

MINUTES
Contract Audit Committee
March 8, 2017

Call to Order

Welcome by the Chair. The meeting was called to order by Chair Barker at 12:32 in Room 112-N of the Statehouse. Committee members present:

Representative John Barker, Chair
Senator Rob Olson, Vice-Chair
Representative Tom Burroughs
DeAnn Hill, Chief Financial Officer, State of Kansas
Scott Frank, Legislative Post Auditor

Consideration of Audit Contract Renewals

The Chair recognized Julie Pennington, LPA Financial-Compliance Audit Manager, to present the proposed contract extensions. She said that LPA contracts with independent accounting firms to conduct annual financial audits of the State of Kansas, Kansas Lottery, and KPERS. By law, the Contract Audit Committee selects the firms that conduct these audits through a competitive bidding process that is administered by Legislative Post Audit.

In August 2013, the Contract Audit Committee awarded a four-year audit contract to the accounting firm of CliftonLarsonAllen (Statewide) and two-year audit contracts to the accounting firms of RubinBrown (Kansas Lottery) and CliftonLarsonAllen (KPERS). Each of the audit contracts included a provision authorizing up to three additional one-year extensions, subject to acceptable performance and reasonable costs.

Ms. Pennington said that LPA recommends that the Contract Audit Committee approve one-year contract extensions for RubinBrown and CliftonLarsonAllen to continue their work on these audits. She said that all parties involved would like to extend the contracts. To determine the fees, LPA requested and received a “best and final offer” from each of the firms. The financial terms for the three contract extensions are summarized as follows:

RubinBrown would conduct the FY 2017 financial audit of the Kansas Lottery for a fee of \$44,800. This represents a slight increase over its fee for the FY 2016 audit (\$44,000).

CliftonLarsonAllen would conduct the FY 2017 financial audit of KPERS for

a fee of \$97,500. This represents a 3% increase over its fee for the FY 2016 audit (\$95,000). CliftonLarsonAllen would also conduct the FY 2018 statewide single audit for an estimated fee of \$887,489. This fee is estimated because the final cost of the single audit is based partially on the number of federal programs that need to be audited. Because this number can vary from year to year, the fee can change as well.

Ms. Pennington added that the proposed fee structure is identical to the current contract for the FY 2017 audit. Finally, she said that if the Contract Audit Committee does not approve some or all of the proposed contract extensions, LPA will initiate a new invitation for bids (IFB) process to select a new firm. This process would be completed this spring.

The Chair asked for a motion. Senator Olson moved to approve extension of the contracts. Representative Burroughs seconded the motion; motion carried.

The Chair recognized Ms. Pennington to explain the next steps in the process. She said that the next step is to get the contract extensions signed.

Adjournment

The meeting adjourned at 12:44 p.m.



3/21/2017

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.