

*The minutes below are in draft form, subject to approval by the
Legislative Post Audit Committee at a later meeting.*

**DRAFT
MINUTES
Legislative Post Audit Committee
April 28, 2017**

Call to Order

Welcome by the Chair. The meeting was called to order by Chair Barker at 9:01 a.m. in Room 118-N of the Statehouse. Committee members present:

Representative John Barker, Chair	Senator Rob Olson, Vice-Chair
Representative Pete DeGraaf	Senator Elaine Bowers
Representative Don Schroeder	Senator Anthony Hensley
Representative Ed Trimmer	Senator Laura Kelly
	Senator Julia Lynn

Approval of Minutes. Senator Olson moved approval of the March 8, 2017, minutes. Representative Trimmer seconded the motion; motion carried.

Presentation of Staff IT Audits

Office of the Attorney General IT Security Audit. Senator Olson made the following motion:

I move that the open meeting of the Legislative Post Audit Committee in Room 118-N of the Statehouse be recessed for a closed, executive meeting to commence immediately in Room 118-N of the Statehouse pursuant to subsection (b)(13) of K.S.A. 2016 Supp. 75-4319, for a discussion of the security of the information systems of the Attorney General's office which is under consideration by the committee, because open discussion would jeopardize the security of the information systems, that the committee resume the open meeting in Room 118-N of the Statehouse at 9:25 a.m., and that this motion, if adopted, be recorded in the minutes and be maintained as a part of the permanent records of the committee.

Senator Bowers seconded the motion; motion carried. Adopted at 9:05 a.m. on April 28, 2017. The Chair asked Scott Frank, Legislative Post Auditor, to enumerate the individuals authorized to remain in the room during executive session:

Attorney General's Office:

- Eric Montgomery, Chief of Staff
- Travis Williams, Director of IT

Legislative Post Audit

- Scott Frank, Legislative Post Auditor
- Katrin Osterhaus, IT Audit Manager
- Clyde-Emmanuel Meador, IT Auditor

The open meeting resumed at 9:25 a.m.

Kansas Department of Revenue KanDrive IT Project, Quarter Ending December 31, 2016. This audit was presented by Clyde-Emmanuel Meador, IT Auditor.

Lisa Kaspar, Kansas Department of Revenue, delivered prepared remarks. Other agency officials present to answer questions included David Stuart, Program Manager; and Matt Billingsley, Chief of Staff.

All legislators will receive the audit report and the following committees will be notified that the committee thought the report might be of special interest:

House Committees

- Appropriations
- Transportation
- General Government Budget Committee
- Government, Technology and Security

Senate Committees

- Ways and Means
- Transportation

Other Committees

- Joint Committee on Information Technology
- Joint Committee on Kansas Security

Presentation of Staff Performance Audits

Office of Information Technology Services: Reviewing the State's Options Related to the FirstNet Public Safety Network. This audit was presented by Brad Hoff, Senior Auditor.

Agency officials present to respond to the audit included:

Office of Information Technology Services (OITS)

- Phil Wittmer, Chief Information Technology Officer

Kansas Adjutant General's Department

- Jason Bryant, Statewide Interoperability Coordinator
- Col. Christopher Stratmann, Chief Information Officer

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

House Committees

- Federal and State Affairs
- Energy, Utilities, and Telecommunications
- Local Government
- Transportation and Public Safety Budget
- Government, Technology and Security

Senate Committees

- Federal and State Affairs
- Utilities
- Ethics, Elections, and Local Government

Other Committees

- Joint Committee on Information Technology
- Joint Committee on Kansas Security

K-12 Education: Efficiency Audit of the Garden City School District.

This audit was presented by Heidi Zimmerman, Principal Auditor.

Agency officials present to respond to the audit included:

Garden City School District:

- Dr. Steve Karlin, Superintendent

Kansas Department of Education

- Dale Dennis, Deputy Commissioner

Dr. Karlin delivered prepared remarks and answered committee

questions.

