement standards set out in 2 CFR section 200 of the Uniform Guidance.

**WICHITA AREA METROPOLITAN
PLANNING ORGANIZATION**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended December 31, 2019
(Continued)

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (CONTINUED)

Finding 2019-005 Material Weakness (Repeat of Finding 2018-005) (Continued)

Management's Response (Unaudited): WAMPO had several procurements in 2019 where adequate documentation could not be located. Due to staff changes, the parties involved in the procurements were not available to assist in locating any additional documentation that they may have collected via email or other sources. Multiple searches of physical and electronic files did not produce the necessary supporting documents. The Employee and Operations Manual was approved in mid-2020 that further details the procurement process to avoid this issue going forward. With the assistance of a consultant, WAMPO is implementing a detailed process for procurements that includes a flowchart to make sure all requirements are followed.

Contact Person: WAMPO Director

Anticipated Correction Date: Employee and Operations Manual complete in 2020 and new process is currently being reviewed for final implementation.

**WICHITA AREA METROPOLITAN
PLANNING ORGANIZATION**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended December 31, 2019
(Continued)

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (CONTINUED)

Finding 2019-006 Significant Deficiency (Repeat of Finding 2017-006): Schedule of Expenditures of Federal Awards

This finding, as reported under Section II – Financial Statement Findings, is also considered to be a Federal Award Finding. For complete description, see Section II, Finding 2019-003.

**WICHITA AREA METROPOLITAN
PLANNING ORGANIZATION**

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year Ended December 31, 2019
(Continued)

Findings required to be reported by Government Audit Standards

Finding 2018-001 Material Weakness (Repeat of Finding 2017-001): Segregation of Duties

Condition: WAMPO has a general lack of segregation of duties within the accounting department.

Criteria: 2 CFR 200.302 of the uniform guidance requires effective control over, and accountability for, all funds, property, and other assets. The non-federal entity must adequately safeguard all assets and assure that they are used solely for authorized purposes. An entity that expends federal awards must have controls in place that would enable an appropriate level of supervision and monitoring.

Segregation of duties is a principle based on sharing responsibilities of key processes and spreading the authorization of transactions, recording of transactions and the custody assets across more than one person or department.

Corrective Plan: As is the case with most businesses with fewer than 10 employees, there is limited ability to perform segregation of duties, however, WAMPO ensures that the Director has approved all invoicing prior to submitting payment and the Kansas Department of Transportation reviews all documents submitted for reimbursement. In 2019, WAMPO will utilize their workflow approval process via Commerce Bank where all invoices submitted by the Financial Analyst are approved to pay via the Commerce portal.

Status: This new process for approvals and recording of transactions was implemented in late 2019 and continues through 2020.

Finding 2018-002 Material Weakness: Control Environment

Condition: Lack of an appropriate control environment as evidenced by general lack of oversight and accountability for the accuracy of financial data and transactions processed by WAMPO.

Criteria: 2 CFR 200.302 of the uniform guidance requires effective control over, and accountability for, all funds, property, and other assets.

Corrective Plan:

- a) The City of Wichita informed WAMPO that they would conduct all reconciliations for bank/payroll records in 2018. However, when WAMPO realized this was not being performed, a bank/payroll reconciliation plan was established. The City of Wichita transferred the 2017 ending balance from the payroll account without providing documentation to WAMPO, which resulted in the posting error. With the new accounting system in place, WAMPO will be able to monitor/track their own activity.
- b) WAMPO had notified the City of Wichita about the 2018 payables that were posted in 2019; however, as an oversight by the Accounting team at the City of Wichita, a journal entry was not made to account for these funds. WAMPO will still have to rely on the City of Wichita to assist with the first half of the 2019 audit. With the new accounting system in place, WAMPO will be able to monitor/track their own activity from September 2019 on.
- c) The vacation/sick accrual rule was implemented in 2017 by a former employee who misspoke the conditions of the vacation/sick accrual transfer that would be made once WAMPO established their own payroll services. It was the understanding of the entire department that this rule would allow current employees to obtain a lump sum payment for vacation accruals as well as transfer

**WICHITA AREA METROPOLITAN
PLANNING ORGANIZATION**

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year Ended December 31, 2019
(Continued)

Finding 2018-002 Material Weakness: Control Environment (Continued)

their total 2017 vacation/sick balances even after they questioned this process. It was not until the KDOT audit that it was revealed, however, steps were taken to modify the effected employees vacation/sick hours and to reimburse KDOT for misuse of funds. WAMPO's Director will work directly with AGH Payroll regarding all future adjustments to payroll and leave accruals.

