

# **High Impact Local Government Audits**

**Mid-America Intergovernmental Audit Forum  
December 3, 2015**

# Legislative Auditor's Office Unified Government of Wyandotte County/Kansas City, KS

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- ❖ *Audit of Unified Government Take-Home Vehicles (Jan 2014)*
- ❖ Audit objectives were to determine:
  - ❖ whether there were government-wide or department policies,
  - ❖ compliance with policies and IRS regulations,
  - ❖ the number of take-home vehicles, and
  - ❖ methods to assign and monitor take-home vehicle assignments.

# UG WYCO: *Take-Home Vehicle audit*

## How they did the audit

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- ❖ Reviewed Unified Government policies, municipal code, CBAs, Kansas Statutes, and IRS regulations.
- ❖ Obtained & validated a vehicle inventory that identified take-home assignments.
- ❖ Surveyed departments about assignment and monitoring procedures.
- ❖ Searched for recommended practices.

## Exhibit 1, Summary of Taxable Fringe Benefit Considerations

### Business Use Only

As long as substantiated, no tax consequences or reporting required

Business use does not include commuting

Considered "working condition fringe benefit"

### Business and Personal Use

Requires substantiation of business and personal use

If substantiated, then only personal use is wages to employee

If not substantiated, then all use of vehicle is wages to employee

### Qualified Nonpersonal Use Vehicle

Any vehicle the employee is not likely to use more than minimally because of its design

Includes clearly marked police and fire vehicles, and unmarked law enforcement vehicles if authorized

Includes ambulances, buses, cargo vehicles. Does not include vans or pickup trucks unless specifically modified.

### Personal Use

Commuting between residence and work station

Use by spouse or dependents

Vacation or weekend use

### Exceptions to Personal Use

De minimis personal use

Small personal detour while on business

Infrequent commuting in employer vehicle

# UG WYCO: *Take-Home Vehicle audit*

## What they found

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- ❖ No organization-wide policy.
- ❖ No documentation for justifications and authorizations.
- ❖ Management did not monitor or document personal use.
- ❖ No clear and consistent criteria for assignments.
- ❖ Taxable benefits may not be properly reported.

# UG WYCO: *Take-Home Vehicle audit*

## What they recommended

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- ❖ Establish organization-wide policies for take-home vehicles that includes:
  - ❖ clear and consistent assignment criteria
  - ❖ documentation for justification/assignment
  - ❖ system for monitoring vehicle usage
  - ❖ compliance with IRS tax regulations

# City Auditor's Office

## City of Kansas City, MO

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- ❖ *The City Should Follow Recommended Practices to Protect Personally Identifiable Information (Apr 2015)*
- ❖ *Audit Objective: Is the city following recommended practices for protecting personally identifiable information that it collects and maintains?*

# KCMO – PII audit

## How they did the audit

- ❖ Surveyed departments about five basic types of PII.
- ❖ Compared city policies, procedures, and practices to recommended practices.

### Survey: PII Collected and Stored by Departments

Type of PII	Number of Departments
Date of Birth	19
Social Security Number	18
Medical Information	16
Bank Account Information	14
Credit Card Number	9



# KCMO – PII audit

## What they found

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- ❖ City collects PII, but had not identified all it collects.
- ❖ Limited policies, procedures, and practices covering PII.
- ❖ Training not always required before access is granted.
- ❖ Some information safeguards were used.
- ❖ No incident response plan in place.

# KCMO – PII audit

## What they recommended

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- ❖ Identify all city collected and stored personally identifiable information.
- ❖ Periodically review and eliminate the collection of unnecessary information.
- ❖ Develop citywide policies and procedures, including training and safeguards for information.
- ❖ Develop an incident response plan.

# City Auditor's Office

## City of Lawrence, Kansas

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- ❖ *City Could Better Protect Personally Identifiable Information (July 2015)*
- ❖ *Audit Objective: Has the city implemented recommended practices to protect personally identifiable information based on the U.S. Department of Commerce National Institute of Standards and Technology framework?*

# Lawrence – *Pll audit*

## How they did the audit

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- ❖ Reviewed relevant literature as well as Kansas statutes.
- ❖ Interviewed management in each department.
- ❖ Examined employee orientation materials.
- ❖ Reviewed information on recent municipal government data breaches

## **Hacker accessed personally identifiable information in Springfield**

The City of Springfield, Missouri, lost personally identifiable information for over 2,000 people February 2012. A hacker accessed the information for people who visited Springfield's web page, primarily people who filed online police reports.

## **Seattle Municipal Court employee stole personally identifiable information**

An employee of the Seattle Municipal Court stole credit card numbers and other personally identifiable information from people who paid parking and traffic fines with credit cards. A bank fraud ring recruited a Seattle employee to steal the information.

## **Berkeley staff accidentally released data in response to a records request**

The City of Berkeley, California, accidentally provided employee social security numbers as part of a public records request. City staff provided a response to the request as an electronic file and removed a column identified as employee social security numbers, but didn't remove the social security number information in a second column.

# Lawrence – *PII audit*

## What they found

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- ❖ City had not implemented recommended practices for protecting PII.
- ❖ There were no plans for how to respond to the loss of PII.
- ❖ The city did not have a records retention plan.

# Lawrence – *PII audit*

## What they recommended

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- ❖ Develop a city-wide record retention schedule.
- ❖ Establish a framework for safeguarding personally identifiable information.
- ❖ Provide training and communication to employees about the framework.
- ❖ Establish a way to monitor how well the safeguards have been implemented.
- ❖ Develop a plan to respond to a data breach.

