

MINUTES
Legislative Post Audit Committee
July 31, 2017

Call to Order

Welcome by the Chair. The meeting was called to order by Chair Barker at 9:04 a.m. in Room 112-N of the Statehouse. He welcomed new member Representative Dan Hawkins. Committee members present:

Representative John Barker, Chair	Senator Rob Olson, Vice-Chair
Representative Tom Burroughs	Senator Elaine Bowers
Representative Dan Hawkins	Senator Anthony Hensley
Representative Don Schroeder	Senator Laura Kelly
Representative Ed Trimmer	Senator Julia Lynn

Approval of Minutes. Senator Olson moved approval of the April 28 minutes. Representative Trimmer seconded the motion; motion carried.

Presentation of Staff Performance Audits

Department of Corrections: Comparing the Merits of Lease and Bond Options for Replacing the Lansing Correctional Facility. This audit was presented by Meghan Flanders, Auditor.

Agency officials present to respond to the audit included:

Department of Corrections

- Joe Norwood, Secretary
- Mike Gaito, Director of Capital Improvements
- Jimmy Caprio, Legislative Liaison

Kansas Development Finance Authority (K DFA)

- Jim MacMurray, Senior Vice President, Finance

Senator Kelly asked if there was an estimate of the cost of taking the old facility out of service. Ms. Flanders said she would attempt to find out and report back to the committee.

Senator Olson made a motion to accept the audit. Representative Burroughs seconded the motion; motion carried. 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

- Appropriations
- Corrections and Juvenile Justice
- Transportation and Public Safety Budget

Senate Committees

- Ways and Means
- W&M Subcommittee on Corrections

Other Committees

- Joint Committee on Corrections and Juvenile Justice Oversight
- Joint Committee on State Building Construction

K-12 Education: Efficiency Audit of the Bucklin School District. This audit was presented by Amanda Schlumpberger, Auditor.

District official present to respond to the audit:

USD 459 - Bucklin

- Kelly Lampe, Superintendent

Representative Olson made a motion to accept the audit. Representative Burroughs seconded the motion; motion carried. 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

- Education
- K-12 Education Budget

Senate Committees

- Education

Following presentation of the public report, the committee heard a second report related to the Bucklin School District, dealing with IT-security findings. Vice Chair Olson made the following motion:

I move that the open meeting of the Legislative Post Audit Committee be recessed for a closed, executive meeting pursuant to K.S.A. 2016 Supp. 75-4319(a), as amended by

section 4 of chapter 73 of the 2017 Session Laws of Kansas, to discuss matters relating to security measures that protect the information systems of the Bucklin school district under the justification listed in K.S.A. 2016 Supp. 75-4319(b)(12)(C), as amended by section 4 of chapter 73 of the 2017 Session Laws of Kansas, because discussion of such matters in an open meeting would jeopardize such security measures; that the committee resume the open meeting in Room 112-N of the Statehouse at 10:00 a.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.

Representative Hawkins seconded the motion; motion carried. Adopted at 9:50 a.m. on July 31, 2017. The chair asked Scott Frank, Legislative Post Auditor, to identify the individuals allowed to remain in the room during executive session:

Legislative Post Audit

- Scott Frank, Legislative Post Auditor
- Katrin Osterhaus, IT Audit Manager
- Chris Clarke, Performance Audit Manager
- Clyde-Emmanuel Meador, Senior IT Auditor
- Amanda Schlumpberger, Auditor

USD 459 - Bucklin

- Kelly Lampe, Superintendent

The committee resumed open session at 10:00 a.m. Senator Olson moved to accept the audit; Representative Burroughs seconded the motion. Motion carried.

Kansas Department of Wildlife, Parks and Tourism: Evaluating the Cost of the Department's Cabin Rental Program. This limited-scope audit was presented by Brad Hoff, Senior Auditor.

Agency official present to respond to the audit:

Department of Wildlife, Parks and Tourism

- Chad Depperschmidt, Budget Director

At the request of Senator Lynn, Mr. Depperschmidt promised to provide an analysis of zip codes or other information the department may maintain on where park patrons come from. Senator Hensley asked when cabin rental rates were last raised. Mr. Hoff said he would find out and report back to the committee.

Senator Olson made a motion to accept the audit. Representative Burroughs seconded the motion; motion carried. All legislators will receive the audit report 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
- Agriculture and Natural Resources

Senate Committees

- Commerce
- Agriculture and Natural Resources

Office of the Governor: Comparing Staffing and Expenditure Levels for Three Commissions. This limited-scope audit was presented by Daniel McCarville, Auditor.