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

House Committees

- Education
- K-12 Budget
- Government, Technology and Security

Senate Committees

- Education

***K-12 Education: Efficiency Audit of the Garden City School District—
IT Security Findings.*** Senator Olson made the following motion:

I move that the open meeting of the Legislative Post Audit Committee in Room 118-N of the Statehouse be recessed for a closed, executive meeting to commence immediately in Room 118-N of the Statehouse pursuant to subsection (b)(13) of K.S.A. 2016 Supp. 75-4319, for a discussion of the security of the information systems of the Garden City school district which is under consideration by the committee, because open discussion would jeopardize the security of the information systems, that the committee resume the open meeting in Room 118-N of the Statehouse at 10:35, and that this motion, if adopted, be recorded in the minutes and be maintained as a part of the permanent records of the committee.

Senator Lynn seconded the motion; motion carried. Adopted at 10:25 on April 28, 2017. The Chair asked Scott Frank, Legislative Post Auditor, to enumerate the individuals authorized to remain in the room during executive session:

Garden City School District:

- Dr. Steve Karlin, Superintendent

Legislative Post Audit:

- Scott Frank, Legislative Post Auditor
- Chris Clarke, Performance Audit Manager
- Katrin Osterhaus, IT Audit Manager
- Heidi Zimmerman, Principal Auditor
- Amanda Schlumpberger, Auditor
- Meghan Flanders, Auditor

The open meeting resumed at 10:35 a.m.

Department of Commerce: Evaluating the Department's Compliance with Statutory Caps for the PEAK Program. This audit was presented by Daniel McCarville, Auditor.

Agency representatives present to respond to the audit were:

Kansas Department of Commerce

- Robert North, Chief Attorney
- Darla Price, PEAK Program Manager

Mr. North answered members' questions.

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

House Committees

- Commerce, Labor, and Economic Development
- Taxation

Senate Committees

- Commerce
- Assessment and Taxation

Kansas Department of Health and Environment: Evaluating Issues Related to Department Services for Individuals with Phenylketonuria (PKU). This audit was presented by Meghan Flanders, Auditor.

Agency officials present to respond to the audit included:

Kansas Department of Health and Environment

- Heather Smith, Director of Special Health Services
- Kayzy Bigler, Special Health Care Needs Program Manager
- Michelle Black, Care Coordinator

Senator Olson made a motion to accept the audit. Senator Lynn seconded the motion; motion carried. All legislators will receive the audit report and the following committees will be notified that the committee thought the report

might be of special interest:

House Committees

- Health and Human Services
- Insurance

Senate Committees

- Public Health and Welfare
- Financial Institutions and Insurance

Foster Care and Adoption in Kansas: Reviewing Various Issues Related to the State's Foster Care and Adoption System, Part 3. This audit was presented by Kristen Rottinghaus, Principal Auditor.

Phyllis Gilmore, Secretary of the Department for Children and Families, and Melissa Ness, Saint Francis Community Services Senior Advisor for Public Policy, delivered prepared remarks. Senator Lynn asked Secretary Gilmore to provide the committee with information on agencies that are engaged with DCF to help with service issues in Kansas. Secretary Gilmore indicated she would provide that information.

Other agency officials present to respond to the audit included:

Kansas Department for Children and Families

- Kasey Rogg, Deputy General Counsel
- Deneen Dryden, Director, Prevention and Protection Services
- Kathy Armstrong, Attorney, Prevention and Protection Services

Saint Francis Community Services

- Rachel Marsh, Executive Director
- Diane Carver, Vice President of Children and Family Services

KVC Behavioral Healthcare

- Lindsey Stephenson, Vice President, Operations
- Marilyn Jacobson, Chief Financial Officer/General Counsel

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

House Committees

- Health and Human Services

- Children and Seniors
- Judiciary
- Social Services Budget

Senate Committees

- Senate Public Health and Welfare
- Judiciary

The committee broke for lunch, and reconvened at 1:15 p.m.

