

MINUTES OF THE SENATE COMMITTEE ON WAYS AND MEANS.

The meeting was called to order by Chairperson Stephen Morris at 10:35 a.m. on January 29, 2003, in Room 123-S of the Capitol.

All members were present except: All present

Committee staff present:

Alan Conroy, Director, Kansas Legislative Research Department
J. G Scott, Chief Fiscal Analyst, Kansas Legislative Research Department
Martha Dorsey, Kansas Legislative Research Department
Melissa Calderwood, Kansas Legislative Research Department
Debra Hollon, Kansas Legislative Research Department
Julian Efird, Kansas Legislative Research Department
Norman Furse, Revisor of Statutes
Michael Corrigan, Assistant Revisor of Statutes
Judy Bromich, Administrative Analyst
Mary Shaw, Committee Secretary

Conferees appearing before the committee:

David Lake, Administrator, Kansas Board of Emergency Medical Services
Patricia Scalia, Executive Director, State Board of Indigents' Defense Services
Glenn Deck, Executive Director, Kansas Public Employees Retirement System (KPERs)
Barbara Hinton, Legislative Post Auditor, Legislative Division of Post Audit

Others attending: See attached list

Bill Introductions

Senator Schodorf moved, with a second by Senator Salmans, to introduce a bill concerning law enforcement; relating to the law enforcement center; qualifications and officer training requirements (3rs0373). Motion carried on a voice vote.

Senator Kerr moved, with a second by Senator Schodorf, to introduce a bill concerning retirement and pensions; relating to the Kansas public employees retirement system and systems thereunder; unfunded obligations for certain benefits (3rs0154). Motion carried on a voice vote.

Senator Kerr moved, with a second by Senator Downey, to introduce a bill concerning schools; relating to employment contracts (3rs0172). Motion carried on a voice vote.

Senator Salmans moved, with a second by Senator Bunten, to approve the minutes of the January 14, January 15, January 16 and January 21, 2003 meetings. Motion carried on a voice vote.

Chairman Morris opened the public hearing on:

SB 52-- Emergency medical services board, financing, tax on fire insurance business, technical correction

Staff briefed the committee on the bill.

David Lake, Administrator, Kansas Board of Emergency Medical Services, testified in favor of **SB 52 (Attachment 1)**. Mr. Lake explained that the bill is technical in nature for the purpose of correcting **Senate Substitute for SB 508** to concur with legislative intent when the bill was passed in the 2002 session.

CONTINUATION SHEET

There being no further conferees to come before the committee, the Chairman closed the public hearing on **SB 52**.

Senator Barone moved, with a second by Senator Salmans, to recommend **SB 52** favorable for passage and be placed on the Consent Calendar. Motion carried on a voice vote.

The Chairman opened the public hearing on:

SB 45--Application fee imposed on defendant entitled to indigent defense services

Staff briefed the committee on the bill.

Patricia Scalia, Executive Director, Kansas Board of Indigents' Defense Services, testified in favor of **SB 45** (Attachment 2). Ms. Scalia explained that **SB 45** would amend K.S.A. 22-4529 to require persons requesting representation by a public defender to pay an application fee of \$100.00. She mentioned that the present statute calls for an assessment of an "administrative fee" of \$35, in the discretion of the Court, as part of the court costs.

Committee questions and discussion followed. Chairman Morris discussed with Ms. Scalia about an amendment for language that makes it mandatory that would assure that the money would be collected before people are let out on bond.

There being no further conferees to come before the committee, the Chairman closed the public hearing on **SB 45**.

The Chairman opened the public hearing on:

SB 47--No employer payments for death and disability benefits during time certain

Staff briefed the committee on the bill.

Glenn Deck, Executive Director, Kansas Public Employees Retirement System, testified on the Death and Disability Fund Status (Attachment 3).

Committee questions and discussion followed.

Senator Jackson moved, with a second by Senator Jordan, to make **SB 47** effective with publication of the Kansas Register. Motion carried on a voice vote.

Senator Jackson moved, with a second by Senator Schodorf, to move **SB 47** favorable for passage as amended. Motion carried on a roll call vote.

Chairman Morris welcomed Barbara Hinton, Legislative Post Auditor, Legislative Division of Post Audit, who presented an overview of audit-related issues since the end of the 2002 session (Attachment 4). Ms. Hinton explained information regarding performance audits of interest to the committee, audit-related issues identified by the Division of Accounts and Reports, audits currently underway and various audit topics.

Chairman Morris thanked Ms. Hinton for the information she provided to the committee.

The meeting adjourned at 11:50 a.m. The next meeting is scheduled for January 30, 2003.

SENATE WAYS AND MEANS COMMITTEE

GUEST LIST

DATE January 29, 2003

NAME	REPRESENTING
Jeff Aron	Division of the Budget
Jim Liu	JOB
Julie Thomas	JOB
Paul Johnson	PACK
Katharine Williams	Partnership For Children
Cheryl Pitt	Intern - Sen Christine Downey
Elena Nuss	KSJMO
DAVID LAKE	Ks. Bo. of EMS
Glenn Deck	KPER5
Jack Hawn	KPER5
Mary Hoover	SRS
Leloy Charbonneau	D of A
Kathy Bohnhoff	KS Insurance Dept

KANSAS BOARD OF
EMERGENCY MEDICAL SERVICES

900 SW JACKSON, ROOM 1031
LONDON STATE OFFICE BUILDING (LSOB)
TOPEKA, KANSAS 66612

OFFICE: (785) 296-7296
TDD (785) 296-6237
FAX (785) 296-6212
www.ksbems.org



David Lake
Administrator

Dennis Allin, M.D.
Chair

Kathleen Sebelius
Governor

DATE: January 29, 2003

TO: Honorable Senator Stephen Morris, Chair and Committee Members
Senate Ways and Means Committee

FROM: David Lake, Administrator
Board of Emergency Medical Services

RE: Testimony on SB 52

Thank You! For the opportunity to present this testimony in favor of SB52, I will be very brief. I ask that you favorably consider SB 52 . This bill is technical in nature for the purpose of correcting Sub. SB 508 to concur with the Legislative Intent when introduced by this committee and passed into law during the 2002 Legislative Session.

I will be glad to address any questions, comments, or concerns you may have with regard to this issue.

Senate Ways and Means
1-29-03
Attachment 1



BOARD OF INDIGENTS' DEFENSE SERVICES

**JAYHAWK WALK
714 SW JACKSON, SUITE 200
TOPEKA, KANSAS 66603-3714**

(785) 296-4505

January 29, 2003

2003 Legislative Proposals - SB 45

Good morning Chairman Morris, Senators and Staff:

It is my pleasure to appear before you today to offer testimony in support of Senate Bill Number 45. My name is Patricia A. Scalia and I serve as executive director of the Board of Indigents' Defense Services, a position I have held the last five years.

Senate Bill Number 45 would amend KSA 22-4529 to require persons requesting representation by a public defender to pay an application fee of \$100.00.

Summary: The present statute calls for an assessment of an "administrative fee" of \$35, in the discretion of the Court, as part of the court costs. For a number of reasons, this fee is received in only a fraction of cases. Those reasons include, the judge not addressing the issue, the repayment not being made a part of the court's order because of the form used for sentencing and the order specifying a hierarchy of payment with this payment being last.

Fiscal Impact: We estimate the potential increase to be \$200,000 per fiscal year until full implementation after two years. At the third year we expect to receive \$800,000 per year. In FY 02, we received \$273,000 under the present statute. This estimate is based on many assumptions regarding timeliness of court participation.

Policy Implications and Impact on the Agency Strategic Plan: Despite its best efforts for several years, the agency has been able to negotiate a "Standing Order" for payment of the administrative fee from only two judicial districts, Johnson County and Wyandotte County. The ability to receive the payment up front rather than last, if ever, will more than double the agency's payment receipts.

Persons seeking public defenders qualify by meeting the federal poverty guidelines. Yet most of those persons have access to resources sufficient to bond out of jail. Bond costs range from hundreds to thousand of dollars. There is an attachment of bail amounts from the Reno County Jail.