The audit found that the Native American Affairs Office has a part-time executive director who serves on a part-time basis, drawing a base salary of \$40,000. This employee also serves as the Executive Director of the State Gaming Agency, with a base salary for that role is \$96,000 a year. Senator Kelly asked whether drawing two salaries for two state positions was allowable, and whether the person in question worked the 60 hours a week that would seem to be required by holding both a full-time and part-time position. Senator Hensley asked whether the director was Native American. Mr. McCarville said he would check on those issues and report back to the committee.

Agency officials present to respond to the audit were:

Kansas African American Affairs Commission

- Kenya Cox, Executive Director (on behalf of all three liaison offices)

Office of Information Technology Services (OITS)

- Donna Shelite, Chief Operating Officer

Senator Olson made a motion to accept the audit. Representative Burroughs seconded the motion; motion carried. All legislators will receive the audit report, and the following committees will be notified that the committee thought the report might be of special interest:

House Committees

- General Government Budget

Senate Committees

- W&M Subcommittee on Legislative and Elected Officials

Other Committees

- Joint Committee on State-Tribal Relations

Kansas Highway Patrol: Evaluating How Much It Costs to Maintain and Operate the Plane Used to Transport State Officials. This limited-scope audit was presented by Kristen Rottinghaus, Principal Auditor.

Agency official present to respond to the audit:

Kansas Highway Patrol

- Col. Mark Bruce, Superintendent

Senator Olson asked whether the King Air 350 was paid for with asset forfeiture funds. Col. Bruce indicated he would check and report back to the committee. Senator Lynn asked what the initial cost of the plane was. Ms. Rottinghaus indicated she would find out and provide that information.

Senator Lynn asked how KHP decided which aircraft to use for a particular flight. Col. Bruce replied that it was a matter of judgement based on the circumstances. Senator Lynn suggested that KHP should consider developing a written policy with criteria for determining when each of its aircraft should be used, taking into account number of passengers, cost, availability and scheduling conflicts, and other factors.

Senator Lynn made a motion to accept the audit. Senator Bowers seconded the motion; motion carried. All legislators will receive the audit report and the following committees will be notified that the committee thought the report might be of special interest:

House Committees

- Transportation and Public Safety Budget

Senate Committees

- W&M Subcommittee on Public Safety

The committee took a five-minute recess and resumed at 10:45 a.m.

State Agency Information Systems: Reviewing Security Controls in Selected State Agencies – Larned State Hospital and Kansas Department of Education.

Vice Chair Olson made the following motion:

I move that the open meeting of the Legislative Post Audit Committee be recessed for a closed, executive meeting pursuant to K.S.A. 2016 Supp. 75-4319(a), as amended by section 4 of chapter 73 of the 2017 Session Laws of Kansas, to discuss matters relating to

security measures that protect the information systems of the Kansas State Department of Education and the Larned State Hospital under the justification listed in K.S.A. 2016 Supp. 75-4319(b)(12)(C), as amended by section 4 of chapter 73 of the 2017 Session Laws of Kansas, because discussion of such matters in an open meeting would jeopardize such security measures; that the committee resume the open meeting in Room 112-N of the Statehouse at 11:20 a.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.

Representative Burroughs seconded the motion; motion carried. Adopted at 10:50 a.m. on July 31, 2017. The chair asked Scott Frank, Legislative Post Auditor, to identify the individuals allowed to remain in the room during executive session:

Legislative Post Audit (present for both reports)

- Scott Frank, Legislative Post Auditor
- Katrin Osterhaus, IT Audit Manager
- Alex Gard, Principal IT Auditor
- Clyde-Emmanuel Meador, Senior IT Auditor

Larned State Hospital (present for LSH report)

- Larry Peterson, IT Director

Kansas Department on Aging and Developmental Services (present for LSH report)

- Lee Allen, Chief Information Officer
- Brad Ridley, Commissioner of Information
- Kahlea Porter, Senior Legal Counsel
- Jake Bigler, IT Manager

Office of Information Technology Services (present for both reports)

- Donna Shelite, Chief Operating Officer

Kansas State Department of Education (present for KSDE report)

- Dale Dennis, Deputy Commissioner
- Lane Wiley, Director, Information Technology

The committee resumed open session at 11:20 a.m.

Consideration of Performance Audit Topics

Limited-scope audit requests. Scott Frank, Legislative Post Auditor, reminded the committee that 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. Unless there is objection in the form of a motion, such requests are considered approved.

The chair had preliminarily approved the following limited-scope audit requests:

- Foster Care and Adoption in Kansas: Surveying Guardians ad Litem on the Treatment of Same-Sex Couples in Foster Care and Adoptive Placements (Requested by Representative Jarrod Ousley)

There was no motion to disapprove, so the audit was authorized.

- Kansas Casinos: Evaluating Whether Casinos Have Met Significant Contractual Obligations (Requested by Senator Rob Olson)

There was no motion to disapprove, so the audit was authorized.

