

MINUTES
Legislative Post Audit Committee
April 25, 2018

Call to Order

Welcome by the Chair. The meeting was called to order by Chair Olson at 9:00 a.m. in Room 218-N of the Statehouse. Committee members present:

Senator Rob Olson, Chair	Representative Dan Hawkins, Vice-Chair
Senator Elaine Bowers	Representative John Barker
Senator Anthony Hensley	Representative Tom Burroughs
Senator Julia Lynn	Representative Ron Highland
Senator Lynn Rogers	Representative Ed Trimmer

The committee welcomed Representative Ron Highland, substituting for Representative Schroeder.

Approval of Minutes. Representative Hawkins moved approval of the March 21 minutes. Senator Rogers seconded the motion; motion carried.

Presentation of Staff Performance Audits

Community Mental Health: Evaluating Mental Health Services in Local Jails. This audit was presented by Kristen Rottinghaus, Principal Auditor.

The following officials were present:

Kansas Sheriffs' Association

- Sedgwick County Sheriff Jeff Easter, Legislative Chairman (delivered prepared remarks)
- Ed Klumpp, Legislative Liaison
- Sandy Horton, Executive Director

Kansas Department of Health and Environment

- Jeff Andersen, Secretary, Kansas Department of Health and Environment

Kansas Department for Aging and Disability Services

- Susan Fout, Commissioner, Behavioral Health Service Commission

- Brad Ridley, Commissioner, Financial and Information Services Commission

Association of Community Mental Health Centers

- Colin Thomasset, Associate Director

Senator Bowers made a motion to accept the audit. Representative Hawkins seconded the motion; motion carried. All legislators will be notified of the audit's release, and the following committees will be notified that the committee thought the report might be of special interest:

House Committees

- House Appropriations
- House Corrections and Juvenile Justice Committee
- House Health and Human Services Committee

Senate Committees

- Senate Ways and Means
- Senate Public Health and Welfare Committee

Joint Committees

- Joint Corrections and Juvenile Justice Oversight Committee
- Legislative Budget Committee

Medicaid: Evaluating KanCare's Effect on the State's Medicaid Programs.

This audit was presented by Matt Etzel, Principal Auditor.

Jeff Andersen, Secretary of the Kansas Department of Health and Environment, made brief comments and answered members' questions. Senator Rogers asked what actions the Department had taken to address the issue with one MCO inappropriately including interest payments in the claims data it submitted to KDHE. Secretary Andersen said he believed KDHE either had or will soon penalize the MCO for this issue but needed to follow-up with his staff. LPA staff will work with department officials to provide an update on the agency's actions to the Committee.

Representative Hawkins made a motion to accept the audit. Senator Rogers seconded the motion; motion carried. All legislators will be notified of the audit's release, and the following committees will be notified that the committee thought the report might be of special interest:

House Committees

- House Health and Human Services Committee
- House Insurance Committee

Senate Committees

- Senate Public Health and Welfare Committee
- Senate Financial Institutions and Insurance Committee

Joint Committees

- Robert G. (Bob) Bethell Joint Committee on Home and Community Based Services and KanCare Oversight

Follow-Up Audit: Reviewing Agencies' Implementation of Selected Performance Audit Recommendations. This audit was presented by Josh Luthi, Auditor.

The following officials were available for questions.

Kansas Department of Health and Environment

- Jeff Andersen, Secretary
- Mike Michael, Director, State Employee Health Plan

Kansas Public Employees Retirement System

- Alan Conroy, Executive Director
- Jarod Waltner, Planning and Research Officer

Kansas Department of Wildlife, Parks, and Tourism

- Chad Depperschmidt, Budget Director

Representative Hawkins made a motion to accept the audit. Representative Highland seconded the motion; motion carried. All legislators will be notified of the audit's release, and the following committees will be notified that the committee thought the report might be of special interest:

House Committees

- House Appropriations
- House Health and Human Services Committee

Senate Committees

- Senate Ways and Means
- Senate Public Health and Welfare Committee

Joint Committees

- Joint Committee on Pensions, Investments, and Benefits

Problem Gambling and Addictions Grant Fund: Reviewing Fund Expenditures in Recent Years. This audit was presented by Heidi Zimmerman, Principal Auditor.

Representative Highland made a motion to accept the audit. Representative Hawkins seconded the motion; motion carried. All legislators will be notified of the audit's release, and the following committees will be notified that the committee thought the report might be of special interest:

House Committees

- House Corrections and Juvenile Justice Committee
- House Health and Human Services Committee
- House Appropriations

Senate Committees

- Senate Public Health and Welfare Committee
- Senate Ways and Means

Joint Committee

- Joint Committee on Corrections on Juvenile Justice Oversight

Presentation of Staff IT Audits

Enterprise Project Management Office: Evaluating the Statutory Definition and Monetary Threshold for Major IT Projects. This audit was presented by Alex Gard, Principal IT Auditor.

Sara Spinks, Interim Director, Enterprise Project Management Office, Office of Information Technology Services, delivered prepared remarks.

