

MINUTES
Legislative Post Audit Committee
September 21, 2016

Call to Order

Welcome by the Chair. The meeting was called to order by Vice-Chair Peck at 10:04 a.m. in Room 112-N of the Statehouse. Committee members present:

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

Approval of Minutes. Representative Mast moved approval of the minutes of the July 2016 meeting. Senator Kelly seconded the motion; motion carried.

Presentation of Staff IT Security Audits

Senator Kelly made the following motion:

I move that the open meeting of the Legislative Post Audit Committee in Room 112-N of the Statehouse be recessed for a closed, executive meeting to commence immediately in Room 112-N of the Statehouse pursuant to subsection (b)(13) of K.S.A. 2015 Supp. 75-4319, for a discussion of the security of the information systems of selected state agencies 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 112-N of the Statehouse at 11:10, 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 Longbine seconded the motion. Motion carried. Adopted at 10:10 on September 21, 2016. Scott Frank, Legislative Post Auditor, listed those authorized by the committee to remain in the executive session for consideration of IT security audits of Emporia State University, Wichita State University, and the University of Kansas Medical Center, as well as a follow-up report on 2015 IT-security recommendations.

Legislative Division of Post Audit

- Scott Frank Legislative Post Auditor
- Katrin Osterhaus, IT Audit Manager
- Nicole Blanchett, Committee Secretary

Emporia State University (ESU)

- Dr. David Cordle, Provost
- Cory Falldine, Chief Information Officer
- Ryan Kurtenbach, Director, Network & Security Solutions
- Dr. Tammy Norman, Director, Internal Audit
- Brian Denton, Legislative Liaison

Wichita State University (WSU)

- Toney Flack, Chief Information Officer
- Dr. David W. Wright, Chief Data Officer
- Matt Seiwert, CISSP, IT Security Engineer

University of Kansas Medical Center (KUMC)

- Steffani Webb, Vice Chancellor for Administration
- Lisa Hoebelheinrich, Associate Vice Chancellor for Compliance
- John Godfrey, Chief Information Security Officer
- Dave Antonacci, Chief Information Officer
- Cate Neeley, Assistant Director of Internal Audit

Office of Information Technology Services (OITS)

- Donna Shelite, Chief Operating Officer
- Rodney Blunt, Deputy Chief Information Security Officer

Open session resumed at 11:10 a.m. Representative Peck renewed Senator Kelly's earlier motion, extending the executive session for another 10 minutes. The motion was seconded by Senator Kelly. Motion carried. Executive session resumed at 11:12 a.m.

Open session resumed at 11:22 a.m.

Because of their confidential nature, staff do not distribute copies of the IT security audits. However, a notification letter will be sent to the chair of the Joint Committee on Information Technology informing him that the audit is available and can be presented in executive session.

Presentation of Staff IT Project Audits

Kansas Department of Revenue KanDrive IT Project, Quarter Ending June 30, 2016. This audit was presented by Katrin Osterhaus, IT Audit Manager.

The following officials were present to answer committee members' questions:

Department of Revenue (KDOR)

- Lisa Kaspar, Director, Division of Vehicles
- Chris Barbour, Project Director, KanDrive
- George Gross, Special Assistant to the Secretary
- Jim Conant, Director, Resource Management

Office of Information Technology Services (OITS)

- Donna Shelite, Chief Operating Officer
- Rodney Blunt, Deputy Chief Information Security Officer

Lisa Kaspar, Director, Division of Vehicles, delivered brief remarks.

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

- Appropriations
- General Government Budget
- Transportation

Senate Committees

- Ways and Means
- W&M Subcommittee on General Government and Legislative & Elected Officials
- Transportation

Other Committees

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

The Chair recessed the meeting until 1:05 p.m.

Presentation of Staff Performance Audits

KanCare: Reviewing the Timeliness of Medicaid Eligibility Determinations.

This audit was presented by Brad Hoff, Senior Auditor.

The following officials were present to answer questions:

Kansas Department of Health & Environment (KDHE)

- Aaron Dunkel, Deputy Secretary

Mr. Dunkel delivered brief comments. During questioning, members asked for the following information:

- How many 45-day hearings have been scheduled and held?
- What would be the cost of processing the estimated 150,000 applications related to the proposed Medicaid expansion?
- Is the annual review a federal or state requirement?

Mr. Dunkel promised to provide that information.

Senator Kelly 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

- Health and Human Services
- Social Services Budget

Senate Committees

- Public Health and Welfare
- W&M Subcommittee on Social Services

Other Committees

- Joint Committee on HCBS and KanCare Oversight

Foster Care and Adoption in Kansas: Reviewing Various Issues Related to the State's Foster Care and Adoption System, Part 2. This audit was presented by Chris Clarke, Performance Audit Manager.

Phyllis Gilmore, Secretary of the Department for Children and Families, delivered prepared remarks and distributed a handout that included written testimony and attachments.

Deneen Dryden, DCF Director of Prevention and Protection Services, and Kasey Rogg, Deputy General Counsel for Foster Care Licensing, also briefly addressed the committee and answered members' questions.

Senator Lynn asked whether another audit related to foster care had a conflict-of-interest question. Mr. Frank indicated he would send members a copy of the July

2011 performance audit, *Foster Care: Reviewing Selected Issues Related to Compensation and Oversight of Foster Care Contractors*.

Senator Kelly asked department officials to provide an update at the next meeting of the committee regarding implementation of the new GIS system copied from Wisconsin that shows licensed homes and placement data.

Representative Barker made a motion to accept the audit, with the caveat that the committee receive an update on DCF's plans to address the conflict-of-interest issue related to child placement agencies inspecting their own homes. 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

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

Senate Committees

- Public Health and Welfare

Other Committees

- Special Committee on Foster Care Adequacy

Foster Care, Part 1 – Follow-Up Information from DCF. Secretary Gilmore addressed this matter during her presentation on the previous topic.

