

MINUTES OF THE HOUSE COMMITTEE ON AGRICULTURE.

The meeting was called to order by Chairperson Joann Flower at 9:00 a.m. on March 10, 1998, in Room 423-S of the Capitol.

All members were present except: Representative Henry - excused
Representative Peterson - absent

Committee staff present: Raney Gilliland, Legislative Research Department
Gordon Self, Revisor of Statutes
Kay Scarlett, Committee Secretary

Conferees appearing before the committee:
Allie Devine, Secretary, Kansas Department of Agriculture
Jerry Fair, Legislative Division of Post Audit

Others attending: See attached list

Allie Devine, Secretary, Kansas Department of Agriculture, encouraged committee members to attend Governor Bill Graves' Conference on Agriculture to be held March 20, 1998, at the Hyatt Regency Hotel in Wichita. She discussed the guest speakers and topics the conference will cover in the areas of economics, transportation, finances, and regulations and their effect on agriculture and agribusiness in Kansas. (Attachment 1)

Jerry Fair, Legislative Division of Post Audit, reported on the performance audit report, "Reviewing the Department of Wildlife and Parks' Management of Lands Leased for Farming and Grazing," dated February, 1998. She said the 100-hour performance audit addressed two questions: 1) How are moneys received through these farming contracts handled and used? and 2) Has the Department followed applicable laws and other procedures in leasing State land to farmers and ranchers?

She stated that while it is true the Department's revenues from leases on State-owned lands don't go through the budget and appropriations process, the Legislative Division of Post Audit didn't find significant problems with the way those moneys are being spent or accounted for. However, she said they found that some improvements can and should be made to improve the oversight of and accountability for these leases. She said the Legislature needs to decide whether it wants in-kind lease earnings from State-owned lands to go through the normal budgeting process, which currently happens for leases on federally owned lands, or whether it will allow the Department to continue its current practice of handling farming and grazing lease revenues from State-held lands off-budget.

Ms. Fair said the Legislative Division of Post Audit recommends that should the Legislature decide not to allow the Department of Wildlife and Parks to continue its practice of handling farming and grazing lease revenues from State-held lands "off-budget," it should establish a separate fund into which these revenues can be deposited. If the Legislature decides to allow the Department of Wildlife and Parks to continue this practice, the Legislative Division of Post Audit recommends that the Department a) require area managers to file a periodic summary of expenditures for each lease, b) limit the amount of lease revenues that can accumulate unspent, c) require regional supervisors to review actual invoices for purchases made with lease revenues, d) require regional supervisors to sign service agreements in order to document that they've actually performed their review, e) require area managers to keep documentation supporting their adherence to the requirement for obtaining telephone bids on certain purchases, and f) require regional supervisors to review any project for its total cost to ensure the Department is complying with proper bidding and purchasing procedures.

She reported that the Legislative Division of Post Audit recommends that whether or not the Legislature changes the way these funds must be handled, to promote good-management practices and to ensure that its guidelines are adhered to, the Department should require compliance inspections and audits of 10 percent of

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON AGRICULTURE, Room 423-S Statehouse, at 9:00 a.m. on March 10, 1998.

permits each year, and require that copies of all permits be sent to the main office in Pratt. Copies of the performance audit report are available from the Legislative Division of Post Audit.

Rob Manes, Assistant Secretary of Operations, Kansas Wildlife and Parks in Pratt, generally concurred with the findings of the Legislative Division of Post Audit. He thought that **SB 504** would correct the problems identified in the post audit report.

The meeting adjourned at 9:30 a.m. The next meeting is scheduled for March 11, 1998.

HOUSE AGRICULTURE COMMITTEE GUEST LIST

DATE: March 10, 1998

NAME	REPRESENTING
Jerry Jain	Legislative Post Audit
Mike Beam	Ks. LUSTK. ASSN.
Chie G. Stewart	Ks Dept. of Agriculture
Dick Kwerth	KDWP
ROB MANES	KDWP
ORVILLE COLE	SEN. TYSON
Leslie Kaufman	Ks Farm Bureau

Governor Bill Graves' Conference on Agriculture
March 20, 1998
Hyatt Regency Hotel, Wichita, Kan.

*Many Changes: Economics, Transportation, Finances and Regulations--
How Will They Affect Kansas Agriculture and Agribusiness in the Future?*

- 8:00-9:00** Registration and coffee
- 9:00-9:30** Presentation by United States Secretary of Agriculture Dan Glickman
- 9:30-10:30** Financing Agriculture
 Sheila Bair, Vice President of Government Relations, New York Stock Exchange
 Dave Spears, Commissioner, Commodity Futures Trading Commission and
 Chairman, Agricultural Advisory Committee
- 10:45-11:15** Adding Value, Transporting and Selling Agricultural Products
 Harry Cleberg, CEO, Farmland Industries
- 11:15-11:45** Consolidation of Rail Transportation and the Impact on Agriculture
 Drew Collier, Vice President for Grain Marketing, Union Pacific Railroad
- 12:00-1:30** Luncheon presentation by Governor Bill Graves
 Kansas and the Agricultural Economy
- 1:30-3:00** Industry Reactions to Changes and Challenges
 U.S. Senator Pat Roberts, moderator
 Agriculture 2002, Dr. Barry Flinchbaugh
 The Kansas Livestock Industry, Jerry Bohn, past president, KLA
 Feed Grains, Roger Pine, National Corn Growers
 Koch Agricultural Industries, Dean Watson, president
 The Banking Industry (to be announced)

Registration

Name(s) _____

Organization _____

Address _____

_____ Number attending luncheon.

If attending the luncheon, please enclose \$25 per plate. Checks should be made out to "The Governor's Conference on Agriculture." To ensure a place at the luncheon, checks and registration forms should be returned by March 13 to the Kansas Department of Agriculture, Fiscal Section, 901 Kansas Avenue, Topeka, Kan. 66612-1280; phone 785-296-3558 or fax 785-296-8389 for more information.

House Agriculture Committee, March 10, 1998, Attachment 1