All legislators will be notified of the audit's release, and the following committees will be notified that the committee thought the report might be of special interest:

House Committees

- House General Government Budget Committee
- House Committee on Government, Technology, and Security

Senate Committee

- Department of Administration Subcommittee, Ways and Means

Joint Committees

- Joint Committee on Information Technology

IT Monitoring – KanLicense (Update). This audit was presented by Clyde-Emmanuel Meador, Senior IT Auditor.

The following officials stood for questions:

Kansas Department of Revenue

- David Harper, Director, Division of Property Valuation
- Kent Selk, Driver Services CDL Manager

Representative Barker asked for the total project cost to date from the project's inception. Mr. Harper said he would provide that information to the committee.

All legislators will be notified of the audit's release, and the following committees will be notified that the committee thought the report might be of special interest:

House Committees

- House Appropriations
- House Committee on Government, Technology, and Security
- House General Government Budget Committee
- House Transportation Committee

Senate Committees

- Senate Transportation Committee
- Senate Ways and Means Committee Joint Committees

Joint Committees

- Joint Committee on Information Technology
- Joint Committee on Kansas Security

State Agency Information Systems: Reviewing Security Controls in Selected State Agencies: Department of Administration. Representative Hawkins made the following motion:

I move to recess this open meeting for a closed meeting pursuant to K.S.A. 2017

Supp. 75-4319(a) to discuss matters relating to security measures that protect the information systems of the Kansas Department of Administration under the justification listed in K.S.A. 2017 Supp. 75-4319(b)(12)(C) because discussion of such matters in an open meeting would jeopardize such security measures; to resume the open meeting in Room 218-N at 11:24 a.m.; and to record this motion, if adopted, as a part of the committee's permanent records.

Senator Rogers seconded the motion; motion carried. Adopted at 11:04 a.m. on April 25, 2018. The Chair asked Justin Stowe, Interim Legislative Post Auditor, to enumerate the individuals authorized to remain in the room during executive session.

Department of Administration

- Sarah Gigous, Director of the Office of Systems Management
- Josh White, Systems Specialist from the Office of Systems Management

Legislative Post Audit

- Justin Stowe, Interim Post Auditor
- Katrin Osterhaus, IT Audit Manager
- Alex Gard, Principal IT Auditor
- Clyde-Emmanuel Meador, IT Auditor

The open meeting resumed at 11:24 a.m. Because of their confidential nature, copies of IT security audits are not distributed. However, staff previously notified the House Committee on Government, Technology, and Security; the Joint Committee on Information Technology; and the Joint Committee on Kansas Security that the audits are available and can be presented in executive session.

Consideration of Performance Audit Topics

Designating K-GOAL Audits. Justin Stowe, Interim Post Auditor, told the committee that, under the K-GOAL law, the committee is required to designate at least four audits each calendar year as K-GOAL audits. Those audits are supposed to be focused on efficiency and cost savings issues, and are to be completed no later than December 1 in any year. He said that staff had highlighted several audits approved before today's meeting that appear to satisfy the intent of K-GOAL, and the committee will need to designate four audits as K-GOAL audits at today's meeting.

Completed as of today's meeting:

- Enterprise Project Management Office: Evaluating the Statutory Definition and Monetary Threshold for Major IT Projects (R-18-005)
- K-12 Education: Evaluating Transportation Services Funding (R-17-020)
- Medicaid: Evaluating KanCare's Effect on the State's Medicaid Program (R-18-006)

Approved but not completed:

- Kansas Wildfire Management: Evaluating the Adequacy of Kansas' Wildfire Suppression System

Representative Hawkins moved to approve the designated audits as K-GOAL audits. Senator Rogers seconded the motion. Motion carried.

Limited-scope audit requests. Justin Stowe, Interim Post Auditor, briefed the committee on the process, and presented the limited-scope audit requests preliminarily approved by the Chair:

- Kansas Juvenile Correctional Complex: Surveying Staff on the Management Culture at the Facility (*Jointly requested by Senator Anthony Hensley and Representative John Alcala*)
- National Instant Criminal Background Check System: Reviewing Requirements for Federal Funding (*Jointly requested by Representative Eileen Horn and Representative John Barker*)

There was no motion to disapprove so the audit requests are considered approved.

Reconsideration of Fiscal Year 2018 Approved Proposals. Mr. Stowe told members that two audits had been approved by the Committee in the previous year, but have not yet been started. As a result, staff asked members to reconsider whether to start those audits or to rescind approval and consider the audits along with the other requests to be considered at this meeting. The audits are:

- K-12 Education: Reviewing the Accuracy of Free-Lunch Student Counts (*Requested by Representative Brenda Landwehr*)
- K-12 Education: Evaluating the Use of Assessed Valuation Per Pupil (AVPP) as the Basis for State Equalization Aid (*Requested by Representative Larry Campbell*)

Representative Barker moved to rescind approval of the audits and to consider them again along with the other audit requests for fiscal year 2019. Representative Highland seconded the motion; motion carried.

