

MINUTES

Legislative Post Audit Committee February 11, 2009

The meeting was called to order by Chair Virgil Peck at 12:06 p.m. in the Room 784, Docking State Office Building. Committee members present:

Representative Virgil Peck, Jr., Chair	Senator Terry Bruce, Vice-Chair
Representative Tom Burroughs	Senator Derek Schmidt
Representative Peggy Mast	Senator Chris Steineger
Representative Tom Sawyer	Senator Dwayne Umbarger

Approval of Minutes

Representative Mast moved approval of the January 26, 2009, minutes. Senator Steineger seconded the motion; motion carried.

Completed Performance Audits

Low-Priority Programs in Kansas: Identifying Them and the Costs Associated with Operating Them. This audit was presented by Katrin Osterhaus, Principal Auditor. To help identify programs that had the lowest priority in relation to their agencies' core missions and objectives, staff asked officials representing 47 State entities to prioritize the programs and subprograms they administer into "buy first," "buy next," "buy last," and "don't buy" categories. This approach was intended to provide a different look at reducing State spending – through potential elimination of programs, rather than more traditional expenditure reductions such as across-the-board staff cuts.

Agencies placed programs and subprograms accounting for about \$500 million in State spending into the "buy last" category. About \$11.5 million of that program spending already had been slated to be eliminated in its entirety, and parts of another \$77.4 million had been proposed for elimination in agencies' reduced budgets for fiscal years 2009 or 2010. Included in the "buy last" category were such diverse programs and subprograms as correctional facilities or other program sites, substantial highway maintenance projects, and grants for various services. Many agency officials cautioned that the programs and subprograms they put into the "buy

last” category were critical to their missions or to the people of Kansas, but that they had categorized them there to fulfill the audit instructions.

Agencies also pointed out about \$23 million in State spending for items they wouldn’t fund even if money were available. Included in that amount were payment inefficiencies within the Medicaid Program and the costs associated with a juvenile correctional facility. These items had already been factored into agencies’ FY 2009 or FY 2010 budgets.

Officials from numerous agencies were present to answer questions.

Senator Bruce moved to accept the audit and Senator Schmidt seconded the motion. Motion carried.

This report will be distributed to the Senate Ways and Means Committee, House Appropriations Committee, the Committee on Government Efficiency and Fiscal Oversight, and the House Budget Committees. In addition, the report will be distributed to legislative leadership, and a CD with the full report and separate tables for each agency will be provided to all legislators.

Completed Financial-Compliance Audit

Statewide Financial-Compliance Audit, Fiscal Year 2008. This audit is required by State law, and was conducted jointly by the CPA firms of Allen Gibbs & Houlik and Berberich Trahan & Co. under contract with Legislative Post Audit. The audit was presented by Mark Dick, Executive Vice President, Allen Gibbs & Houlik.

This audit report on the State of Kansas presents part of the results of the fiscal year 2008 Statewide audit. The report includes findings and recommendations the auditors considered significant enough to bring to the Legislature’s attention. For this fiscal year, there were no such findings or recommendations. Other reporting on the fiscal year 2008 Statewide audit includes the auditors’ opinion on the State’s financial statements included in the Annual Financial Report of the Division of Accounts and Reports, and the separately issued single audit report that addresses federal grant administration issues and concerns.

Kent Olson, Director of Accounts and Reports, was available to answer members’ questions.

This report will be distributed to the Senate Ways and Means Committee and the House Appropriations Committee.

Legislative Post Audit Operations

Barbara Hinton, Legislative Post Auditor, told members that all but two of the bills the Committee voted to introduce at the December 19 meeting now have been introduced. Those two were:

- *Community college mill levy limits:* Ms. Hinton informed members of the work staff has done with Theresa Kiernan, Revisor of Statutes Office, to draft a bill limiting the amount of mill levy revenues community colleges can raise from one year to the next. After discussion, members took no formal action so introduction will proceed, with introduction in the Senate.
- *Second count date:* Ms. Hinton told the Committee that this bill has not yet been submitted because a similar bill, House Bill 2002, already has been introduced by the LEPC. Senator Bruce made a motion to rescind the Committee's decision to introduce the bill; Representative Mast seconded the motion. Motion carried.

Old /New Business

Representative Mast asked if there had been a reply from the Kansas Department of Health and Environment staff regarding the Committee's request, at the November 19 meeting, for additional information related to air quality regulation. Rick Riggs, Administrative Auditor, said there had been no reply yet, but he would follow up.

Date of the Next Meeting

The Chair scheduled the next meeting for Wednesday, February 25, at 11:30 a.m. The meeting adjourned at 12:55 p.m.

(All handouts and other documents referred to in these minutes are on file with Legislative Post Audit.)