Consideration of Performance Audit Topics

Designating K-GOAL audits. Justin Stowe, Deputy Post Auditor, told the committee that, under the K-GOAL law, the committee is required to designate at least four audits each calendar year as K-GOAL audits. Those audits are supposed to be focused on efficiency and cost savings issues, and are to be completed no later than December 1 in any year. Staff suggested four audits that seem to match the criteria contemplated by the K-GOAL law:

Completed as of today's meeting:

- K-12 Health Insurance: Evaluating the Financial Impact of Establishing a Consolidated K-12 Health Insurance Plan (R-17-001)
- K-12 Education: Efficiency Audit of the Garden City School District (R-17-002)
- Office of Information Technology Services: Reviewing the State's Options Related to the FirstNet Public Safety Network (R-17-004)

Approved but not completed:

- K-12 Education: Efficiency Audit of the Bucklin School District

Representative DeGraaf moved to approve the audits recommended by staff. Representative Schroeder seconded the motion; motion carried.

Limited-scope audit requests. Mr. Stowe told members that LPAC Rule 1-3(b)(1) states that a limited-scope audit request that has been preliminarily approved by the chairperson shall appear as an agenda item at the next meeting of the committee. Unless a member moves to remove it, any such audit will be considered approved by the committee without objection.

Mr. Stowe noted that the chair has preliminarily approved the following limited-scope audit requests:

- *Kansas Highway Patrol: Evaluating How Much It Cost to Maintain and Operate*

the Plane Used to Transport State Officials (Requested by Representative Tim Hodge)

- *Property Valuation: Evaluating the Potential Impact of Changing How Agricultural Land is Valued in the State* (Requested by Representative Adam Smith)

Without objection, the audits are considered approved.

Reconsideration of audit topics approved for Fiscal Year 2017. Scott Frank briefed the committee on two audit topics that have been approved by the committee but not yet started. He said that, since members are today considering topics for the coming fiscal year, they might want to reconsider these two topics in light of the other proposals before them. The two approved audit projects are:

- *Energy Conservation: Evaluating Energy Conservation Measures Taken by State Agencies, Universities, and School Districts* (requested by Representative Mark Hutton)
- *KanCare: Reviewing the Timeliness of Medicaid Eligibility Determinations* (requested by Representative Louis Ruiz)

Senator Kelly moved to reconsider these topics together with the other topics currently under consideration at today's meeting. Representative DeGraaf seconded the motion; motion carried.

Fiscal Year 2018 audit selection—review of proposals. Justin Stowe, Deputy Post Auditor, briefed the committee on the process, and presented the list of potential audit topics:

LEGISLATOR REQUESTS

- 1 L Community Mental Health: Evaluating Mental Health Services in Local Jails
Requested by: Representative Elizabeth Bishop
- 2 L Department of Administration: Reviewing the Department's Rates for Services Provided to Other State Agencies
Requested by: Representative William Sutton
- 3 L Department of Agriculture: Evaluating the Division of Weights and Measures' Price Verification Program
Requested by: Senator Carolyn McGinn
- 4 L Department of Corrections: Comparing the Merits of Lease and Bond Options For Improving or Replacing the Lansing Correctional Facility
Requested by: Representative Adam Lusker
- 5 L Economic Development Initiatives Fund (EDIF): Evaluating the State's Accountability Over the Use of EDIF Funding
Requested by: Representative Jim Gartner

