

**MINUTES**  
**Legislative Post Audit Committee**  
**July 27, 2016**

**Call to Order**

**Welcome by the Chair.** The meeting was called to order by Chair O'Donnell at 1:05 p.m. in Room 118-N of the Statehouse. Committee members present:

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

**Approval of Minutes.** Senator Kelly moved approval of the April 26 minutes. Representative Mast seconded the motion; motion carried.

**Presentation of Staff Performance Audits**

*Foster Care and Adoption in Kansas: Reviewing Various Issues Related to the State's Foster Care and Adoption System (Part 1).* This audit was presented by Laurel Murdie, Principal Auditor.

Senator Kelly asked Ms. Murdie who is responsible for training guardians ad litem. She also asked whether the department imposes any sanctions or clawback arrangements for required visits the child placing agencies do not make or document. Ms. Murdie said she would check and provide that information to the committee.

Phyllis Gilmore, Secretary, Department for Children and Families, distributed a handout and delivered prepared remarks. In addition, Deneen Dryden, Director of Prevention and Protection Services; Kathy Armstrong, Prevention and Protection Services; and Kasey Rogg, Deputy Legal Counsel, Foster Care Licensing, answered members' questions.

Others present to answer questions were:

- *KVC Health Systems:* Danielle Bartelli, President; Marilyn Jacobson, CFO and General Counsel
- *St. Francis:* Cory Rathbun, Vice President, Foster Care Reintegration, West Region; Diane Carver, Vice President, Foster Care Reintegration, Wichita Region

Senator Kelly asked the Secretary for more information on how the department intends address the conflict of interest inherent in contractors both making placements and conducting inspections.

Representative Mast made a motion to accept the audit. Senator Kelly 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*

- Children and Seniors*
- Health and Human Services*
- Social Services Budget*
- Judiciary*

*Senate Committees*

- Public Health and Welfare*
- Judiciary*

*Other Committees*

- Special Committee on Foster Care Adequacy*

***Osawatomie State Hospital: Reviewing the Hospital's Recent Loss of Federal Funding.*** This audit was presented by Brad Hoff, Senior Auditor.

Tim Keck, Interim Secretary, Department for Aging and Disability Services, distributed a handout and made prepared remarks. Kelli Ludlum, Assistant Secretary, also was present to answer questions. Mr. Keck was asked about how many OSH staff are classified. He said he would find out and report that information to the committee.

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

*House Committees*

- Appropriations*
- Health and Human Services*
- Social Services Budget*
- Federal and State Affairs*

*Senate Committees*

- Ways and Means*
- Public Health and Welfare*
- W&M Social Services Subcommittee*
- Federal and State Affairs*

*Other Committees*

- Special Committee on Larned and Osawatomie State Hospitals*

***Seized and Forfeited Property: Evaluating Compliance with State Law and How Proceeds Are Tracked, Used, and Reported.*** This audit was presented by Kristen Rottinghaus, Principal Auditor.

Kirk Thompson, KBI Director, delivered prepared remarks. Other law enforcement personnel present to answer questions were:

- Kansas Highway Patrol:* Colonel Mark Bruce, Superintendent; Lieutenant Brent Hogelin, Troop N Lieutenant; Kimberly Torrey, Chief Fiscal Officer.
- Iola Police Department:* Jared Warner, Chief of Police
- Sedgwick County Sheriff's Office:* Jeff Easter, Sheriff; Colonel Richard Powell, Chief Deputy

In addition, Frank Denning, Johnson County Sheriff, appeared on behalf of the Kansas Sheriff's Association and delivered brief remarks.

Senator Kelly suggested introducing a bill that would include local government employees under the state ethics law. Scott Frank, Legislative Post Auditor, said he would include this issue on the agenda for the August meeting of the executive committee.

Representative Peck suggested that the Legislative Post Audit Committee consider introducing the recommended legislation, rather than the judiciary committees as recommended in the report. Mr. Frank indicated he would put the matter on the executive committee agenda.

Representative Mast made a motion to accept the audit. Senator Kelly 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*

- Judiciary*

*Senate Committees*

- Judiciary*

***K-12 Education: Efficiency Audit of the Attica School District.*** This audit was presented by Heidi Zimmerman, Principal Auditor.

Dale Adams, Superintendent, Attica School District, was available to answer questions by teleconference.

Senator Hensley made a motion to accept the audit. Representative Mast 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*

- Education*
- Education Budget*

*Senate Committees*

- Education*

***K-12 Education: Efficiency Audit of the Frontenac School District.*** This audit was presented by Heidi Zimmerman, Principal Auditor.

Rick Simoncic, Superintendent, Frontenac School District, was available to answer questions.

Representative Mast made a motion to accept the audit. Representative Trimmer 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*

- Education*
- Education Budget*

*Senate Committees*

- Education*

***K-12 Education: Efficiency Audit of the Maize School District.*** This audit was presented by Heidi Zimmerman, Principal Auditor.

Chad Higgins, Superintendent, Maize School District, delivered prepared remarks and answered members' questions.

Representative Mast made a motion to accept the audit. Representative Trimmer 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*

- Education*
- Education Budget*

*Senate Committees*

- Education*

## **Performance Audit Topics**

**Possible Revision to the K-12 Health Insurance Scope Statement.** Scott Frank, Legislative Post Auditor, told the committee that as part of its February 2016 efficiency study for the Legislature, the consulting firm Alvarez & Marsal included a recommendation that the state consider consolidating the health insurance plans offered by K-12 school districts to reduce costs, increase administrative efficiencies, and standardize offerings to attract and retain Kansas teachers. At its April 2016 meeting, the Legislative Post Audit Committee directed staff to conduct an audit to assess some of the broad policy implications of this recommendation.

In June 2016, officials from the Department of Administration and the Division of Health Care Finance requested LPA assistance in helping them obtain the data they need to conduct an actuarial study, given that LPA had already been tasked with conducting a performance audit in this area.

The level of detailed information required for an actuarial study is far greater than what would be needed to complete the audit as approved by the committee in April. Therefore, Mr. Frank said, the approved audit scope would need to be expanded. He cautioned that most of the information needed for the actuarial study is proprietary and held by the insurance companies themselves, and that they are under no statutory obligation to share it.

Following discussion, Representative Peck moved to approve the addition of question three to the scope statement. Representative Mast seconded the motion; motion carried.

## Legislative Post Audit Operations

**Audit follow-up.** Rick Riggs, Administrative Auditor, briefly reviewed with the committee items of ongoing interest.

## Wrap-Up

**Additional business.** Mr. Frank updated the committee on several items:

- He advised the committee that staff will be preparing an additional audit for release at the September meeting, taking a limited look at the status of the KanCare backlog.
- The report on question four of the foster care audit will be presented at the September meeting.
- Mr. Frank indicated he would be participating in a Kansas Association of School Boards webinar on July 28 for the purpose of keeping school districts up to date on school efficiency audits, the audit of health insurance consolidation, and other LPA activity of interest to schools.
- Finally, he introduced the division's two newest staff members, Josh Luthi and Andy Brienzo.

**Date of next meeting.** Mr. Frank reminded members that the executive committee will meet August 24.

## Adjournment

The meeting adjourned at 5:05 p.m.



9/21/2016

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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.*