Enactment of legislation for an application fee seems to be the trend nationwide. As of 2001, twenty-eight jurisdictions had legislation requiring payment of an application fee for public defender

Senate Ways and Means
1-29-03
Attachment 2

services. The fees range from \$10.00 in New Mexico to \$200.00 in Tennessee and Massachusetts. Some states that require high application fees apply the application fee to the reimbursement of attorney fees. States that have enacted legislation requiring an application fee report that it has not only increased funds-since clients are better able to pay at the time they are charged than several months later when their case goes to trial. But they report that payment of the application fee improves the attorney/client relationship. Defendants who pay something toward their defense feel that they have a "real lawyer" and a greater stake in the legal proceedings.

We believe this amendment will assist us in being responsible stewards of the taxpayer's money.

If I may respond to any questions, I am at your service.

Yours truly,

A handwritten signature in cursive script, appearing to read "Patricia A. Scalia".

Patricia A. Scalia
Executive Director

PAS:bc

POSSESSION EPHEDRINE OR PSEUDOEPHEDRINE W/INT TO MFG METH	65-7006A	25,000	-----	-----	-----	-----	-----
---	----------	--------	-------	-------	-------	-------	-------

SELLING OR PROVIDING EPHEDRINE OR PSEUDOEPHEDRINE TO ANOTHER WHEN THE PERSON KNOWS OR SHOULD KNOW IT IS GOING TO BE USED TO MFG METH	65-7006B	25,000	-----	-----	-----	-----	-----
--	----------	--------	-------	-------	-------	-------	-------

POSSESSION OF ANHYDROUS AMONIA IN AN UNAPPROVED CONTAINER	65-4152A4	2500	-----	-----	-----	-----	-----
---	-----------	------	-------	-------	-------	-------	-------

FALSE IMPERSONATION (M)	21-3824	250	250	250	250	250	250
FALSE IMPERSONATION AGG (F)	21-3825	1500	-----	-----	-----	-----	-----
FAIL TO APPEAR	21-3813	-----	-----	-----	-----	-----	-----
FAIL TO APPEAR AGG	21-3814	-----	-----	-----	-----	-----	-----
FLEE & ELUDE	08-1568	500	500	250	250	250	250
FORGERY (F)	21-3710	2500	-----	-----	-----	-----	-----
INDECENT LIB W/CHILD	21-3503	10,000	-----	-----	-----	-----	-----
INDECENT LIB W/CHILD AGG	21-3504	25,000	-----	-----	-----	-----	-----
ISSUE WORTHLESS CHECKS (F)	21-3707	1500	-----	-----	-----	-----	-----
ISSUE WORTHLESS CHECKS (M)	21-3707	500	500	250	250	250	250
LEWD & LASCIVIOUS BEHAVIOR	21-3508	250	250	250	250	250	250
LIQUOR							
DUI	08-1567	-----	-----	-----	-----	-----	-----
1 ST CONVICTION	-----	250	500	1000	1000	1000	1000
2 ND CONVICTION	-----	500	500	1000	1000	1000	1000
3 RD CONVICTION	-----	1500	-----	-----	-----	-----	-----
FURN LIQUOR/CMB TO MINOR	21-3610	250	250	250	250	250	250
ICOL/IPOL BY MINOR	41-0727	100	250	150	150	150	150
IPOL	41-0719	100	100	250	250	250	250

ITOL	08-1599	100	100	150	150	150	150
PUBLIC INTOX/DRUNK ON ROAD (HPD HAS A 4HR HOLD)	08-1543	100	100	50	50	50	50
OBSTRUCTION/RESIST (M)	21-3808	500	500	250	250	250	250
OBSTRUCTION/RESIST (F)	21-3808	1500	-----	-----	-----	-----	-----
PAROLE VIOLATION	75-5217	-----	-----	-----	-----	-----	-----
PROBATION VIOLATION	22-3716	-----	-----	-----	-----	-----	-----
PROTECTION FROM ABUSE (W/CRIMINAL TRESPASS 48HR HOLD)	21-3843	2500	500	500	500	500	500
ROBBERY (F)	21-3426	10,000	-----	-----	-----	-----	-----
ROBBERY AGG	21-3427	25,000	-----	-----	-----	-----	-----
SODOMY	21-3505	25,000	-----	-----	-----	-----	-----
SODOMY AGG	21-3506	50,000	-----	-----	-----	-----	-----
THEFT <\$500 (M)	21-3701	500	500	250	250	250	250
THEFT >\$500<\$25,000 (F)	21-3701	1500	-----	-----	-----	-----	-----
TRAFFIC							
DWS (M)	08-262	-----	-----	-----	-----	-----	-----
1 ST CONVICTION	-----	250	500	250	250	250	250
2 ND CONVICTION	-----	500	500	250	250	250	250
3 RD CONVICTION.....	-----	500	500	250	250	250	250
EXPIRED DRIVERS LICENSE	08-235	100	50	100	100	100	100
EXP/ILLEGAL DISPLAY TAG	08-142	100	50	100	100	100	100
FAIL TO GIVE INFO AT ACCIDENT	08-1605	250	250	100	100	100	100
FAIL TO REPORT ACCIDENT	08-1606	250	250	100	100	100	100
HABITUAL VIOLATOR (M)	08-286	500	500	250	250	250	250
LEAVE SCENE OF ACCIDENT	08-1604	250	250	100	100	100	100
NO DRIVERS LICENSE	08-244	100	50	100	100	100	100
NO LIABILITY INSURANCE	40-3104	100	100	100	100	100	100
RECKLESS DRIVING	08-1566	250	250	150	150	150	150
UNREGISTERED VEHICLE	08-135	100	20	100	100	100	100
VIOL DL LAWS (ALTERED DL/ID)	08-260	500	500	100	100	100	100

KPERS

Death & Disability Fund Status
Senate Ways and Means Committee

January 29, 2003

Senate Ways and Means
1-29-03
Attachment 3

Death and Disability benefits are funded by employer contributions of 0.6 percent of payroll.

Nine quarter moratorium on contributions—from April 1, 2000 through December 31, 2001, and from July 1 through December 31, 2002.

Fund balance declined from \$193.7 million in fiscal year 2001 to \$108.8 million as of June 30, 2002.

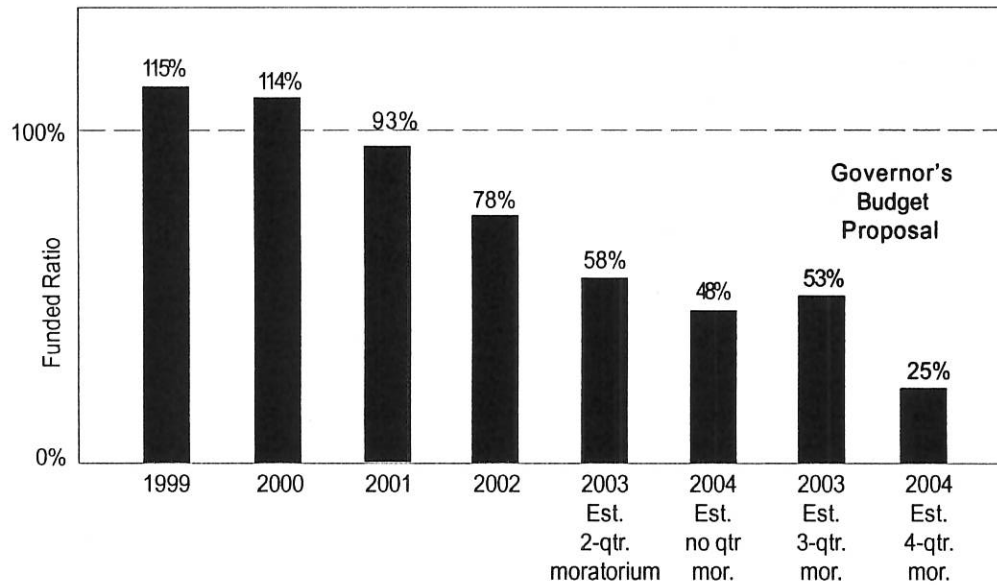
Funded ratio was 78 percent at the end of fiscal year 2002.

Assuming no additional moratoriums on contributions, at the end of fiscal year 2003, the estimated fund balance will be \$80 million with a funded ratio of 58 percent.

