



KANSAS LEGISLATIVE
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POST AUDIT

The Rundown podcast transcript for Performance Audit report titled ***Follow up Audit: Reviewing Agencies' Implementation of Selected Performance Audit Recommendations*** – Released April 2023

Andy Brienzo, Host and Principal Auditor: [00:00]

Welcome to The Rundown, your source for the latest news and updates from the Kansas Legislative Division of Post Audit featuring LPA staff talking about recently released audit reports and discussing their main findings, key takeaways and why it matters. I'm Andy Brienzo. In April, 2023, LPA released a limited scope performance audit, determining the extent to which agencies have implemented recent LPA audit recommendations. I'm with Tanner Rohrer, auditor at Legislative Post Audit who conducted this audit. Welcome, Tanner.

Tanner Rohrer, Supervisor and Auditor: [00:32]

Thanks, Andy.

Andy Brienzo, Host and Principal Auditor: [00:34]

So, for this particular audit, which agencies and how many recommendations did you review?

Tanner Rohrer, Supervisor and Auditor: [00:41]

We reviewed audit recommendations for three agencies for this follow-up audit. So, we reviewed three recommendations for the Department of Education from our 2019 at-risk audit and then we reviewed another three recommendations for the Kansas Department of Agriculture from our 2020 price verification audit. And then we reviewed one recommendation for the Kansas Department of Commerce from the 2020 Angel Investor Tax Credit Program audit.

Andy Brienzo, Host and Principal Auditor: [01:12]

Okay. So, let's start with the Department of Education or KSDE. So, tell me a little bit about the problems the original audit found and LPA's recommendations at the time.

Tanner Rohrer, Supervisor and Auditor: [01:24]

So, the original at-risk audit found that among several other things in a sample of 20 districts that they looked into most at-risk spending was used for teachers and programs for all students and didn't necessarily appear to specifically address at-risk students like the law requires. And then also it found that KSDE had approved at-risk practices that didn't target at-risk students and were not clearly evidence-based. Then another finding that audit had was that KSDE didn't necessarily provide any guidance that could help districts understand and follow at-risk spending requirements. As a result, that audit, the original at-risk audit in 2019 made three recommendations to KSDE, well, two to KSDE and one to the Board of Education. First, that audit recommended that KSDE should ensure guidance that they provide to districts reflects state law. And then the second one is that KSDE should establish a process first for determining whether at-risk programs are for at-risk kids and based on evidence. And then lastly, the recommendation for the State Board of Education was that the Board should more thoroughly oversee the process for identifying at-risk programs and practices.

Andy Brienzo, Host and Principal Auditor: [02:58]

So, right now, another LPA audit team is auditing at risk expenditures and statutory compliance. So, you used some of the information that team had already gathered from KSDE for that audit to do your work. So, how did you review whether KSDE and the Board of Education had implemented the recommendations from before and what did you find?

Tanner Rohrer, Supervisor and Auditor: [03:22]

Yeah, this one was a little unique given the nature of the simultaneous audits. At the very beginning [we] decided to primarily use the current at-risk audit teams work. We were fortunate that their work was directly addressing all of the recommendations that this follow-up audit was reviewing. So, we worked closely with that team. Then I made my own conclusions on whether or not KSDE and the State Board of Education had implemented our previous recommendations or not using the information that I had gained from the current at-risk audit team. I found that KSDE and the Board of Education implemented one of the three recommendations. KSDE did establish a process for determining programs and practices are at-risk and evidence-based. However, on another recommendation, KSDE did not ensure that the guidance they provide to districts reflects state law. They did create guidance and sent it to school districts, but that guidance after the audit team's review and my own review does not fully reflect state law. One example for that, KSDE guidance establishes a limit on how much at-risk funds can be used for a teacher's salary, but no such limit exists in the statute. And then finally, on

the last recommendation, the Board did not increase oversight over this process. KSDE staff told our at-risk audit staff that the Board delegated this responsibility to KSDE staff, but that KSDE staff keeps the board informed on the things that are happening in the at-risk program.

Andy Brienzo, Host and Principal Auditor: [05:17]

Okay. Next, you reviewed the Department of Agriculture or KDA, specifically the weights and measures division. What did the original audit of that division find, and what did LPA recommend to KDA at that time?

