



PERFORMANCE AUDIT REPORT

**Agricultural-Related Agencies: A K-GOAL Audit
Determining Whether Cost Savings Could Be Achieved
By Making the Animal Health Department and the
Conservation Commission Part of the
Department of Agriculture**

**A Report to the Legislative Post Audit Committee
By the Legislative Division of Post Audit
State of Kansas
December 2008**

Legislative Post Audit Committee

Legislative Division of Post Audit

THE LEGISLATIVE POST Audit Committee and its audit agency, the Legislative Division of Post Audit, are the audit arm of Kansas government. The programs and activities of State government now cost about \$13 billion a year. As legislators and administrators try increasingly to allocate tax dollars effectively and make government work more efficiently, they need information to evaluate the work of governmental agencies. The audit work performed by Legislative Post Audit helps provide that information.

We conduct our audit work in accordance with applicable government auditing standards set forth by the U.S. Government Accountability Office. These standards pertain to the auditor's professional qualifications, the quality of the audit work, and the characteristics of professional and meaningful reports. The standards also have been endorsed by the American Institute of Certified Public Accountants and adopted by the Legislative Post Audit Committee.

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DO YOU HAVE AN IDEA FOR IMPROVED GOVERNMENT EFFICIENCY OR COST SAVINGS?

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You won't receive an individual response, but all ideas will be reviewed, and Legislative Post Audit will pass along the best ones to the Legislative Post Audit Committee.

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Representative Virgil Peck Jr., Vice-Chair
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This report contains the findings, conclusions, and recommendations from our completed performance audit, *Agricultural-Related Agencies: A K-GOAL Audit Determining Whether Cost Savings Could Be Achieved by Making the Animal Health Department and the Conservation Commission Divisions of the Department of Agriculture.*

The report also contains an appendix which shows where other states have placed their equivalents to the Kansas Animal Health Department and the Kansas Conservation Commission.

The report includes a recommendation for the Legislature to merge the Animal Health Department and the Conservation Commission with the Department of Agriculture. The report also contains recommendations which should help make the operations of the Animal Health Department and the Conservation Commission more efficient and effective. We would be happy to discuss these recommendations or any other items in the report with any legislative committees, individual legislators, or other State officials.

Barbara J. Hinton
Legislative Post Auditor

READER'S GUIDE

| <i>The Big Picture</i> | | <i>The Details</i> | |
|--|--|-----------------------------------|---|
| Executive Summary | Provides an overview of the questions we asked and the answers we found | “At-a-Glance Box” | Used to describe key aspects of the audited agency; generally appears in the first few pages of the main report |
| Conclusions and Recommendations | Located at the end of the report sections, and referenced in the Executive Summary | Side Headings | Point out key issues and findings |
| Agency Response | Included as the last Appendix in the report | Charts, Tables, and Graphs | Visually help tell the story of what we found |
| List of Figures | Lists all figures used in the report and their location (as shown at the end of the Executive Summary) | Narrative Text Boxes | Highlight interesting information or provide detailed examples |

EXECUTIVE SUMMARY
LEGISLATIVE DIVISION OF POST AUDIT

Overview of Kansas Agricultural-Related Agencies

In Kansas, three agencies are responsible for overseeing many agricultural-related activities. page 3
The Kansas Department of Agriculture is the largest of the three agencies. It regulates various agricultural industries, promotes agricultural development, regulates water resources, and disseminates information on Kansas agriculture. The Animal Health Department helps ensure public health and safety by working to prevent, control, and eradicate infectious and contagious diseases and conditions affecting the health of livestock and domestic animals. The State Conservation Commission works to protect and enhance Kansas' natural resources by working with local governments and individuals to conserve the State's renewable resources. During fiscal year 2008, the combined spending for all three agencies was more than \$44 million.

Restructuring agricultural agencies has been considered several times since the mid-1990s. page 5
Legislation to make the Animal Health Department a division of the Department of Agriculture was introduced in 2005 and again in 2008. No action was taken in either instance. The possibility of moving the Conservation Commission was discussed in an audit issued by Legislative Post Audit in 1996 and studied by the Governor's Transition Team in 2003. Again, no actions were taken.

Question 1: Could Kansas Achieve Greater Operating Efficiencies And Reduce Costs by Merging Its Animal Health Department and Conservation Commission Into the Department of Agriculture?

Kansas is one of only six states that doesn't place any of its animal health oversight or conservation grant functions within its Department of Agriculture. page 9
The remaining 44 states have varying degrees of those functions placed under their Department of Agriculture. For example, three states have placed all these functions within their Department of Agriculture, and 40 states have placed the responsibility for animal disease control with a Department of Agriculture.

Kansas could save about \$710,000 a year by merging the two agencies with the Department of Agriculture. page 10
That annual amount represents about 13% of the combined fiscal year 2008 operating costs for the Animal Health Department and the Conservation Commission. Over five years, those savings would amount to about \$3.6 million.

About \$630,000 of the savings comes from eliminating or restructuring staff positions. In fiscal year 2009, the Animal Health Department and Conservation Commission have a combined total of 56 authorized positions. With the proposed restructuring, only 44 of those positions would be retained and 12 could be eliminated. The positions we propose for elimination include the Assistant Director at the Conservation Commission, a total of nine clerical and support positions from both agencies, an emergency management planning position at the Animal Health Department, and one unfunded position at the Conservation Commission. page 12

About \$80,000 of the savings comes from reductions in other operating costs. Changing the amount of office space these two agencies lease could save the State almost \$73,000 per year. Another \$7,000 a year could be saved by reducing costs directly associated with the eliminated positions and other actions. page 13

If no changes were made to the existing structure or staffing levels, the State *might* be able to save about \$6,000 per year in rental costs by having the agencies adhere to the State’s office space standards.

Although agency officials expressed concerns about restructuring, we found those issues could be overcome. Department of Agriculture officials cited no major concerns. Officials from the Animal Health Department and the Conservation Commission expressed several concerns including the possibility of a reduced level of service for constituents, and the possibility that established relationships could be compromised or lost. While each concern would need to be addressed, it appears to us that none are sufficient to prohibit a restructuring of these agencies. page 21

During this audit, we identified other issues regarding the operations of the Animal Health Department and the Conservation Commission. The Animal Health Department hasn’t fully developed and implemented policy manuals and criteria for assessing the results of inspections—these items were recommended in a previous audit issued in 2002. The Animal Health Department also has a handshake agreement with the federal Department of Agriculture that needs to be formalized. Presently, the two agencies share animal disease control inspection duties across the State. The absence of a written agreement makes it possible for either party to withdraw unannounced. While such an action appears unlikely, both parties would benefit by having a written agreement. Other issues related to efficient use of staff and technology need to be studied by management at both agencies. page 22

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This audit was conducted by Joe Lawhon, Dan Bryan and Lynn Retz. Chris Clarke was the audit manager. If you need any additional information about the audit's findings, please contact Joe Lawhon at the Division's offices. Our address is: Legislative Division of Post Audit, 800 SW Jackson Street, Suite 1200, Topeka, Kansas 66612. You also may call us at (785) 296-3792, or contact us via the Internet at LPA@lpa.state.ks.us.

Agricultural-Related Agencies: A K-GOAL Audit Determining Whether Cost Savings Could Be Achieved By Making the Animal Health Department and The Conservation Commission Divisions of the Department of Agriculture

The Kansas Governmental Operations Accountability Law (K-GOAL) subjects any State agency or program to audits, reviews, and evaluations as determined by the Legislative Post Audit Committee. Through this process, the Legislature can, in the words of the Act, “retain and maintain appropriate and effective governmental operations, remediate defective governmental operations, and terminate inappropriate or obsolete governmental operations.”

The Committee is required to direct at least four audits each year under the law; it has chosen to focus these audits on efficiency and cost savings issues. The law states that each audit may determine whether the agency is still needed, whether another agency could effectively perform the functions of the agency or program, whether the agency or program could be operated more efficiently and still fulfill its intended purpose, and other factors as determined by the Legislative Post Audit Committee. The Committee has designated this audit of agricultural-related agencies as a K-GOAL audit.

Several mid-western states have placed their animal health function and their soil and water conservation functions within their Departments of Agriculture. Legislators would like to know whether Kansas could achieve greater operational efficiencies and cost savings if Kansas adopted a similar structure for these agricultural-related agencies.

This performance audit answers the following question:

Could Kansas achieve greater operating efficiencies and reduce costs by merging its Animal Health Department and Conservation Commission into the Department of Agriculture?

To answer this question, we gathered information about the agencies that oversee animal health issues and distribute funds for projects intended to conserve water and soil in all 50 states. For a sample of states that have these types of functions located within their Departments of Agriculture, we gathered information about how they were organized. Using this information and other information we collected and developed from the three Kansas agencies included in this audit, we developed a model for how a restructured Kansas Department of Agriculture might look and be staffed. We also computed how much operating costs could be reduced by restructuring.

In this audit, we also identified a number of potential issues regarding the efficiency and effectiveness of the operation of the Animal Health Department and the Conservation Commission. The extent of our review of Department of Agriculture' operations was more limited, and therefore we didn't identify these types of issues for that Department.

A copy of the scope statement the Legislative Post Audit Committee approved for this audit is included in ***Appendix A***.

We conducted this performance audit in accordance with generally accepted government auditing standards, with one exception. We didn't test the reliability of salary and benefit cost information shown on forms agency staff use to develop their proposed budgets. We used this information to estimate the amount of salary and benefit savings that could be achieved. We have no reason to think that any of these data are so grossly or systematically wrong as to affect our findings.

The standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. Except for the limitation described above, we followed these standards. Nevertheless, the savings presented throughout this report are based on a number of assumptions and estimates, and should be viewed with that in mind. The major assumptions we made are described in ***Appendix B***.

Our findings begin on page nine, following a brief Overview.

Overview of Kansas Agricultural-Related Agencies

In Kansas, Three Agencies Are Responsible for Overseeing Many Agricultural-Related Activities

Many agencies in Kansas have agricultural-related duties and responsibilities such as water, soil, and livestock. They include: the Department of Agriculture, the State Conservation Commission, the Animal Health Department, the Department of Wildlife and Parks, the Department of Health and Environment, the Wheat Commission, and the Kansas Water Office.

This audit focuses solely on three agencies—the Department of Agriculture, the State Conservation Commission, and the Animal Health Department—and the possible cost savings that might be achieved by combining them in a single agency. A brief description of each agency’s duties and responsibilities is presented below.

- **The Department of Agriculture** is the largest of the three agencies. It regulates various agricultural industries, promotes agricultural development, regulates water resources, and disseminates information on Kansas agriculture. Its duties include helping ensure public safety and consumer protection by enforcing laws concerning food safety and production, and quality of agricultural supplies. The Department has responsibilities to help protect, conserve, regulate, and allot Kansas’ water resources. The Department also works to protect the State’s natural and plant resources by regulating and overseeing activities concerning pesticide application, invasive insects, and plant diseases.
- **The Animal Health Department** helps ensure public health and safety by working to prevent, control, and eradicate infectious and contagious diseases and conditions affecting the health of livestock and domestic animals. The Department has a brand registration and inspection program which helps identify the ownership of lost or stolen livestock. The Department also regulates and enforces laws for facilities that produce, sell, or harbor companion animals.
- **The State Conservation Commission** is the smallest of the three agencies. It works to protect and enhance Kansas’ natural resources by working with local governments and individuals to conserve the State’s renewable resources. The Commission administers programs that distribute funds which are intended to improve water quality, reduce soil erosion, conserve water, and reduce the potential for flooding.

Figure OV-1 on page 4 summarizes these agencies’ missions, primary programs, and sources of funding.

During fiscal year 2008, the combined spending for all three agencies was more than \$44 million. **Figure OV-2** on page 6 provides details on each agency’s expenditures and staffing level. The top portion of the figure shows the Department of Agriculture has significantly more staff and more expenditures than either the Animal Health Department or the State Conservation Commission. The State Conservation Commission has the fewest staff, and about 85% of its total expenditures are grant moneys passed through the agency to local entities or land owners.

**Figure OV-1
Current Mission and Functions of the Department of Agriculture,
the Animal Health Department, and the State Conservation Commission**

| Description | Department of Agriculture | Animal Health Department | State Conservation Commission |
|---------------------------------------|---|--|---|
| Mission | <ul style="list-style-type: none"> ➤ To provide food safety, consumer protection, natural resource protection, and water resource allocation for the benefit of the people of Kansas ➤ To effectively advocate for Kansas agriculture ➤ To provide leadership to benefit agriculture and rural Kansans so they can contribute to the health and prosperity of Kansas. | <ul style="list-style-type: none"> ➤ To ensure the public health, safety, and welfare of Kansas citizens through prevention, control and eradication of infectious and contagious disease and conditions affecting the health of livestock and domestic animals in the State ➤ To regulate facilities that produce, sell or harbor companion animals ➤ To direct an effective brand registration and inspection program ➤ To inform the public about the status of the health of livestock in the State. | <ul style="list-style-type: none"> ➤ To protect and enhance Kansas' natural resources through the development, implementation, and maintenance of policies, guidelines, and programs designed to assist local governments and individuals in conserving the State's renewable resources. |
| Primary Programs & Functions | <ul style="list-style-type: none"> ➤ Food Safety and Consumer Protection—includes programs such as dairy inspection, grain warehouse inspection, weights and measures, and food safety inspections ➤ Regulation of Water Resources—includes programs such as water appropriations and water structures ➤ Environmental Protection—includes programs such as pesticide and fertilizer control, plant protection and weed control, and the agricultural laboratory | <ul style="list-style-type: none"> ➤ Animal Disease Control ➤ Brand Regulation ➤ Companion Animal Facilities Inspection | <ul style="list-style-type: none"> ➤ Water Resource Cost Share ➤ Non-Point Source Pollution Control ➤ Riparian and Wetland ➤ Watershed Dam Construction ➤ Multi-purpose Small Lakes ➤ Water Supply Restoration ➤ Water Quality Buffer Initiative ➤ Water Rights Retirement ➤ Mined Land Reclamation ➤ State Aid to Conservation Districts |
| Primary Sources of Funding in FY 2009 | <ul style="list-style-type: none"> ➤ State General Fund ➤ Water Plan Fund ➤ Fees ➤ Federal funds | <ul style="list-style-type: none"> ➤ Fees ➤ State General Fund | <ul style="list-style-type: none"> ➤ State Water Plan Fund ➤ State General Fund |
| Current Board Structure | The State Board of Agriculture has nine members and meets twice a year. | The Animal Health Advisory Board has nine members and meets quarterly. The Pet Advisory Board has 10 members and meets quarterly. | The Conservation Commission has nine members and meets six times a year. |

Source: LPA analysis of agency statutes and budget reports.

