

*The minutes below are in draft form, subject to approval by the
Legislative Post Audit Committee at a later meeting.*

**DRAFT
MINUTES
Legislative Post Audit Committee
September 28, 2018**

Call to Order

Welcome by the Chair. The meeting was called to order by Chair Olson at 9:00 a.m. in Room 112-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 Don Schroeder
Senator Lynn Rogers	Representative Ed Trimmer

Approval of Minutes. Senator Rogers moved approval of the June 20 minutes. Representative Hawkins seconded the motion; motion carried.

Presentation of Staff Performance Audits

Lobbying Services: Evaluating a Small Sample of Local Governments' Reported Payments to Lobbyists and Associations with Lobbyists. This audit was presented by Kristen Rottinghaus, Audit Manager.

Officials from the Ethics Commission, the Secretary of State's Office, and many of the local governments included in the audit were available for questions.

Representative Hawkins expressed interest in working with staff to develop a new audit request based on the issues listed in the audit's "Potential Issues for Further Consideration" section. Senator Rogers said he would like to consider an audit looking at the value that lobbying agencies provide.

Representative Hawkins made a motion to accept the audit. Senator Lynn 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 Committee on Local Government
- House Committee on Elections

Senate Committees

- Senate Committee on Ethics, Elections, and Local Government

Medicaid: Comparing Health Care Provider Tax Revenues to Increased Provider Reimbursement Rates. This audit was presented by Andy Brienzo, Senior Auditor.

Officials from the Kansas Department of Health and Environment and the Kansas Hospital Association were available for questions.

Senator Lynn asked how many states serve large percentages of their Medicaid populations through managed care organizations. Representative Trimmer asked whether any of the three example states cited in the report—Michigan, Missouri, and Tennessee—have expanded their Medicaid programs under the Affordable Care Act. Mr. Brienzo said he would provide that information.

Representative Hawkins said he was interested in pre-filing a bill for the 2019 session that would clarify that the HCAIP program should be revenue neutral to the state.

Representative Hawkins made a motion to accept the audit. Senator Lynn 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 Committee
- House Health and Human Services Committee
- House Social Services Budget Committee

Senate Committees

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

Presentation of Information Technology Audits

KanLicense IT Project Monitoring Update. This audit was presented by

Katrin Osterhaus, IT Audit Manager.

Officials from the Department of Revenue were available for questions.

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

Senate Committees

- Senate Ways and Means
- Senate Transportation

Other Committees

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

Kansas Department of Labor OSCAR IT Project Quarter Ending June 30, 2018. This audit was presented by Alex Gard, Principal IT Auditor.

Officials from the Department of Labor were available for questions.

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

Senate Committees

- Senate Ways and Means
- Senate Commerce

Other Committees

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

State Agency Information Systems: Reviewing Security Controls in Selected State Agencies: Kansas Highway Patrol and Kansas Department of Health and Environment; IT Security Follow-Up Memo. Representative Hawkins made the following motion:

I move to recess this open meeting for a closed meeting pursuant to K.S.A. 2018 Supp. 75-4319(a) to discuss matters relating to security measures that protect the information systems of the Kansas highway patrol, the Kansas department of health and environment and the state agencies that were audited in 2017 by the legislative division of post audit at the direction of the legislative post audit committee under the justification listed in K.S.A. 2018 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 112-N at 10:35; 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 9:50 a.m. on September 28, 2018. The Chair asked Justin Stowe, Legislative Post Auditor, to enumerate the individuals authorized to remain in the room during executive session. Officials from each covered agency were only present in the executive session for discussion of their own agency's findings.

Kansas Highway Patrol

- Major Josh Kellerman
- Kelly Johnson, CIO
- Rod Blunt, OITS

KDHE

- Jeff Andersen, Secretary
- Liz Dunn, Legislative Liaison
- Ashley Gross, Deputy Secretary
- Glen Yancey, CIO
- Dan Thimmesch, CFO
- Rod Blunt, OITS

Legislative Post Audit

- Justin Stowe, Legislative Post Auditor
- Katrin Osterhaus, IT Audit Manager
- Alex Gard, Principal IT Auditor

The open meeting resumed at 10:35 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

First-time audit requests. Chris Clarke, Deputy Post Auditor, told members that the chair has preliminarily approved a limited-scope audit request:

Wyandotte and Sedgwick County Health Departments: Comparing Department Performance Based on a Couple of Key Measures (Requested by Representative Hawkins)

Ms. Clarke said that, unless there is objection from the committee in the form of a motion, this request would be considered approved by the Post Audit Committee without objection and will be recorded in the meeting minutes. There were no objections.

Ms. Clarke said that per committee rule 1-5(b)(1), any audit request made during the interim must be considered by the committee at its next regularly scheduled meeting. The latest such request is *Kansas Board of Nursing: Evaluating Whether the Board is Managed Effectively* (Requested by Representative Frownfelter). Ms. Clarke said that the committee needed to decide if it wants to approve this first-time audit request now, or wait and add it to the list of legislator requests for future consideration. With no motion, the audit automatically went on the list for consideration at the Spring 2019 meeting.

Review Audit Schedule. Ms. Clarke reviewed for members the current audit schedule, and asked for direction from the committee on which large audit should be started next year, and whether the committee wanted to determine the order in which staff conducts the approved limited-scope audits. Representative Hawkins moved to direct staff to start with the IT Consolidation, Online Sales Tax, and Federal Funds audits. Representative Schroeder seconded the motion. Motion carried.

Legislative Post Audit Operations

Consideration of Legislative Post Audit's budget request. Justin Stowe, Legislative Post Auditor, reviewed Legislative Post Audit's budget request for fiscal

years 2019-2021. Representative Hawkins moved approval of the budget. Senator Rogers seconded the motion; motion carried.

Potential committee rules changes. Mr. Stowe said that staff requests the committee consider the following potential changes to the current Post Audit Committee rules:

- *Establish a consent calendar for common administrative committee actions.*
- *Create a rule to automatically rescind and reconsider any audits approved but not started by the Spring Meeting each year.*

Representative Hawkins moved approval of the proposed rule changes. Senator Rogers seconded the motion. Motion carried.

Evaluation of the Post Auditor. Representative Hawkins made the following motion:

I move to recess this open meeting for a closed meeting pursuant to K.S.A. 2018 Supp. 75-4319(a) to discuss matters relating to the annual evaluation of the Post Auditor under the justification listed in K.S.A. 2018 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 112-N at 11:25 a.m.; and to record this motion, if adopted, in the minutes as a part of the committee's permanent records.

Senator Rogers seconded the motion; motion carried. Adopted at 11:07 on September 28, 2018. In addition to committee members and Mr. Stowe, Tom Day, Director of Legislative Administrative Services, was present in the executive session.

The committee resumed open session at 11:25 a.m.

Wrap-Up

Additional business. Mr. Stowe introduced Sagar Bhatia, IT Auditor, the division's newest staff member. He also recognized staff member Alex Gard for his 10-year anniversary with Legislative Post Audit, and Katrin Osterhaus for her 20-year work anniversary.

Date of next meeting. The next meeting of the committee is scheduled for December. Staff will work with the chair to set the exact date.

Adjournment

The meeting adjourned at 11:28 a.m.

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.