- 6 L Energy Conservation: Evaluating Energy Conservation Measures Taken by State Agencies, Universities, and School Districts
Requested by: Former Representative Mark Hutton
- 7 L Foster Care: Evaluating the State's Transitional Foster Care Program
Requested by: Representative Mary Martha Good
- 8 L Garden City Community College: Evaluating the College's Financial Management Controls
Requested by: Senator John Doll
- 9 L Information Technology Consolidation: Evaluating Whether Consolidating Executive Branch IT Services is Feasible and How Much It Might Save
Requested by: Representative Jeff Pittman
- 10 L K-12 Education: Assessing the Progress of Students Receiving Special Education Services
Requested by: Representative Mark Schreiber
- 11 L K-12 Education: Evaluating the Use of Assessed Valuation Per Pupil (AVPP) as the Basis for State Equalization Aid
Requested by: Representative Larry Campbell, who provided written testimony
- 12 L K-12 Education: Reviewing the Accuracy of Free-Lunch Student Counts
Requested by: Representative Brenda Landwehr
- 13 L K-12 Procurement Practices: Evaluating Whether Implementing a Strategic Procurement Model for K-12 School Districts is Feasible and How Much It Might Save
Requested by: Representative Jim Karleskint, Representative Tom Sawyer
- 14 L K-12 School Safety: Evaluating Whether Kansas School Districts Have Appropriate Emergency Preparedness Plans
Requested by: Representative Les Osterman
- 15 L Kansas Board of Nursing: Evaluating the Board's Disciplinary
Requested by: Representative Doug Blex, who provided written testimony
- 16 L Kansas Department of Aging and Disability Services: Evaluating Safety and Programming Issues for the Sexual Predator Treatment Program at Larned State Hospital
Requested by: Representative Russell Jennings
- 17 L Kansas Department of Agriculture: Evaluating the Economic Impact of Legalizing Industrial Hemp Production in Kansas
Resubmitted by: Representative Willie Dove
- 18 L Kansas Department of Transportation: Evaluating the Effect Transfers from the State Highway Fund Have Had on the Condition of Kansas Highways
Requested by: Senator Randall Hardy
- 19 L Kansas Department of Wildlife, Parks, and Tourism: Evaluating the Department's Maintenance of State-Owned Land
Requested by: Representative Kyle Hoffman
- 20 L Kansas Department of Wildlife, Parks and Tourism: Evaluating the Division of Tourism's Strategy for Promoting Out-of-State Tourism
Requested by: Representative Patsy Terrell
- 21 L Kansas Health and Environmental Laboratories: Evaluating Laboratory Management and Performance
Resubmitted by: Senator Laura Kelly
- 22 L Kansas Lottery: Evaluating the State's Practices for Maximizing Lottery Sales
Requested by: Representative Jan Kessinger
- 23 L Kansas National Guard: Reviewing Recent Personnel Actions

- Requested by: Representative Virgil Weigel*
- 24 L Kansas Nursing Facilities: Evaluating the Use of Psychotropic Medication in Kansas Nursing
Requested by: Senator Laura Kelly, Senator Vicki Schmidt
- 25 L Kansas State Department of Education: Evaluating How Much Kansas K-12 Student Assessments Cost and How They Compare to Those in Other States
Requested by: Representative Eric Smith
- 26 L Kansas Water Organizations: Evaluating the Composition and Responsibilities of Kansas' Water Oversight Entities
Requested by: Representative Ken Rahjes
- 27 L Kansas Water Supply: Evaluating the Costs and Benefits of Alternative Water Supplies for Kansas
Resubmitted by: Senator Bud Estes
- 28 L Medicaid: Evaluating Issues Related to KanCare and Other Important Components of the State's Medicaid System
Requested by: Individual audit questions approved or suggested by numerous legislators and legislative committees
- 29 L Office of the Governor: Evaluating the Resource and Productivity Levels for Three Commissions
Requested by: Representative John Alcalá, Representative Louis Ruiz
- 30 L Office of the Secretary of State: Evaluating Efforts to Enforce State Voting Laws
Requested by: Representative Jeff Pittman
- 31 L Office of the Secretary of State: Evaluating Office Efforts and Systems Intended to Enforce State and Federal Voting Laws
Requested by: Representative Brett Parker
- 32 L Private Activity Bonds: Comparing How Structure and Use of These Bonds in Kansas Compares to Other States
Requested by: Representative Tom Burroughs
- 33 L Rural Opportunity Zones: Evaluating the Rural Opportunity Zones Program's Effectiveness
Resubmitted by: Senator Laura Kelly
- 34 L Seized and Forfeited Property: Comparing the Frequency of Civil and Criminal Forfeitures in Kansas
Resubmitted by: Representative Gail Finney, who provided written testimony
- 35 L State and Local Governments: Evaluating Association Membership Fees and Dues
Resubmitted by: Senator Dennis Pyle
- 36 L State Surplus Property: Evaluating Opportunities to Generate Revenue from State Owned Land
Requested by: Representative Ken Corbet
- 37 L Veterans Affairs: Evaluating Improper State Tax Withholdings from Native American Veterans
Requested by: Representative Ponka-We Victors, who provided written testimony
- 38 L Veterans Affairs: Evaluating Kansas Veterans' Home Staff Levels and Qualifications
Requested by: Representative Ed Trimmer
- 39 L Veterans Benefits: Comparing the Benefits Offered in Kansas to the Benefits Offered in Other States
Requested by: Representative Jeff Pittman
- 40 L Allen Community College: Evaluating Farm and Ranch Management Program