Contact Person: Rebecca Read and WAMPO's Director

Status: WAMPO has improved its process for all balance sheet reconciliations and we are doing accruals for expenses and revenues that do not align with the year received. The bank reconciliation is done multiple times throughout the month in order to make sure all transactions are recorded in a timely manner. The approval process has been improved so that all invoices are reviewed and signed by the director prior to payment. The person recording the transactions does not have the authority to do approvals. WAMPO hired a consultant that oversaw the transaction that combined the City of Wichita accounting data with the new accounting system at WAMPO to ensure all data was captured and reconciled.

Finding 2018-003 Material Weakness: Payroll

Condition: Specific to payroll; it was noted that

- (a) WAMPO was not performing proper bank reconciliations over its payroll bank account;
- (b) WAMPO was unable to provide adequate support for payroll personnel files;
- (c) The individual responsible for payroll record-keeping was also responsible for reviewing and approving the bi-weekly payroll; and
- (d) During 2018 it was discovered that an employee may have received an unauthorized payroll increase. The employee was terminated shortly after the discovery. As a result, KDOT also completed an investigation and identified further questioned costs.

Criteria: 2 CFR 200.302 of the uniform guidance requires effective control over, and accountability for, all funds, property, and other assets.

Corrective Plan:

- a) As stated above, once it was brought to our attention, WAMPO established a method for proper bank/payroll reconciliations.
- b) Personnel files were removed from the premises by a former employee and of no fault of current employees. The current Operations Manager ensures all personnel files are kept up-to-date in a locked file.
- c) The Financial Analyst is responsible for payroll record keeping and the Director is responsible for approving bi-weekly timesheets. In the Financial Analysts' absence, the Operations Manager is responsible for payroll record keeping. All records are reviewed by the Director before submission. This process has been in place since August 2018.
- d) A former employee submitted pay information for herself to AGH payroll services in 2017 without the consent of the Director. The process for submitting pay adjustments is detailed in a formal memo drawn up and submitted by the Director only and AGH Payroll Services is aware of this process.

**WICHITA AREA METROPOLITAN
PLANNING ORGANIZATION**

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Year Ended December 31, 2019
(Continued)

Finding 2017-003 Material Weakness: Payroll (Continued)

Status: The Financial Analyst is responsible for payroll record keeping and the Director is responsible for approving bi-weekly timesheets. The process for submitting pay adjustments is detailed in a formal memo drawn up and submitted by the Director only and the payroll processor is aware of this process. All payroll files are held by and maintained by the Director.

Findings required to be reported by the Uniform Guidance

Finding 2018-004 Material Weakness:

CFDA#20.505: U.S. Department of Transportation, Passed Through Kansas Department of Transportation, Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research, All Open Grants

Condition: General lack of proper internal controls on the approval process for expenditures, both non-payroll and payroll, cash management, and reporting.

Criteria: Per 2 CFR 200.303(a) establish and maintain effective internal control over the federal award that provides reasonable assurance that the non-federal entity is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the federal award.

Corrective Plan: 1) WAMPO invoices are approved by the Director before payment is submitted. Any expenses related to legal fees would have been approved by the Director before being paid. This practice will continue. 2) The Director approves payroll prior to submission. In his absence, however, the Financial Analyst is allowed to approve all, but their own timesheets for submission and the Director reviews the forms upon return. 3) Journal entries on behalf of WAMPO were being made by the City of Wichita and this information was not provided to WAMPO. Effective September 2019, WAMPO will have direct control of journal entries made. 4) The Director received verbal approval of UPWP grant funding prior to June 2019. Minutes from the UPWP approval will now be drawn up and signed by an Executive Committee member.

Status: The financial analyst no longer has any authority to approve any payroll transactions. All approvals are done by the director prior to processing the timesheets and prior to payment by the bank. The financial analyst reviews the data for correctness, uploads the file into the accounting system and performs routine reconciliations to make sure the recorded data matches the records provided by the payroll processor.

**WICHITA AREA METROPOLITAN
PLANNING ORGANIZATION**

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Year Ended December 31, 2019
(Continued)

Finding 2018-005 Material Weakness

CFDA#20.505: U.S. Department of Transportation, Passed Through Kansas Department of Transportation, Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research, All Open Grants

Condition: WAMPO did not follow the procurement policies during the procurement process. WAMPO currently follows two policies, Kansas Department of Transportation (KDOT) and the City of Wichita (fiscal agent).

Criteria: 2 CFR Part 200 of the Uniform Guidance requires that entities must use their own documented procurement procedures which reflect applicable state, local, and tribal laws and regulations, provided that the procurements conform to applicable federal law and the standards identified in parts 2 CFR 200.318 through 200.326 of the Uniform Guidance.

Corrective Plan: WAMPO's only required procurement processes are based on the Kansas Department of Transportation's regulations. They have and will continue to follow this procurement process. The sample size pulled for the 2018 audit was from a previous employees request for liability services, whereas no documentation was recovered. WAMPO will ensure that all RFP submissions are kept in a shared data file.