Fiscal Year 2019 Audit Selection –Review Proposals. Mr. Stowe said that staff recommended the following process:

1. Staff present the proposals and answer questions.
2. Members discuss the proposals they are interested in.
3. The committee will break for lunch. After lunch, the committee will select proposals

through a series of motions.

Mr. Stowe reviewed the list of audit requests for members.

The Chair called a lunch break at 11:55 a.m.

The meeting resumed at 1:30.

Fiscal Year 2019 Audit Selection –Review Proposals (continued).

Following the lunch break, the Chair entertained motions to authorize audit projects for the coming year.

- Representative Hawkins moved approval of audit request number 31L, *Federal Funds: Evaluating Costs Associated with Federal Funding in Selected State Agencies*. Representative Highland seconded the motion. Motion carried.
- Representative Hawkins moved approval of audit request number 28L, *State Surplus Land*. Representative Highland seconded the motion. Motion carried. Representative Hawkins clarified that he wanted the audit to exclude KDOT lands as did the previous audit, but to expand the scope to all agencies, not just the Department of Wildlife, Parks, and Tourism.
- Representative Barker moved approval of audit request number 38L, *Medicaid Health Care Provider Tax Revenues*. Representative Hawkins seconded the motion. Motion carried.
- Senator Rogers moved approval of audit request number 1L, *Foster Care and Adoption: Reviewing Case Plan Tasks and Adoption Rates*. Senator Bowers seconded the motion. Motion failed.
- Senator Bowers moved approval of audit request number 19L, *Department of Agriculture: Evaluating the Division of Weights and Measures' Price Verification Program*. Senator Rogers seconded the motion. Motion failed.
- Senator Lynn moved approval of audit request number 5L, *Information Technology Consolidation: Evaluating Whether Consolidating Executive Branch IT Services is Feasible and How Much It Might Save*. Representative Trimmer seconded the motion. Motion carried.
- Representative Burroughs moved approval of audit request number 40L, *Kansas Department of Health and Environment: Evaluating the Bureau of Disease Control and Prevention's Management Practices*. Representative Trimmer seconded the motion. After discussion, staff was directed to work with Representative Burroughs

to develop a proposal for one or more limited-scope audits to address his concerns. Representative Burroughs withdrew his motion, and Representative Trimmer withdrew his second.

- Representative Barker moved approval of audit request 35L, *Online Sales Tax: Reviewing Issues Related to Online Sales Tax Laws in Kansas*. Representative Hawkins seconded the motion. Motion carried.
- Representative Hawkins moved approval of audit request 43E, *Follow-Up Audit: Reviewing Agencies' Implementation of Selected Performance Audit Recommendations*. Senator Rogers seconded the motion. Motion carried.

K-12 Special Education Proposal. Mr. Stowe told members that this audit proposal is intended to satisfy requirements in 2018 Substitute for Senate Bill 423.

Representative Hawkins moved to approve the audit proposal as presented. Senator Rogers seconded the motion. Motion carried.

Legislative Post Audit Operations

Selection of the Legislative Post Auditor—Subcommittee

Recommendations. At the February meeting, the committee voted to have the three legislators who currently serve on the Contract Audit Committee act as the selection subcommittee to identify a replacement for Scott Frank, the previous Post Auditor.

Representative Hawkins made the following motion:

I move to recess this open meeting for a closed meeting pursuant to K.S.A. 2017 Supp. 75-4319(a) to evaluate candidates for the position of Post Auditor under the justification listed in K.S.A. 2017 Supp. 75-4319(b)(1) because such evaluation constitutes a need to discuss a personnel matter of nonelected personnel; to resume the open meeting in Room 218-N at 2:48; and to record this motion, if adopted, in the minutes as a part of the committee's permanent records.

Representative Barker seconded the motion; motion carried. Adopted at 2:28 on April 25, 2018.

Selection of the Legislative Post Auditor—Selection. Representative Hawkins moved to select Justin Stowe as Legislative Post Auditor. Senator Rogers seconded the motion; motion carried. The committee congratulated Justin on his new position.

Representative Hawkins moved that the committee recommend that the LCC

set Mr. Stowe's salary at the same level as that of the previous Post Auditor. Senator Lynn seconded the motion. Motion carried.

Wrap-Up

Additional business. Mr. Stowe noted that today was Administrative Professionals day and recognized the division's office manager and committee secretary, Nicole Blanchett. Members thanked Ms. Blanchett for her good work on behalf of the division and the committee.

Date of next meeting. Mr. Stowe took members through the meetings planned for the rest of 2018.

Adjournment

The meeting adjourned at 2:55 p.m.



6/21/2018

Nicole Blanchett, Secretary
Legislative Post Audit Committee

date

All handouts and other documents referred to in these minutes are on file with Legislative Post Audit. Unless specifically noted, the individual remarks recorded herein have not been transcribed verbatim and have not been submitted to the individuals appearing before the committee for editing or corrections.