The Governor's budget recommendations for fiscal years 2003-04 include an additional five-quarter moratorium on death and disability contributions:

- The fourth quarter of fiscal year 2003
- All four quarters of fiscal year 2004

Death and Disability Funded Ratios 1999-2004



If adopted, this additional moratorium would cause further decline in the Death and Disability Fund's reserves:

- Fiscal Year 2003—The fund balance would decline to \$72 million with a funded ratio of 53 percent.
- Fiscal Year 2004—The fund balance would decline to about \$31.5 million with a funded ratio of 25 percent.
- Benefits would need to be funded on a pay-as-you-go basis beginning sometime between fiscal years 2005 and 2007, depending on contribution moratoriums after 2004.
- During the first full year after the reserve is depleted, annual employer contributions would be in the range of \$50 million (versus the current level of \$28 million) and the contribution rate would increase to approximately 1 percent of payroll (versus 0.6 percent).
- KPERS would need to re-examine the Fund's investment policy and invest in instruments with a lower risk profile and more liquidity.
- KPERS is committed to working with State officials to develop a plan to ensure the financial stability of the Fund.

Death and Disability Fund
 Fiscal Impact of Contribution Moratoriums
 (Millions)

						<u>Governor's Budget Proposal</u>		
	<u>FY 2000</u>	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>	<u>Subtotal</u>	<u>FY2003 (4th Qtr.)</u>	<u>FY2004</u>	<u>Total</u>
# of Qtrs.	1	4	2	2	9	1	4	14
State	\$ 1.22	\$ 4.98	\$ 2.57	\$ 2.57	\$ 11.35	\$ 1.28	\$ 5.33	\$ 17.96
School	3.39	13.82	7.14	7.24	31.58	3.82	15.89	51.30
TIAA	0.51	2.49	1.21	1.31	5.52	0.66	2.73	8.90
Judges	0.02	0.06	0.04	0.05	0.17	0.03	0.12	0.32
Subtotal	5.15	21.34	10.96	11.17	48.62	5.79	24.07	78.48
Local	1.43	5.98	3.01	3.17	13.59	1.59	6.60	21.77
Total	\$ 6.57	\$ 27.33	\$ 13.97	\$ 14.34	\$ 62.21	\$ 7.37	\$ 30.67	\$ 100.25

Death and Disability Fund Cash Flow Analysis Fiscal Years 2000-2003

	Fiscal Year 2000	Fiscal Year 2001	Fiscal Year 2002	Fiscal Year 2003 (estimate)
Group Insurance Reserve Beg. of Year	\$ 189,586,717	\$ 193,741,927	\$ 140,075,741	\$ 108,817,519
Additions:				
Employer Contributions	17,164,419	-	13,874,560	15,150,213 (1)
Investment Income	24,266,283	(14,541,389)	(5,351,290)	(1,811,439) (2)
Total Additions	<u>41,430,702</u>	<u>(14,541,389)</u>	<u>8,523,270</u>	<u>13,338,774</u>
Deductions:				
Disability	(28,652,822)	(30,170,330)	(30,237,943)	(30,973,962)
Basic Group Life Insurance	(8,622,670)	(8,954,467)	(9,543,549)	(11,194,420)
Total Deductions	<u>(37,275,492)</u>	<u>(39,124,797)</u>	<u>(39,781,492)</u>	<u>(42,168,382)</u>
Group Insurance Reserve End of Year	<u>\$ 193,741,927</u>	<u>\$ 140,075,741</u>	<u>\$ 108,817,519</u>	<u>\$ 79,987,911</u>

(1)Assumes two quarter moratorium for the period July 1, 2001 through December 31, 2002

(2)As of December 31, 2002, the fiscal year to date rate of return was -4.4%. January estimates place the fiscal year 2003 returns at -.33%.

**Briefing Memo on Audit-Related Issues for the
Senate Ways & Means Committee**
Barb Hinton, Legislative Post Auditor
January 29, 2003

1. Performance Audits of Interest to the Committee

- a. Key findings / audit-related issues since the last session (A)
- b. Audits issued during the last 3 years (B)

2. Audit-Related Issues Identified by the Division of Accounts and Reports (C)

- a. State employees' use of State cars for commuting
- b. State agencies' use of cell phones

3. Audits Currently Under Way

- a. Performance audits (D)
- b. FY 2002 Statewide Audit

4. Audit Topics

- a. Solicitation from Committee / Budget Committees
- b. K-GOAL Audits for 2004
 - Water Office / Water Authority
 - Department of Corrections
 - Public Safety Agencies

Senate Ways and Means
1-29-03
Attachment 4

**Summary of Recent Legislative Post Audit Reports
As of January 29, 2003**

Audit Title	Key Findings for This Committee	Legislative Action Needed
<p>How Including Previously Unreported Moneys Spent on K-12 Education Affects Kansas' Rankings in Nationally Published Statistics (December 2002; 03PA02)</p>	<p>Kansas hasn't been reporting all required K-12 education expenditures to the National Center for Education Statistics. For the 1999-2000 school year, the under-reported amount totaled \$204 million. Because future federal aid payments were based on expenditures reported that year, Kansas' 2002-03 federal education aid was at least \$3.8 million less than it would have been.</p> <p>Kansas school districts have added more than 5,600 new positions since 1997-98, even though Statewide enrollment levels have been flat.</p>	<p>Consider ways to address the number of new positions being added.</p> <p>FYI: The Department of Education worked with the districts to gather and report all previously unreported information. Kansas apparently can't recoup the \$3.8 million in federal aid for 2002-03 because the full amount had been allocated among the states. However, it should be able to increase the amount of federal aid it receives in future years.</p>
<p>Meat Processing Plants: Determining What Factors May Have Contributed to a Decline in the Number of Small Plants (November 2002; 03PA04)</p>	<p>Like most states, Kansas has seen a drop in the number of State-inspected meat plants. Since 1996, the number has dropped from 151 to 88. In all, 44 have gone out of business, and nearly 20 switched to federally inspected or custom-exempt.</p> <p>Eliminating the State program in favor of federal regulation would save the State from \$750,000 to \$1.5 million per year. However, about 17% of the small meat processing plants responding to our survey said they'd close if Kansas didn't maintain its own inspection program.</p>	<p>Consider the policy issues and potential cost-benefits of eliminating the State meat inspection program. <i>(LPAC plans to introduce legislation)</i></p> <p>FYI: State-inspected meat plants can't sell their products across State lines, something plant owners told us would help them the most. Federal plants can. The Legislature passed a concurrent resolution in 2002 encouraging Congress to eliminate the prohibition on interstate sales for State-inspected plant owners.</p>
<p>Valuing Commercial Buildings for Property Tax Purposes: Determining Whether Current Procedures Ensure Accurate Appraisals at Fair Market Value (November 2002; 03PA01)</p>	<p>The appraised values for major office buildings in several counties we reviewed—primarily Shawnee County—appeared to be wrong. If the values were adjusted, county income wouldn't necessarily increase, but the amount payable by each property owner would change, redistributing the tax liability.</p>	<p>Give county appraisers authority to levy penalties against property owners or businesses that fail to provide requested income and expense information. Such information is the best way to get good appraisals. <i>(LPAC plans to introduce legislation)</i></p>
<p>Judicial Branch (September 2002; 02-C)</p>	<p>Shawnee County hadn't remitted the full State's share of docket fees because of a computer error. The full amount due has since been remitted</p>	<p>FYI: \$108,000 remitted to the State.</p>

