

*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
December 13, 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
Senator Elaine Bowers
Senator Julia Lynn
Senator Lynn Rogers

Representative Dan Hawkins, Vice-Chair
Representative John Barker
Representative Tom Burroughs
Representative Don Schroeder

Presentation of Performance Audits

Justin Stowe, Legislative Post Auditor, told members that the division is implementing a number of changes that would affect the products delivered to the committee:

- **Revised report format.** Mr. Stowe said that the division has been experimenting with a slightly changed audit format, one more compatible with the division's long-term goal of converting to a more web-compatible report.
- **The consent calendar.** At the September meeting, members approved a rules change creating a consent calendar for common administrative items (e.g., approval of minutes) needing committee votes. Items on the consent calendar would be considered approved unless there is a motion to object.
- **Podcasts.** For this meeting, staff has prepared example podcasts, audio files containing abridged versions of audit reports. They will be provided to members before the meeting, and then will be available on the www.kslpa.org website.

He told members that he would be soliciting their reaction to the changes.

Department of Agriculture: Evaluating the Animal Facilities Inspection Program. This audit was presented by Matt Etzel, Principal Auditor.

Kelly Navinsky-Wenzl, an attorney with the Department of Agriculture, stood for questions. Members expressed concern that the Department failed to send more senior officials to address the issues raised in the report. At the committee's direction, staff will request that senior agency officials appear at a future meeting to respond to the audit findings.

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 Agriculture
- House Agriculture and Natural Resources Budget

Senate Committees

- Senate Agriculture and Natural Resources

K-12 Education: Evaluating Special Education Costs. This audit was presented by Heidi Zimmerman, Principal Auditor.

Dale Dennis, Deputy Commissioner of Education, 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

- House Education
- House K-12 Education Budget
- House Higher Education Budget

Senate Committees

- Senate Education

Kansas Juvenile Correctional Complex: Surveying Staff on the Management Culture at the Facility. This audit was presented by Andy Brienzo, Senior Auditor.

Secretary of Corrections Joe Norwood stood for questions. He indicated the department had done a staff survey in October 2018, and he could share that information with 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 Corrections and Juvenile Justice

Other Committees

- Joint Committee on Corrections and Juvenile Justice Oversight

National Instant Criminal Background Check System: Reviewing Federal Funding Requirements for Record Improvement. This audit was presented by Amanda Schlumpberger, Auditor.

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 Federal and State Affairs
- House Health and Human Services

Senate Committees

- Senate Federal and State Affairs
- Senate Public Health and Welfare

Kansas Department of Health and Environment: Evaluating Issues Related to the Bureau of Disease Control and Prevention. This audit was presented by Andy Brienzo, Senior Auditor.

Jeff Andersen, Secretary, Kansas Department of Health and Environment, and Ashley Goss, Deputy Secretary for Public Health, addressed the committee, as did Terrie Garrison, Deputy Director, Wyandotte County Health Department.

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

Senate Committees

- Senate Public Health and Welfare

Presentation of IT Audits

KanLicense IT Project Monitoring– Close Out. This report was presented by Katrin Osterhaus, IT Audit Manager.

Kent Selk, Division of Vehicles, 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

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

Senate Committees

- Senate Ways and Means
- Senate Commerce

Other Committees

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

OSCAR IT Project Monitoring– Close Out. This report was presented by Alex Gard, Principal IT Auditor.

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

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: Department for Children and Families/Department of Commerce

Representative Hawkins made the following motion:

I move that the open meeting of the Legislative Post Audit Committee in Room 112-N of the Statehouse be recessed for a closed, executive meeting to commence immediately in Room 112-N of the Statehouse pursuant to subsection (b)(13) of K.S.A. 2015 Supp. 75-4319, for a discussion of the security of the information systems of the Department of Children and Families and the Department of Commerce, which is under consideration by the committee, because open discussion would jeopardize the security of the information systems, that the committee resume the open meeting in Room 112-N of the Statehouse at 12:00 p.m., and that this motion, if adopted, be recorded in the minutes and be maintained as a part of the permanent records of the committee.

Senator Lynn seconded the motion; motion carried. Adopted at 11:19 p.m. on December 13, 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.

Department for Children and Families

- Jason Koehn, Interim HS-EBIT CIO
- Eric Smith, ISO, DCF (from OITS)
- Ben Errebo, Interim Director Technical Services, HS-EBIT
- Rod Blunt, OITS

Department of Commerce

- Jordan Bickford, Legal Counsel
- Jim Haugh, Chief Information Officer
- Rod Blunt, OITS

Legislative Post Audit

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

The open meeting resumed at noon. 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 have been completed and can be presented in executive session.

Upon return to open session, the chair recessed the committee for lunch until 1:00 p.m.

The meeting reconvened at 1:00 p.m.

