

MINUTES
Legislative Post Audit Committee
July 23, 2013

Call to Order

Welcome by the Chair. The meeting was called to order by Vice-Chair Longbine at 10:03 a.m. in Room 159-S of the Statehouse. Committee members present:

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

Approval of Minutes. Senator Kelly moved approval of the May 7 and 10 minutes. Representative Barker seconded the motion; motion carried.

Presentation of Staff Audits

Efficiency Audit of the Kansas City School District, and Efficiency Survey of School Districts. These reports were presented by Heidi Zimmerman, Senior Auditor.

Senator O'Donnell asked about KPERS costs to the district, and asked that information on retirement-system savings be pulled together because, although it would not represent a savings to the district, it would present a savings to the state and the taxpayers.

Representative Peck asked how much it cost districts to have the Center for Innovative School Leadership (CISL) conduct an efficiency review. Staff indicated they could provide answers on both questions.

Dr. Cindy Lane, Kansas City district superintendent, delivered brief comments. Dr. Kelli Mather, Chief Financial Officer, Kansas City School District, was present to answer questions.

In response to a question by Representative Peck, Dr. Lane promised to supply information about the district's cash balances. Senator Hensley asked staff to

determine what KCK's peer districts' policies were on transporting students and how those policies compared to KCK's.

Vice-Chair Longbine noted that Dale Dennis, Deputy Commissioner of Education, was scheduled but could not attend the meeting. He suggested that, if members had questions for Mr. Dennis, they submit those questions to him in writing.

Senator Kelly, following up on a comment from Dr. Lane, asked why the audit report didn't give the district more credit for its efficiency accomplishments. Scott Frank, Legislative Post Auditor, replied that it is the nature of auditing to focus on the exceptions, or aspects of performance that could be improved.

Representative Peck made a motion to accept the audit. Senator Kelly 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:

Senate:

- Education
- Ways & Means Subcommittee on Education

House:

- Education
- Education Budget

Performance Audit Topics

Legislative Requests. Mr. Frank told members that the division has received a number of audit requests from legislators since the start of the veto session. He said that staff do not need any additional audit projects at this time, and the audit schedule is full until March 2014. He said that if the committee decides to approve any of the requests, it would need to provide guidance on how those audits should be slotted into the current audit schedule. Mr. Frank added that requests that are not selected at today's meeting will be added to the list of legislative requests for consideration at a future meeting.

Justin Stowe, Deputy Post Auditor, reviewed legislators' requests for performance audits. Representative Steven Becker spoke on his request for topic #3L on death penalty costs.

After discussion, Senator O'Donnell moved approval of topic 2L, *CDDOs: Reviewing Issues Related to Community Services Provided for Individuals with*

Disabilities and specified that part two of the Larned Sex Predator Treatment program audit be placed on hold and the CDDO audit started in its place. Senator Lynn seconded the motion. Motion carried.

Legislative Post Audit Operations

School Efficiency Audit Selection Process. Scott Frank told members that, during this past legislative session, the Legislature passed House Bill 2349, which directs Legislative Post Audit to conduct a series of school district efficiency audits. The bill requires voluntary efficiency audits of three school districts each year for the next four state fiscal years (2014-2017). He said that the committee needed to approve both the scope statement for the audits and the division's proposed process for selecting districts and conducting those audits.

Representative Burroughs moved approval of the scope statement. Senator Lynn seconded the motion; motion carried.

Mr. Frank reviewed the main points of his selection proposal with the committee:

1. Each July the division would send letters to all school board presidents and district superintendents to solicit volunteers, and we would take volunteers up until September 1.
2. Staff would select one volunteer district from each small, medium, and large enrollment category.
3. If there are multiple volunteers in an enrollment category, staff would select one on a first-come, first-serve basis.
4. If there are no volunteers in a given enrollment category, a volunteer from an adjacent category would be selected. The rationale for this proposed change is to maximize the number of audit requests from school districts that can be fulfilled.
5. Staff would finalize the selections and report back to the Legislative Post Audit Committee by September 15.
6. Audits of the small and medium-sized districts would take place from October to February and the audit of the large district from February to June.

During discussion, several committee members indicated they did not want to allow large districts to avoid being audited simply by not volunteering.

The committee approved items 1, 2, 3, 5, and 6 of the proposal by consensus. Representative Burroughs moved, seconded by Representative Barker, to keep item four as it was last year: if no district within an enrollment category volunteered, one

would be selected from the population of districts within that category, exempting any that had recently been audited.

Senator Lynn moved approval of the process as amended. Senator O'Donnell seconded the motion. Motion carried.

Representative Trimmer said that, when the bill was being formulated, he understood that it would give the Legislative Post Audit Committee discretion whether to conduct a given audit at all. Mr. Frank said he interpreted the final language not to give the committee that discretion, but he would ask Scott Wells of the Revisor's Office to review the matter and provide the committee with an opinion.

Status of Follow-Up Items. Rick Riggs, Administrative Auditor, updated members regarding the status of items related to previous audit reports or recommendations. He noted that the Kansas Department of Labor had provided the committee with a June 18 letter responding to a finding in the audit, *State of Kansas: Federal Compliance (A-133) Audit of Fiscal Year 2012* that identified \$73.5 million in questioned costs. In its letter, the department disputed several aspects of the finding.

Update on Audit Contracts. Scott Frank updated the committee on the current status of the invitation for bids process for the five audit contracts the Contract Audit Committee (CAC) will be awarding later this summer. He said that the bid opening is set for August 2, and the CAC will meet to award contracts on August 29.

Wrap-Up

Old/New Business. Scott Frank told members that the July 2012 audit of safety and security issues at the Kansas Juvenile Correctional Complex (KJCC) has won a pair of awards from national audit organizations:

- The "Excellence in Accountability" award from the National State Auditors Association
- A "Certificate of Impact" from the National Legislative Program Evaluation Society (NLPES)

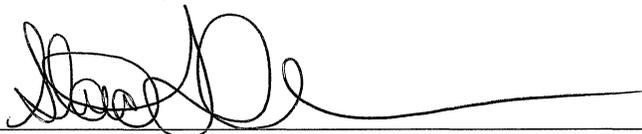
Date of Next Meeting. Scott Frank told the committee that Representative Mast has scheduled the next two meetings:

- *Wednesday, September 11, in 159-S.* The time has not been set. That meeting will include the Larned Sex Predator Treatment Program performance audit,

the first part of the economic development performance audit, the division's budget, and the evaluation of the Post Auditor

- *Tuesday and Wednesday, December 3 and 4, in 159-S.* That meeting will include a variety of contracted audits, the annual statewide IT security audit, the division's annual report to the 2014 Legislature, and the OITS rates and services performance audit.

Adjournment. The meeting adjourned at 12:06 p.m.


_____ 9/11/13
Stacie Thurman, Secretary date
Legislative Post Audit Committee

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.