<p>Animal Breeders and Sellers in Kansas: Determining Whether Improvements Have Been Made in the Regulation of This Industry (August 2002; 02PA18)</p>	<p>Kansas doesn't have the same protections that some other states have to ensure that the State can recover the costs of caring for seized animals. A 2002 case cost the State about \$65,000.</p>	<p>Require animal breeders and sellers to post a 30-day cash bond—as Colorado and Missouri have done—to cover the costs of care. The bond(s) would have to be renewed after 30 days or the animals would be turned over to the State for final disposition. An alternative: create a special fund financed by assessments against pet breeders. <i>(LPAC plans to introduce legislation; SB46 also addresses, but doesn't specify "cash" bond)</i></p>
<p>Corporate Income Taxes: Reviewing Factors Affecting the Recent Steep Drop in Those Tax Receipts (August 2002; 02PA17)</p>	<p>The downturn in the economy was the main culprit in declining corporate income tax receipts in fiscal year 2002. Other factors of interest to the Committee:</p> <ul style="list-style-type: none"> ● tax credits have significantly reduced the amount corporations pay in taxes, but Department of Revenue records are too inaccurate to tell by how much ● for 80 sample multi-state corporations, the % of their total income apportioned to Kansas dropped 27% between 1998 and 2000. The Multi-State Tax Commission is very concerned that corporations may be under-reporting information on state tax returns nationwide. But because regulations prohibit the IRS from sharing information among states, no one knows whether all corporate income is being accounted for. ● Among factors affecting Kansas' future corporate income tax revenues: corporations have \$127 million in unused tax credits they can take in future years. ● The Department doesn't have a good system for identifying corporations that don't file a tax return. ● Corporate income tax credits and returns receive less overall scrutiny now than in the past. Also, basic tax information for many large corporations isn't entered into the computer, meaning it's not subjected to the regular computer edits and checks. ● Only 25 desk and field audits of corporate income tax returns were done in 2002. Each corporate income tax auditor generates about \$900,000 a year in additional revenues, and promotes greater accountability within the corporate community. 	<p>Adopt a resolution encouraging Congress to support the adoption of legislation that would allow the IRS to share corporations' tax information with states. <i>(LPAC plans to introduce a concurrent resolution)</i></p> <p>Support efforts to find additional corporate tax auditors.</p>

<p>Medicaid Cost Containment: Controlling Costs of Long-Term Care (August 2002; 02PA16)</p>	<p>Medicaid-funded long-term care costs rose by \$157 million between 1998 and 2001, or about 33%. Of the increase, \$47 million related to increased nursing home reimbursements (primarily for higher direct-care salary costs), and \$110 million related to waiver services being provided in the home or community (primarily caused by more people getting services). Options we identified for containing costs:</p> <ul style="list-style-type: none"> ● tighten eligibility requirements to limit the number of people eligible for Medicaid-funded long-term care ● use waiting lists and spending caps to limit the amount the State pays for long-term care. (In FY 2000, we found that more than 900 people who got waiver services likely cost the Medicaid Program \$9 million more than they would have if they'd received services in institutions.) ● encourage the purchase of long-term care insurance 	<p>Study the cost-effectiveness of providing subsidies or tax incentives to lower-income individuals to encourage them to obtain long-term care insurance.</p> <p>FYI: SRS and Aging have already had to consider many of the options proposed.</p>
<p>School District Budgets: Determining Ways To Structure the Budget Document To Make It Understandable and Allow for Meaningful Comparisons (March 2002; 02PA10)</p>	<p>School districts are budgeting to spend all the revenues available to them in certain operating funds, whether or not they intend to spend those moneys. This requirement causes districts to inflate their budgets by padding certain expenditures, and makes budget comparisons within and across districts less meaningful.</p>	<p>Amend the law to allow districts to show carry-over moneys in their budgets. <i>(SB 39 amends this requirement)</i></p>
<p>Centralizing Administrative Hearings: Reviewing the Advantages and Disadvantages (March 2001; 01PA13)</p>	<p>As of December 2002, the Office reported that 12 State agencies—up from 8 at the time of the audit—are using the Office for their hearings.</p>	<p>Centralize more administrative hearings in Kansas to help eliminate conflict of interest.</p>
<p>Staff Suggestion</p>	<p>The current requirement for an annual financial-compliance audit of the Racing and Gaming Commission is unnecessary. Eliminating the requirement will save about \$7,000 per year.</p>	<p>Legislative Post Audit Committee introduced SB 6.</p>
<p>Staff Suggestion</p>	<p>Current requirements for an investment program audit <u>and</u> a financial-management practices audit of the Pooled Money Investment Board are duplicative. Consolidating these requirements will save about \$8,000 at least every 2 years.</p>	<p>Legislative Post Audit Committee introduced SB 8.</p>

LEGISLATIVE DIVISION OF POST AUDIT
SUMMARY OF PERFORMANCE AUDIT REPORTS
Calendar Years 2000 - 2002

P

Agriculture

03PA04	Meat Processing Plants: Factors Contributing to Decline of Small Plants and Impact on State's Economy	November 2002
02PA18	Animal Breeders & Sellers in Kansas: Determining Whether Improvements Have Been Made in Industry Regulation	August 2002
02PA06	Dept. of Agriculture: A K-GOAL Audit of the KS Pesticide and Fertilizer Program	November 2001

Corrections

01PA18	Lansing Correctional Facility: Reviewing Issues Related to Overtime and Staffing	March 2001
--------	--	------------

Courts

01PA23	Assessing the Effect of Moving Certain Child Support Duties to the Kansas Payment Center	July 2001
--------	--	-----------

Eco Devo/Commerce/Housing

01PA05	Economic Development in Kansas: A K-GOAL Audit Reviewing Coordination and Effectiveness of Programs	January 2001
--------	---	--------------

Education (Higher)

02PA15	Proprietary Schools: Reviewing the Board of Regents' Responsibilities and Oversight	April 2002
--------	---	------------

Education (K-12)

03PA02	How Previously Unreported Moneys Spent on K-12 Education Affect Kansas' Rankings Nationally	December 2002
02PA10	School District Budgets: Ways to Make the Budget Document More Understandable and Meaningful	March 2002
02PA04	Why Kansas School Districts Spend Less on Instruction Than School Districts in Other States	November 2001
01PA19	Special Education: Are School Districts Accountable for Meeting Goals in Students' IEPs	August 2001
01PA20	Early Retirement Funding in Kansas School Districts	July 2001
01PA21	Determining Whether School Districts Exercise Adequate Oversight Over the Use of District Credit Cards	May 2001

Energy/Natural Resources

03PA03	Wildlife and Parks' Disposal of Seized Animals and Other Property	September 2002
02PA03	Department of Agriculture: Reviewing the Water Structures Program	March 2002

Financial Management

03PA07	Reviewing the Operations of the State Treasurer's Office	December 2002
03PA08	Reviewing the Operations of the Pooled Money Investment Board	December 2002
02PA12	Reviewing the Operations of the State Treasurer's Office, FY2001	January 2002
02PA11	Reviewing the Operations of the Pooled Money Investment Board, FY2001	January 2002
01PA09	Reviewing the Operations of the State Treasurers's Office-Fiscal Year 2000	December 2000
01PA10	Reviewing the Operations of the Pooled Money Investment Board-Fiscal Year 2000	December 2000
00PA09	Reviewing the Operations of the State Treasurer's Office-Fiscal Year 1999	February 2000
00PA10	Reviewing the Operations of the Pooled Money Investment Board-Fiscal Year 1999	February 2000

General Government

01PA16	Kansas Real Estate Commission: Determining Its Sources of Funding, and How Those Moneys Are Being Spent	March 2001
01PA15	Private-Sector Input: Ways to Foster Such Input If the Kansas Performance Review Board Is Abolished	March 2001
01PA02	State-Held-Lands: Reviewing the Management and Use of Those Lands in Kansas	December 2000
01PA03	Centralized State Purchasing: Determining the Best Way to Fund It	September 2000
00PA14	Reviewing State Agencies' Adherence to State Laws and Policies for Grants and Contracts	August 2000
00PA13.2	Reviewing State Agencies' Adherence to State Requirements for Out-of-State Travel	August 2000
00PA13.1	Legislative Branch Out-of-State Travel Costs	August 2000

