

MINUTES OF THE SENATE COMMITTEE ON ENERGY AND NATURAL RESOURCES.

The meeting was called to order by Chairperson David Corbin at 8:07 a.m. on February 10, 1998 in Room 254-E of the Capitol.

All members were present except:

Committee staff present: Raney Gilliland, Legislative Research Department  
Lila McClaflin, Committee Secretary

Conferees appearing before the committee:

Jerry Fair, Audit Supervisor, the Legislative Division of Post Audit

Others attending: See attached list

Chairperson David Corbin called for approval of the minutes. A motion was made and seconded to approve the minutes. The motion carried.

Chairperson Corbin said the agenda for the day was a review by the Department of Wildlife and Parks' Management of Lands Leased for Farming and Grazing by the Legislative Division of Post Audit. He called on Jerry Fair, Audit Supervisor.

Ms. Fair said she was the auditor that preformed the 100-hour audit. The cover letter from Barbara J. Hinton, said the report contains the findings and conclusions from their completed performance audit.

Ms. Fair said they were asked to responded to the question: How does the Department of Wildlife and Parks Handle the Moneys Received from Leasing Land to Farmers and Ranchers, and has it Followed Applicable Laws and Regulations in this Area?

The audit report contains information on the 60 leases of state owned lands, and how the land is used by the farmers and ranchers. The lease agreements may require the farmer or rancher to pay in cash, or to provide in-kind services. The Department does not receive cash for leases on state owned lands. The report discussed the various ways the Department has for receiving compensations or services paid to the Department. They reported of the leases they reviewed the Department generally had established and followed some good practices for handling those leases. However, they did note some actual and potential problems with the management of the leases, but with the way those moneys were being spent or accounted for. But they believe some improvement can and should be made to improve the oversight of and provide better accountability of the leases.

The report contain the following recommendations:

1. If the Legislature decides 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. That fund would be similar to the federally licensed wildlife area fund.
2. If the current system of leasing is continued they would make the following recommendations:
  - a. the area managers should be required 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.

CONTINUATION SHEET

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- d. Require regional supervisors to sign service agreements in order to document that they have actually performed their review.
  - e. Require area managers to keep documentation supporting their adherence to the requirement for obtaining telephone bids on certain purchases.
  - f. Require regional supervisors to review and project for its total cost to ensure the Department is complying with proper bidding and purchasing procedures.
3. Whether or not the Legislature changes the way these funds must be handled, the Department should do the following to promote good management practices to ensure that its guidelines are adhered to:
- a. Require compliance inspections and audits of 10% of permits each year.
  - b. Require copies of all permits to be sent to the main office in Pratt.

The final document included in the audit report is a letter from Secretary Williams commenting on the draft audit report. The audit report is on file in the Department of Legislative Research.

Ms. Fair responding to a question said that one of the problems with the current system is with the money in the hands of agriculture producers there is the potential for mishandling of funds, or the possibility of loss of funds if a producer closed their business .

Rob Manes, Assistant Secretary for Operations, Kansas Department of Wildlife and Parks responded to several questions about the leased program.

The meeting adjourned at 8:35 a.m.

The next meeting is scheduled for February 11, 1998.