# City Auditor's Office

## City of Kansas City, MO

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- ❖ *Employees' Response to Phishing Email Put City Information Systems at Risk (March 2015)*
- ❖ *Audit Objective: Are city employees prepared to respond appropriately to phishing email?*



# KCMO – *Phishing audit*

## How they did the audit

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- ❖ Developed a fake phishing email and fake website.
- ❖ Analyzed phishing test results.
- ❖ Interviewed ITD staff.
- ❖ Reviewed recommended practices for IT security awareness and training and incident response handling.

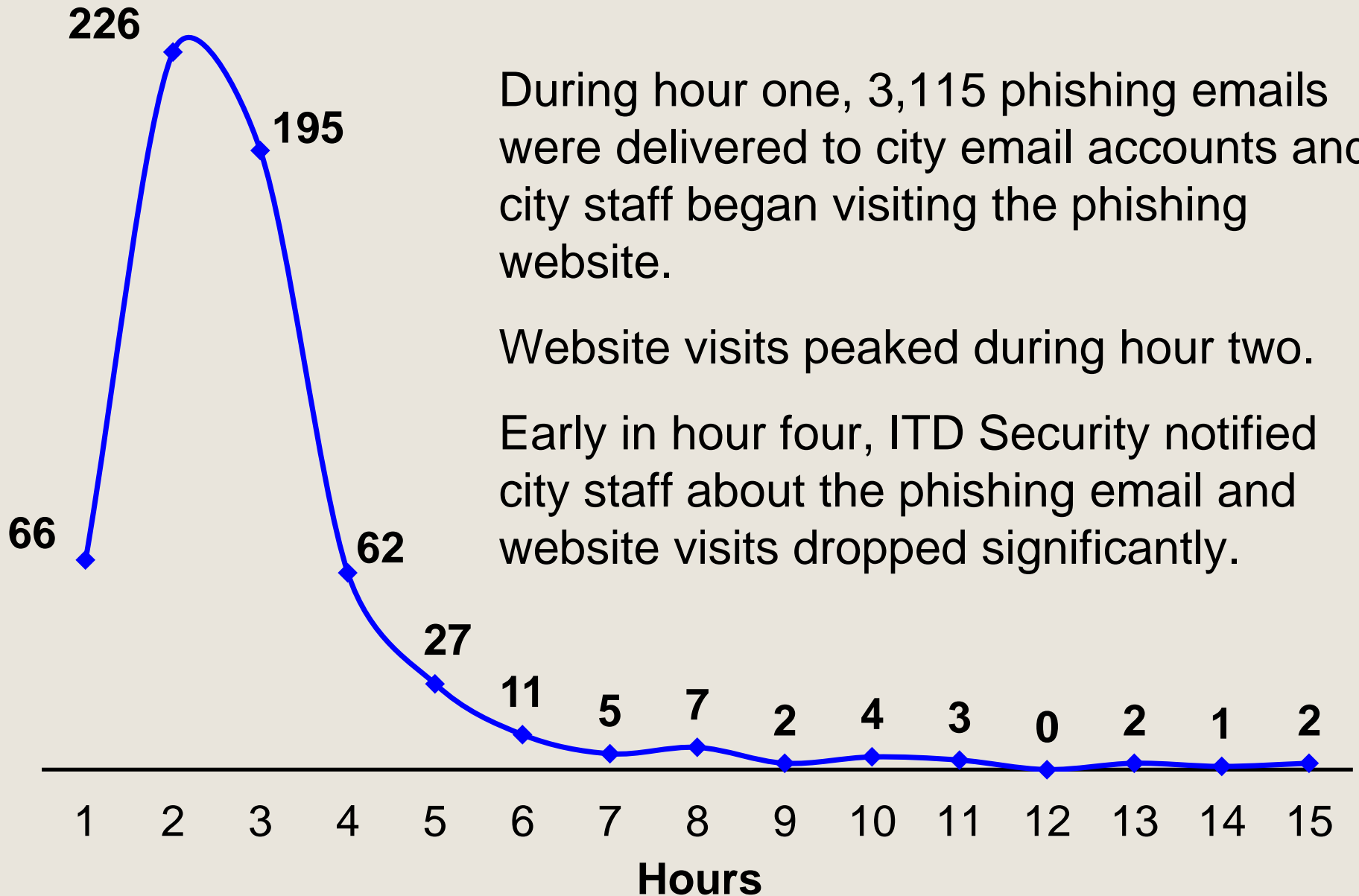
# KCMO – *Phishing audit*

## What they found

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- ❖ Employee's actions put city's information system at risk.
- ❖ No information technology security awareness training.
- ❖ No written cyber security incident response plan covering phishing or social engineering attacks.

# Employee Visits to Phishing Website



During hour one, 3,115 phishing emails were delivered to city email accounts and city staff began visiting the phishing website.

Website visits peaked during hour two.

Early in hour four, ITD Security notified city staff about the phishing email and website visits dropped significantly.

# KCMO – *Phishing audit*

## What they recommended

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- ❖ Implement an IT security awareness training program.
- ❖ Develop a comprehensive cyber security incident response plan.

# Questions? Comments?

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# Contact Information

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- ❖ Legislative Auditor's Office, Unified Government of Wyandotte County/Kansas City, KS

[https://www.wycokck.org/InternetDept.aspx?id=18808&banner=15284&menu\\_id=1404](https://www.wycokck.org/InternetDept.aspx?id=18808&banner=15284&menu_id=1404)

- ❖ City Auditor's Office, City of Kansas City, MO

<http://kcmo.gov/cityauditor>

- ❖ City Auditor's Office, City of Lawrence, Kansas

<https://www.lawrenceks.org/auditor>