RPT.#		DATE
C 2	Board of Nursing: Efficiency and Effectiveness in Carrying Out Its Administrative Responsibilities	June ?
00PA04	Assessing the Benefits of Leasing Versus Owning Office Space for State Employees	March 2000
	<u>Health/Welfare</u>	
02PA01.2	Verifying Information Provided by SRS with the Terms of Foster Care Lawsuit Settlement Agreement #15	August 2002
02PA16	Medicaid Cost Containment: Controlling Costs of Long-Term Care	August 2002
02PA07	Regulation of Food Service Establishments: Is KDHE Providing Sufficient Regulatory Oversight	April 2002
02PA09	Medicaid Cost Containment: Controlling Costs of Medical Services	March 2002
02PA08	Medicaid Cost Containment: Controlling Fraud and Abuse	January 2002
02PA02	K-GOAL Audit: Determining Whether Nursing Home Inspections Are Carried Out In a Reasonable Manner	December 2001
02PA01.1	Verifying SRS Compliance With the Foster Care Lawsuit Settlement Agreement: Monitoring Report #14	November 2001
01PA01.1	Verifying Information Provided by SRS with the Terms of Foster Care Lawsuit Settlement Agreement #13	April 2001
01PA06	Medicaid for Long-Term Care	March 2001
01PA08	The State's Adoption and Foster Care Contracts: Reviewing Selected Financial and Service Issues	January 2001
01PA07	HealthWave: Reviewing the Program's Services and Finances	December 2000
00PA01.2	Verifying Information Provided by SRS with the Terms of Foster Care Lawsuit Settlement Agreement # 12	August 2000
00PA05	Reviewing Services Provided to Elderly Kansans	March 2000
00PA06	Reviewing the Medicaid Program's Use of Generic Drugs	March 2000
00PA08	Reviewing the Implementation of the Mental Health Reform Act	March 2000
00PA01.1	Verifying Information Provided by SRS with the Terms of Foster Care Lawsuit Settlement Agreement #11	February 2000
	<u>Personnel/State Employees</u>	
01PA14.2	The State Health Benefits Program, Part 2: Reviewing the Staffing and Structure of the Current Program	July 2001
01PA14	The State Health Benefits Program, Part 1: Reviewing Issues Relating to Premium Costs and Management	April 2001
01PA13	Centralized Administrative Hearings: Reviewing the Advantages and Disadvantages	March 2001
	<u>Public Safety</u>	
01PA17	Methamphetamine Labs: Reviewing Kansas' Enforcement Efforts	July 2001
00PA15	Seized Property in Kansas: Whether Laws Are Followed and How the Proceeds Are Spent	August 2000
	<u>Racing & Gaming</u>	
02PA13	Expanded Gaming: Reviewing the Reliability of Estimated Potential Revenues from Slot Machines At Race Tracks	February 2002
	<u>Retirement</u>	
01PA11	Reviewing Benefits Provided by the Kansas Public Employees Retirement System	December 2000
	<u>Taxation/Revenue</u>	
03PA01	Valuing Commercial Buildings for Property Tax Purposes: Determining Whether Procedures Ensure Accurate Appraisals	November 2002
02PA17	Corporate Income Taxes: Reviewing Factors Affecting the Recent Steep Drop in Those Tax Receipts	August 2002
02PA05	Bingo Tax Laws: Reviewing the Department of Revenue's Implementation and Enforcement of Those Laws	November 2001
01PA12	Retailer Sales Taxes: Assessing Whether the Amounts Distributed to Localities Have Been Computed Correctly	March 2001
01PA04	Employee Credits Against Premium Taxes: Reviewing Issues Related to Those Credits	February 2001
	<u>Telecommunications</u>	
00PA11	High-Capacity Telecom Services: Local Phone Co. Compliance with the 1996 Telecommunications Act	April 2000



LEGISLATURE OF KANSAS
LEGISLATIVE DIVISION OF POST AUDIT

800 SOUTHWEST JACKSON STREET, SUITE 1200
TOPEKA, KANSAS 66612-2212
TELEPHONE (785) 296-3792
FAX (785) 296-4482
E-MAIL: lpa@lpa.state.ks.us

January 13, 2003

Representative Melvin Neufeld, Chair
House Appropriations Committee
Statehouse, Room 517-S
Topeka, KS 66612

Dear Representative Neufeld:

At the request of the Legislative Post Audit Committee, I'm sending you information on two issues your Committee may wish to review.

The first issue relates to State agencies' use of State vehicles. The Department of Administration's Division of Accounts and Reports recently surveyed State agencies about their use of State cars for staff commuting between employees' homes and workplaces. Employees of 34 State agencies reported information that raised concerns about their use of State cars for commuting. I've attached a Legislative Post Audit summary of the problems found by Accounts and Reports staff.

The second issue relates to agencies' use of cell phones. In a separate effort, the Division of Accounts and Reports reviewed numerous State agencies' financial-management practices in 5 areas: locally administered moneys, property controls, business procurement cards, cell phones, and delegated audit authority. The only area in which the Division found substantial problems was cell phones. Again, I've attached Legislative Post Audit summaries of the problems found by Accounts and Reports staff.

The original Accounts and Reports findings are extensive, but I can provide the full reports if you or your Committee are interested.

The Legislative Post Audit Committee plans to invite the new Secretary of Administration to appear and update members on the Department's plans to help ensure that State vehicles and cell phones are used appropriately and economically. If you have any questions about these matters, or need more information, please contact me at (785) 296-3792.

Sincerely,

Barbara J. Hinton
Legislative Post Auditor

cc: Representative Clark Shultz, Vice Chair
Representative Rocky Nichols, Ranking Minority Member
Alan Conroy, Legislative Research Department

Enclosures



LEGISLATURE OF KANSAS
LEGISLATIVE DIVISION OF POST AUDIT

800 SOUTHWEST JACKSON STREET, SUITE 1200
TOPEKA, KANSAS 66612-2212
TELEPHONE (785) 296-3792
FAX (785) 296-4482
E-MAIL: lpa@lpa.state.ks.us

January 13, 2003

Senator Stephen Morris, Chair
Senate Ways and Means Committee
Statehouse, Room 120-S
Topeka, KS 66612

Dear Senator Morris:

At the request of the Legislative Post Audit Committee, I'm sending you information on two issues your Committee may wish to review.

The first issue relates to State agencies' use of State vehicles. The Department of Administration's Division of Accounts and Reports recently surveyed State agencies about their use of State cars for staff commuting between employees' homes and workplaces. Employees of 34 State agencies reported information that raised concerns about their use of State cars for commuting. I've attached a Legislative Post Audit summary of the problems found by Accounts and Reports staff.

The second issue relates to agencies' use of cell phones. In a separate effort, the Division of Accounts and Reports reviewed numerous State agencies' financial-management practices in 5 areas: locally administered moneys, property controls, business procurement cards, cell phones, and delegated audit authority. The only area in which the Division found substantial problems was cell phones. Again, I've attached Legislative Post Audit summaries of the problems found by Accounts and Reports staff.

The original Accounts and Reports findings are extensive, but I can provide the full reports if you or your Committee are interested.

The Legislative Post Audit Committee plans to invite the new Secretary of Administration to appear and update members on the Department's plans to help ensure that State vehicles and cell phones are used appropriately and economically. If you have any questions about these matters, or need more information, please contact me at (785) 296-3792.

Sincerely,

Barbara J. Hinton
Legislative Post Auditor

cc: Senator David Adkins, Vice Chair
Senator Paul Feleciano, Ranking Minority Member
Alan Conroy, Legislative Research Department

Enclosures

Summary of Division of Accounts and Reports Findings Related to Use of State Cars

In general, Kansas Administrative Regulations prohibit the use of State cars for commuting between work and home. The regulations allow exceptions when:

- leaving the car at work results in a high risk of vandalism
- the employee is regularly called to work after normal hours for law enforcement activities or emergencies resulting from an act of God
- the commuting is in connection with the beginning or end of official travel

If the commuting distance is more than 10 miles one-way, the Secretary of Administration has to approve the commuting. These restrictions don't apply to employees whose residence has been designated their official work station, nor do they apply to State van pool vehicles. In addition, federal tax law says that certain use of State cars for commuting is fringe benefit income to the employee that must be reported for tax purposes.

Results of agency employee surveys raised concerns about their use of State cars for commuting. The specific concerns are as follows:

- Surveys indicated that 229 employees of 22 agencies using State cars for commuting weren't regularly called to work after normal work hours. The term "regularly" isn't defined in the regulations, but in some cases the survey results showed no such instances during the period.
- Surveys indicated that 100 employees of 12 agencies commuted more than 10 miles one-way.
- The Division wasn't able to find documentation of required approval for 15 of those employees. Even with approval, the Division questions whether these longer commutes are an efficient use of State resources.
- 43 employees of 12 agencies didn't have fringe benefit income reported as required.
- Surveys indicated that 277 State cars of 28 agencies didn't meet the minimum mileage guidelines for permanent assignment to individual employees.
- Surveys indicated that 12 employees of 2 agencies had used State cars to transport individuals not allowed, such as their spouses.
- Surveys indicated that 7 employees of 2 agencies had used their agencies' Turnpike K-tags for commuting, which isn't allowed.