The middle section of *Figure OV-2* shows the agencies' combined expenditures increased from \$36 million to \$44 million, or about 23%, from fiscal year 2006 to fiscal year 2008.

About \$6.6 million of the \$8 million increase was attributable to expenses incurred by the Conservation Commission. Commission officials cited the following reasons:

- about \$2 million was attributable to set-asides for the Horsethief Reservoir project in Hodgeman County
- about \$2 million was committed to implement the Conservation Reserve Enhancement Program (CREP)
- about \$800,000 was committed to start the Commission's Watershed Restoration and Protection Strategy Program (WRAPS)
- just over \$1 million was due to an increase from \$10,000 to \$25,000 in statutorily required payments to each conservation district

Salary expenditures for the three agencies increased by about \$1.4 million from fiscal year 2006 to 2008. Most of the salary increase occurred within the Department of Agriculture. Department officials told us most of this increase was attributable to the following:

- the addition of several positions in the Division of Water Resources
- an increase in the base amount for longevity payments
- the one-time \$860 salary adjustment paid to all State employees in December 2007

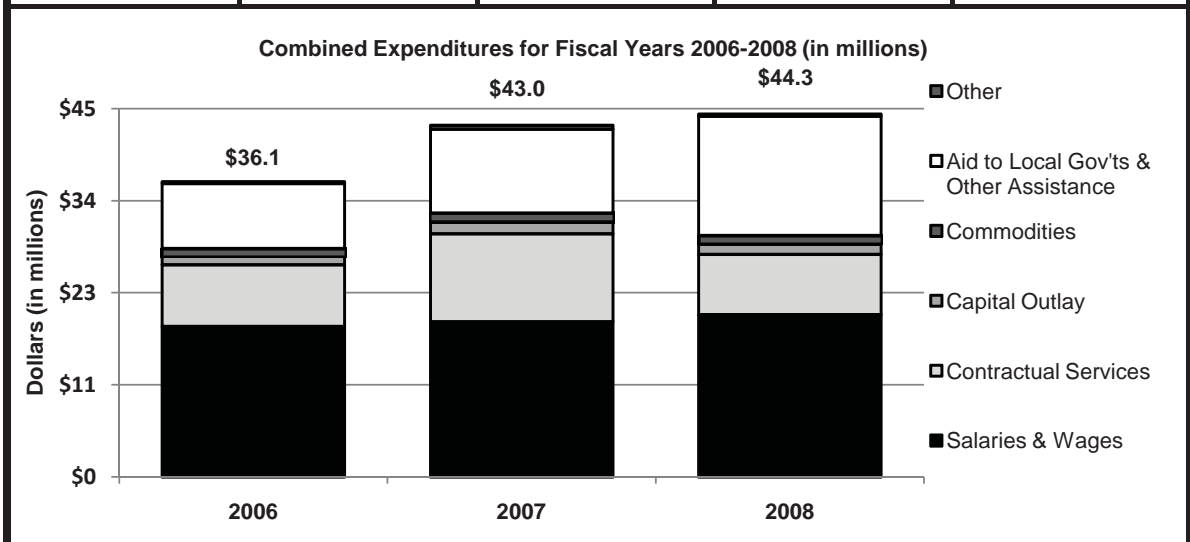
***Restructuring
Agricultural Agencies
Has Been Considered
Several Times Since the
Mid 1990s***

This audit required us to study the possibility of restructuring the Animal Health Department and the Conservation Commission into the Department of Agriculture. These ideas have been discussed before.

Legislation to make the Animal Health Department a division of the Department of Agriculture was introduced in 2005 and again in 2008. House Bill 2528 was introduced during the 2005 session and House Bill 2993 was introduced during the 2008 session. These bills were nearly identical, and neither was acted upon. The fiscal notes for both bills indicated there would be little to no savings achieved through the abolishment of the Animal Health Department because officials assumed all existing staff and programs would have been transferred.

**Figure OV-2
Expenditures for the Department of Agriculture, the Animal Health Department,
and the State Conservation Commission
Fiscal Years 2006-2008**

| Operating Expenditures for FY 2008 | | | | | | | | |
|--|---------------------------|-------------|--------------------------|-------------|-------------------------------|-------------|------------------------|-------------|
| Agency | Department of Agriculture | | Animal Health Department | | State Conservation Commission | | Total for All Agencies | |
| Type | Amount | % of Total | Amount | % of Total | Amount | % of Total | Amount | % of Total |
| Salaries & Wages | \$16,903,689 | 69.9% | \$1,849,075 | 58.2% | \$1,086,948 | 6.4% | \$19,839,712 | 44.7% |
| Contractual Services | \$5,038,309 | 20.8% | \$943,940 | 29.7% | \$1,399,701 | 8.3% | \$7,381,950 | 16.6% |
| Capital Outlay | \$1,309,450 | 5.4% | \$14,154 | 0.4% | \$9,955 | 0.1% | \$1,333,559 | 3.0% |
| Commodities | \$854,672 | 3.5% | \$101,343 | 3.2% | \$9,228 | 0.1% | \$965,243 | 2.2% |
| Aid to Local Gov'ts & Other Assistance | \$86,077 | 0.4% | \$18,359 | 0.6% | \$14,459,553 | 85.2% | \$14,563,989 | 32.8% |
| Other | \$5,536 | 0.0% | \$250,632 | 7.9% | \$0 | 0.0% | \$256,168 | 0.6% |
| Total | \$24,197,733 | 100% | \$3,177,503 | 100% | \$16,965,385 | 100% | \$44,340,621 | 100% |
| FY 2008 Authorized Staff FTE | 338.5 | | 34.0 | | 22.0 | | 394.5 | |



| | Number of Authorized FTE Staff by Fiscal Year | | |
|-------------------------------|---|--------------|--------------|
| | 2006 | 2007 | 2008 |
| Department of Agriculture | 331.0 | 338.5 | 338.5 |
| Animal Health Department | 34.0 | 34.0 | 34.0 |
| State Conservation Commission | 21.0 | 22.0 | 22.0 |
| Total | 386.0 | 394.5 | 394.5 |

Source: LPA analysis of the Governor's Budget Reports, Fiscal Years 2008 and 2009. Fiscal Year 2008 expenditure information provided by the Division of the Budget.

The possibility of moving the Conservation Commission was discussed in an audit issued by Legislative Post Audit in 1996 and studied by the Governor’s Transition Team in 2003. These are summarized below:

- Our 1996 audit reported that the Conservation Commission’s programs could be transferred to another State agency, but there was no compelling reason to do so and the amount of savings that could be realized was unclear. Reasons cited in the audit for merging the Conservation Commission into another agency included the potential to streamline government and potential savings on duplicated staff positions. Reasons for not merging the Commission included concerns that conservation districts would no longer be involved in making policy decisions that affect them and concerns about placing the responsibilities for water regulation in the same agency that also would award grants for soil and water conservation purposes.
- In 2003, one of the Governor’s transition teams recommended consolidating Kansas’ water agencies. We couldn’t find a written report, but according to a newspaper article published in January 2003, this recommendation was heavily opposed by 20 agriculture groups including: Kansas Farm Bureau, Kansas Livestock Association and Kansas Corn Growers Association. These groups expressed a preference to have the regulation of water quality and water use be administered by different agencies. They contended that placing all the authority for water regulation in one agency would be both difficult to achieve and would not allow for separation of powers.

Question 1: Could Kansas Achieve Greater Operating Efficiencies and Reduce Costs by Merging Its Animal Health Department and Conservation Commission Into the Department of Agriculture?

ANSWER IN BRIEF: *Kansas is one of six states that doesn't place any of its animal health oversight or its conservation grant awarding functions within its Department of Agriculture. We estimate Kansas could save about \$710,000 a year by combining and restructuring these three agencies. That amount represents about 13% of the combined fiscal year 2008 operating costs for the Animal Health Department and the Conservation Commission. About \$630,000 of that amount comes from eliminating or restructuring staff positions, while almost \$80,000 can be achieved by reducing the amounts paid for rent and taking other actions. Although officials at the Animal Health Department and the Conservation Commission expressed concerns about restructuring, we found that their concerns could be addressed. We identified a number of other issues regarding the operations of the Animal Health Department and the Conservation Commission that raise concerns and some may warrant further review. These and other findings are described in the sections that follow.*

Kansas Is One of Six States That Doesn't Place Any of Its Animal Health Oversight or Conservation Grant Functions Within Its Department of Agriculture

As described in the Overview, the Kansas Animal Health Department's three main duties are animal disease control, brand inspection, and companion animal facility inspection. The Kansas Conservation Commission's main responsibilities are to award soil and water conservation grants. We reviewed Internet websites of agencies in other states to determine how they provide the services that Kansas' Animal Health Department and Conservation Commission provide.

In conducting this work, we noticed significant differences in how other states administer and structure these programs. As a result, we used our best judgment when making determinations about whether state agencies perform the duties that are most similar to those performed by the Kansas Animal Health Department and Conservation Commission.

Through this work, we found that five other states don't appear to have any of the same functions that Kansas' Animal Health Department or Conservation Commission perform located within their Departments of Agriculture. Those states are Alaska, Minnesota, Montana, South Carolina, and Texas. The remaining 44 states have varying degrees of those functions placed under their Department of Agriculture. Three states—Colorado, Illinois, and Pennsylvania—

have placed all these functions within their Departments of Agriculture. *Appendix C* shows the results of our analysis for Kansas and the 49 other states.

Figure 1-1 shows the total number of states that have a given function performed by their Departments of Agriculture. The figure

shows that 40 states have placed the responsibility for animal disease control with a Department of Agriculture. It also shows that 15 states have placed the responsibility for inspecting companion animal facilities with a Department of Agriculture. If these functions weren't performed by a Department of Agriculture, we didn't attempt to determine whether another agency in that state was performing them.

| Figure 1-1 States with Animal Health and Conservation Functions Located Within Their Department of Agriculture | |
|---|---|
| Function | Number and Percent of States That Have This Function Within a Department of Agriculture |
| Animal Disease Control | 40 states (82%) |
| Livestock Brand Inspection/Enforcement | 22 states (45%) |
| Companion Animal Facility Inspection | 15 states (31%) |
| Conservation Grant Awarding | 21 states (43%) |

Source: LPA search of other states websites.

Figure 1-1 also shows that 21 states have placed responsibilities for awarding soil or water conservation grants within a Department of Agriculture.

Kansas Could Save About \$710,000 a Year By Merging the Two Agencies With The Department of Agriculture

Combining and restructuring the three agencies could save the State about \$710,000 per year, or about \$3.6 million over five years. That annual amount represents about 13% of the combined fiscal year 2008 operating costs for the Animal Health Department and the Conservation Commission. Our proposal takes into consideration advances in technology and the Department of Agriculture's ability to absorb some new work. *Figure 1-2* on page 11 summarizes the estimated cost savings we identified.

In developing our cost-savings estimates, we had to make a number of assumptions related to staff workloads and operational costs. *Appendix B* lists the assumptions we made. In almost all cases, our cost estimates were based on fiscal year 2009 data. In the one instance where we had to use fiscal year 2008 cost data, we inflated our estimate of savings to reflect estimated costs for fiscal year 2009. Overall, we tried to be conservative when estimating the amount of potential savings.

