

*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  
October 6, 2017**

**Call to Order**

**Welcome by the Chair.** The meeting was called to order by Chair Barker at 9:00 a.m. in Room 112-N of the Statehouse. Committee members present:

Representative John Barker, Chair	Senator Elaine Bowers
Representative Tom Burroughs	Senator Anthony Hensley
Representative Don Schroeder	Senator Laura Kelly
Representative Ed Trimmer	Senator Julia Lynn

**Approval of Minutes.** Senator Kelly moved approval of the July 31 minutes. Senator Lynn seconded the motion; motion carried.

**Presentation of Staff Performance Audits**

***Kansas Tax Revenues: Reviewing How Other States Inventory and Evaluate Tax Credits and Exemptions.*** This audit was presented by Andy Brienzo, Auditor.

Justin Carroll, Financial Economist, Department of Revenue, stood for questions.

Members requested that staff prepare an analysis of the resources needed by the division for an ongoing review of Kansas tax credits. Scott Frank, Legislative Post Auditor, said staff would prepare a proposal for the committee's next meeting.

Senator Lynn made a motion to accept the audit. Representative Burroughs 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*

- Taxation
- Commerce, Labor, and Economic Development

- Appropriations

*Senate Committees*

- Assessment and Taxation
- Commerce
- Ways & Means

*Other Committees*

- Special Committee on Commerce

***Agricultural Land Valuation: Evaluating the Potential Impact of Changing How Agricultural Land is Valued in the State.*** This limited-scope audit was presented by Meghan Flanders, Auditor.

Roger Hamm, Deputy Director, Department of Revenue, stood for questions.

Representative Burroughs made a motion to accept the audit. Senator Bowers 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*

- Taxation
- Agriculture and Natural Resources
- Agriculture and Natural Resources Budget

*Senate Committees*

- Assessment and Taxation
- Agriculture

*Other Committees*

- Joint Committee on Legislative Budget

***Kansas Department of Revenue: KanLicense IT Project (Quarter Ending June 30, 2017).*** This audit was presented by Clyde Meador, Senior IT Auditor.

David Harper, Director of Motor Vehicles, Department of Revenue, delivered prepared remarks. Kent Selk, Driver Services CDL Manager, Department of Revenue, also answered members' 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
- General Government Budget
- Government, Technology, and Security

*Senate Committees*

- Ways and Means
- Transportation

*Other Committees*

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

***Kansas Department of Labor: OSCAR IT Project (Quarter Ending June 30, 2017).*** This audit was presented by Scott Frank, Legislative Post Auditor.

Larry Karns, Director, Division of Workers' Compensation, Kansas Department of Labor, stood 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*

- Commerce, Labor, and Economic Development
- General Government Budget
- Appropriations
- Government, Technology, and Security

*Senate Committees*

- Commerce
- Ways & Means

*Other Committees*

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

***State Agency Information Systems: IT Security Annual Follow-Up Results.***

Representative Burroughs made the following motion:

I move to recess this open meeting for a closed meeting pursuant to K.S.A. 2016 Supp. 75-4319(a), as amended by the 2017 Session Laws of Kansas, to discuss matters relating to security measures that protect the information systems of a public body or agency under the justification listed in K.S.A. 2016 Supp. 75-4319(b)(12)(C), as amended by the 2017 Session Laws of Kansas, because discussion of such matters in an open meeting would jeopardize such security measures; to resume the open meeting in Room 112-N at 10:45; and to record this motion, if adopted, in the minutes as a part of the committee's permanent records.

Senator Lynn seconded the motion; motion carried. Adopted at 10:25 on October 6, 2017. The Chair asked Scott Frank, 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.

University of Kansas Medical Center

- John Godfrey, Chief Information Security Officer and AVC of Information Security
- Lisa Hoebelheinrich, AVC of Compliance
- John Curran, Chief Audit Executive

Legislative Post Audit

- Scott Frank, Legislative Post Auditor
- Clyde-Emmanuel Meador, Senior IT Auditor
- Andy Brienzo, Auditor
- Nicole Blanchett, Committee Secretary

The open meeting resumed at 10:45 a.m. The Chair immediately ordered a 10-minute break and the committee resumed its business at 10:55 a.m.