Where survey results indicated problems, the Division of Accounts and Reports has recommended actions to correct those situations. The following table provides additional details about the problem situations.

Agency	Employees Using Cars for Commuting Even Though Need After Hours Not Regular	Employees Commuting Longer Than 10 Miles (May Not Be Efficient Use of Resources)	Employees with Fringe Benefit Income Not Reported as Required	Cars Not Driven Sufficient Miles to Meet Guidelines for Permanent Assignment (May Not Be Efficient Use of Resources)	Employees Using State Cars to Transport Unallowed Individuals	Employees Using Agency K-Tag for Commuting (Not Appropriate)
Kansas Bureau of Investigation	8 Administrative Staff, 37 Non-Administrative Staff	2 Administrative Staff, 14 Non-Administrative Staff	2 employees	22 cars	11 employees	6 employees
Department of Wildlife and Parks	25 employees	10 employees (2 not approved)	10 employees	66 cars		
Department of Health and Environment	1 employee (7 had cars at home but office in the same town)		13 employees	64 cars		
Department of Revenue			1 employee	20 cars		
Corporation Commission	11 employees	(3 not approved)		5 cars		
Department of Human Resources				8 cars		
Department of Commerce and Housing				3 cars		
Juvenile Justice Authority	1 employee					

Agency	Employees Using Cars for Commuting Even Though Need After Hours Not Regular	Employees Commuting Longer Than 10 Miles (May Not Be Efficient Use of Resources)	Employees with Fringe Benefit Income Not Reported as Required	Cars Not Driven Sufficient Miles to Meet Guidelines for Permanent Assignment (May Not Be Efficient Us of Resources)	Employees Using State Cars to Transport Unallowed Individuals	Employees Using Agency K-Tag for Commuting (Not Appropriate)
Topeka Juvenile Correctional Facility	1 employee					
Kansas State University			2 employees			
Real Estate Commission				1 car		
Adjutant Generals' Department	1 employee	1 employee (1 not approved)		4 cars		
Fort Hays State University	2 employees			2 cars		
State Fair	1 employee			1 car		
Kansas Lottery	5 employees	2 employees (1 not approved)	1 employee	7 cars		
Department of Education				6 cars		
Highway Patrol			1 employee	1 car		
Office of the Securities Commissioner		2 employees		6 cars		

Agency	Employees Using Cars for Commuting Even Though Need After Hours Not Regular	Employees Commuting Longer Than 10 Miles (May Not Be Efficient Use of Resources)	Employees with Fringe Benefit Income Not Reported as Required	Cars Not Driven Sufficient Miles to Meet Guidelines for Permanent Assignment (May Not Be Efficient Us of Resources)	Employees Using State Cars to Transport Unallowed Individuals	Employees Using Agency K-Tag for Commuting (Not Appropriate)
Racing and Gaming Commission		(1 not approved)				
Fire Marshal				4 cars		
Attorney General's Office	6 employees			4 cars		
Department of Transportation	91 employee	54 employees (3 not approved)	4 employees	21 cars		1 employee
Department of Administration	1 employee		3 employees	3 cars		
Ellsworth Correctional Facility	2 employees			2 cars		
El Dorado Correctional Facility	2 employees			2 cars	1 employee	
Hutchinson Correctional Facility	6 employees	1 employee	3 employees	6 cars		
Lansing Correctional Facility	3 employees			3 cars		

Agency	Employees Using Cars for Commuting Even Though Need After Hours Not Regular	Employees Commuting Longer Than 10 Miles (May Not Be Efficient Use of Resources)	Employees with Fringe Benefit Income Not Reported as Required	Cars Not Driven Sufficient Miles to Meet Guidelines for Permanent Assignment (May Not Be Efficient Us of Resources)	Employees Using State Cars to Transport Unallowed Individuals	Employees Using Agency K-Tag for Commuting (Not Appropriate)
Larned Correctional Mental Health Facility	3 employees	(1 not approved)		4 cars		
Department of Corrections	11 employees 1 employee assigned a car for parking	6 employees (2 not approved)	1 employee	6 cars		
Correctional Industries			2 employees	4 cars		
Norton Correctional Facility	1 employee					
Winfield Correctional Facility	1 employee	(1 not approved)				
Banking Department				1 car		
University of Kansas Medical Center	1 employee			1 car		

Summary of Division of Accounts and Reports Findings Related to Use of Cell Phones

The Division of Accounts and Reports conducted reviews of 34 State agencies' financial management practices in 5 areas, including the agencies' use of cell phones. In general, the problems uncovered in these reviews weren't considered serious. However, the significant number of findings in the area of cell phones—especially the need for many agencies to review how they use their phones and what calling plans they choose—may indicate the need for further attention to this area.

The review found that:

- State agencies increasingly are using cell phones in conducting their operations
- To make cost-effective use of cell phones, agencies should have calling plans that match how they use the phones
- Cell phones shouldn't be used for personal calls

The following tables summarize the Accounts and Reports findings in the 5 areas reviewed. The next-to-last column deals with cell phones.

REVIEW # 1

SUMMARY OF FINANCIAL MANAGEMENT PRACTICE REVIEWS BY THE DIVISION OF ACCOUNTS AND REPORTS



AGENCY	LOCALLY ADMINISTERED MONEYS	CONTROLS OVER STATE PROPERTY	BUSINESS PROCUREMENT CARDS	CELL PHONES	DELEGATED AUDIT AUTHORITY
Legislative Post Audit	N/A	Property number was not affixed to one item	Monthly logs weren't signed by cardholder or designated reviewer	N/A	N/A
Beloit Juvenile Correctional Facility	No problems	No problems	No problems	No problems	N/A
Board of Cosmetology	N/A	N/A	N/A	No problems	N/A
Board of Emergency Medical Services	No problems	No problems	N/A	No problems	N/A
Behavioral Sciences Regulatory Board	N/A	N/A	N/A	No problems	N/A
Historical Society	No problems	No problems	No problems	No problems	N/A
Attorney General's Office	N/A	N/A	N/A	No problems	N/A
Norton Correctional Facility	No problems	No problems	No problems	Inappropriate equipment insurance charges paid	N/A
Lansing Correctional Facility	No problems	No problems	N/A	Some personal usage resulted in extra usage charges	N/A
Board of Barbering	N/A	N/A	N/A	One account had extra usage charges, may need to change plans	N/A

AGENCY	LOCALLY ADMINISTERED MONEYS	CONTROLS OVER STATE PROPERTY	BUSINESS PROCUREMENT CARDS	CELL PHONES	DELEGATED AUDIT AUTHORITY
Animal Health Department	N/A	No problems	N/A	One account had regular extra use charges, one employee used personal cell phone and was reimbursed for official calls, need to review plans	N/A
Conservation Commission	N/A	No problems	N/A	Some personal use of agency cell phone resulted in additional usage charges	N/A
School for the Blind	Monthly imprest fund reports weren't submitted	No problems	No problems	Minimal use for several phones indicates a need to review plans	N/A
State Treasurer's Office	N/A	N/A	Sales tax paid inappropriately on one transaction	One phone had considerable personal use that resulted in additional usage charges	N/A
Board of Indigents' Defense Services	N/A	N/A	No problems	Minimal use for some phones indicates a need to review plans	No problems
KPERs	N/A	N/A	No problems	Actual use was much below base minutes, need to review plans	No problems

AGENCY	LOCALLY ADMINISTERED MONEYS	CONTROLS OVER STATE PROPERTY	BUSINESS PROCUREMENT CARDS	CELL PHONES	DELEGATED AUDIT AUTHORITY
Winfield Correctional Facility	No problems	One item not accurately described on the property list	N/A	One phone had some personal use the resulted in additional usage charges, base minutes appeared low for 2 phones, resulting in additional usage charges, need to review plans and usage	N/A
Legislative Administrative Services	N/A	N/A	Supporting documentation for registrations wasn't maintained	N/A	N/A
School for the Deaf	N/A	N/A	N/A	Monthly base charges appear high for 3 phones, considerable personal usage on 1 phone resulted in additional usage charges, actual use significantly over the base minutes on 1 phone, need to review usage and plans	No problems