**Figure 1-2
Summary Table of Estimated Cost Savings
(In 2009 dollars)**

| Savings for the Animal Health Department | | | | |
|---|--------------------------------|-----------------|----------------------|------------------|
| Actions That Could Produce Savings | Salaries & Benefits | Rent | Other Savings | Total |
| Estimated Savings That Could Be Achieved Through Restructuring | | | | |
| Eliminate agency head and deputy position; create 1 division director and 1 program manager position | \$48,045 | | | \$48,045 |
| Eliminate 1 mid-level position | \$42,153 | | | \$42,153 |
| Eliminate 6 support positions: 1 fiscal and 5 clerical | \$241,913 | | | \$241,913 |
| Rent reduction: moving central office staff to the Dept. of Agriculture-Mills Building | | \$53,903 | | \$53,903 |
| Direct equipment savings from position eliminations | | | \$2,471 | \$2,471 |
| Other savings from a single, larger agency | | | \$1,871 | \$1,871 |
| Total savings for the Animal Health Department | \$332,111 | \$53,903 | \$4,342 | \$390,356 |
| Savings for the State Conservation Commission | | | | |
| Actions That Could Produce Savings | Salaries & Benefits | Rent | Other Savings | Total |
| Estimated Savings That Could Be Achieved Through Restructuring | | | | |
| Eliminate agency head and deputy position; create 1 division director position | \$113,932 | | | \$113,932 |
| Eliminate 1 mid-level position (a) | \$0 | | | \$0 |
| Eliminate 3 support positions: 2 fiscal and 1 clerical support | \$184,514 | | | \$184,514 |
| Rent reduction: leasing less office space for the reduced number of staff | | \$19,050 | | \$19,050 |
| Direct equipment savings from position eliminations | | | \$1,580 | \$1,580 |
| Other savings from a single, larger agency | | | \$955 | \$955 |
| Total savings for the Conservation Commission | \$298,446 | \$19,050 | \$2,535 | \$320,031 |
| Grand Total for Estimated Savings | \$630,557 | \$72,953 | \$6,877 | \$710,387 |
| Percent of Total | 89% | 10% | 1% | 100% |
| Estimated Savings That Could Be Achieved Through Operational Efficiencies (with or without restructuring) | | | | |
| Reducing Animal Health Department's office space to rental space standards (b) | | \$989 | | \$989 |
| Reducing Conservation Commission's office space to rental space standards (b) | | \$4,825 | | \$4,825 |
| Total Savings for Both Agencies | | \$5,814 | | \$5,814 |
| (a) This position has been vacant and unfunded for more than one year, so no immediate cost savings are realized. (b) These rent savings could be achieved with or without consolidation by reducing the amount of office space that's leased currently to the square footage standard established by the Kansas Department of Administration. This amount is included in the \$72,953 estimated rent savings shown above. Source: LPA analysis of operating costs. | | | | |

We think savings could be higher in the future if changes are made to increase the use of technology and automation. That's because some agency processes use manually prepared paper forms. Also, it should be noted that we didn't estimate any one-time moving or training costs that would be incurred if the agencies were combined into a single agency. However, we think the annual cost savings we identified would quickly offset those one-time costs.

About \$630,000 of the Savings Comes From Eliminating or Restructuring Staff Positions

As shown earlier in **Figure 1-2**, most of the cost savings we identified comes from a reduction in salary expenditures. Those savings could be achieved by creating two new divisions within the Department of Agriculture and eliminating certain positions that would no longer be needed.

In fiscal year 2009, the Animal Health Department and Conservation Commission have a combined total of 56 authorized positions. With the proposed restructuring, only 44 of those positions would be retained and 12 could be eliminated. Organizational charts showing each agency's current structure and how those functions could be restructured within the Department of Agriculture are shown in **Figures 1-3 through 1-6** on pages 14 through 17.

The changes to Animal Health Department and Conservation Commission staffing levels we suggest, along with the corresponding amount of savings that could be realized, are summarized below.

- **Reclassifying three of the four upper-management positions and eliminating one position would save about \$162,000 in salaries and benefits.** Currently, each agency has two upper-management positions—an agency head, and a deputy or assistant director position. Our savings estimates are based on changing the two agency head positions into division director positions. The Deputy Livestock Commissioner position at the Animal Health Department would become the program supervisor for the Companion Animal Facility Inspection program. The Assistant Director position at the Conservation Commission would be eliminated.
- **Eliminating nine clerical and support positions would save about \$426,000 in salaries and benefits.** The Animal Health Department and the Conservation Commission have a total of 16 administrative positions. Our savings estimates were based on retaining seven positions and eliminating nine—six clerical and three fiscal positions. In the model, the work that's performed currently by these nine positions would be picked up by other staff, and by making better use of computer technology.

- **Eliminating one active position and one unfunded position would save about \$42,000 in salaries and benefits.** A position that has duties related to emergency management planning at the Animal Health Department could be eliminated to save \$42,000. Those duties would be absorbed by existing staff in the Department of Agriculture. The other eliminated position is at the Conservation Commission and is vacant and unfunded, so no savings for that position would be realized.

In summary, the net reduction of 12 positions would yield salary and benefit savings of approximately \$630,000 in one year.

Overall, the restructured Department of Agriculture would have a total of about 420 authorized positions. By merging the Animal Health Department and Conservation Commission into the Department of Agriculture, our proposal adds 44 positions to the Department, increasing the size of its staff by about 12%. *Figure I-7* on page 18 provides summary information about the types of positions in the Animal Health Department and the Conservation Commission, how many of each type we would retain and eliminate, and what the total staffing level would be for the Department of Agriculture after the changes.

Our proposed organization chart for the Department is shown in *Figure I-8* on page 19. The figure shows which Department of Agriculture programs would absorb additional work and whether those programs would be allocated any of the positions we propose to retain. The figure also shows many of the Department of Agriculture's programs are unaffected by the proposed restructuring. More specific information about the changes we'd make to staffing levels is contained in *Appendix D*.

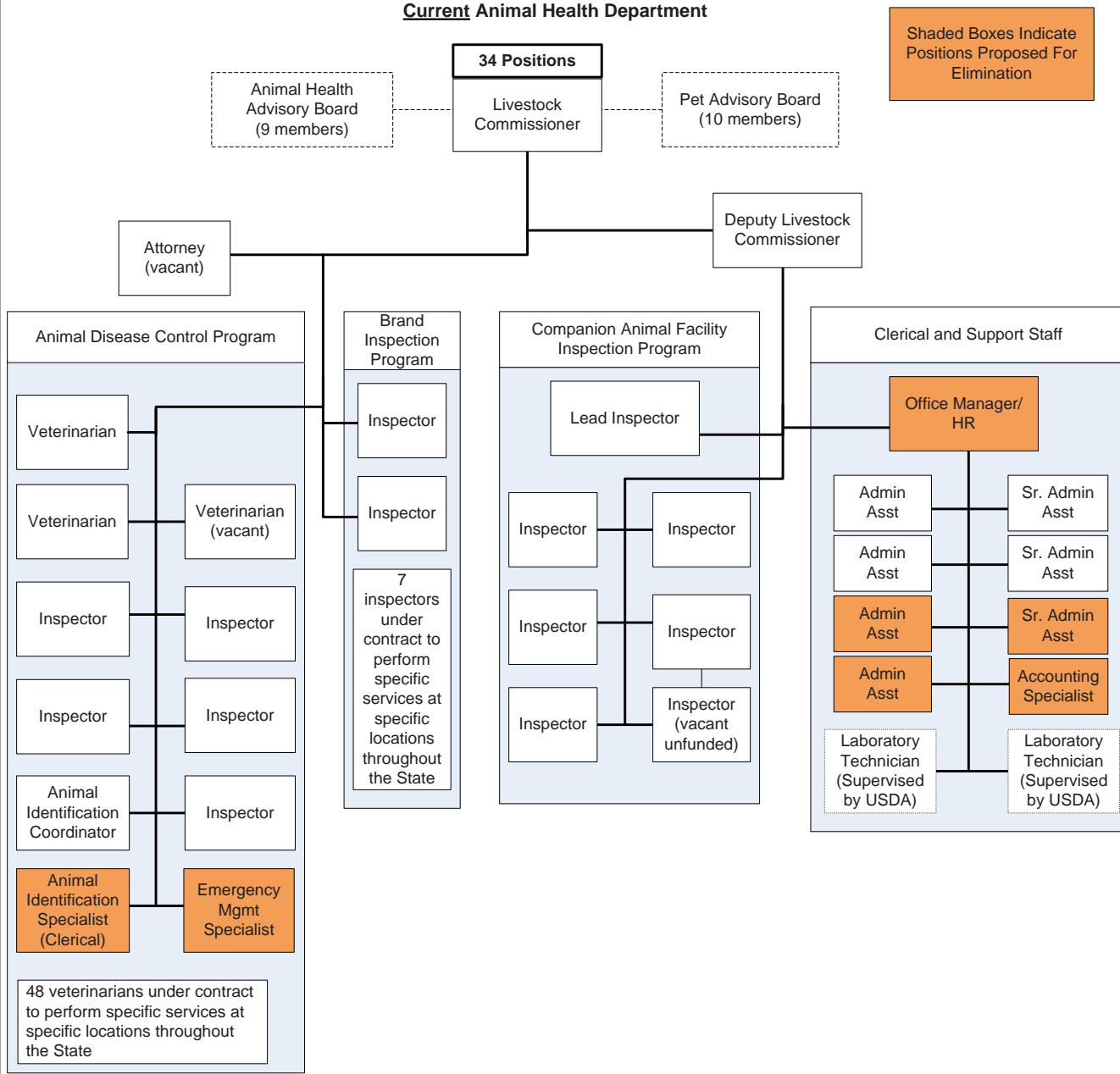
About \$80,000 of the Savings Comes From Other Operating Cost Reductions

After taking into account the staff reductions mentioned above, we calculated how much office space rental savings and other operating cost savings could be achieved. Our results are summarized in the sections that follow.

Changing the amount of office space these two agencies lease could save the State almost \$73,000 per year. We developed these estimates by examining lease agreements and determining where staff would be located.

- **Relocating the remaining staff of the Animal Health Department to office space currently used by the Department of Agriculture could save the State a total of \$54,000 per year.** Because Department of Agriculture officials informed us they have space that could accommodate these positions, these employees would move into the Mills Building. Thus, the savings would be the Animal Health Department's entire lease costs.

**Figure 1-3
Current Animal Health Department**

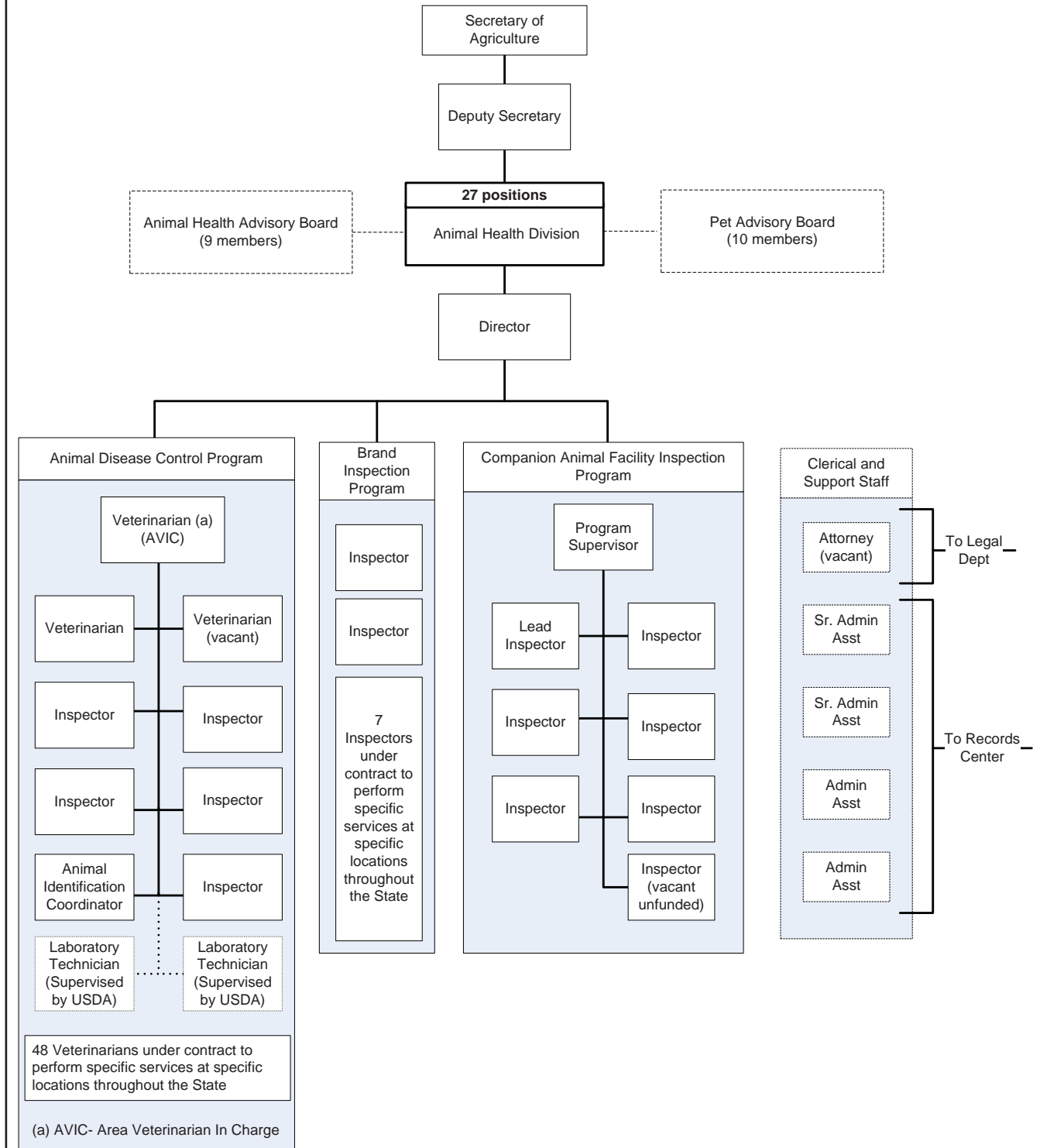


Proposed Restructuring

- The Commissioner is reclassified as a Division Director and the Deputy Commissioner is reclassified as a Program Supervisor.
- The Office Manager/HR position duties are assumed by the Department of Agriculture's Records Center and Human Resource Division, respectively.
- The Emergency Management Specialist position duties are assumed by the Homeland Security Specialist at the Department of Agriculture.
- The Accounting Specialist position duties are assumed by the Fiscal Division of the Department of Agriculture.
- 4 of 8 Administrative Assistant positions eliminated due to advances in computer technology and realignment of duties. No specific Administrative Assistant positions are proposed for elimination, including the Animal Identification Specialist. The 4 highlighted clerical positions indicate only the proposed number of positions to be eliminated.