Presentation of Contracted Audits

Kansas Lottery: Financial and Compliance Audit, Years Ended June 30, 2018 and 2017. This audit was presented by Cheryl Wallace and Daniel Holmes, RubinBrown.

All legislators will receive the audit highlights document and the following committees will be notified that the committee thought the report might be of special interest:

House Committees

- *House Federal and State Affairs*
- *House General Government Budget*

Senate Committees

- *Senate Federal and State Affairs*
- *Department of Administration Subcommittee (Ways and Means)*
- *Lottery and Gaming Subcommittee (Ways & Means)*

Kansas Public Employees Retirement System: Financial Statements Year Ended June 30, 2018. This audit was presented by Thomas Rey, CliftonLarsonAllen.

All legislators will receive the audit highlights document and the following

committees will be notified that the committee thought the report might be of special interest:

House Committees

- House Appropriations
- House General Government Budget
- House Financial Institutions and Pensions

Senate Committees

- Senate Ways and Means
- General Government Subcommittee (Ways and Means)
- Legislative and Elected Officials Subcommittee (Ways and Means)
- KPERS Subcommittee (Ways and Means)

Other Committees

- Joint Committee on Pensions, Investments, and Benefits

Comprehensive Annual Financial Report: July 1, 2017 to June 30, 2018.

This audit was presented by Paul Niedermuller, Partner, CliftonLarsonAllen.

DeAnn Hill, Chief Financial Officer, Department of Administration, stood for questions.

All legislators will receive the audit highlights document and the following committees will be notified that the committee thought the report might be of special interest:

Senate:

- Ways and Means

House:

- Appropriations

Joint:

- Joint Committee on Pensions, Investments and Benefits

Examining Selected Financial Management Practices of the State Treasurer's Office: Fiscal Year 2018. This audit was presented by Paul Niedermuller, Partner, CliftonLarsonAllen.

All legislators will receive the audit highlights document and the following committees will be notified that the committee thought the report might be of special interest:

House Committees

- *House General Government Budget*

Senate Committees

- *Senate Ways and Means*
- *Legislative and Elected Officials Subcommittee (Ways and Means)*

Other Committees

- *Joint Committee on Pensions, Investments and Benefits*

Examining Selected Financial Management Practices of the Pooled Money Investment Board: Fiscal Year 2018. This audit was presented by Paul Niedermuller, Partner, CliftonLarsonAllen.

All legislators will receive the audit highlights document and the following committees will be notified that the committee thought the report might be of special interest:

House Committees

- *House General Government Budget*

Senate Committees

- *Senate Ways and Means*
- *Legislative and Elected Officials Subcommittee (Ways and Means)*

Other Committees

- *Joint Committee on Pensions, Investments and Benefits*

Kansas 911 System. This audit was presented by David Brevitz & Jason Fuqua, Brevitz Consulting.

All legislators will receive the audit highlights document and the following committees will be notified that the committee thought the report might be of special interest:

House Committees

- *House Appropriations*
- *House Energy, Utilities and Telecommunications*
- *House Local Government committee*

Senate Committees

- Senate Ways and Means
- Senate Utilities

Legislative Post Audit Operations

Annual Recommendation Report. Rick Riggs, Administrative Auditor, presented the semiannual report on the status of previous audit recommendations.

Annual IT Security Audit plan. Katrin Osterhaus, IT Audit Manager, presented the division's plan for IT security audits for the coming year.

Annual IT project monitoring plan. Ms. Osterhaus presented the division's plan for monitoring specified agency IT projects for the coming year.

Consent Calendar

Chris Clarke, Deputy Post Auditor, reviewed for members the items on the consent calendar:

- Approval of the September 2018 minutes
- Acceptance of completed audit reports presented at this meeting
- In the future, other matters that may appear on the consent calendar may include approval of limited-scope audit requests, K-GOAL audit designations.

She reminded the committee that any member may abstain from the vote to approve the minutes if they were not present at that meeting. Unless a member makes a motion to object to any consent calendar item, all items will be considered approved.

No member wished to abstain, and no motion was offered.

Wrap-Up

Additional business. Mr. Stowe called the committee's attention to three additional items of business:

- **Write-off Report.** State law requires that state agencies receive Department of Administration approval before writing off debts the agency determines to be uncollectable. The law also requires that the department report on all approved write-offs to the Legislative Post Audit Committee.
- **New staff introductions.** Mr. Stowe introduced three new staff members, Jonathan Borghetti, Macie Smith, and Will Pope. In addition, Gabrielle Hull will be the

division's first LPA fellow.

- **Anniversary.** Nicole Blanchett has been with Legislative Post Audit for five years as committee assistant and office manager.

Date of next meeting. The next meeting of the committee will take place in early January 2019. The main item of business will be committee reorganization.

Senator Rogers thanked the committee and staff as he leaves to assume his new duties as Lieutenant Governor.

Adjournment

The meeting adjourned at 2:00 p.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.