

MINUTES
Legislative Post Audit Committee
May 7, 2013

Call to Order

Welcome by the Chair. The meeting was called to order by Chair Mast at 9:00 a.m. in Room 159-S of the Statehouse. Committee members present:

Representative Peggy Mast, Chair	Senator Jeff Longbine, Vice-Chair
Representative John Barker	Senator Anthony Hensley
Representative Tom Burroughs	Senator Julia Lynn
Representative Virgil Peck, Jr.	Senator Michael O'Donnell
Representative Ed Trimmer	

Approval of Minutes. Senator Longbine moved approval of the March 22, 2013, minutes. Representative Peck seconded the motion; motion carried.

Presentation of Staff Audits

Kansas Soldiers Home and Kansas Veterans Home. This audit was presented by Joe Lawhon, Principal Auditor.

Kansas Commission on Veterans Affairs officials present were Gregg Burden, Executive Director; Webster Roth, Superintendent, Kansas Soldiers Home; and Steve Dunkin, Superintendent, Kansas Veterans Home. Mr. Burden distributed and delivered prepared remarks. Senator Longbine asked that Mr. Burden provide the Committee with periodic updates on the progress of implementing the report's recommendations. Mr. Burden said he would provide the information.

Representative Barker made a motion to accept the audit. Representative Peck seconded the motion; motion carried. All legislators will receive the audit highlights document and full copies of the audit will be distributed to the chairs, vice-chairs, and ranking minority members of the following committees:

House Committees:

- Veterans, Military, and Homeland Security
- Social Services Budget

Senate Committees

- Ways and Means
- Social Services Subcommittee

Completed Contracted Audits

FY 2012 Statewide Single Audit (Federal Compliance). This audit is required by state law, and was conducted by the CPA firm of RubinBrown, LLP under contract with Legislative Post Audit. The report was presented by Kaleb Lilly, Partner, RubinBrown, LLP.

Officials from a number of agencies were present to answer questions:

Adjutant General:

- Cheri Froetschner, State Comptroller
- Jason VanFleet, Accountant

Department of Administration:

- Pam Fink, Director, Office of Financial Management
- Martin Eckhardt, Office of Financial Management

Department of Children and Families:

- Mary Hoover, Director of Audit Services

Department of Commerce:

- Traci Herrick, Chief Financial Officer

Department of Education:

- Dale Dennis, Deputy Commissioner
- Ethan Erickson, Director of Fiscal Services

Department of Health and Environment:

- Chris Swartz, Deputy Director and Program Director of Operations, Medicaid and Healthwave
- Mike Randol, Director of Projections, Financing and Estimation

Department of Labor:

- Dawn Palmberg, Chief Fiscal Officer
- Brett Flachsbarth, Director of Unemployment Insurance

Kansas Corporation Commission:

- Patti Petersen-Klein, Executive Director

Kansas Housing Resources Corporation:

- Susan James, Chief Fiscal Officer

Kansas State University:

- Fran Willbrant, Assistant Vice President, Financial Services

Dawn Palmberg and Brett Flachsbarth from the Department of Labor, and Susan James, Chief Fiscal Officer, Kansas Housing Resources Corporation, answered members' questions about the findings for their respective agencies.

Members asked Ms. James to provide information related to KHRC certification that certain payrolls were in compliance with federal Davis-Bacon Act requirements. Representative Mast asked that Department of Labor officials provide information related to the \$73.5 million in questioned costs the auditors identified in the unemployment insurance program.

All legislators will receive the audit highlights document and full copies of the audit will be distributed to the chairs, vice-chairs, and ranking minority members of the following committees:

House Committees

- Appropriations
- Federal and State Affairs

Senate Committees

- Ways and Means
- Federal and State Affairs

Representative Mast directed that the House Committee on Commerce, Labor and Economic Development, and the Senate Commerce Committee, also receive the report.

Performance Audit Update

Update on the audit of the Larned State Hospital sex predator treatment program. Scott Frank, Legislative Post Auditor, told members that the work of a Kansas Department on Aging and Disability Services task force on the sex predator treatment program at Larned State Hospital appears to overlap substantially with the first two questions of the current audit (comparing Kansas' program to other states and examining options for reducing the number of offenders committed to the program). To ensure that staff's work does not duplicate the work of the taskforce, Mr. Frank said that Post Audit would hold off on any further work on Questions 1 and 2 of the scope statement, pending the release of the task force's report in June. At that time staff will provide the committee with options for how to proceed.

Consideration of Audit Topics

Economic Development scope statement. Representative Marvin Kleeb addressed the committee to request that the current economic development audit be modified to address the issues contained in the scope statement he presented to the

committee. Justin Stowe, Deputy Post Auditor, asked members to decide if they want to approve the audit request and if so, whether they want staff to continue work on the current audit. After discussion, the committee asked staff for a combined scope statement. The committee decided to meet again briefly on Friday to review and approve the combined scope statement.

Designation of K-GOAL topics. Mr. Stowe told members that under the K-GOAL law, the committee is required to designate at least four audits a year as K-GOAL audits. Those audits are supposed to focus on efficiency and cost savings issues. After discussion, Senator Longbine moved that the following audits be approved as K-GOAL audits:

- *St. Francis School District Efficiency Audit*
- *Southeast School District Efficiency Audit*
- *Kansas City School District Efficiency Audit*
- *Office of Information Technology Services Audit*

Representative Barker seconded the motion. Motion carried.

Legislative Post Audit Operations

Status of follow-up items. Rick Riggs, Administrative Auditor, updated members regarding the status of follow-up items related to previous audit reports or recommendations. Among the items he covered were two issues regarding last year's audits of the Juvenile Justice Authority. He asked the committee to decide if it wants the Juvenile Justice Authority to continue to submit monthly progress reports, and to decide if it wants to request an interim study on the statutory provision that excludes state institutions from licensing requirements.

After discussion, members directed that the JJA continue to provide progress reports for at least a year, or through September 2013. Members also agreed to request that the Joint Committee on Corrections and Juvenile Justice Oversight be assigned an interim study of the licensing issue.

Update on committee bills. Mr. Frank updated members on the status of the committee's bills.

Potential changes to the committee's rules. Mr. Frank noted that with the passage of HB 2349, which requires ongoing school efficiency audits, the committee should incorporate procedures for these audits into the committee rules. In addition, there are several other areas in the rules that the committee may want to consider reworking. Mr. Frank recommended that the chair consider appointing a subcommittee to address these changes. Under LPAC Rule 4-3, the chair can appoint