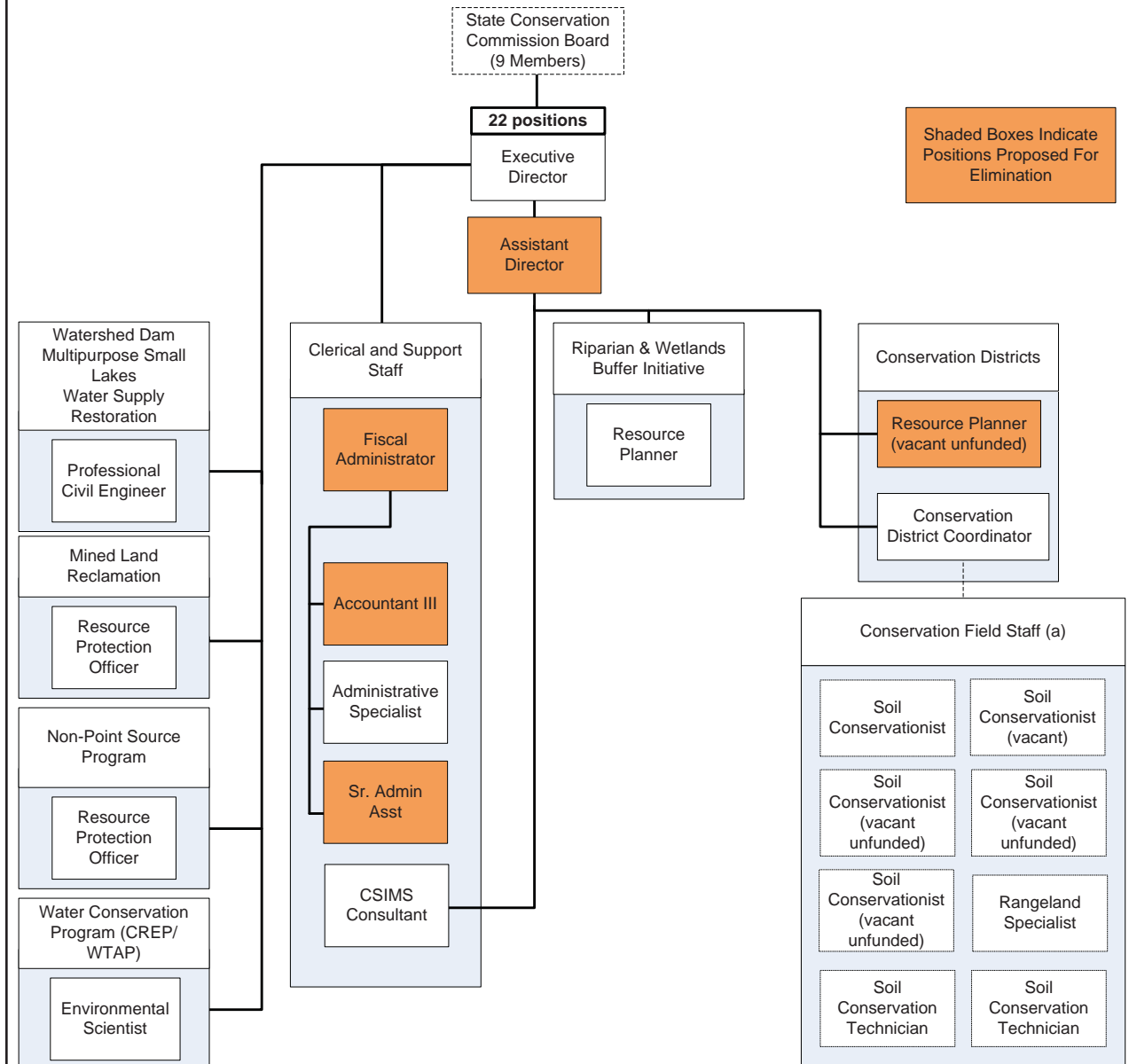
Source: Animal Health Department Organizational Chart.

Figure 1-4
Proposed Department of Agriculture Animal Health Division



Source: LPA model of Animal Health Division based on Animal Health Department Organizational Chart.

Figure 1-5
Current Conservation Commission



Shaded Boxes Indicate Positions Proposed For Elimination

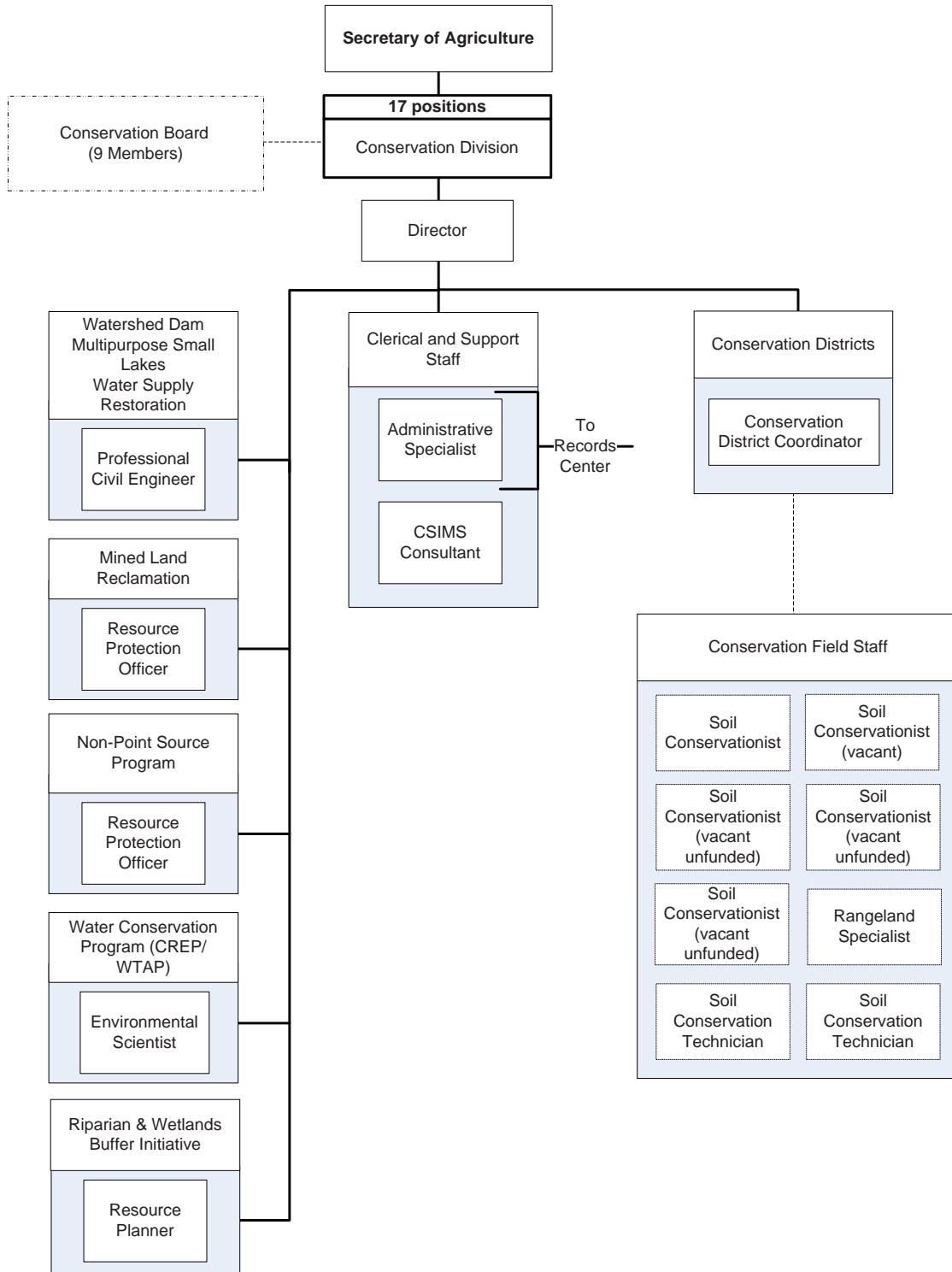
Proposed Restructuring

- The Executive Director and Assistant Director positions are combined and reclassified into one position -- the Division Director.
- One vacant and unfunded Resource Planner position is eliminated.
- The Fiscal Administrator and Accountant III position duties are assumed by the Fiscal Division of the Department of Agriculture.
- The Senior Administrative Assistant position duties are assumed by other clerical staff.

(a) Pursuant to a Memorandum of Understanding between the U.S. Department of Agriculture/Natural Resources Conservation Services (USDA/NRCS) and the State Conservation Commission, there are eight positions in this program. Of those, five are currently funded in the Commission's budget. The USDA/NRCS pays for 50% of the salary and benefits of these positions and all other related expenses (office space, vehicle, office supplies, travel). The USDA also provides the day-to-day supervision for these positions and they are located across the State, and outside of the Topeka area.


Source: Conservation Commission Organizational Chart.

Figure 1-6
Proposed Department of Agriculture Conservation Division



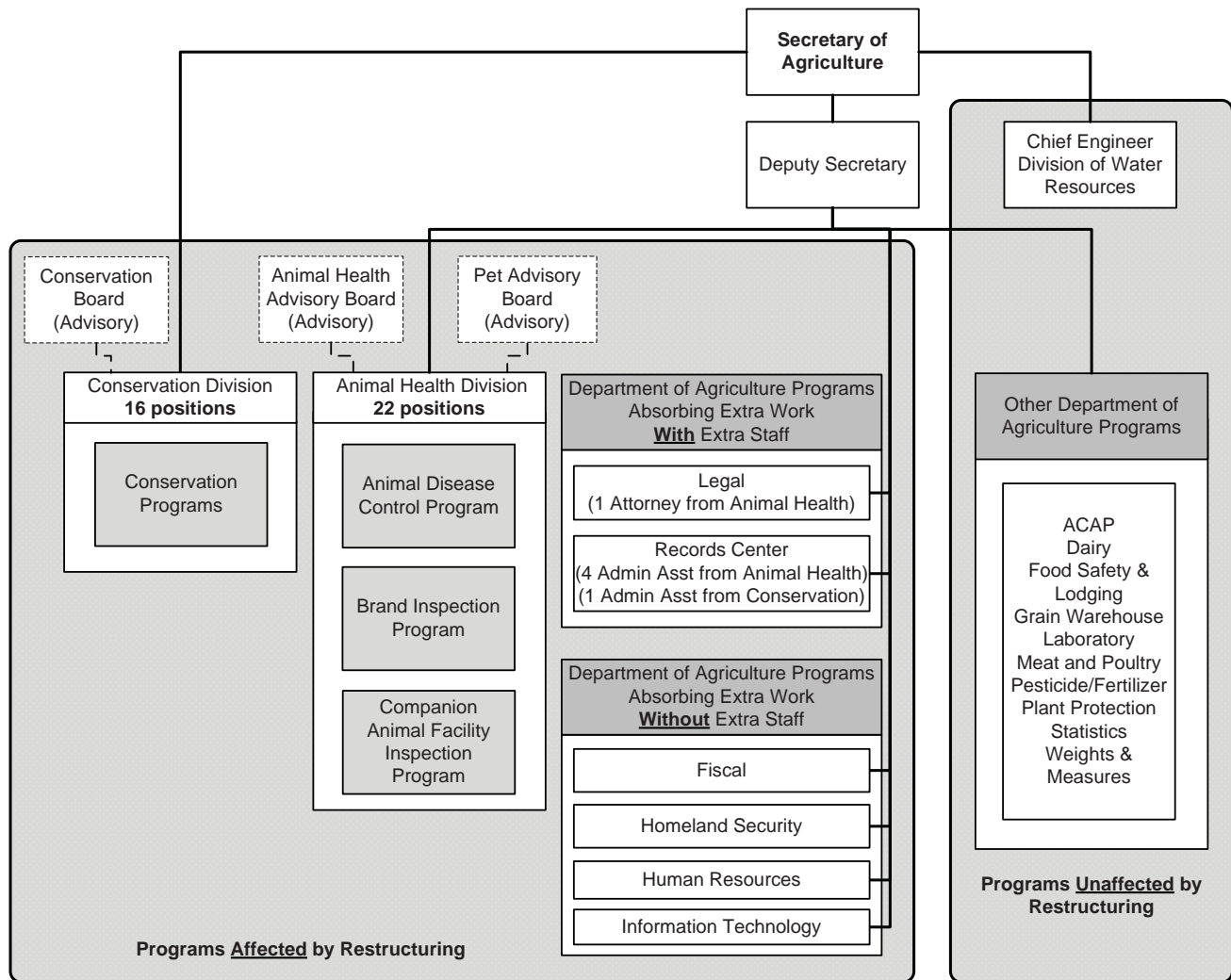
Source: LPA model of Conservation Division based on Conservation Commission Organizational Chart.

