

Approved

Thomas F. Walker
Date 1-27-87

MINUTES OF THE HOUSE COMMITTEE ON GOVERNMENTAL ORGANIZATION

The meeting was called to order by Representative Thomas F. Walker at
Chairperson

9:00 a.m./p.m. on January 23, 1987 in room Room 522-Sof of the Capitol.

All members were present except:

Representative Graeber
Representative Weimer - Excused

Representative Peterson
Committee staff present:

Avis Swartzman - Revisor
Carolyn Rampey - Legislative Research Dept.
Julian Efird - Legislative Research Dept.
Mary Galligan - Legislative Research Dept.

Conferees appearing before the committee:

The meeting was called to order by Chairman Walker. A letter from Meredith Williams, Legislative Post Auditor was distributed stating the request for an audit of the Department of Revenue's Kansas Business Integrated Tax System, was approved. A copy of the scope statement for the audit was also included. The estimated completion time for the K-BITS audit will be eight weeks. (See Attachment 1)

Julian Efird, Legislative Research, began his staff review of the Department of Revenue. Copies of an Organization Chart of the Kansas Department of Revenue were distributed. (See Attachment 2) He began by saying the Department has many houses and components. Some of the present committee members were present when the '83 legislative review took place. He went through what had happened in the past and its implications for this year. He explained that if no action takes place, the agency is sunsetted and goes into its one-year wind-down cycle. This has actually taken place in the past for a few agencies. In some cases legislation has taken place to re-establish an agency.

In 1972 the current Revenue Department and Office of Secretary was established which combined four separate state agencies into one. This was part of a larger state-wide process of consolidation of over 200 state agencies. This reorganization of state government provided improved efficiency and effectiveness.

There are 1500 full time and numerous temporary employees of the Department. The temporary employees are hired in late January and work until approximately the end of June. The budget exceeds 32 million, with a 62 million total budget authority. This budget is drawn primarily from the State General Fund plus Highway Fund.

Besides K-BITS, Julian mentioned Vehicle Information Processing System (VIPS) and Computer Assisted Mass Appraisal (CAMA). He commented that someone had mentioned a hot site back-up in case of an emergency or major catastrophe of some kind when the committee had toured the Revenue Department. It is his understanding that DISC in the Landon Building is up loaded with all the states computer records and the 'cold site' is the storage facility. In ending his staff overview, Julian commented that much greater detail will be given in the Subcommittee dealing with the Department.

The Chairman thanked Julian for his presentation and asked for action on the minutes. Representative Schauf moved to approve the minutes of the January 22 meeting.
Representative Sughrue gave a second to the motion. The motion carried.

The meeting was adjourned.



Legislative Division of Post Audit

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January 23, 1987

Representative Thomas F. Walker, Chairperson
House Governmental Organization Committee
Room 115-S, Statehouse
Topeka, KS 66612

Dear Representative Walker:

The Legislative Post Audit Committee met Wednesday and Thursday afternoons. One of the Committee's major agenda items was the consideration of eight legislative requests for audits. Two of those requests, including your request for an audit of the Department of Revenue's Kansas Business Integrated Tax System, were approved.

I am very pleased that your audit request was approved. I anticipate that we will begin working on the audit immediately. The audit supervisor will be Ellyn Rullestad, who will be assisted by Allan Foster, Rick Riggs, and Tom Vittitow. A copy of the approved scope statement for this audit engagement is enclosed.

All of us on the Division's staff look forward to working with you. Please let me know if you have any questions or if I can be of any further assistance.

Sincerely,

Meredith Williams
Legislative Post Auditor

enclosure

ATTACHMENT 1
G.O. COMM. 1/23/87

SCOPE STATEMENT

Problems Implementing the Kansas Business Integrated Tax System (K-BITS)

The Kansas Business Integrated Tax System (K-BITS) is a Department of Revenue project that will integrate all of a business taxpayer's taxes. The concept of an integrated system was developed in 1980 and work was begun on the system in October 1980. The system has been developed using outside consultants as well as Department staff.

In 1980, the Department anticipated that the system would be implemented by June 1983. In 1983, the Department indicated that the system would be operational by the end of 1985. For a variety of reasons, the system has still not been implemented.

Legislative concerns have been raised about the delays in the implementation of the system. Concerns have also been raised about the costs of the system and whether it will work as intended. An audit in this area would address the following questions:

- 1. How do the initial cost and time estimates for the development of the K-BITS system compare with actual costs and time?** The auditors would review the origin of the system through budgetary documents, bid proposals, Department of Revenue memoranda, and the like. They would review actual expenditures for the system since its inception. They would also interview officials of the Department and review other documents as necessary to determine the progress-to-date of the system.
- 2. Why has the implementation of the system been delayed for so long?** The auditors would interview current and past employees of the Department who have been working on the system. They would also interview appropriate staff from the Division of Budget and the Division of Information Systems and Communications. They would review the results of any system testing that has been conducted. In addition, they would interview officials in other states about their integrated tax systems, if any, and what problems they may have experienced in implementing those systems. Finally, they would interview officials at other State agencies, such as Social and Rehabilitation Services, to determine how they develop new, large-scale computer applications, the problems they have experienced in developing such applications, and what they have done to overcome those problems.
- 3. When does the Department currently anticipate implementing the system, what is the system currently expected to be able to provide, and what are the costs currently estimated for the system?** The auditors would interview officials of the Department and review appropriate budget documents as needed. As needed, they would review any other supporting documents or memoranda from the Department or other sources.

Estimated Completion Time: 8 weeks

ORGANIZATION CHART
KANSAS DEPARTMENT OF REVENUE
 Fiscal Year 1987 Authorized

1,522 TOTAL POSITIONS

