



MEMORANDUM

Legislative Division of Post Audit
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TO: Members, Senate Committee on Utilities
FROM: Scott Frank, Legislative Post Auditor
DATE: January 16, 2018
SUBJECT: Testimony Supporting Senate Bill 255

I appreciate the opportunity to testify in support of Senate Bill 255, which was introduced by the Legislative Post Audit Committee at our request. The bill would amend the performance audit requirement in the Kansas 911 Act.

Background Information

K.S.A. 12-5377(c) requires our office to conduct an audit of the state's 911 system once every three years. Our office contracts with an external firm to conduct the audit, with the cost of the audit being reimbursed by 911 State Grant Fund. Each audit addresses the following issues:

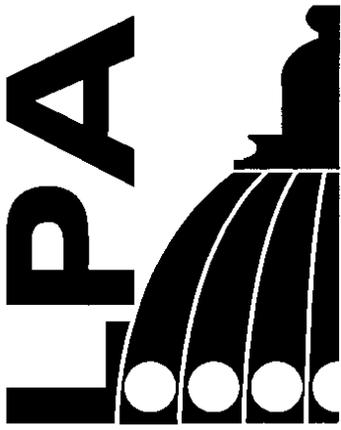
1. **Whether the moneys received by PSAPs pursuant to this act are being used appropriately.**
2. **Whether the amount of moneys collected pursuant to this act is adequate.**
3. **The status of 911 service implementation.**

The first two required audits were released in January 2014 and December 2016. I have included the audit highlights for each of these reports as **Attachments A** and **B**.

In addition to the audit requirement, K.S.A. 12-5377(d) requires the Legislature to review the Kansas 911 Act in 2014 and every five years thereafter.

Provisions of SB 255

The audit requirement and the Legislative review requirement are on different cycles—three years vs. five years. SB 255 would synchronize the two requirements by (a) moving up the due date for the next audit to December 2018 and (b) changing the audit requirement to a five-year cycle. This would ensure each audit would be released in time for the Legislature's five-year review.



Legislative Post Audit Performance Audit Report Highlights

The Kansas 911 Act: Reviewing Implementation of the 2012 Act

Report Highlights

January 2014 • R-14-002

Summary of Legislator Concerns

State law requires an audit of the 911 system to evaluate the status of 911 service implementation, whether the moneys received by PSAPs are being used appropriately, and whether the amount of moneys collected through the act are adequate. This audit was conducted by Stone Carlie under contract with the Legislative Division of Post Audit.

Background Information

In 2011, the Legislature created the 911 Coordinating Council to monitor the delivery of 911 services, develop strategies for future enhancements to the 911 system, and distribute grant funds to the 117 Public Safety Answering Points (PSAP).

State law also established a monthly 911 fee on all phone lines (both wirelines and wireless) that can be used to access 911 services. The 911 Coordinating Council may set the fee at any amount up to \$0.60. The fee is currently \$0.53 per account per month, or 1.06% for prepaid wireless transactions.

QUESTION 1: What Was the Status of 911 Service Implementation as of July 1, 2013?

- Wireline 911 calls automatically display telephone number and location information. Even though VoIP calls are transmitted over the internet, they still use the existing landline network for calls to PSAPs.
- For wireless 911 calls, all 117 PSAPs are functionally Phase II compliant. This means that the telephone number and location of the caller is displayed.
 - 114 of 117 PSAPs are Phase II compliant on their own.
 - 3 of 117 PSAPs are not Phase II compliant. However, wireless 911 calls made in these areas are answered by other PSAPs that are Phase II compliant, with the Phase II information (including location) being relayed to the proper PSAP for dispatch.
- None of the 117 PSAPs offer Next Generation 911 (NG911) services. NG 911 includes the ability to receive text messages, photos, video, and data. This would require all 117 PSAPs to replace existing analog trunks and phone equipment that carry only voice calls with digital 911 equipment that will operate on an interconnected digital network that has enough bandwidth to transmit photos, videos, and text messages in addition to voice calls.

QUESTION 2: Were Moneys Received by PSAPs in Calendar Year 2012 Pursuant to the Kansas 911 Act Being Used Appropriately?