AGENCY	LOCALLY ADMINISTERED MONEYS	CONTROLS OVER STATE PROPERTY	BUSINESS PROCUREMENT CARDS	CELL PHONES	DELEGATED AUDIT AUTHORITY
El Dorado Correctional Facility	No problems	Property numbers weren't affixed to 3 items	N/A	Significant personal usage on several phones resulted in additional usage charges, billing didn't provide adequate detail for charges on 1 phone, need to review usage and plans	N/A
Commission on Veterans' Affairs	No problems	No problems	N/A	Personal use of some phones, billing detail wasn't adequate for some phones, taxes paid inappropriately, base rate on 1 phone appeared high, need to review usage and plans	N/A

AGENCY	LOCALLY ADMINISTERED MONEYS	CONTROLS OVER STATE PROPERTY	BUSINESS PROCUREMENT CARDS	CELL PHONES	DELEGATED AUDIT AUTHORITY
Highway Patrol	No problems	No problems	Eight cardholder statements weren't signed, one receipt was missing, several transactions couldn't be traced to vehicle log sheets	Considerable personal usage on 1 phone resulted in additional usage charges, actual use significantly below base minutes for some phones, actual use significantly over base minutes for a number of phones, 5 phones had minimal, if any, use, agency was billed for an inactive account, need to review usage and plans	No problems
Water Office	No problems	No problems	The receipt was missing for one transaction	One billing wasn't supported by adequate detail, considerable additional usage charges on 1 phone, need to review usage and plans	No problems

AGENCY	LOCALLY ADMINISTERED MONEYS	CONTROLS OVER STATE PROPERTY	BUSINESS PROCUREMENT CARDS	CELL PHONES	DELEGATED AUDIT AUTHORITY
Kansas Lottery	Monthly reconciliation form wasn't completed for petty cash or imprest funds, didn't provide notice that one petty cash fund was closed	N/A	Prior authorization not obtained for one transaction as required, one transaction log wasn't signed by the verifying supervisor	Plan terms on many phones don't meet the agency's use requirements, resulting in payment of extra usage and roaming charges and under-usage of other phones, significant amount of taxes paid inappropriately, significant personal use on several phones, need to review usage and plans	N/A
Board of Healing Arts	N/A	N/A	One purchase off State contract wasn't approved, transaction logs weren't initialed by cardholders, one log wasn't initialed by the supervisor	No problems	One billing didn't provide adequate detail
Department on Aging	N/A	N/A	Transaction logs weren't signed by cardholders or supervisors and didn't include contract numbers, some transaction were coded improperly	Personal usage on several phones resulted in additional charges, many phones with minimal or no usage, need to review usage and plans	Some information on 5 vouchers wasn't accurate or wasn't provided, one expenditure was coded improperly

AGENCY	LOCALLY ADMINISTERED MONEYS	CONTROLS OVER STATE PROPERTY	BUSINESS PROCUREMENT CARDS	CELL PHONES	DELEGATED AUDIT AUTHORITY
Emporia State University	N/A	N/A	One purchase wasn't made from the statewide contract, one emergency purchase wasn't approved	Taxes were paid inappropriately on several billings, late fees weren't calculated properly, personal use of some phones, 7 phones had minimal usage	No problems
Hutchinson Correctional Facility	N/A	N/A	N/A	Insurance charges or taxes paid inappropriately on 7 phones, significant roaming charges on one phone, need to review plans	One purchase wasn't made from the statewide contract, taxes were paid inappropriately on one phone bill
Kansas Technology Enterprise Corporation	N/A	N/A	N/A	N/A	No problems
Topeka Correctional Facility	Monthly reconciliation form wasn't completed for imprest fund, didn't provide notice of changes in responsibility for one fund	Five items couldn't be located, and 9 items didn't have property numbers affixed	N/A	Taxes were paid inappropriately, apparent significant personal use of several phones resulted in additional usage and roaming charges, 1 phone used for directory assistance, need to review usage and plans	N/A

AGENCY	LOCALLY ADMINISTERED MONEYS	CONTROLS OVER STATE PROPERTY	BUSINESS PROCUREMENT CARDS	CELL PHONES	DELEGATED AUDIT AUTHORITY
Ellsworth Correctional Facility	No problems	No problems	No problems	No problems	Three transactions were coded incorrectly
Kansas Bureau of Investigation	N/A	Three items didn't have property numbers affixed, 110 items didn't have property numbers shown on the property list	One amount paid differed from the billing without explanation, one receipt wasn't available, transaction logs weren't signed by supervisors, some information on the logs was missing or wrong	Significant roaming charges were paid on some phones, a number of phones had minimal usage, taxes were paid inappropriately, need to review usage and plans	Supporting documents or explanations weren't available for some transactions, meal allowances weren't properly determined on 2 vouchers, some information on vouchers was missing or wrong, more cars were driven to the same destination than might have been needed

SUMMARY OF FINANCIAL MANAGEMENT PRACTICE REVIEWS BY THE DIVISION OF ACCOUNTS AND REPORTS

AGENCY	DELEGATED AUDIT AUTHORITY	BUSINESS PROCUREMENT CARDS	CELL PHONES	LOCALLY ADMINISTERED FUNDS	CAPITAL ASSETS
Fort Hays State University	= Non-use of statewide contract without prior approval = Incorrect coding of 2 vouchers	= Several purchases not using statewide contracts = Incorrect coding of 1 transaction	= High roaming charges on several phones = Non-business use of 4 phones resulting in added roaming charges and added airtime charges	N/A	N/A
Kansas Neurological Institute	No findings	= Summary transaction log maintained rather than individual transactions logs = 1 card is shared = 1 disputed charge not handled as recommended = Purchased items not using statewide contract	= 5 phones with low usage = 1 phone with non-business calls = 1 very long call Roadside assistance charges on several bills = Mobile web charges on 1 phone = Unnecessary wireless protection charges on 3 phones = No detail provided in billings for a majority of phones	N/A	N/A
Juvenile Justice Authority	N/A	N/A	= 3 phones with high roaming charges = Personal use calls resulted in additional charges	No findings	= Asset list not maintained



AGENCY	DELEGATED AUDIT AUTHORITY	BUSINESS PROCUREMENT CARDS	CELL PHONES	LOCALLY ADMINISTERED FUNDS	CAPITAL ASSETS
Department of Social and Rehabilitation Services	<ul style="list-style-type: none"> = Inappropriate taxes paid on 3 vouchers = Warrant used for 1 payment that should have been made by interfund voucher 	N/A	<ul style="list-style-type: none"> = Calling plans didn't always match well with actual usage patterns = Excessive home charges for 4 phones = Charges above base minutes for 1 phone (This phone had 3 very long calls, and several non-business calls that resulted in extra charges = Roaming charges on 2 phones, with some calls for non-business purposes High billing amounts for 4 low usage phones = Inappropriate taxes paid on 2 phones = Unneeded wireless protection fees paid on 1 phone = Billing detail not provided for 6 phones = Reimbursements for use of personal cell phones were questionable—1 paid essentially all costs, 3 were based on total cost rather than extra use charges, and 1 was at \$.40/min 	<ul style="list-style-type: none"> = Required processing forms weren't fully completed for several petty cash funds = Supporting documents weren't attached to reimbursement vouchers for 3 purchases, and statewide contract not used for these = Several claims against the State were paid from local funds instead of through Accts & Rpts as required = Incorrect coding of several transactions 	<ul style="list-style-type: none"> = Unable to physically verify 18 of 50 items selected for verification = 5 of sample items didn't have identification tags = Asset list didn't show that one item had been transferred to another agency and one item had been traded in

AGENCY	DELEGATED AUDIT AUTHORITY	BUSINESS PROCUREMENT CARDS	CELL PHONES	LOCALLY ADMINISTERED FUNDS	CAPITAL ASSETS
Department of Administration	N/A	<p>= Clarification regarding correct fiscal year not provided in documentation for a registration transaction</p> <p>= A 1099 reportable item wasn't reported to the Division of Accounts and Reports</p>	<p>= Calling plans didn't always match well to actual use patterns</p> <ul style="list-style-type: none"> - base minutes much higher than use on 8 accounts - use much greater than base minutes on 3 accounts - base charge amount was high for minutes of use on 1 account - 22 accounts had minimal or no use <p>= Personal calls on 5 accounts, often resulting in excess charges</p> <p>= Incoming calls frequently on bills</p> <p>= Late fees paid frequently, and not always in accord with Prompt Payment Act</p> <p>= Inappropriate taxes paid in several instances</p>	N/A	N/A

