

AUDIT PROPOSAL

State and Local Governments: Evaluating Association Membership Fees and Dues

SOURCE

This audit proposal was requested by Senator Dennis Pyle.

BACKGROUND

In addition to about 100 state agencies, Kansas government is comprised of numerous local governments. Those governmental entities include:

- **School districts provide education to K-12 students statewide.** School districts are overseen by local school boards, the State Board of Education, and the Kansas State Department of Education. Currently, there are 286 school districts in Kansas.
- **Counties were created by statute to perform “state” functions locally.** They serve as agents of the State in the administration of state laws, and provide services that are demanded locally. Kansas has had 105 counties since 1893.
- **Townships are political subdivisions of county government.** Townships are authorized by statute to provide basic services such as road maintenance and noxious weed control for the unincorporated areas of each county. Since 1880, Kansas has had more than 1,000 townships.
- **Cities are incorporated bodies and have their own legal powers.** County Commissioners must approve any petition to incorporate and cities provide local control and services for their citizens. According to the U.S. Census Bureau, 95% of Kansas’ 626 cities had a population of less than 10,000 in 2002.
- **Special districts are units of local government that have a limited and single purpose,** such as maintenance of cemeteries, or financing of a hospital or library. A primary source of revenue for many of these units is property taxes. Kansas had more than 1,500 special districts in 2002.

Legislators have expressed interest in knowing how much these state and local governments spend on membership fees and dues for various associations, and whether those associations provide lobbying services.

AUDIT OBJECTIVES AND TENTATIVE METHODOLOGY

The audit objectives listed below represent the questions that we would answer through our audit work. The proposed steps for each objective are intended to convey the type of work we would do, but are subject to change as we learn more about the audit issues and are able to refine our methodology.

Objective 1: How much money did state and local governments spend on association membership fees and dues in fiscal year 2014? Our tentative methodology would include the following:

- Survey all state and local governments to determine how much they spent on association membership fees and dues in state fiscal year 2014.
- Ask those governments to report any payments made to associations or to attest that they had no expenditures in this area in fiscal year 2014.
- Ask surveyed entities to identify, when possible, how much of those fees and dues were paid with State General Fund money and how much were paid with property tax revenue or other local revenue.
- Based on that information, determine which associations received the most money from state and local governments.

Objective 2: How much money did state and local governments spend directly on lobbyists or to associations that provide lobbying services? Our tentative methodology would include the following:

- Ask state and local governments how much they paid directly to lobbyists in our survey described in Question 1.
- On a sample basis, check the answers survey respondents provided to information maintained by the Secretary of State's Office concerning lobbyists in Kansas.
- Ask each survey respondent to identify, if possible, whether any of the associations that received their membership fees and dues offer lobbying services.

ESTIMATED RESOURCES

We estimate this audit would require a team of **three (3) auditors** for a total of **six (6) months** (from the time the audit starts to our best estimated of when it would be ready for the committee).