**Figure 1-7
Current and Proposed Combined Agency Staffing Levels**

| Staff Classification | Position Type | Current Staffing Levels | | | Existing Positions Lost | New Positions Added | Positions Moving to Dept of Agriculture | Positions at Dept of Agriculture In FY 2009 (a) | Total for Restructured Dept of Agriculture |
|---|-------------------------------------|--------------------------|-------------------------|-----------|-------------------------|---------------------|---|---|--|
| | | Animal Health Department | Conservation Commission | Subtotal | | | | | |
| Management | Agency Head | 1 | 1 | 2 | 0 | 0 | 1 | 1 | |
| | Deputy | 1 | 1 | 2 | 0 | 0 | 2 | 2 | |
| | Program Managers/Division Directors | 0 | 0 | 0 | 2 | 2 | 16 | 18 | |
| | subtotal | 2 | 2 | 4 | 2 | 2 | 19 | 21 | |
| Program Staff | Inspection / Investigation | 17 | 0 | 17 | 0 | 1 | 18 | 174 | |
| | Conservation Specialists | 0 | 15 | 15 | 1 | 0 | 14 | 14 | |
| | Laboratory | 2 | 0 | 2 | 0 | 0 | 2 | 22 | |
| | Licensing/Enforcement | 1 | 0 | 1 | 0 | 0 | 1 | 100 | |
| | Emergency Management | 1 | 0 | 1 | 1 | 0 | 0 | 1 | |
| | subtotal | 21 | 15 | 36 | 2 | 1 | 35 | 311 | |
| Administrative | Clerical Support | 9 | 2 | 11 | 6 | 0 | 5 | 46.5 | |
| | Fiscal/Statistics | 1 | 3 | 4 | 3 | 0 | 1 | 17 | |
| | Legal | 1 | 0 | 1 | 0 | 0 | 1 | 7 | |
| | Information Technology | 0 | 0 | 0 | 0 | 0 | 0 | 11 | |
| | Human Resources | 0 | 0 | 0 | 0 | 0 | 0 | 2 | |
| | Other | 0 | 0 | 0 | 0 | 0 | 0 | 5 | |
| | subtotal | 11 | 5 | 16 | 9 | 0 | 7 | 88.5 | |
| | Total | 34 | 22 | 56 | 15 | 3 | 44 | 420.5 | |
| 12 Fewer Positions  | | | | | | | | | |

(a) Includes 39 positions for the Food Safety and Lodging Inspection program transferred from the Department of Health and Environment in September 2008. Source: LPA analysis of staffing levels.

**Figure 1-8
Proposed Department of Agriculture Organizational Structure
Including New Animal Health and Conservation Divisions**



- **The new Animal Health Division would report to the Deputy Secretary of the Department of Agriculture.** We propose retaining 27 positions and eliminating seven positions. Our proposal would maintain the Animal Health Department's three main programs, and would retain all field staff positions for a total of 22 positions in the new division. In addition, one attorney position would move to the Legal Division (as work that would come from this division and the new Conservation Division appears to warrant the retention of one attorney position), and four administrative assistant positions would move to the Records Center. More specific information about the changes we'd make to staffing levels is contained in **Appendix D**.
- **The new Conservation Division would report to the Secretary of Agriculture.** We propose retaining 17 positions and eliminating five positions. We would retain all but one program staff positions for a total of 16 positions in the new division. In addition, one administrative assistant position would move to the Records Center. The role of the Commission would change from a policy-making body to an advisory board. More specific information about the changes we'd make to staffing levels is contained in **Appendix D**.

Source: LPA Model of Department of Agriculture based upon Department of Agriculture Organizational Chart.

- **Leasing less office space for the Conservation Commission could save the State a total of \$19,000 per year.** If the Commission was combined with the Department of Agriculture in the way envisioned in this report, the new division would have five fewer central office positions. The remaining nine employees could stay in their present location—the fifth floor of the Mills Building. Accordingly, the State would need to lease less office space.

Another \$7,000 a year could be saved by reducing costs directly associated with the positions eliminated and other actions. We identified two possibilities for generating additional savings.

- **About \$4,000 could be saved by eliminating computer and cell phone costs associated with the eliminated positions.** As a general rule, most office employees have a computer available to them to perform assigned duties. Some employees also have cell phones. Eliminating the computer and cell phone costs associated with the positions we propose eliminating from the Animal Health Department and the Conservation Commission would produce annual savings of approximately \$2,500 and \$1,600, respectively.
- **An estimated \$3,000 in savings could be achieved through other savings associated with having a single, larger State agency.** For example, all three agencies have copiers and printers. If the agencies were combined, it is likely that fewer pieces of this type of equipment would be needed. To estimate potential savings in this area, we identified the types of expenditures that could vary based on an agency's size, and assumed that those expenses could be reduced by 3%. Reducing the Animal Health Department's and the Conservation Commission's costs in this way would generate potential savings of about \$1,900 and \$1,000, respectively.

If no changes were made to the existing structure or staffing levels, the State might be able to save about \$6,000 per year in rental costs by having the agencies adhere to the State's office space standards. Office space standards adopted by the Department of Administration allow up to 250 square feet of space per work station. This doesn't mean that each work station should be that large because the standard includes space for common areas such as reception areas, conference rooms, and copy machine areas. Both agencies currently exceed this standard. Applying the standard to the space that's currently leased by the Animal Health Department and the Conservation Commission could save the State about \$1,000 and \$5,000 per year, respectively, whether or not the agencies are combined.

***Although Agency
Officials Expressed
Concerns About
Restructuring, We
Found Those Issues
Could Be Overcome***

We asked agency officials to identify any issues or concerns about moving the Animal Health Department and the Conservation Commission into the Department of Agriculture.

Department of Agriculture officials cited no major concerns. They also said that because their agency took over the responsibility for managing the State's Food Safety and Lodging Inspection program from the Department of Health and Environment in September 2008, their agency has the experience to complete a successful restructuring. (The box below provides more information about this transition.)

**The Kansas Department of Agriculture Is Responsible for
Managing the State's Food Safety and Lodging Inspection Program**

In September 2008, the Food Safety and Lodging Inspection program was transferred from the Department of Health and Environment (KDHE) to the Department of Agriculture. This program is responsible for food safety inspections at retail, wholesale, and food manufacturing facilities such as grocery stores, restaurants, warehouses, and processors. This program also inspects lodging facilities—hotels, motels, etc.

Department of Agriculture officials estimate that the quantifiable net savings from this transfer will be about \$172,000 over three years. All of these savings are generated through the reduction of clerical staff positions because of implementation of advanced computer technology. Under KDHE, Food Safety and Lodging Inspection program staff were completing paper inspection forms that were mailed to the main office where clerical staff entered the information into a computer. The Department of Agriculture has eliminated the paper-based system and provided a computer to each inspector who electronically enters the pertinent data on the computer, and these data are sent electronically to the main office.

Department of Agriculture officials also reported that other efficiencies have been realized but are not quantifiable at this time. They include:

- **Eliminating the need for KDHE district office space**—district offices across the State housed district managers responsible for supervising inspectors, and provided inspectors a facility to check their e-mail, mail their paper reports, and perform other administrative duties. Under the new system, district managers and inspectors conduct their work from home with the aid of new computers, Blackberries, and other technology.
- **Restructuring District Manager's duties**—KDHE employed two district managers whose full-time job was to review inspection reports and supervise inspection staff. The Department of Agriculture changed the district manager's duties to reviewing reports and supervising staff one-third of the time and performing inspections two-thirds of the time. Department of Agriculture officials reported this was possible because switching from paper to electronic inspection reports makes it easier and faster to review work.
- **Cross-training Inspectors to inspect all types of facilities reduced travel time**—In general, before September 2008, Department of Agriculture food safety inspectors inspected retail food stores while KDHE inspectors inspected stand-alone restaurants. Under the new system, the Department of Agriculture has cross-trained inspectors to perform all types of food safety inspections. This change eliminated the need to have more than one inspector working in the same geographic region. This change also allowed Department of Agriculture managers to reduce the size of each inspector's region, which in turn, helped reduce travel time between sites and increased the number of inspections performed by each inspector.

Officials from the Animal Health Department and the Conservation Commission expressed several concerns including the possibility of a reduced level of service for constituents, or the possibility that established relationships could be compromised or lost. *Figure 1-9* on page 23 summarizes their concerns and some possible solutions.

While each concern raised by officials at the Animal Health Department and the Conservation Commission would need to be addressed, it appears to us that none are sufficient to prohibit a restructuring of these agencies.

***During This Audit,
We Identified Other
Issues Regarding the
Operations of the
Animal Health
Department and the
Conservation
Commission***

During the course of this audit, we learned about the duties and operations of the Animal Health Department and the Conservation Commission. Through this work, we identified a number of issues regarding the efficiency and effectiveness of the operation of these agencies. For some issues involving the Animal Health Department, it's clear the agency needs to take specific corrective action. We weren't able to investigate the other issues in this audit because of time and audit scope limitations. However, we think agency officials should review them, regardless of whether these agencies are restructured. As noted earlier, the extent of our review of Department of Agriculture operations was more limited and therefore we didn't look for these types of issues for that Department. The issues we identified are listed below.

The Animal Health Department hasn't fully developed or implemented policy manuals or criteria for assessing the results of inspections—these items were recommended in a previous audit. Our findings are summarized below.

- **The Animal Disease Control program doesn't have a written policy manual, and the Companion Animal Facility Inspection program has an incomplete and unimplemented policy manual.** For the Companion Animal Facility Inspection program, we asked Department officials to show us their policy manual. In response, Department officials provided us with 29 different documents including memos, booklets, and print-outs of emails. At the end of the audit, Department officials provided us with a draft manual that was started in 2004. Department officials told us the document wasn't complete and hadn't been distributed to inspection staff. The lack of policy manuals in both programs allows too much discretion for each inspector and could create inconsistencies among inspectors.
- **The Animal Disease Control and the Companion Animal Facility Inspection programs lack specific criteria to determine whether a facility passes or fails an inspection.** Each program uses a form which tells inspectors what to inspect and look for, but each program lacks specific criteria to measure the severity of individual violations. The absence of such criteria decreases the likelihood of inspector consistency. Thus, the same violations could result in one facility passing its inspection while the other fails its inspection.

**Figure 1-9
Restructuring Issues Raised By the Animal Health Department and Conservation Commission**

| Issue | Response |
|---|--|
| ANIMAL HEALTH DEPARTMENT | |
| The Livestock Commissioner is statutorily responsible for the State's response during a livestock disease emergency. | The Legislature could change the law to transfer the authority to the position it deemed most appropriate to handle any emergency situations. |
| The bureaucracy of a large organization and the politics that can accompany a cabinet agency could make it difficult to appropriately respond to a livestock disease emergency. | The Department of Agriculture currently has an emergency response function. Any emergency response situation will have pressures to deal with- both political and situational. |
| Informal agreements between the Animal Health Department and the U.S. Department of Agriculture to jointly perform animal disease control <u>inspection</u> work could be eliminated. | These informal agreements should be made into written, signed agreements. A USDA official told us he is unaware of any reason that these agreements wouldn't continue. |
| Formal agreements between the Animal Health Department and the U.S. Department of Agriculture to jointly perform other duties could be cancelled. | Formal agreements would need to be revised. A USDA official told us he is unaware of any reason that these agreements wouldn't continue. |
| Professional and personal relationships between the Commissioner and his counterparts in other states could be eliminated if the Commissioner left. | These personal relationships would need to be rebuilt whenever the Commissioner leaves employment. |
| The level of service to and accessibility by animal owners may suffer due to being part of a larger, more bureaucratic organization. | Larger organizations aren't necessarily less accessible and don't necessarily provide a lower quality of service. |
| CONSERVATION COMMISSION | |
| There's a perceived conflict of interest for the Department of Agriculture to both regulate water use and also award grants intended to minimize water consumption. | Department of Agriculture legal staff researched this issue and found no legal problems with one agency performing both functions in Kansas. In addition, we identified at least 20 states that allow a water conservation grant awarding process to co-exist within the same agency that also performs some regulatory oversight of water uses. In this audit, we didn't attempt to determine the similarities and differences between these states and Kansas. |
| Consolidating this agency with other agencies has been raised before and opposed by numerous stakeholders. | The policy decision as to whether or not to consolidate the Conservation Commission with any State agency is a decision for the Governor and Legislature to consider. In addition, just because a decision to not consolidate the agency was made in the past, doesn't mean the issue can't be discussed again in subsequent years as conditions change. |
| Local conservation districts will cease to be adequately represented or have sufficient input on conservation issues. | This issue would have to be addressed within the restructuring of the Commission. In this audit, we are proposing that the nine-member Commission become an advisory board. |
| If the Commission's current duties are spread out across multiple areas of the Department of Agriculture, it's possible that districts and landowners would be confused on where to submit applications for assistance. | The creation of a single Conservation Program within the Department of Agriculture should prevent this from occurring. |
| Funding that is dedicated to natural resource protection could be redirected in tight financial times. | A majority of the Conservation Commission's current funding comes from the State Water Plan and those funds must be used for specific purposes. Other funds would be subject to legislative oversight, as is the case with all agencies. |
| Source: Interviews with Animal Health Department and Conservation Commission staff. | |

We originally identified these deficiencies in a 2002 audit of the Companion Animal Facilities Inspection program. In their written response to that audit, Department officials said they would develop a manual that would include some general policies, but they had concerns about classifying certain violations as more serious than others.

In response to our annual follow-up in 2003 to determine if our recommendations were implemented, Department officials reported they were in the process of developing both a “comprehensive written policy and procedure manual” and “categories and criteria that allow the inspector to know if the facility fails an inspection.”

In this audit, we found the agency has not satisfactorily addressed these issues and the Animal Disease Control program also lacks this type of guidance information.