- The auditors tested 104 expenditures (\$2.8 million) from 22 different PSAPs.
- The PSAPs were able to provide adequate documentation to support 99 of the 104 expenditures tested.
- The five expenditures that were found to be exceptions include \$13,418 in expenditures that did not have adequate support documentation (less than 0.05% of the total tested).

QUESTION 3: Is the Amount of Money Being Collected to Fund the Implementation of 911 Services Adequate, and What Level of Funding is Needed for Ongoing Support of Those Systems?

- While not expressly forbidden, PSAPs generally do not use 911 fee revenue to pay for staff salaries and benefits.
- During calendar year 2012, PSAPs report spending \$13 million of the \$18 million of 911 fee revenue.
- 27 PSAPs reportedly spent all the 911 fee revenue they received in calendar year 2012 and 89 PSAPs reportedly had unspent 911 fee revenue at the end of the year.
- Many PSAPs report that revenues are not sufficient to cover both operating expenses and to establish a reserve account for future equipment upgrades.
- The future funding requirements will largely depend on the decisions that are made regarding NG 911 implementation. The majority of the PSAPs responded that the current fee structure is not sufficient to fund upgrades and ongoing costs of NG911.

SUMMARY OF RECOMMENDATIONS

Question 1 Recommendations:

- The auditors made several recommendations to address efficiency, operational and technical improvements, and Next Generation 911.

Question 2 Recommendations:

- The auditors did not make recommendations for question 2.

Question 3 Recommendations:

- The auditors made recommendations to address funding gaps, to begin a reserve fund for major upgrades and other items, and to collect additional information regarding reserve funds and NG911.

AGENCY RESPONSE

The 911 Coordinating Council generally concurred with the report's finding, conclusions, and recommendations.

HOW DO I REQUEST AN AUDIT?

By law, individual legislators, legislative committees, or the Governor may request an audit, but any audit work conducted by the division must be directed by the Legislative Post Audit Committee. Any legislator who would like to request an audit should contact the division directly at (785) 296-3792.

The 911 fee generated approximately \$18 million in 2012. The proceeds are distributed to PSAPs based on a formula, with each county receiving a minimum of \$50,000 annually. PSAPs may use the fee for any of the following purposes:

- implementing 911 services
- purchasing 911 equipment and upgrades
- maintenance and license fees for 911 equipment
- training personnel
- monthly service provider charges
- installation, service establishment and nonrecurring start-up charges from the service supplier
- capital improvements and equipment or other physical enhancements to the 911 system
- acquisition and installation of road signs designed to aid in the delivery of emergency service.

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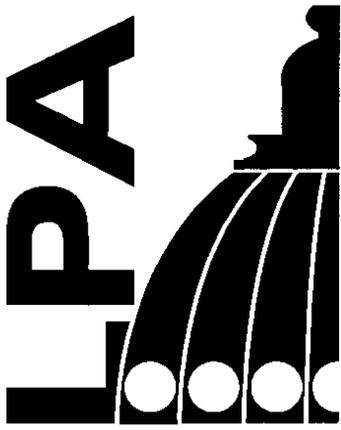
Scott Frank
Legislative Post Auditor

For more information on this audit report, please contact

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Legislative Post Audit Performance Audit Report Highlights

The Kansas 911 Act: Reviewing Implementation of the 2012 Act

Report Highlights

December 2016 • R-16-021

Summary of Legislator Concerns

State law requires an audit of the 911 system to evaluate the status of 911 service implementation, whether the fees collected through the act are adequate, and whether the moneys received by Public Safety Answering Points (PSAPs) are being used appropriately. This audit was conducted by Bauknight Pietras & Stormer, P.A., under contract with the Legislative Division of Post Audit.

Background Information

In 2011, the Legislature created the 911 Coordinating Council to monitor the delivery of 911 services, develop strategies for future enhancements to the 911 system, and distribute funds to the 117 PSAPs in Kansas.

Kansas currently is converting to "Next Generation 911" (NG911) which will gradually replace the legacy 911 system over the coming years. NG911 is an Internet Protocol (IP)-based system that allows digital information (e.g., voice, photos, videos, text) to flow seamlessly from the public, through the 911 network, and on to emergency responders.