Status: WAMPO had several procurements in 2019 where adequate documentation could not be located. Due to staff changes, the parties involved in the procurements were not available to assist in locating any additional documentation that they may have collected via email or other sources. Multiple searches of physical and electronic files did not produce the necessary supporting documents. The Employee and Operations Manual was approved in mid-2020 that further details the procurement process to avoid this issue going forward. With the assistance of a consultant, WAMPO is implementing a detailed process for procurements that includes a flowchart to make sure all requirements are followed.

**WICHITA AREA METROPOLITAN
PLANNING ORGANIZATION**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended December 31, 2019

<u>Federal Grantor / Pass-Through Grantor / Program Title</u>	<u>Cluster #</u>	<u>CFDA #</u>	<u>Pass Thru Number</u>	<u>Total Federal Expenditures</u>
US Department of Transportation				
Highway Planning and Construction				
Passed Through Kansas Department of Transportation				
Planning Walkable Places Program	1	20.205	N-0671-17	\$ 585,912
MTP Planning Assistance	1	20.205	N-0689-01	115,087
				<u>700,999</u>
Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research				
Passed Through Kansas Department of Transportation				
UPWP-2018 Consolidated Planning CPG		20.505	L-0133-18	164,137
UPWP-2019 Consolidated Planning CPG		20.505	L-0133-19	624,448
				<u>788,585</u>
			Federal Agency Total:	<u>1,489,584</u>
			Total Expenditures of Federal Awards:	<u>\$ 1,489,584</u>
 Clusters				
1 Highway Planning and Construction		Cluster Total		\$ 700,999

**WICHITA AREA METROPOLITAN
PLANNING ORGANIZATION**

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended December 31, 2019

Note 1. Organization

Wichita Area Metropolitan Planning Organization (WAMPO) is the recipient of several federal grants. All the grants received are administered by WAMPO staff and accounted for in the Metropolitan Planning Fund, the governmental fund of WAMPO.

Note 2. Basis of Presentation

The accompanying schedule of expenditures of federal awards (Schedule) includes the federal awards activity of WAMPO under programs of the federal government for the year ended December 31, 2019. 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 WAMPO, it is not intended to and does not present the financial position, changes in fund balances or cash flows of WAMPO.

Note 3. Summary of Significant Accounting Policies

Expenditures reported on the accompanying Schedule is reported on the modified accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments* (Circular), or cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. WAMPO has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

Note 4. Local Government Contributions

Local cost sharing is required by certain federal grants. The amount of cost sharing varies with each program. Only the federal share of expenditures is presented in the Schedule of Expenditures of Federal Awards.

Note 5. Additional Audits

Grantor agencies reserve the right to conduct additional audits of WAMPO's grant programs for economy, efficiency, and program results, which may result in disallowed costs to WAMPO. However, management does not believe such audits would result in any disallowed costs that would be material to WAMPO's financial position at December 31, 2019.



**Corrective Action Plan
Year Ended December 31, 2019**

Finding 2019-001 Material Weakness (Repeat of Finding 2018-001): Segregation of Duties

Condition: WAMPO has a general lack of segregation of duties within in the accounting function.

Criteria: 2 CFR 200.302 of the uniform guidance requires effective control over, and accountability for, all funds, property, and other assets. The non-federal entity must adequately safeguard all assets and assure that they are used solely for authorized purposes. An entity that expends federal awards must have controls in place that would enable an appropriate level of supervision and monitoring. Segregation of duties is a principle based on sharing responsibilities of key processes and spreading the authorization of transactions, recording of transactions and the custody assets across more than one person or department.

Management's Response (Unaudited): In 2020 we implemented more stringent control procedures in the updated Employee and Operations Manual. The financial analyst has no approval authority. All invoices must receive the approval of the director prior to processing and payment. Once they are approved for payment the financial analyst enters the invoice into the accounting software and sets up the payment using the online banking system. For the payment to be processed, the director is notified to go into the banking system for the final approval to pay. Neither the director nor other personnel can initiate payments. WAMPO does not utilize paper checks for paying invoices. This further reduces the exposure of assets to misuse.

Contact Person: WAMPO Director

Anticipated Correction Date: The new process has been in place for 2020

Finding 2019-002 Material Weakness (Repeat of Finding 2018-003): Payroll

Condition: Specific to payroll; it was noted that

- (a) WAMPO was unable to provide adequate support for payroll personnel files;
- (b) The individual responsible for payroll record-keeping was also responsible for reviewing and approving the bi-weekly payroll; and
- (c) During 2018 it was discovered that an employee may have received an unauthorized payroll increase. The employee was terminated shortly after the discovery. As a result, KDOT also completed an investigation and identified further questioned costs. Such costs were deducted from the reimbursement requests submitted to KDOT. As a result of KDOT's investigation, a total of \$74,567 in questioned costs were identified. Of these costs, \$49,367 was excluded from federal expenditures. Thus, the net amount of questioned costs related to federal expenditures was \$20,160. These amounts were included as questioned costs in the 2018 audit report and are therefore not reported as questioned costs below.