The Animal Health Department has a handshake agreement that needs to be formalized. The Livestock Commissioner has a “handshake” agreement with the federal Department of Agriculture officials to share animal disease control inspection duties across the State. There is no written agreement which specifies the duties, responsibilities, and commitments of either party. The absence of a written agreement makes it possible for either party to withdraw unannounced. While such an action appears unlikely, we think both parties would benefit by having a written agreement.

Other issues related to efficient use of staff and technology need further study by management at both agencies. The issues we identified are summarized below.

Issues for the Animal Health Department

- **It's unclear how many staff the Companion Animal Facility Inspection program needs to provide effective oversight.** State law provides that facilities regulated by this program may be inspected once or twice a year. Department data show the program regulates about 1,700 facilities. According to the Deputy Commissioner, program staff can't perform all the inspections they think are necessary in any given year, and as of October 2008, the program was about 900 inspections behind. The Deputy Commissioner also told us the agency has requested at least two additional inspector positions for this program since fiscal year 2002, but no additional positions have been allocated.

Program data show that representatives of the federal Department of Agriculture inspect about 25% of the companion animal facilities that also are inspected by State inspectors. Program officials told us they are hesitant to rely on these federal inspections.

Without a thorough review of program workloads and accomplishments, the establishment of inspection guidelines, and a determination of

whether the program can rely on federally-conducted inspections, we can't be sure how many inspection staff the program actually needs.

- **Changing from annual licensing to multi-year licensing may generate efficiencies.** Several Animal Health Department licenses are issued on an annual basis. Changing to a multi-year licensing cycle could reduce the licensing staff workload and might contribute to additional savings.
- **Animal Disease Control and Brand Inspection field staff appear to operate under minimal supervision.** During this audit, we interviewed the Livestock Commissioner and five of 11 animal disease control and brand inspection field staff about the work that the field inspectors perform. Field staff reported a significant amount of time is spent observing livestock and talking with livestock owners about pertinent issues. The only reports that field staff are required to submit are due when they conduct an inspection, and that work reportedly takes up less than half of their available time. Their comments suggest supervision is limited to occasional phone calls and weekly review of timesheets—which include a brief description of daily activities performed.

These comments raise questions about how effectively these positions are supervised, how productive these employees are, and the benefits gained from these programs. We aren't able to answer such questions without a thorough review of their functions and program results.

Issue for the Conservation Commission

- **Shifting certain duties, such as grant review or field evaluations and inspections, to local conservation district staff could free up Commission staff time for other duties.** It may be possible for local conservation district staff to perform certain evaluations and inspections for Commission staff which would help reduce staff travel time to and from Topeka. We recognize there's a benefit to be gained by having Commission staff perform inspections, but because many aren't mandatory and field conditions can be documented through written reports and pictures, the Commission may be able to gain some efficiencies by delegating portions of this work. Also, because the local districts are required to identify conservation priorities in their area, it may be reasonable to give them greater responsibility for reviewing and approving various applications. We're aware that Oregon has delegated some of these responsibilities to its local conservation districts and Colorado is contemplating such a move. Oregon officials we spoke with indicated they haven't experienced any significant problems.

Joint Issue for the Animal Health Department and the Conservation Commission

- **Making better use of technology to save time by computerizing various processes, such as inspection reporting, grant application, licensing, and permitting.** Both the Animal Health Department and Conservation Commission currently use paper inspection reports. Pertinent data from these reports are manually entered into the appropriate computer system by central office staff. A more efficient system allows inspectors to enter pertinent data to a computer while on-site, and then upload that information to a central computer.

Also, the Animal Health Department uses paper for any applications for a permit, license, or grant. At the Conservation Commission, some of these applications are submitted in electronic form, and some are submitted in paper form. Whenever paper forms are used, as part of the review and issuance process, agency staff enter pertinent data into a computer database. Requiring these documents to be submitted electronically should speed up review and processing time.

Conclusion:

The three agencies included in this audit have been separate and autonomous for at least 40 years. Each has its own set of managerial, programmatic, and administrative support staff and functions. Restructuring these agencies into a single entity would provide the opportunity to eliminate duplicate functions and staff, streamline processes, and create economies of scale associated with larger agencies. In addition, such a restructuring would bring Kansas more in line with the majority of other states that have placed some or all of their conservation and animal health functions within their agriculture departments. While the concerns agency officials expressed about restructuring would have to be examined and addressed, we found no clear reasons to not combine these agencies.

Recommendation for Legislative Action:

1. To help achieve goals of reducing operating costs and increasing administrative efficiencies, the Legislature should merge the Conservation Commission and the Animal Health Department with the Department of Agriculture.
2. When considering how a merger can best be accomplished, the Legislature will need to do the following:
 - a. determine what roles the Conservation Commission, the Animal Health Advisory Board, and the Pet Advisory Board will play. For example, the State Conservation Commission and the Animal Health Advisory Board are policy making boards and each has the power to hire and fire the agency director. If these two agencies become divisions of the Department of Agriculture, the powers and duties of the oversight boards will have to be clarified. In addition, the powers and duties of the Pet Advisory Board also will have to be clarified.
 - b. ensure that fees generated by one industry don't subsidize another. For example, the Animal Health Department collects various fees from the entities it regulates. Those fees should not be used to cover expenses incurred by other programs.
 - c. determine whether powers presently given to the Livestock Commissioner and the Executive Director of the Conservation

Commission would transfer to the Secretary of Agriculture, or whether those powers should be given to the heads of these divisions. For example, State law presently gives certain powers to the Chief Engineer of the Department of Agriculture and not to the Secretary.

Recommendations for Executive Action:

3. To help ensure efficient and effective operations, the Animal Health Department should:
 - a. formalize all verbal agreements with the U. S. Department of Agriculture by entering into written agreements that outline each party's duties and responsibilities concerning animal disease control inspections and any other pertinent matters.
 - b. develop written policy manuals describing the processes and actions that all of the Department's inspectors should take.
 - c. develop guidance and criteria for determining whether a facility passes or fails an inspection. Separate guidance will need to be developed for each of the agency's programs.
 - d. develop a written plan which would implement a risk-based inspection model for the Companion Animal Facility Inspection program. Such a plan would provide guidance on the frequency of inspections for various facilities, how the results of federally-conducted inspections for certain establishments affect inspection-frequency standards, and the like. In turn, this plan should be used to develop a realistic model for the number and type of staff needed to carry out the program.
 - e. evaluate the benefits of moving from an annual licensing process to a multi-year licensing process.
 - f. evaluate the benefits of computerizing various processes, such as inspection reporting, licensing and permitting. By moving from a paper-oriented process to one that makes use of modern technology, it is likely that many hours of staff time could be freed up.
 - g. compare, as its office lease agreement expires, the amount of office space the agency has been renting to the Department of Administration's recommended space standards. The agency should either make the necessary adjustments to meet the standard or seek an exemption from the Department of Administration.
4. To help ensure efficient and effective operations, the Conservation Commission should:
 - a. evaluate the benefits of computerizing various processes,

such as inspection reporting, grants application, licensing and permitting. By moving from a paper-oriented process to one that makes use of modern technology, it is likely that many hours of staff time could be freed up.

- b. evaluate the merits of shifting all or portions of certain duties, such as inspections, grant application review, and possibly others, to local conservation districts.
- c. compare, as its office lease agreement expires, the amount of office space the agency has been renting to the Department of Administration's recommended space standards. The agency should either make the necessary adjustments to meet the standard or seek an exemption from the Department of Administration.

APPENDIX A

This appendix contains the scope statement the Legislative Post Audit Committee approved for this audit on April 29, 2008. The audit was requested by the Legislative Post Audit Committee.

SCOPE STATEMENT

Agricultural-Related Agencies: Determining Whether Cost Savings Could Be Achieved By Making the Animal Health Department and the Conservation Commission Divisions of the Department of Agriculture

Kansas has an Animal Health Department with responsibility for protecting the public health, safety, and welfare through prevention, control, and eradication of infectious and contagious diseases and conditions affecting the health of livestock and domestic animals. The agency directs a brand registration and inspection program to identify ownership of lost or stolen livestock. The agency also regulates and enforces laws governing facilities that produce, sell, or harbor companion animals. For fiscal year 2008, the Department has 34 full-time-equivalent staff, and is projected to spend about \$3.2 million.

The Department of Agriculture in Kansas regulates various agricultural industries, promotes agricultural development, regulates the quality of water resources and disseminates information on Kansas agriculture. The Department has five major programs: Administration, Regulation of Water Resources, Food Safety and Consumer Protection, Agricultural Laboratories, and Environmental Protection. These programs assist in protecting the health and safety of the public through consumer protection and preventive activities. Many of these programs are partially financed through fees imposed on businesses and individuals regulated by the agency. In fiscal year 2008 the Department employed approximately 338 full-time-equivalent staff, and is projected to spend nearly \$26 million.

A review of other states in the region (Colorado, Illinois, Iowa, Minnesota, Missouri, Nebraska, and Oklahoma) shows that those states have placed their animal health function within their departments of agriculture. Several of those states also have placed soil and water conservation functions under their Departments of Agriculture. Kansas legislators would like to know whether greater operational efficiencies and cost savings could be achieved if Kansas adopted a similar structure for these agricultural-related agencies.

A performance audit of this topic would answer the following question.

- 1. Could Kansas achieve greater operating efficiencies and reduce costs by merging its Animal Health Department and Conservation Commission into the Department of Agriculture?** To answer this question we would review the functions performed by the Kansas Animal Health Department and Conservation Commission to determine whether they are substantially the same as the functions performed by similar divisions or programs contained in other states' departments of agriculture. We would look at how the other states have structured their animal health and conservation functions within their departments of agriculture to determine whether it appears that the combination results in reduced administrative overhead. We would also look that the Administration Program within Kansas' Department of Agriculture and interview staff to determine whether it appears that the Department could absorb the administrative functions of these other agencies without

significant increases in staff. In addition, we would look at other areas of the Conservation Commission and Animal Health Department's operations, to determine whether similar functions are already being carried out within the Department of Agriculture that could potentially absorb some of those functions. Finally, we would estimate the overall savings the State might achieve through such a combination of agencies.

Estimated time to complete: 12-15 weeks

APPENDIX B

Assumptions and Methodologies

This appendix contains detail about the assumptions and methodologies used in this audit to estimate cost-savings related to the restructuring of the Animal Health Department and Conservation Commission into the Department of Agriculture, and other efficiency-related cost-savings we identified.

Staff Reduction, Restructuring, and Cost-Savings

Overall, we assumed a restructuring of the Animal Health Department and Conservation Commission into the Department of Agriculture would be carried out in a way that wouldn't adversely affect the quality of services currently provided by the three agencies.

Reduction of Managerial Positions

- Because the Department of Agriculture currently has a Secretary and Deputy Secretary, we assumed that the agency head positions at the Animal Health Department and Conservation Commission would be reclassified as directors of the newly created divisions. This assumption follows the organizational structure currently used by the Department of Agriculture and is not uncommon with the structures used by other states.
- We assumed the three newly reclassified managerial positions would receive salary and benefits equal to the average compensation paid to similar positions at the Department of Agriculture.

Reduction of Support Staff and Other Positions

- Because the Department of Agriculture currently has support and clerical staff, we assumed that the total number of staff needed to perform these duties would be reduced due to economies of scale. For example, smaller independent agencies may need one position each to process payroll and other financial transactions, but a larger agency with multiple staff already working in the fiscal division should be able to absorb the work of the two smaller agencies with little or no additional staff.
- We assumed that the current practice of having clerical staff at the Animal Health Department and the Conservation Commission manually enter various data from paper forms to a computer database would be replaced, over time, by a system that allows staff to input this data electronically. For example, field staff would be able to input inspection results directly to a database.
- We assumed that progress could be made toward eliminating paper applications for things like licenses and grant applications, and that these could be converted to electronic, on-line submissions. The Department of Agriculture currently has several electronic application processes and Department officials told us they hope to convert all their paper application processes to electronic submission processes in the next five years.

- We assumed that the Conservation Commission’s vacant-unfunded resource planner position could be eliminated because it has been vacant for more than one year.
- We assumed that the workload currently performed by staff working in the field—performing inspections and investigations, assisting local entities, and the like—would not change due to restructuring. We also assumed that the number of license renewals, grant applications received, and other submissions to these two agencies would not change due to restructuring.
- We assumed that the work currently performed by contract staff for the Animal Health Department would not change. Therefore, these positions and contracts would be retained.

Rent Related Cost-Savings

Combining and Reducing Space Allocations to Conform to State Standards

- We assumed the Animal Health Department’s central office would move from its current location at 7th and Jackson to office space that’s leased currently by the Department of Agriculture in the Mills Building.
- We assumed the Conservation Commission would remain at its present location—the 5th floor of the Mills Building. We assumed that the Commission would adhere to the office space standard established by the Department of Administration—250 square feet per employee.

Variable Cost-Savings

Economies of Scale Related to Variable Costs

- Restructuring the Animal Health Department and Conservation Commission into the Department of Agriculture would produce some general economies of scale in terms of variable costs such as copiers, phones, fax machines, and the like. We estimated variable costs could be reduced by about 3% due to economies of scale.

Reduction of Direct Costs Related to Reduced Positions

- For each staff position we eliminated, we assumed there would be some decreases in computer costs, which we estimated using the computer replacement practices in effect for the Animal Health Department and Conservation Commission. We also assumed there would be a decrease in cell phone costs for certain positions.

Miscellaneous

Memorandum of Understanding

- We assumed existing Memorandums of Understanding that the Animal Health Department and the Conservation Commission have with various federal agencies could be transferred to the Department of Agriculture without any significant alterations of their terms and conditions.
- We assumed existing informal, unwritten agreements would continue.

