

MINUTES
Legislative Post Audit Executive Committee
August 23, 2017

Call to Order

The meeting was called to order by Chair Barker at 10:11 a.m. in LPA Conference Room #1. Committee members present:

Representative John Barker, Chair Senator Rob Olson, Vice-Chair
Representative Tom Burroughs

Consideration of Legislative Post Audit's FY 2018-2019 Budget Revisions

The Chair recognized Scott Frank, Legislative Post Auditor, who explained the division's budget request. He told members that K.S.A. 46-1103 requires the Legislative Post Auditor to prepare the division's annual budget request and revisions, and submit them to the Legislative Post Audit Committee for approval. By tradition, the budget is first reviewed by the executive committee before being considered by the full committee at its October 6 meeting. Once approved by the committee, the budget request will be submitted to the Legislative Coordinating Council (LCC) for its consideration, along with the other legislative branch budgets.

Mr. Frank presented a budget memo that summarized the division's budget revisions for FY 2018-2019, provided a brief analysis of the division's staffing levels, and requested a committee recommendation to the LCC regarding the Post Auditor's salary.

Budget revisions for FY 2018-2019: Both the fiscal year 2018 revised estimate (\$2.7 million) and the fiscal year 2019 revised estimate (\$2.5 million) are within the amount appropriated by the Legislature and are sufficient to fully staff the agency in both years.

After discussion, Senator Olson moved approval of the budget request as submitted. Representative Burroughs seconded the motion; motion carried. The issue will be put before the Legislative Post Audit Committee at the October meeting.

Analysis of the division's staffing levels: Each year, the division asks the executive committee to evaluate the adequacy of the division's staffing level, given the number of audits requested by the Legislature. Mr. Frank said that if the executive committee determines that the division's current staffing level is adequate, no action is necessary. If the committee decides the staffing is not adequate, it will

need to provide direction on any changes to the budget. The executive committee took no specific action on the staffing analysis.

Recommendation to the LCC regarding the Post Auditor's salary: K.S.A. 46-1102 provides that the Legislative Post Audit Committee may make a recommendation to the LCC for the Post Auditor's salary, though the LCC is ultimately responsible for setting the final salary. Under the law, the LCC can raise the Post Auditor's salary, but not to decrease it. Mr. Frank asked that, rather than recommend a specific salary level, the Post Audit Committee recommend the LCC set the Post Auditor's salary at the average of the salaries of the Director of Legislative Research and the Revisor of Statutes. This will have no effect in the current year (all three agency heads currently make the same salary), but would create a mechanism for future years to help ensure the Post Auditor's salary keeps pace with the other legislative agencies.

The executive committee expressed support for the proposal. The issue will be put before the Legislative Post Audit Committee at the October meeting.

Consideration of Potential Rules Changes

Mr. Frank requested that the executive 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)
- Reduce the frequency of the division's follow-up process from quarterly to semiannually. (Modify Rule 3-4)
- Replace the term "scope statement" with the term "audit proposal." (Modify Various Rules)

After discussion, Senator Olson moved approval of the rules changes as submitted. Representative Burroughs seconded the motion; motion carried. The issue will be put before the Legislative Post Audit Committee at the October meeting.

With regard to the periodic follow-up reports, members requested that staff add a notation when an agency has completed all recommendations. Staff agreed to make this change.

Consideration of Potential Legislation for the 2018 Session

Mr. Frank requested that the executive committee 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)).

After discussion, Senator Olson moved approval of the proposed statutory changes as submitted. Representative Burroughs seconded the motion; motion carried. The issue will be put before the Legislative Post Audit Committee at the October meeting.

Proposal to Reassign Responsibility for Audit Contracts

Mr. Frank requested that the executive committee consider a proposal to reassign responsibility for the audit contracts currently procured and administered by Legislative Post Audit. The division's financial-compliance audit manager left for another career opportunity in June 2017. Although the division developed a temporary strategy for administering this year's audit contracts, a longer-term solution is needed. Although it would be possible to simply hire another financial-compliance manager, Mr. Frank's preferred solution is to transfer the responsibility for procuring independent audits from the division to the agencies which are to be audited. This would involve the Department of Administration, KPERS, and the Kansas Lottery. Staff have worked with officials from all three agencies and developed workable proposals for each of the five audit contracts. Making these changes would require a number of statutory changes.

By consensus, members gave approval for the division to prepare a proposal for consideration by the full Legislative Post Audit Committee.

Adjournment

The meeting adjourned at 11:28 a.m.



9/11/2017

Nicole Blanchett, Secretary

date

Legislative Post Audit Committee

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.