Tanner Rohrer, Supervisor and Auditor: [05:31]

Yeah, so the original audit was looking at Kansas' price verification process. This is a process, and for those that are unaware, that is supposed to ensure the accuracy of point of sale systems in Kansas. So, that basically kind of means cash registers in stores from Dollar General to Target to any gas station. They also do large and small scales, but this audit was focused on those point of sale systems. The audit, the original audit, found that retail businesses in Kansas failed most price verification inspections, and that KDA didn't respond to those failures in a timely manner. And then additionally, the audit found that staffing constraints contributed to these problems. So, the audit, the original price verification audit, recommended KDA should develop a more effective inspection strategy as a whole, perhaps one that focused on inspecting businesses that have more severe pricing issues. For one example, the audit also recommended that KDA do a staffing analysis to estimate the cost of implementing a new strategy, and then to use that analysis to form future budget requests. And then the last recommendation the original audit made was that KDA should create a strategy for issuing legal orders in a timely and consistent manner. The audit suggested the strategy should clearly identify when KDA will issue legal orders and that it should reflect KDA's resources and that KDA management should regularly review program data to ensure the strategy is being followed.

Andy Brienzo, Host and Principal Auditor: [07:12]

So, how did you determine the implementation status of these recommendations, and what did you find?

Tanner Rohrer, Supervisor and Auditor: [07:19]

We spoke with KDA officials and reviewed documentation they sent us, and then determined that they had partially implemented all three recommendations. First, they had developed a document that contains inspection data for failed inspections. However, nothing they sent had anything in a policy or anything outlined where they noted a specific strategy or a list of criteria that inspectors must follow in terms of how

they choose facilities to inspect across the state of Kansas. Second, KDA did complete a high-level analysis of the amount of inspections they could conduct if they hired more inspectors, but they have not used that analysis to inform any budget requests. Lastly, KDA did document an escalation process, which addresses a strategy to issue legal orders timely and consistently. But again, the document didn't quite address every part of our recommendation. It doesn't mention department resources, and it still includes some softer language. For example, escalation to summary order may be considered so, it leaves things up to inspector discretion instead of requiring inspectors to issue legal orders exactly when or at a certain time.

Andy Brienzo, Host and Principal Auditor: [08:47]

And the third and final department you looked at was the Department of Commerce. What did the original audit of Commerce find and what did LPA recommend at the time?

Tanner Rohrer, Supervisor and Auditor: [08:57]

So, the original audit on the Angel Investor Tax Credit program evaluated that program. And this, just for a little background on that program, it gives investors a tax credit for investing in certain Kansas startups, and this included a statutory requirement for participating businesses to stay in Kansas for at least 10 years. The Department of Commerce is then responsible for determining whether a business qualifies and is also responsible for monitoring that program's success. We recommend that we recommended to the agency, and that's the one we evaluated for this audit that Commerce more proactively enforced the timeframes the statute requires.

Andy Brienzo, Host and Principal Auditor: [09:44]

But unlike with the other two agencies, it looks like you couldn't determine the implementation status of the recommendation to the Department of Commerce. So, tell me more about this.

Tanner Rohrer, Supervisor and Auditor: [09:54]

Yeah, so we had similar interactions with the Department of Commerce as with other agencies except for the unique situation with KSDE on this one, but Commerce had their own unique situation where they had the program director was a staff person that was on leave - extended leave. And, we were told that this staff person was the only person who had access to any evidence that showed that Commerce is enforcing the recommendation that we were evaluating. So, our options were to either wait until that person returned or move on and have it be just an incomplete or could not evaluate. So, that given the nature of this audit,

that's the direction we had to take.

Andy Brienzo, Host and Principal Auditor: [10:46]

And finally, what's the main takeaway of this audit report?

Tanner Rohrer, Supervisor and Auditor: [10:51]

So, I'd say that each of these three audits and the recommendations that we evaluated kind of have their own story. But if we were to bring them all together, I think the overall takeaway is that all of these agencies, at least the two that we could evaluate made some notable progress on our past recommendations, but in several cases, they just didn't quite complete the entire recommendation. So, they got a partial credit and hence why we have one out of seven recommendations. Only one was implemented. There were just a number that were partial.

Andy Brienzo, Host and Principal Auditor: [11:31]

Tanner Rohrer is an auditor at Legislative Post Audit. He conducted a limited-scope audit following up on agency's implementation of recent LPA audit recommendations. Thank you for joining me, Tanner.

Tanner Rohrer, Supervisor and Auditor: [11:43]

Thanks, Andy.

Andy Brienzo, Host and Principal Auditor: [11:44]

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