Agency Boards

- We assumed the Animal Health Advisory Board and Pet Advisory Board would remain advisory boards within the revised structure.
- We assumed that the role of the Conservation Commission's oversight Board would change from a policy-making body to an advisory board.

APPENDIX C

Analysis of Where Other States Place Their Equivalents to The Kansas Animal Health Department and The Kansas Conservation Commission

This appendix provides a table which lists all 50 states. For each state the following information is provided:

- Whether that state has placed its responsibilities for overseeing livestock and companion animals with its Department of Agriculture.
- Whether that state has placed its responsibilities for awarding grants intended to promote soil and water conservation practices with its Department of Agriculture.

Our analysis was based on a review of Internet websites. We noted significant differences in how states administer and structure their programs. As a result, we used our best judgment when making determinations about whether agencies performed duties that are most similar to those performed by the Kansas Animal Health Department and the Conservation Commission.

We've organized the states into various groups.

- The first group shows that Kansas is one of six that hasn't placed any of its animal health oversight or conservation grant awarding processes within its Department of Agriculture.
- The second group shows the 3 states that have placed all the main duties of animal health oversight and conservation grant awarding within their Department of Agriculture.
- The third group shows the 11 states that have placed most of the duties of animal health oversight and conservation grant awarding within their Department of Agriculture.
- The fourth group shows the 30 states that have placed some of the duties of animal health oversight and conservation grant awarding within their Department of Agriculture.

APPENDIX C
50 State Comparison of Animal Health Oversight and Conservation Grant Services
Provided By State Departments of Agriculture

| State | Animal Health Department Analysis | | | Conservation Commission Analysis | | |
|--|---|--|---|--|--|---|
| | Does This State's Department of Agriculture Provide This Service? | | | Does This State's Department of Agriculture Provide This Service? | | |
| | Animal Disease Control | Brands | Companion Animal Facility Inspection | Water Conservation Grants | Soil Conservation Grants | If Grants Not Awarded by the Department of Agriculture, Which Other State Agency Awards the Grants? |
| | control and eradicate livestock disease through regulation, licensing, inspection, and tracking | record ownership of all livestock brands and investigate livestock theft | license and inspect all companion animal facilities | distribute funding intended to help with Dam construction, water quality, conservation, etc. | distribute funding intended for soil erosion and stabilization of vegetation | |
| 6 states have no animal health functions or conservation grant distribution in their Department of Agriculture | | | | | | |
| Kansas | N | N | N | N | N | Conservation Equivalent |
| Alaska | N | N | N | N | N | DNR |
| Minnesota | N | N | N | N | N | Conservation Equivalent |
| Montana | N | N | N | N | N | DNR |
| South Carolina | N | N | N | N | N | DNR |
| Texas | N | N | N | N | N | Conservation Equivalent |
| 3 states have all animal health functions <u>and</u> conservation grant distribution in their Department of Agriculture | | | | | | |
| Colorado | Y | Y | Y | Y | Y | n/a |
| Illinois | Y | Y | Y | Y | Y | n/a |
| Pennsylvania | Y | Y | Y | Y | Y | n/a |
| 11 states have most animal health functions <u>and</u> conservation grant distribution in their Department of Agriculture | | | | | | |
| Florida | Y | Y | N | Y | Y | n/a |
| Iowa | Y | Y | N | Y | Y | n/a |
| Louisiana | Y | Y | N | Y | Y | n/a |
| Maine | Y | N | Y | Y | Y | n/a |
| Michigan | Y | N | Y | Y | Y | n/a |
| New York | Y | N | Y | Y | Y | n/a |
| Oregon | Y | Y | N | Y | Y | n/a |
| Tennessee | Y | Y | N | Y | N | n/a |
| Utah | Y | Y | N | Y | Y | n/a |
| Vermont | Y | Y | N | Y | Y | n/a |
| Wisconsin | Y | Y | N | Y | Y | n/a |
| 30 states have some animal health functions <u>and</u> conservation grant distribution in their Department of Agriculture | | | | | | |
| Alabama | Y | Y | N | N | N | Conservation Equivalent |
| Arizona | Y | Y | N | N | N | Other |
| Arkansas | Y | Y | Y | N | N | Conservation Equivalent |
| California | Y | Y | N | N | N | Other |
| Connecticut | Y | N | Y | N | N | DOE |
| Delaware | Y | N | N | N | N | DNR |
| Georgia | Y | Y | Y | N | N | Conservation Equivalent |
| Hawaii | Y | Y | N | N | N | DNR |
| Idaho | Y | N | N | Y | Y | n/a |
| Indiana | N | N | N | Y | Y | n/a |
| Kentucky | Y | Y | N | N | N | DNR |
| Maryland | Y | N | N | Y | Y | n/a |
| Massachusetts | Y | N | Y | N | N | DOE |
| Mississippi | Y | Y | N | N | N | Conservation Equivalent |
| Missouri | Y | Y | Y | N | N | DNR |
| Nebraska | Y | N | Y | N | N | DNR |
| Nevada | Y | Y | N | N | N | DNR |
| New Hampshire | Y | N | Y | N | N | Conservation Equivalent |

| State | Animal Health Department Analysis | | | Conservation Commission Analysis | | |
|---|---|--|---|--|--|---|
| | Does This State's Department of Agriculture Provide This Service? | | | Does This State's Department of Agriculture Provide This Service? | | |
| | Animal Disease Control | Brands | Companion Animal Facility Inspection | Water Conservation Grants | Soil Conservation Grants | If Grants Not Awarded by the Department of Agriculture, Which Other State Agency Awards the Grants? |
| | control and eradicate livestock disease through regulation, licensing, inspection, and tracking | record ownership of all livestock brands and investigate livestock theft | license and inspect all companion animal facilities | distribute funding intended to help with Dam construction, water quality, conservation, etc. | distribute funding intended for soil erosion and stabilization of vegetation | |
| New Jersey | Y | N | N | Y | Y | n/a |
| New Mexico | N | N | N | Y | Y | n/a |
| North Carolina | Y | N | Y | N | N | DOE |
| North Dakota | Y | N | N | N | N | Conservation Equivalent |
| Ohio | Y | N | N | N | N | DNR |
| Oklahoma | Y | N | N | N | N | Conservation Equivalent |
| Rhode Island | Y | N | N | N | N | DOE |
| South Dakota | N | N | N | Y | Y | n/a |
| Virginia | Y | N | Y | N | N | Other |
| Washington | Y | Y | N | N | N | Conservation Equivalent |
| West Virginia | Y | N | N | N | N | Conservation Equivalent |
| Wyoming | N | N | N | Y | Y | n/a |
| Summary Information EXCLUDING Kansas | | | | | | |
| States Providing Through Their Department of Agriculture | 40 | 22 | 15 | 21 | 20 | |
| States Not Providing Through Their Department of Agriculture | 9 | 27 | 34 | 28 | 29 | |
| % of States Providing Through Their Department of Agriculture | 82% | 45% | 31% | 43% | 41% | |
| State Agencies Providing Conservation Grant Awards | Department of Agriculture (Indicated by n/a) | | | | 21 | 43% |
| | Department of Natural Resources (DNR) | | | | 10 | 20% |
| | Department of Environment (DOE) | | | | 4 | 8% |
| | Other | | | | 3 | 6% |
| | Conservation Equivalent (independent agency similar to KS) | | | | 11 | 22% |
| | Total | | | | 49 | 100% |

Source: LPA search of other states' websites.

APPENDIX D

Summary of Changes to Organization Charts

This appendix contains a detailed explanation about the changes to the organizational structure that we propose for the Animal Health Department and the Conservation Commission. We also explain for a few positions why they were retained.

Animal Health Department positions:

- **Reclassify the Livestock Commissioner's position to a Division Director.** The Livestock Commissioner is the agency head for the Animal Health Department. However, if the Department became a division of the Department of Agriculture, this position would need to be reclassified as a Division Director.
- **Reclassify the Deputy Livestock Commissioner position to the level of a program supervisor, and have the position oversee the Companion Animal Facility Inspection program.** Currently, the Deputy Livestock Commissioner manages the Companion Animal Facility Inspection program, and has several other ancillary duties including budgeting and drafting proposed legislation. In our proposal, these other duties would be absorbed by staff in other divisions of the Department of Agriculture—fiscal, legal, etc. As a result, we would reclassify this position to a program supervisor and have the position focus on managing the Companion Animal Facility Inspection program.
- **Eliminate the office manager/human resource position.** The main duties of this position include all human resource functions and supervision of the clerical staff. The Department of Agriculture's Human Resource Division would absorb the personnel-related duties without adding new staff. The Department of Agriculture's Record Center manager supervises the majority of clerical staff, so that position would absorb the additional supervisory duties.
- **Eliminate the emergency management specialist position.** This position works on many of the same issues that the Department of Agriculture's emergency management specialist currently works on. The position at the Animal Health Department focuses on one primary topic—livestock—while the position at the Department of Agriculture works on several topic areas. Based on our analysis of the work performed by the two positions, we think these two positions could be combined into one.
- **Eliminate the accounting specialist position.** The position's work includes processing many accounting transactions. Department of Agriculture officials told us that they are confident their fiscal unit, with a staff of 12, could absorb this work (and the fiscal duties of the Conservation Commission) without needing more staff.
- **Eliminate 4 of 8 clerical positions.** We evaluated the extent of the clerical work being performed at the Animal Health Department. By comparing that workload to the average workload of clerical staff in the Department of Agriculture's Record Center, by taking into consideration possible changes in duties due to increased use of technology, and by eliminating some general clerical work that duplicates the work being performed by Department of Agriculture staff, we estimate that the amount of work to be transferred to the new division would require four clerical positions.
- **Retain the attorney position.** The Animal Health Department currently has one attorney position who works part-time on animal health issues, and part-time for two agencies—the Board of Cosmetology and the Board of Veterinary Examiners. The Conservation Commission receives legal assistance from the Attorney General's Office equal to about .25 FTE. Combining the work of these two agencies appears to warrant the retention of one attorney position. This position would be located in the Department of Agriculture's Legal Division.

Conservation Commission

- **Combine and reclassify the Executive Director and Assistant Director positions into a new Division Director position.** We analyzed the work that these two positions perform and found that they share some overlapping duties such as budget and fiscal oversight, employee training, program supervision and development, and training for local officials. In addition, the Executive Director communicates with the Legislature, the Commission Board and other federal and State agencies, while the Assistant Director maintains the program manual and has oversight of the cost-share computer system. Some of these duties, such as fiscal and budget matters and monitoring legislative actions would be absorbed by other staff within the Department

of Agriculture. Given that the primary task for this agency is to award grant funds and promote soil and water conservation practices, the amount of work that remains appears to justify only one position. Conservation Commission officials disagree with this assessment and think both positions would be needed to properly manage the new division's operations.

- **Eliminate one vacant and unfunded resource planner position.** Commission officials told us this position has been vacant for more than one year, and the salary allocated for this position was used to hire a civil engineer for the Watershed Dam and Multi-purpose Small Lakes programs. We assume the new division could operate without this position.
- **Eliminate two accounting positions.** The division's accounting duties would be absorbed by the existing fiscal staff within Department of Agriculture. There are economies of scale to be gained by merging these duties into the existing fiscal section. Department of Agriculture officials told us that they are confident the fiscal unit could handle all the additional routine accounting work from both agencies without needing more staff.
- **Eliminate one clerical position.** This position performs tasks like answering the phone, filing, and other miscellaneous clerical duties. Because the Department of Agriculture already has a large pool of clerical support staff, and because we are suggesting that five clerical positions be moved to the Department of Agriculture, it appears that the revised clerical pool would be able to absorb the support duties this position currently performs.
- **Retain the program consultant II position.** This position is primarily responsible for maintaining and operating the Conservation Commission's Cost-Share Information Management System (CSIMS). This specialized computer system was developed to assist with maintaining and tracking pertinent fiscal and other performance-related data for the Commission's conservation programs. The work performed by this position could likely not be absorbed by the existing staff.
- **Change the role of the Commission Board from a policy-making board to an advisory board.** This change is necessary to allow the Secretary of the Department of Agriculture to have direct oversight of the division, but will allow the Commission Board to continue advising State officials about priorities, agendas and policies.

APPENDIX E

Agency Responses

On December 1, we provided copies of our draft report to the Animal Health Department, the Conservation Commission, and the Department of Agriculture. Department of Agriculture officials agree with the findings of this audit. Animal Health Department and Conservation Commission officials continue to express concerns about whether their agencies should be merged into the Department of Agriculture. Based on the agencies' review, we made minor changes to the report text, but these changes didn't affect the report's findings or conclusions. Their responses are included in this appendix.

STATE OF KANSAS
Kansas Animal Health Department

George Teagarden, Livestock Commissioner

708 SW Jackson, Topeka, Kansas 66603-3714

Phone 785-296-2326 Fax 785-296-1765

Email - gteagarden@kahd.ks.gov

web site - www.kansas.gov/kahd



December 10, 2008

Legislative Division of Post Audit
800 SW Jackson Street, Suite 1200
Topeka, KS 66612-2212

Re: Agricultural-Related Agencies: ***A K-GOAL Audit Determining Whether Cost Saving Could Be Achieved By Making the Animal Health Department and the Conservation Commission Divisions of the Department of Agriculture.***

Post Audit Division:

Thank you for the opportunity to respond to this audit.