**Consideration of Performance Audit Topics**

**Limited-scope audit requests.** Justin Stowe, Deputy Post Auditor, briefed the committee on the process. LPAC Rule 1-3(b)(1) states that a limited-scope audit request which has been preliminarily approved by the chairperson shall appear as an agenda item at the next meeting of the committee. Any member who has an objection to a limited-scope audit approved by the chairperson must move to remove it from the list of approved audits and to treat it as a regular performance audit.

Mr. Stowe noted that the chair has preliminarily approved a limited-scope

audit requested by Senator Laura Kelly: *Department of Corrections: Evaluating the May and June 2017 Security Incidents at the El Dorado Correctional Facility*. With no objection, the audit request was considered approved.

## **Legislative Post Audit Operations**

**Follow-up items.** Rick Riggs, Administrative Auditor, briefly summarized items the division tracks on behalf of the committee.

**Consideration of Legislative Post Audit's FY 2018-2019 Budget Revisions.** Mr. Frank reviewed the division's 2018-19 budget request. After discussion, Senator Kelly moved approval of the budget. Representative Trimmer seconded the motion; motion carried.

**Potential Rules Changes.** Mr. Frank requested the committee consider the following potential changes to the LPAC rules:

- Set a deadline for legislators to submit their audit requests. (Modify Rule 1-5)
- Tie the different processes for considering audit requests to the winter and spring LPAC meetings. (Modify Rule 1-5)
- Repeal the school district efficiency audit provisions. (Repeal Rule 1-6/Modify Rule 4-5)
- Reduce the frequency of our follow-up process from quarterly to semiannually. (Modify Rules 3-4 and 3-5)
- Replace the term "scope statement" with the term "audit proposal." (Modify Various Rules)

Senator Hensley moved approval of the draft rules changes. Representative Trimmer seconded the motion; motion carried.

**Potential Legislation.** Mr. Frank requested that the committee consider potential legislation for the 2018 legislative session to amend the current requirement for a performance audit of the Kansas 911 Act (K.S.A. 12-5377(c)) from once every three years to once every five years, bringing it in line with the cycle of required reviews by the Legislature (K.S.A. 12-5377(d)). Staff recommends prefiling a version of the bill in each chamber.

Senator Hensley moved approval of the requested legislative change. Representative Burroughs seconded the motion; motion carried.

**Proposal to Reassign Responsibility for Audit Contracts.** Mr. Frank told the committee that the division is proposing to transfer the responsibility for

procuring independent audits from LPA to the audited agencies. This would involve the Department of Administration, KPERS, and the Kansas Lottery. Staff have worked with officials from all three agencies and developed a proposal for each audit contract. He asked that the committee consider endorsing the proposal. Staff will present a more detailed proposal, and request committee action, at the December meeting.

**KanCare Update.** Mr. Frank said that at its April 2017 meeting, the committee approved an audit of KanCare and the state's Medicaid system. He said that addressing the first audit objective, which examines medical costs, utilization, and outcomes over time, requires many years of detailed data. Unfortunately, the time required to collect the necessary data has taken far longer than anticipated. Although the Kansas Department of Health and Environment has been very cooperative, the sheer magnitude and complexity of the request has simply taken a long time to process. The original plan was to complete all three objectives and issue a single report at the committee's December meeting. However, given the time it has taken to get the detailed data for the first audit objective, that is no longer possible. To provide the Legislature with as much timely information as possible, the division will divide the audit into two parts and will issue separate reports for each part.

## **Evaluation of the Post Auditor**

Representative Burroughs made the following motion:

I move to recess this open meeting for a closed meeting pursuant to K.S.A. 2016 Supp. 75-4319(a), as amended by the 2017 Session Laws of Kansas, to discuss matters relating to the annual evaluation of the Post Auditor under the justification listed in K.S.A. 2016 Supp. 75-4319(b)(1), as amended by the 2017 Session Laws of Kansas, because such evaluation constitutes a need to discuss a personnel matter of nonelected personnel; to resume the open meeting in Room 112-N at 12:05 p.m.; and to record this motion, if adopted, in the minutes as a part of the committee's permanent records.

Senator Lynn seconded the motion. Adopted at 11:42 a.m. on October 6, 2017.

The open meeting resumed at 12:05 p.m.

## **Wrap-Up**

**Additional business.** Mr. Frank introduced the division's newest associate auditor, Tanner Rohrer.

**Date of next meeting.** The next meeting is scheduled for December 15.

**Adjournment**

The meeting adjourned at 12:08 p.m.

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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.*