The chair announced that there was an additional limited-scope audit request from Senator Kelly, dealing with the recent inmate uprising at El Dorado Correctional Facility. The chair indicated he had been unable to act on it in time for the meeting, but would provisionally approve it after today's meeting, then have the committee consider it at its next meeting in October.

First-time audit requests. Mr. Frank noted that per committee rule 1-5(b)(1), any audit requests made during the interim must be considered by the committee at its next regularly scheduled meeting. He added that staff recommends that when members consider the merit of the current audit requests, they compare them to the other audits already approved. If these requests appear to be a higher priority than any of the other audits already on the schedule, the committee may wish to consider approving them. If these requests do not appear to be a greater priority than any of the current audits, the new requests will be added to the list of audit requests to be considered following the legislature's first adjournment next session.

Mr. Stowe presented a document showing all legislative requests made since the end of the legislative session:

- *Department of Agriculture: Evaluating the Animal Facilities Inspections Program* (Jointly Requested by Senator Marci Francisco, Senator Mary Jo Taylor, and Senator Dan Kerschen)
- *Foster Care and Adoption: Reviewing Case Plan Tasks and Adoption Rates* (Requested by Senator Oletha Faust-Goudeau)
- *Kansas Public Employee Retirement System: Evaluating Issues Related to the 2015 Sale of Pension Obligation Bonds* (Requested by Senator David Haley)
- *Kansas Wildfire Management: Evaluating the Adequacy of Kansas' Wildfire Suppression System* (Jointly Requested by Representative John Carmichael,

Representative Kyle Hoffman, Representative Melissa Rooker, Representative Steven Becker, Representative Ken Rahjes, Representative Troy Waymaster, Representative Boyd Orr, and Senator Tom Hawk)

Representative Carmichael spoke in support of the wildfire management audit request.

Senator Lynn moved approval of the animal facilities audit request in the place of the previously approved K-12 free-lunch count audit. Senator Hensley seconded the motion.

Representative Trimmer made a substitute motion to approve the animal facilities and wildfire management audit requests in place of two previously approved K-12 audits—one looking at free-lunch counts and another looking at using assessed valuation per pupil as a measure of district wealth. Senator Kelly seconded the motion. The substitute motion passed.

K-12 Transportation audit proposal. Mr. Frank told the committee that the school finance bill passed by the Legislature earlier this year (Senate Bill 19) repealed the existing requirements for ongoing school district efficiency audits in K.S.A 46-1133, replacing them with a nine-year schedule of K-12 performance audits. Each audit is to be completed by January 15 of the scheduled year and will then be provided to the House and Senate Committees on Education for review. The first audit in the series—transportation services funding—is due to the Legislature by January 15, 2018. Staff prepared an audit proposal for the committee’s approval, or modification and approval, so the audit work can begin.

Senator Bowers moved approval of the proposal as written. Representative Hawkins seconded the motion; motion carried.

Kansas Department of Revenue: KanDrive IT Project - Quarter Ending March 31, 2017. This audit was presented by Clyde-Emmanuel Meador, Senior IT Auditor.

Agency officials present to respond to the audit included:

Department of Revenue

- Lisa Kaspar, Director, Division of Vehicles
- Dave Stuart, Program Manager
- Matt Billingsly, Chief of Staff

Office of Information Technology Services

- Donna Shelite, Chief Operating Officer

All legislators will receive the audit report 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

Presentation of Contracted Audit

State Treasurer's Office (Transition Audit). This audit was conducted by CliftonLarsonAllen, a public accounting firm under contract with Legislative Post Audit. The report was presented by Scott Frank, Legislative Post Auditor.

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

House Committees

- General Government Budget

Senate Committees

- W&M Subcommittee on Legislative and Elected Officials

Other Committees

- Joint Committee on Pensions, Investments, and Benefits

Legislative Post Audit Operations

Follow-up items. Rick Riggs, Administrative Auditor, briefly summarized

items the division tracks on behalf of the committee.

School efficiency update. Scott Frank reminded members that the Legislature passed a new school funding bill during the recently completed legislative session (2017 Senate Bill 19). In addition to the school finance provisions, the bill repealed the statute which required Legislative Post Audit to conduct individual school district efficiency audits. The Labette County School District was originally scheduled for a school district audit, but because of these changes to state law, the division will no longer be able to perform the audit.

Wrap-Up

Additional business. Mr. Frank introduced new LPA staff members Kaci Dillingham, Joel Gillaspie, and Ben Rogers.

Date of next meeting. Mr. Frank said that the Executive Committee will need to meet in August, and there will be a meeting of the full committee in October and again in December.

Adjournment

The meeting adjourned at 12.25 p.m.



10/9/2017

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.