Expenditures

Requested by: Representative Kent Thompson

41 L Foster Care and Adoption in Kansas: Reviewing the State's Application and Placement Process

Requested by: Representative Jim Ward

42 L K-12 Cost Analysis: Estimating K-12 Education Costs Using an Input- Based Approach

Requested by: Representative Ron Highland

43 L Kansas Tax Revenues: Reviewing How Other States Inventory and Evaluate Tax Credits and Exemptions

Requested by: Senator Julia Lynn

STAFF TOPICS

44 E Follow-Up Audit: Reviewing Agencies' Implementation of Selected Performance Audit Recommendations

45 E Kansas Information TechnologyOffice: Evaluating IT Project Management Oversight

46 E Governor's Grants Office: Evaluating Whether Establishing a Governor's Grants Office is Feasible and How Much It Might Generate in Additional Federal Revenues

Following Mr. Stowe's presentation, Representative Jarrod Ousley spoke in support of request 41L on foster care. Representative Gail Finney spoke briefly in support of her request 34L on seized and forfeited property.

The committee recessed for 20 minutes, resuming at 2:10.

Fiscal Year 2018 audit selection—select proposals. After discussion, the Chair entertained motions for audits to be approved for fiscal year 2018.

Senator Olson moved approval of 12L, on accuracy of free-lunch student counts. Senator Lynn seconded the motion; motion carried.

Representative Trimmer moved approval of 4L, on Lansing Correctional Facility. Representative Barker seconded the motion; motion carried.

Senator Kelly moved approval of objectives 7, 8, and 10 of proposal 28L, dealing with Medicaid. Representative Trimmer seconded the motion; motion carried. In response to a question from the Chair, Mr. Frank indicated the objectives approved would constitute an approximately six-month audit.

Representative Schroeder moved approval of 11L, looking at assessed valuation per pupil as a poverty measure in the state's school finance formula. Senator Lynn seconded the motion; motion carried.

Representative Barker moved approval of 44E, the staff follow-up audit proposal. Representative DeGraaf seconded the motion; motion carried.

Representative DeGraaf moved approval of 14L, on school district emergency preparedness. Senator Olson seconded the motion. After discussion, Representative DeGraaf withdrew his motion, and Senator Olson withdrew his second.

Senator Lynn moved approval of 43L on the process other states use to evaluate tax exemptions. Senator Olson seconded the motion; motion carried.

Senator Bowers moved approval of 1L on mental health in local jails. Senator Olson seconded the motion; motion carried. The committee directed that staff also include a look at the cost to counties of holding inmates who need mental health treatment.

Legislative Post Audit Operations

Follow-up items. Rick Riggs, Administrative Auditor, briefly summarized items the division tracks on behalf of the committee.

Wrap-Up

Additional business. Mr. Frank noted that because of Ron Estes' election to fill Mike Pompeo's vacant House seat, there will be a change in State Treasurer. This change triggers an audit of the Treasurer's Office. Mr. Frank said that Legislative Post Audit will absorb the cost of this audit, to be conducted by the firm of CliftonLarsonAllen, but he may seek legislation that would specify that the Treasurer's Office would pay for any such audit in the future.

Date of next meeting. Scott will work with chair to schedule a full meeting in July.

Adjournment

The meeting adjourned at 2:42 p.m.

Nicole Blanchett, Secretary
Legislative Post Audit Committee

date

All handouts and other documents referred to in these minutes are on file with Legislative Post Audit. Unless specifically noted, the individual remarks recorded herein have not been transcribed verbatim and have not been submitted to the individuals appearing before the committee for editing or corrections.