Nowhere within the scope statement for this audit does it suggest that the Division of Post Audit should make a recommendation for consolidation of these agencies into the Kansas Department of Agriculture. Early in the audit process, our field staff, during interviews by your team, felt that the recommendation had already been made to fold the Kansas Animal Health Department into the Kansas Department of Agriculture. Upon review of the report, I believe they were correct.

This audit report is flawed in my opinion. It does not take into consideration the efficiencies and effectiveness of the current agencies/departments. There was no apparent review of the Kansas Department of Agriculture in regard to efficiencies. The report acknowledges that the savings were identified on assumptions and estimates. Can a sound judgment be made without considering each agency in like manner?

It is noted in the report that in most other states, the animal disease control function is within their Department of Agriculture. Does this make it right? Not necessarily. To determine a sound basis for determining that the Kansas Animal Health Department should be within the Department of Agriculture, because most states have that organization, would take a much broader study than this.

Our facilities inspection program cannot be compared to most other states. In reality, our program is more detailed and comprehensive than other states. Before stating that it should be in the Kansas Department of Agriculture, a true comparison should be considered. We do have a

policy manual for our kennel inspection program which has been in existence since 2004. We also are implementing a scoring system for inspections, beginning December 15, 2008.

Our disease control staff does not have policy manuals. Our actions are governed by state and federal law, rules and regulations. We have inspection forms that are completed by the inspectors. There is a certain amount of subjectivity involved in inspection of livestock facilities. If there are apparent deficiencies, the management of the facility is informed and needed corrections are noted. To my knowledge, no one has ever refused to make corrections. Our relationship with producers has been cultivated over a good many years. Those producers respect our work and comply when asked.

The implementation of technology in the field could easily be done now if we were given the money to buy the equipment. I would suggest that rental rates be compared within the capitol complex. The Kansas Animal Health Department pays a lesser amount than a number of agencies. A few years ago, it was suggested by the Department of Administration that our agency move to a state owned building within the capitol complex, at an increased cost of \$3.50 to \$4.00 per square foot. Our space contract is approved by the Department of Administration and our current layout was designed by Facilities Management. We do have a surcharge on our rent to help pay for the judicial center and the Governor's residence.

The Kansas Animal Health Department originated in 1884. Since that time, the department has been effective in disease control, the basis for our founding. The department has operated under the guidance of the Kansas Animal Health Board comprised of livestock producers of this state. In recent years, Kansas has obtained "free" status on all of the major program diseases as determined by the United States Department of Agriculture. Kansas was declared bovine tuberculosis free in 1995, bovine brucellosis free in 1999 and swine pseudorabies free in 1999. We are also declared free of swine brucellosis. In recent years, because of the need and federal cooperative funding, we have added scrapie, Johne's, bird flu, emergency planning, foreign animal disease preparedness and the National Animal Identification System to our work. Our kennel inspection program was implemented by the 1988 legislature because of political pressure from humane organizations and individual legislator's desire. That program has developed into one of the most comprehensive programs in the country. In the last week, we have been contacted by three other states, wanting to start their own state inspection program. Our animal disease emergency plan is second to none in the U.S. We are accomplishing our mission.

Our department works in conjunction with the USDA, APHIS, Veterinary Services. Our individual field staffs share the work load statewide. This cooperative arrangement has taken place with a hand shake since 1994. It is suggested in the report that this arrangement should be in a formal document. The current Area Veterinarian in Charge, KS, will not recommend, to his superiors, that this arrangement be formalized and does not think they would sign such an agreement. The Kansas Animal Health Department and USDA, APHIS, Veterinary Services have a unique relationship compared to most states.

Sincerely,



George Teagarden
Livestock Commissioner

Hand Delivered
December 10, 2008

Barbara Hinton, Legislative Post Auditor
Legislative Division of Post Audit
Mercantile Bank Tower
800 SW Jackson Street, Suite 1200
Topeka, KS 66612-2212



Dear Ms. Hinton:

Thank you for the opportunity to provide a written response to the legislative post audit document focused on cost-cutting actions that could be achieved by making the Animal Health Department and the Conservation Commission Divisions of the Department of Agriculture. Your letter dated December 1, 2008, requested my response be directed toward what actions the agency has taken, or plans to take to address each Legislative Post Audit (LPA) recommendation.

“Shifting certain duties, such as grant review or field evaluations and inspections, to local conservation district staff could free up Commission staff time for other duties.”

The SCC supports the LPA recommendation to increase the conservation district involvement in field evaluations and inspections. The Conservation Districts are stand alone sub-divisions of state government and don't answer directly to the SCC. *The partnership is very strong and the SCC will work to develop additional cooperative program participation to assist in some of the applicable field evaluations.* The SCC will limit third-party inspections to compliance with the practice maintenance agreement portion of the cost-share contracts. Districts have a limited number of employees and limited budgets. Employee numbers range from one to three that possess a varying level of technical knowledge to conduct field evaluations. Local partners will need to acquire vehicles or reimburse staff for mileage, if possible/applicable, to perform the inspections. Local budget adjustments to finance the new expenditures, potential review of existing insurance coverage to include field duties, and job descriptions will need to be modified and adopted prior to implementation of this new initiative. The SCC will need to continue to provide a periodic inspection presence at the district office level with a mission to evaluate district performance relating to documentation, filing and proper interpretation of SCC developed program requirements.

The LPA also suggests it may be reasonable to give conservation districts greater responsibility for reviewing and approving various applications and makes note that one other state is doing this and another considering it. The SCC has had a cooperative and successful working partnership with conservation districts for 71 years. During the last

28 year history of this partnership, the SCC has implemented state cost-share programs to construct conservation projects relying on conservation districts to review and locally approve cost-share contracts. Conservation districts set local priorities, as the LPA report notes, in addition to implementing state identified priorities. Districts also have advertised cost-share programs, accepted applications, reviewed applications, approved applications through official board action, and submitted locally approved applications to the SCC for state approval.

“Making better use of technology to save time by computerizing various processes, such as inspection reporting, grant application, licensing and permitting.”

Paper Inspection Reports: (frequency = low)

The LPA reports the SCC utilizes paper forms to document inspections and then manually enters the information. The manual entry of completed inspections are recorded in the SCC Cost Share and Information Management System (CSIMS) and serve multiple functions such as documenting which counties were visited, dates visited, types of inspections, findings and results or follow-up action needs. When issues are identified that cannot be corrected on site at the time of the inspection, the staff member is required to present the findings to his supervisor and other program staff for resolution.

Paper Applications/Contracts/Payments: (frequency = high)

The LPA report notes that “some” of the grant applications administered by the SCC are submitted and processed in paper form. *A total of 99.7% of the approximately 8,900 grant application transactions the SCC processes annually are automated (paperless) from the level of initial contract application entry at the conservation district field office to the payment request sent by SCC staff to Division of Accounts and Reports.* These 8,900 transactions represent millions of dollars annually in cost-share grants to landowners.

Manual contracting occurs in the Multipurpose Small Lakes Program, Watershed Dam Construction Program, Water Supply Restoration Program, Water Transition Assistance Program and the Conservation Reserve Enhancement Program implements approximately \$9.7 million but involves only 162 approved contracts in FY 2009 (**two contracts represent over \$7 million**). These programs have an extremely low volume of applications and large contract dollar amounts are submitted hard copy, because of their individual nature and extensive analysis by technical SCC staff to determine eligibility and priority. *These programs differ from the other programs significantly because they do not go through the Conservation Districts for implementation; these are all handled directly by the SCC staff out of the Topeka office.* Due to the relatively low number of applications and the even smaller number of contracts meeting eligibility or prioritization criteria for approval, **the SCC does not believe that benefits can outweigh costs to develop any additional automation for the above mentioned programs.**

SCC Cost-Share and Information Management System (CSIMS) Overview:

The State Conservation Commission engaged the services of CTA, now named Webelan, a computer-consulting firm, to conduct a three-phase computer automation project. The project began with an IT Needs Analysis, completed in October, 2001, as the first phase of a three phase project to implement IT strategies to efficiently and effectively implement and administer its resource conservation programs. Historically, in cost-share contracting, the paper contracts were completed by the conservation district and then mailed to the SCC for processing. Copies of approved contracts were then mailed to the conservation district. Because this information was both duplicated and fragmented, it required significant manual effort to validate and maintain correctness of data, and to access it adequately for required planned and unplanned reporting. As a result SCC operations were highly labor intensive requiring multiple data entry events.

The State Conservation Commission (SCC) Cost-Share and Information Management System (CSIMS) is an automated and integrated computer system designed to manage many cost-share programs administered by the SCC. The system supports program, practice, and contract data from a single, centrally managed database. This database contains financial control and reference information needed to administer program/contract management and reporting needs. The system supports controlled access to all users through a single web browser based, user interface. The data is accessed through an internet application that allows the conservation district to enter contracts and other data directly into the database, which eliminates duplication of data entry. The application was designed to ensure data entered on contracts and forms are complete and accurate. Districts may access their financial data online to view allocated, expended and encumbered funds. *The system was completed and implemented in FY 2004. CSIMS is integrated with STARS to automatically generate cost-share vouchers reducing applicant check processing and mailing from approximately 10 days to one day.* The system also is integrated with a Geographic Information Systems used as a resource allocation and reporting tool. Other features of CSIMS include a conservation district personnel reporting and management system. Reporting functions are available to districts as well as the SCC. Financial and project information is linked in such a way to provide comprehensive reporting of progress and accomplishments at both the state and local level. Furthermore, CSIMS monitors uncommitted balances, landowner limits, and project limits.

Significant savings in mailing of contracts, attendant documents and phone calls have been realized. This database affects not only SCC operations and staff but also the operations of the 105 county conservation districts throughout the state. Many intangible benefits are realized, as development of the system has resulted in more effective delivery of state cost-share programs. *Annual savings of \$50,000 have been realized with the elimination of two clerical data entry positions within the SCC alone. Since implementation in FY 2004, CSIMS has contributed to SCC personnel savings amounting to \$250,000. A total of six data entry events were eliminated at the SCC*

and conservation district level. Significant increases in efficiency are also realized at the county level.

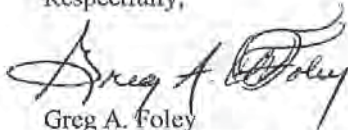
Office Space/Square footage.

“compare, as its office lease agreement expires, the amount of office space the agency has been renting to the Department of Administration’s recommended space standards. The agency should either make the necessary adjustments to meet the standard or seek an exemption from D of A.”

With the earlier mentioned efficiency action in mind, our current office lease is for 15 years and is approximately two-thirds fulfilled. The SCC currently has *three vacant office spaces; the two prior mentioned positions that were abolished as a result of the paperless automation, and one more due to budget shortfalls.* Those positions were filled when the lease agreement was developed and the vacant offices do exist in the middle/core of our existing space. The SCC recognizes how the accounting statistics become imbalanced or out of compliance, however, this is a result of the agency trying to become more efficient and exercising good fiscal management. **The SCC will address this issue, as recommended, at time of the contract expiration and work with all of the applicable agencies/landlord involved in such agreements.**

In conclusion, the SCC has over-arching concerns about how a consolidation will affect the mission and long-term funding impacts for conservation of natural resources. It takes true study and analysis on both sides of the issue to determine if program effectiveness is maintained and cost efficiencies are truly gained. The SCC has always taken great pride in maintaining an efficient small staff that utilizes technology and other cost saving methods. The agency implements a \$15 million annual budget of financial assistance funds that are managed and allocated by an office staff of 13 employees that represents less than 6% of the total annual agency budget. I respectfully caution Kansas policy makers that the LPA proposed action has the potential to greatly reduce the grass-roots input, local decision making, local priorities, state priorities and other natural resource protection and management benefits that currently exist through the volunteer network of hundreds of Conservation District Supervisors, Watershed District Board Members, and other local, state, and federal natural resource protection partners.

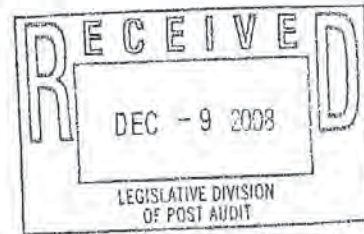
Respectfully,



Greg A. Foley
Executive Director

December 5, 2008

Barbara Hinton
Legislative Post Auditor
800 SW Jackson St., Suite 1200
Topeka, KS 66612-2212



Dear Ms. Hinton:

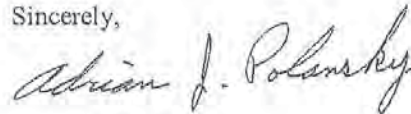
Thank you for the opportunity to comment on the Legislative Division of Post Audit's report on whether cost savings can be achieved by making the Kansas Animal Health Department and the State Conservation Commission divisions within the Kansas Department of Agriculture.

We reviewed the report and agree with its realistic strategy to reduce costs, even while maintaining or enhancing services currently provided. We fully appreciate that public agencies should always strive to be more efficient, but we believe it is imperative given our current economic climate. Whether your recommendations are implemented rests with the Legislature, but be assured we are prepared to do our part to make government more effective and efficient.

The State Conservation Commission did raise one concern that was adequately addressed in the report but we would still like to provide comment. On page 23, it states, "[f]unding that is dedicated to natural resource protection could be redirected in tight financial times." The Kansas Department of Agriculture is funded through multiple sources, including state general funds, fee funds and federal grants. Each source has dedicated uses, and we strictly observe the purpose and intent of each funding source. In addition to legal constraints and legislative oversight, some of these funds are also subject to federal rules and reporting.

Again, thank you for the opportunity to respond.

Sincerely,



Adrian J. Polansky
Secretary of Agriculture