



Legislative Post Audit Financial Audit Report Highlights

Highlights

State of Kansas: Federal Compliance (A-133)
Audit of Fiscal Year 2015

Report Highlights

April 2016 • R-16-004

Summary of Legal Requirements

The federal government requires organizations that receive a significant amount of federal funding to undergo a "single audit" in accordance with OMB Circular A-133.

The Single Audit combines the audit of the state's financial statements with an organization-wide audit of compliance with federal regulations and award agreements. The Single Audit is presented in two parts. The first part was the audit of the state's basic financial statements for fiscal year 2015 (R-15-018 released in December 2015). This second part is the report on state agencies' compliance with federal awards requirements.

Background Information

CliftonLarsonAllen, a CPA firm under contract with the Legislative Division of Post Audit, conducted this audit.

Reported federal expenditures for fiscal year 2015 were \$5.0 billion.

AUDIT OBJECTIVES: The federal A-133 audit has three major objectives: (1) evaluate state agencies' compliance with federal laws, regulations, contracts, and other requirements; (2) evaluate agencies' internal controls over compliance; and (3) identify any questioned costs associated with non-compliance.

- **The auditors reported that the state was in material compliance with the applicable requirements for all federal programs audited.**
- **The auditors reported a total of 21 problem findings related to the federal awards including one material weakness** (the most significant type of problem finding). The material weakness was for the Medicaid program, where the managed care organizations (MCOs) did not have agreements for eight of the 40 providers tested.
- **The auditors estimated questioned costs as a result of some of the findings at just over \$25,000.** Although the auditors initially identify the questioned costs, the applicable federal agency ultimately decides if the state will have to reimburse the federal government and how much. The questioned costs are listed in the separate document, Summary of Problem Findings from the FY 2015 OMB Circular A-133 Audit.

SUMMARY OF RECOMMENDATIONS:

- The auditors made recommendations to address the problem findings identified.

AGENCY RESPONSE:

- Each agency responded to its respective findings with a corrective action plan.

HOW DO I REQUEST AN AUDIT?

By law, individual legislators, legislative committees, or the Governor may request an audit, but any audit work conducted by the division must be directed by the Legislative Post Audit Committee. Any legislator who would like to request an audit should contact the division directly at (785) 296-3792.

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