

REGULAR SESSION –WEDNESDAY, OCTOBER 21, 2020

STATE OF KANSAS)
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CITY OF KANSAS CITY)

The Board of Public Utilities of Kansas City, Kansas (aka BPU, We, Us, Our) met remotely in Regular Session on Wednesday, October 21, 2020 at 6:00 P.M. The following Board Members were on the teleconference: Mr. Eidson, President; Robert L. Milan, Vice President; Mary Gonzales, Secretary; Jeff Bryant, Rose Mulvany Henry and Thomas Groneman.

Also on teleconference: William Johnson, General Manager; Angela Lawson, Deputy Chief Counsel; Lori Austin, Chief Financial Officer/Chief Administrative Officer; Jim Epp, Executive Director Water Operations; Johnetta Hinson, Executive Director Customer Service; Jeremy Ash, Executive Director Electric Operations; Dong Quach, Executive Director Electric Production; Jerry Ohmes, Executive Director Electric Supply; Robert Kamp, IT Project Manager; Randy Otting, Director Accounting; Dennis Dumovich, Director of Human Resources; Tiffany Johnson, Communications Coordinator; Sperlynn Byers, Acting Director of Information Technology; Brian Laverack, Director of Network Operations, and Tung Nguyen, Director Engineer Production.

A tape of this meeting is on file at the Board of Public Utilities.

Mr. Eidson called the Board Meeting to order at 6:00 P.M. He welcomed all that were listening or viewing the meeting. He stated the COVID-19 pandemic had resulted in a State of Emergency disaster declared by the Governor which made it necessary to conduct the meeting using technology instead of in person. Those wishing to offer comments during the Visitors Comments section could click on the raised hand feature at the bottom of the application or window or press Star 9 and be connected by phone. As always, the public could email or call the BPU with any concerns. The Agenda could be found on the BPU website. If they were using Zoom, it would appear on their screen. Mr. Eidson introduced himself and the other Board Members along with the GM, and Legal Counsel.

Roll call was taken and all Board Members were present via teleconference.

Item #3 – Approval of Agenda

A motion was made to approve the Agenda by Ms. Mulvany Henry, seconded by Ms. Gonzales, and unanimously carried.

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Item #4 – Approval of the Minutes

A motion was made to approve the Minutes of the Regular Session of October 7, 2020 by Ms. Gonzales seconded by Mr. Milan, and unanimously carried.

Mr. Eidson turned the meeting over to Mr. Bill Johnson, General Manager.

Item #5 – Visitors

Mr. Johnson said that there was a visitor wishing to speak.

Ms. Chandra Green, 1827 New Jersey Avenue. Ms. Green’s inquiry was about an emeritus position salary she saw in a document. She was interested in knowing the reasoning behind that payment and how much did customers BPU payments go into salaries.

Mr. Johnson explained that the salary in question was not just a salary, but also an accumulation of benefits paid to the former General Manager who had retired the previous year and was not to reoccur. Salaries, as well as many other components make up the operating costs of running the utility.

Mr. Bryant also clarified that positions which were vacant were not in the cost of service and reducing the number of positions that were not already filled would not impact the bill.

Item #6 – General Manager’s Reports

- i. *COVID-19 Update (occurred out of order):* Mr. Dumovich gave an update on company COVID -19 matters.
- ii. *Internal Audit Update:* Mr. Rick Feldt and Ms. Kara Hershberger, with Rubin Brown, provided a PowerPoint presentation which gave an update on the internal audit plan and current activity within the utility.

Mr. Feldt and Ms. Hershberger answered questions from the Board.

- iii. *2021 Annual Delegates for Western Fuels:* Mr. Dong Quach, Executive Director Electric Production, presented for approval Resolution 5255 authorizing Mr. Johnson

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and Mr. Quach to attend the upcoming Western Fuel Annual Meeting (to be held virtually).

A motion was made to approve Resolution 5255 by Ms. Gonzales seconded by Mr. Bryant, and unanimously carried.

iv. *Miscellaneous Comments:* Mr. Johnson had no additional comments.

Item #7 – Board Comments

Mr. Eidson thanked Mr. Feldt and Ms. Hershberger for the internal audit update. It was helpful

Mr. Groneman thanked the staff for presenting the information to start on the budget and also thanked the Rubin Brown staff for the internal audit update.

Mr. Milan thanked the staff for the updates.

Mr. Bryant had no additional comments.

Ms. Gonzales had no additional comments.

Ms. Mulvany Henry also thanked all for the updates.

Item #9 – Adjourn

Motion was made to adjourn the meeting at 6:30 P.M. by Mr. Bryant, seconded by Ms. Gonzales and carried unanimously.

ATTEST:

NOT SIGNED BY

Secretary

*SECRETARY due to
Pandemic
Jenny Burley-Krenzew
EXECUTIVE ASSISTANT
10/5/20*

APPROVED:

[Signature]

President

Kansas City Board of Public Utilities Internal Audit Update

October 21, 2020

CERTIFIED PUBLIC ACCOUNTANTS
& BUSINESS CONSULTANTS



Internal Audit Priorities

- Ensure adequate internal controls are in place and operating
 - Cash out (accounts payable, payroll, expense reports)
 - Cash in (lobby operations)
 - IT (IT general controls, corporate cyber issues)
 - Department operations (electric, water, purchasing, HR, accounting, etc.)
- Complete tests for fraud in each internal audit
- Assist BPU management in making the entire operation more efficient

Current Internal Audit Activity

- Last reported to the Audit Committee on September 17, 2020. Last reported to the full board on May 15, 2019.
- Internal audit reports issued since the last board meeting:
 - Plant Safety
 - IT Disaster Recovery and Backup Procedures
 - Inventory
 - Expense Reports
 - Environmental Compliance
 - Lobby Operations
 - NERC Compliance
 - Human Resources Operations
 - IT General Controls
 - Accounts Payable

Current Internal Audit Activity

- The Payroll & Benefits internal audit is in the reporting phase.
- The System Access Reviews & Segregation of Duties internal audit is in process.
- Annual utility-wide follow-up procedures took place the week of June 15, 2020.

Internal Audit Follow Up Results

- The table below details the status of which internal audit recommendations were either completed or in progress for 2017 – 2019 projects.

Year	Number of Recommendations	Resolved	In Progress	Percent Resolved
2017	26	21	5	81%
2018	31	23	8	74%
2019*	12	8	4	67%

- Overall, good progress has been made on recommendations.

*For internal audits performed through June 2019, excluding IT Disaster Recovery-Backups. We will follow up on this internal audit in 2021.

Internal Audit Plan 2020-2022

2020	2021	2022
Human Resources Operations	Cybersecurity Assessment	Customer Debts & Payment Arrangements
Information Technology General Controls (ITGC)	Business Continuity Planning	Personally Identifiable Information
Accounts Payable	Vendor Management	Water Operations
Annual Internal Audit Follow-Up	Annual Internal Audit Follow-Up and Risk Assessment Refresh	Annual Internal Audit Follow Up
Payroll and Benefits Eligibility	Online Billings and Collections	Expense Reports
System Access Reviews & Segregation of Duties	Purchasing of Power & Energy	Cash Management