

MINUTES

Legislative Post Audit Committee February 28, 2007

The meeting was called to order by Chair Mast at 7:30 a.m. in Room 519-S of the Statehouse. Committee members present:

Representative Peggy Mast, Chair
Representative John Grange
Representative Virgil Peck, Jr.

Senator Nick Jordan, Vice-Chair
Senator Les Donovan
Senator Derek Schmidt

Approval of Minutes

Senator Jordan moved to approve the minutes of the February 2nd and 9th, 2007, meetings. Senator Schmidt seconded the motion; motion carried.

Completed Performance Audits

K-12 Education: Alternative Models for Organizing Middle Schools and High Schools (School Audit). This audit was presented by Heidi Zimmerman, Associate Auditor. High schools have been organized in basically the same way for much of the last century. Over the last 25 years, a variety of pressures have prompted many schools to attempt a number of school reforms. These reforms include offering alternative schedules, organizing schools around a theme, creating small learning communities, establishing alternative instructional formats, and implementing comprehensive school reforms. While most models have examples of successful schools, there is little rigorous research available that assesses the effectiveness of each model.

Dale Dennis, Interim Commissioner of Education, and Deputy Commissioner Tom Foster were present to answer questions.

Representative Peck moved the report be accepted. Senator Schmidt seconded the motion; motion passed. The audit will be distributed to the House and Senate Education Committees, the 2010 Commission, the Senate Ways and Means Subcommittee on the Department of Education, and the House Education Budget Committee.

Department of Wildlife and Parks: Reviewing Its Lease of the Campus House for Its Northeast Regional Office (limited-scope audit). This audit was presented by Melissa Doeblin, Associate Auditor. The Department of Wildlife and Parks generally followed State law and leasing guidelines when it leased the Campus House on the former Menninger campus for its northeast regional office. But the facility is much larger than it originally advertised for, than recommended in the Governor's space standards, or than is common in other regional or park offices. Department officials chose the location because of the possibility of getting adjacent land donated as a State Park. Before moving in, the Department spent more than \$113,000 to remodel the facility. The lease agreement doesn't include provisions allowing the Department to recoup any of those remodeling costs, or establishing a purchase price. Recent appraisals of the Campus House property in the \$700,000-plus range are nearly triple the appraised value in 2004 when the lease was signed. The final purchase price for the building and property will determine whether this transaction is financially beneficial to the State.

Mike Hayden, Secretary of Wildlife and Parks, made brief remarks and answered members' questions. Richard Gaito, Deputy Director of Property Management, and Christopher Tymeson, Chief Legal Counsel, Department of Wildlife and Parks, also was present to answer questions.

Senator Schmidt moved the report be accepted. Senator Jordan seconded the motion; motion passed. The audit will be distributed to the House Appropriations and Senate Ways and Means Committees, Joint Committee on State Building Construction, and the House Agriculture and Natural Resources and Senate Natural Resources Committees.

Acceptance of performance audits presented at the February 9th meeting:

- *Wireless Enhanced 911: Reviewing Implementation of the 2004 Act*
- *K-12 Education: Comparing the Centralization of School District Accounting in Different States (limited-scope audit).*

Senator Schmidt moved to accept the two reports presented at the February 9, 2007 meeting. Senator Jordan seconded the motion; motion passed.

Completed Financial-Compliance Audits

Statewide Audit of the State of Kansas' Financial Statements, Fiscal Year 2006. This audit is required by State law. It was conducted by the joint venture of Allen Gibbs & Houlik and Berberich Trahan & Co., under contract with Legislative Post Audit. Presenting the audit was Karen Linn, Shareholder, Berberich Trahan & Co. This audit report on the State of Kansas presents part of the results of the fiscal year 2006 Statewide audit. This report includes any 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 2006 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.

Bob Mackey, Director of Accounts and Reports, and Martin Eckhardt, Manager of Central Accounting Services, were available to answer questions.

The report will be distributed to the House Appropriations and Senate Ways and Means Committees.

Date of Next Meeting

The Chair said the next Committee meeting likely will be in mid-April, but no firm meeting date was set. The meeting adjourned at 8:05 a.m.

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