Criteria: 2 CFR 200.302 of the uniform guidance requires effective control over, and accountability for, all funds, property, and other assets.

Management's Response (Unaudited):

(a) The director maintains custody of the personnel files and is working to complete the process of reviewing the files to include all necessary documents.

(b) The individual responsible for payroll record-keeping is no longer responsible for approving the bi-weekly payroll. The financial analyst prepares a payroll summary and sends it to the director for approval. Once approved, it is submitted to the payroll processor. After processing, the payroll service sends a payroll register to the financial analyst to review. The financial analyst reviews the data and compares it to previous periods to look for variances. If it appears correct, the register is forwarded to the director for approval. Once approved, the register is returned to the processor so the payroll checks can be prepared. Once the processor sends the data to the bank, the director is notified to go into the banking system for the final approval to pay. A data file is sent to the financial analyst who uploads the data into the accounting system.

Contact Person: WAMPO Director

Anticipated Correction Date: The new process has been in place for 2020.

**Finding 2019-003 Significant Deficiency (Repeat of Finding 2017-003):
Schedule of Expenditures of Federal Awards**

Condition: 2 CFR 200.510(b) of the Uniform Guidance requires the Organization to prepare a schedule of expenditures of federal awards (SEFA) for the period covered by the financial statements. Due to personnel turnover, management does not currently have any procedures in place for the preparation of the SEFA.

Criteria: An entity that expends federal awards must have controls in place that would enable an entity to compile an accurate and complete SEFA. A SEFA identifies and tracks all federal awards and their related information, including but not limited to the Catalog of Federal Domestic Assistance (CFDA No.), grant award title, grant award amount, federal expenditures, and amount provided to subrecipients.

Management's Response (Unaudited): WAMPO used a payment tracking system that closely matches the SEFA. For 2020 this worksheet is being updated to match the SEFA as compiled by the auditor. WAMPO currently submits monthly expenditure reports to the Kansas Department of Transportation for review and approval. Grant compliance training will be scheduled to gain a better understanding of the document requirements.

Contact Person: WAMPO Director

Anticipated Correction Date: The new worksheet will be in place for 2020. Employee training will be scheduled prior to preparation of the 2020 SEFA.

Finding 2019-004 Material Weakness (Repeat of Finding 2018-004)

CFDA#20.505: U.S. Department of Transportation, Passed Through Kansas Department of Transportation, Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research, All Open Grants

Condition: General lack of proper internal controls on the approval process for expenditures, both non-payroll and payroll, cash management, period of performance and reporting.

Criteria: Per 2 CFR 200.303(a) establish and maintain effective internal control over the federal award that provides reasonable assurance that the non-federal entity is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the federal award.

Management's Response (Unaudited): WAMPO invoices are approved by the Director before payment is submitted. This practice was implemented in late 2019 and will continue. The Director approves payroll prior to submission. Journal entries on behalf of WAMPO were being made by the City of Wichita. Effective September 2019, WAMPO had direct control of journal entries. The Director received verbal approval of UPWP grant funding prior to June 2019. Minutes from the UPWP approval will now be drawn up and signed by an Executive Committee member.

Contact Person: WAMPO Director

Anticipated Correction Date: The new process has been in place for 2020.

Finding 2019-005 Material Weakness

CFDA#20.505: U.S. Department of Transportation, Passed Through Kansas Department of Transportation, Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research, All Open Grants

Condition: WAMPO was unable to provide appropriate documentation of the significant history of its procurements, including evidence that the relevant procurement policies were followed.

Criteria: 2 CFR Part 200 of the Uniform Guidance requires that entities must use their own documented procurement procedures which reflect applicable state, local, and tribal laws and regulations, provided that the procurements conform to applicable federal law and the standards identified in parts 2 CFR 200.318 through 200.326 of the Uniform Guidance.

Management's Response (Unaudited): WAMPO had several procurements in 2019 where adequate documentation could not be located. Due to staff changes, the parties involved in the procurements were not available to assist in locating any additional documentation that they may have collected via email or other sources. Multiple searches of physical and electronic files

did not produce the necessary supporting documents. The Employee and Operations Manual was approved in mid-2020 that further details the procurement process to avoid this issue going forward. With the assistance of a consultant, WAMPO is implementing a detailed process for procurements that includes a flowchart to make sure all requirements are followed.

Contact Person: WAMPO Director

Anticipated Correction Date: Employee and Operations Manual complete in 2020 and new process is currently being reviewed for final implementation.



Chad Parasa, Director

02/25/2021

Date