OBJECTIVE 1: Determine the Status of 911 Service Implementation as of July 1, 2016

- The 911 Coordinating Council began offering subscriptions to the centralized NG911 service system hosted by AT&T in early 2016.
 - Advantages of a centralized NG911 system include:
 - 911 calls to one PSAP may be answered remotely by a different PSAP in times of disaster, excessively high call volume, or staffing issues.
 - Call handling equipment is centralized so individual PSAPs are no longer responsible for maintaining or replacing this equipment.
 - Disadvantages of a centralized NG911 system include:
 - PSAPs that do not subscribe to the state-hosted system will not be allowed on the network due to security and software compatibility concerns.
 - Unless all PSAPs join the state-hosted system, there will continue to be a mixture of NG911 technologies across the state.
 - Larger PSAPs may find the subscription price too high.
 - Currently, NG911 services such as text-to-911 have not been deployed.
- Progress on migration to NG911 is as follows:
 - 69 PSAPs have joined or have committed to join the state-hosted system. PSAPs consistently gave positive feedback on the performance, service, and transition process for the state system.
 - 21 PSAPs have joined other centralized NG911 systems or have implemented their own stand-alone NG911 system.
 - 25 PSAPs are undecided, with 10 of these leaning toward the state-hosted system.
 - Two PSAPs did not provide this information.

OBJECTIVE 2: Determine Whether Moneys Received by PSAPs in Calendar Year 2015 Pursuant to the Kansas 911 Act Were Used Appropriately

- The auditors tested 128 expenditures from 26 different PSAPs
- The PSAPs provided adequate documentation to support 123 of the 128 expenditures.
- Of the five expenditures that were not adequately supported:
 - Three were not questioned by the 911 Coordinating Council during its review process. The total in question is \$1,458.

- Two were questioned by the 911 Coordinating Council, which has worked with the PSAPs to recoup the questioned amounts. These are not considered to be problem findings because they were caught during the normal review process.

OBJECTIVE 3: Determine Whether the Amount of Money Collected Pursuant to the Kansas 911 Act Is Adequate

- The auditors surveyed the 117 PSAPs. 115 PSAPs responded. Not all responding PSAPs provided information for each question asked.
- Of the PSAPs that responded regarding adequate funding, 42% believe that current funding is adequate and 42% believe that it is not.
- Counties with less than 75,000 in population averaged \$0.62 in funding for every \$1.00 of expense while counties with more than 75,000 in population averaged \$1.18 in funding for every \$1.00 of expense.
- PSAP funding increased only marginally from 2012 to 2015.
- Costs are expected to rise and PSAPs expressed concerns about adequate funds.
- PSAPs that have not yet transitioned to NG911 were asked to estimate their costs for doing so. Those estimates ranged from nearly \$12,000 to \$500,000.

SUMMARY OF RECOMMENDATIONS

Objective 1 Recommendations:

- The auditors made several recommendations to address efficiency, operational and technical improvements, and NG911.

Objective 2 Recommendations:

- The auditors did not make recommendations for objective 2.

Objective 3 Recommendations:

- The auditors made recommendations to address funding gaps, to begin a reserve fund for major upgrades and other items, and to collect additional information regarding reserve funds and NG911.

AGENCY RESPONSE

The 911 Coordinating Council generally agreed with the auditors' findings, and addressed each of the recommendations in its response.

HOW DO I REQUEST AN AUDIT?

By law, individual legislators, legislative committees, or the Governor may request an audit, but any audit work conducted by the division must be directed by the Legislative Post Audit Committee. Any legislator who would like to request an audit should contact the division directly at (785) 296-3792.

State law also established a monthly 911 fee on all phone lines. The 911 Coordinating Council has set the fee at the statutory maximum of \$0.60 per post-paid account per month, or 1.20% for prepaid wireless transactions.

These fees generated nearly \$21 million in 2015. Most of the fees are distributed to PSAPs based on a formula, with each county receiving a minimum of \$50,000 annually. PSAPs may use the fee for any of the following purposes:

- *implementing 911 services*
- *purchasing 911 equipment and upgrades*
- *maintenance and license fees for 911 equipment*
- *training personnel*
- *monthly service provider charges*
- *installation, service establishment and nonrecurring start-up charges from the service supplier*
- *capital improvements and equipment or other physical enhancements to the 911 system*
- *acquisition and installation of road signs designed to aid in the delivery of emergency service*

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