Legislative Post Audit Operations

Consideration of Legislative Post Audit's FY 2018-2019 budget request.

Scott Frank briefed the committee on the division's budget request. K.S.A. 46-1103 requires the Legislative Post Auditor to prepare the division's annual budget request and submit it to the Legislative Post Audit Committee for approval. Once approved by the committee, the budget request is submitted to the Legislative Coordinating Council (LCC) for its consideration, along with the other legislative branch budget requests. Mr. Frank said that the LPAC Executive Committee met on August 24 and reviewed and approved the budget request.

After discussion, Senator Hensley moved approval of the budget request. Representative Barker seconded the motion. Motion carried.

Potential legislation. Mr. Frank briefed the committee on possible new legislation. At its August 24 meeting, the LPAC Executive Committee directed staff to prepare the following bill drafts for the full committee's consideration:

- Amend K.S.A. 60-4117(d)(3) to clarify how much discretion law enforcement agencies should have in how they use forfeiture proceeds.
 - Version 1: Tighten the requirements to limit agency discretion. (16rs4412)
 - Version 2: Remove the requirements to give agencies maximum discretion. (16rs4410)
- Amend K.S.A. 60-4117(d)(2) to clarify the reporting requirements for seizure and forfeiture activity by local law enforcement agencies.
 - Version 1: Require a centralized reporting structure. (16rs4413)
 - Version 2: Eliminate the reporting requirements for local law enforcement. (16rs4411)
- Amend K.S.A. 46-233 to extend the state ethics laws to local units of government.
 - Version 1: Extend ethics laws. (16rs4407)
 - Version 2: Prohibit county attorney from collecting private fees for handling forfeiture cases (16rs4408) [Revisors Recommendation]
- Make Legislative Post Audit's exemption from paying the Department of Administration's Monumental Building Surcharge permanent (it is currently in a budget proviso). (16rs4409)

After discussion, Representative Barker moved to introduce version 1 of the bill amending K.S.A. 60-4117(d)(3), limiting agency discretion in using forfeiture proceeds. Senator Hensley seconded the motion. Motion carried.

Senator Kelly moved to approve version 2 of the bill amending K.S.A. 60-4117(d)(2) to eliminate the reporting requirements for seizure and forfeiture activity by local law enforcement agencies. Representative Barker seconded the motion. Motion carried.

Senator Kelly moved to approve version 2 of the bill amending K.S.A. 46-233 to prohibit the county attorney from collecting private fees for handling forfeiture cases. Representative Barker seconded the motion. Motion carried.

Senator Kelly moved approval of the bill exempting Legislative Post Audit from the monumental building surcharge. Representative Barker seconded the motion. Motion carried.

Potential rules changes. Mr. Frank told members that, at its August 24 meeting, the LPAC Executive Committee directed staff to prepare the following potential changes to the LPAC rules for the full committee's consideration:

- Move the deadline for staff to send out its initial school district solicitation letter from July 1 to July 15. (Modify Rule 1-6(b))
- Require the Post Auditor to submit a proposal each year for a follow-up audit of significant recommendations from the previous year. (Modify Rule 3-4)
- Limit the number of times a legislator may testify in person on the same audit request to one time per calendar year. Clarify that there is no limit on providing written testimony. (Modify Rule 4-5)

After discussion, Senator Kelly moved to not approve the rule change limiting legislators' ability to testify before the committee. Senator O'Donnell seconded the motion. Motion carried. Senator Hensley moved to approve the first and second rules changes. Representative Burroughs seconded the motion. Motion carried.

School district efficiency audit update. Mr. Frank told members that the districts that have been chosen for this year's school district efficiency audits:

- Small District (<500 students) – USD 459 Bucklin (volunteered)
- Medium District (500 to 4,000 students) – USD 506 Labette County (volunteered)
- Large District (>4,000 students) – USD 457 Garden City (selected by random lottery)

He noted two items regarding this year's selections. First, the superintendent of the Labette County school district volunteered contingent on the audit not beginning until fall 2017 (these audits normally are conducted in the spring). Second, the committee's selection process allows any district that has been randomly selected for an audit to appeal the selection and request a delay until the next fiscal year. As of now, the Garden City school district, which was randomly selected, has not indicated that it intends to appeal its selection, but officials have until October 15 to exercise that option.

Follow-up items. Rick Riggs, Administrative Auditor, reviewed for members the status of items the division is following on the committee's behalf.

Evaluation of the Post Auditor

Mr. Frank noted that committee rules require that the committee conduct an annual performance evaluation of the Post Auditor.

Representative Peck made the following motion:

I move that the open meeting of the Legislative Post Audit Committee in Room 112-N of the Statehouse be recessed for a closed, executive meeting to commence immediately in Room 112-N of the Statehouse pursuant to subsection (b)(1) of K.S.A. 2015 Supp. 75-4319, for a discussion of personnel matters of nonelected personnel relating to the annual evaluation of the Legislative Post Auditor which is under consideration by the committee in order to protect the privacy interests of the individual, that the committee resume the open meeting in Room 112-N of the Statehouse at 3:30 p.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.

Representative Barker seconded the motion. Motion carried. Adopted at 3:10 p.m. on September 21, 2016.

Open session resumed at 3:30 p.m.

Wrap-Up

Additional business. Mr. Frank noted that Rick Riggs, Administrative Auditor, recently celebrated his 40th year with the State of Kansas.

Date of next meeting. The Chair scheduled the next meeting for December 7, 2016.

Adjournment

The meeting adjourned at 3:32.



12/8/2016

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.