AGENCY	DELEGATED AUDIT AUTHORITY	BUSINESS PROCUREMENT CARDS	CELL PHONES	LOCALLY ADMINISTERED FUNDS	CAPITAL ASSETS
Fire Marshal	= 4 vouchers and documentation not found = Authorized signature not attached to 2 vouchers = 1 membership paid inappropriately = 1 inappropriate purchase of commemorative bricks = Meals provided not coded as official hospitality (also incomplete transaction description) = A required vendor not used for 1 purchase = 6 payments with inappropriate taxes = 3 discrepancies in meal allowance calculation (also documentation not included for 1) = 1 meal allowance claim not proper (also coded wrong) = 1 inadequate description = contract #'s missing	N/A	= 6 phones had use exceeding base minutes, resulting in excess charges = Inappropriate taxes paid regularly	N/A	N/A

AGENCY	DELEGATED AUDIT AUTHORITY	BUSINESS PROCUREMENT CARDS	CELL PHONES	LOCALLY ADMINISTERED FUNDS	CAPITAL ASSETS
Department of Human Resources	= No invoice attached to 1 voucher	= Credit not obtained for sales tax paid on 1 transaction	= Calling plans didn't always match well with actual usage patterns = 24 phones with home/roaming charges more than \$20 for the month = No billing detail for 9 phones = 7 phones had significant non-business use = 1 transaction was coded wrongly	No findings	No findings

AGENCY	DELEGATED AUDIT AUTHORITY	BUSINESS PROCUREMENT CARDS	CELL PHONES	LOCALLY ADMINISTERED FUNDS	CAPITAL ASSETS
<p>University of Kansas Medical Center (also no findings for State vehicle usage)</p>	<p>N/A</p>	<p>= No notations that agency retains ownership of subscriptions and memberships = Some codings were questionable = Several credits due from vendors weren't received</p>	<p>= A number of calls seemed to be personal - some resulted in additional charges, including roaming charges = A number a payments included inappropriate taxes = 7 payments included late fees</p>	<p>= Discrepancies on number of change funds between agency and records maintained by Division of Accounts and Reports = Monthly imprest fund reports not filed as required = Large unexplained variances on 3 reconciliations = Old outstanding checks not cancelled = Petty cash funds closed without notifying the Division of Accounts and Reports = Name of 1 current custodian not filed with the Division of Accounts and Reports = Receipts for 1 petty cash fund not signed</p>	<p>= 1 of 54 sample items not found = 4 of 54 sample items not tagged = Inventory records not updated on current basis</p>

4-29
4

Legislative Post Audit—Summary of Performance Audits Currently Under Way or Approved (January 29, 2003)
(Italics show changes from previous summary)

Audit Title	Main Concerns	Questions Asked	Estimated Date Available
<p>Juvenile Justice Prevention Programs: A K-GOAL Audit Reviewing the Effectiveness of the Juvenile Justice Authority's Monitoring and Operation of These Programs</p> <p>(Requested by House Appropriations Committee)</p>	<p>Over the last several years, the Legislature has appropriated millions of dollars to JJA to pass on to local communities to operate prevention programs for juveniles. Each programs is supposed to have measurable outcomes it expects to achieve, and to report on what's actually been accomplished. The main concerns focus on how well JJA and the local administrative counties that handle these grant awards make sure these moneys are only going to fund prevention programs, and only to programs that are producing good outcomes.</p>	<ol style="list-style-type: none"> 1. Do the JJA and local administrative counties effectively monitor juvenile prevention programs to ensure that they have clear and measurable outcomes, and that appropriate baseline data are collected to develop outcomes? 2. Are effective procedures in place for ensuring that juvenile prevention money is spent only on true prevention activities? 3. Are effective procedures in place to ensure that juvenile offender prevention program moneys are directed towards programs that are producing good outcomes, and away from those programs that aren't? 	<p><i>January 29th Post Audit Committee meeting</i></p>
<p>Life-Cycle Cost Analyses of Kansas Highway Projects: Evaluating the Process Followed by the Kansas Department of Transportation</p> <p>(Requested by House Appropriations Committee)</p>	<p>KDOT is in the early stages of implementing the 10-year, \$13 billion Comprehensive Transportation Program approved by the 1999 Legislature. In deciding whether to use asphalt or concrete for major road construction / reconstruction projects, KDOT goes through a design process to "spec out" the road, then puts that information through a "life-cycle cost" analysis to determine which surface material would be more cost-effective over the life of the road. KDOT management makes the final decision. The main concerns focus on KDOT's reported use of much more concrete than asphalt under the current program than in the past, and on how actual costs and priorities compare with what was initially approved.</p>	<ol style="list-style-type: none"> 1. Is KDOT using an appropriate and reasonable life-cycle cost analysis for road construction and reconstruction projects under the current highway program? 2. Has the ratio of asphalt to concrete used in highway construction and reconstruction projects changed in recent years, and if so, why? 3. How do KDOT's original projections related to the cost, number, or type of projects to be built under the highway program compare with actual experience and current projections? 	<p><i>Mid February</i></p>

D

<p>Performance Audit Topic Approved as part of the Financial-Compliance Audit of KPERS (this audit is contracted out to a CPA firm)</p> <p>(Required by law)</p>	<p>State law calls for a review of a performance audit topic related to KPERS at least once every 3 years. KPERS' Executive Director suggested that a review of the accuracy of recent information showing a projected funding shortfall for KPERS could help the Legislature better assess the situation's significance.</p>	<p>1. How accurate are the figures recently presented by the Retirement System regarding the need for a long-term funding plan to address the funding shortfall?</p>	<p><i>Early February</i></p>
<p>Diversion Agreements: Reviewing Their Impact on State Revenues</p> <p>(Requested by Legislative Post Audit Committee)</p>	<p>The use of diversion agreements instead of fines for traffic violations has risen sharply in some Kansas counties. The State gets a portion of the court costs and traffic fines people pay, but doesn't receive <u>any</u> of the revenues from diversion fees. All those moneys stay at the local level, raising concerns about the negative impact on the State's revenues.</p>	<p>1. Has the use of diversion agreements by local prosecutors increased and, if so, what has been the likely impact on State revenues?</p>	<p>Late February</p>
<p>Financing Local Governments: Determining How To Avoid Future Problems Caused by State Revenue Shortfalls</p> <p>(Approved by the Post Audit Committee Chair as a 100-hour audit on behalf of Sens. Oleen, Pugh, and Taddiken; and Reps. Carlin, Craft, Decker, Osborne, Reitz, and Schwartz)</p>	<p><i>In November 2002, the Governor announced that payments to cities and counties from 3 funds would not be made because of budget shortfalls. Cities and counties already had built their budgets in anticipation of these revenues. Questions have arisen about what can be done to avoid situations where State budget shortfalls end up having such a significant impact on the funding available for local governments.</i></p>	<p>1. What options other than demand transfers from revenue sharing funds exist for funding local government operations, and what are the advantages and disadvantages of each option?</p>	<p><i>Just starting; late February-early March</i></p>
<p>Low-Birth-Weight and Premature Babies: Reviewing Programs Aimed at Reducing Their Incidence and Associated Costs</p> <p>(Requested by Rep. Landwehr)</p>	<p>Reportedly, Kansas' Medicaid Program pays the costs associated with <u>one-third</u> of the babies born in the State (nearly 15,000 babies) at an annual cost of more than \$125 million. Health care officials indicate that the number of premature and low-birth-weight babies and their associated costs (about 400 babies and \$38 million) could be significantly reduced if the mothers got adequate pre-natal care. The main concerns focus on whether lack of pre-natal care appears to be a significant factor, whether women are aware of programs they're eligible for, and whether the Kansas Dept. of Health and Environment is taking appropriate actions to monitor this area.</p>	<p>1. What programs are available to provide pre-natal care for mothers who can't otherwise afford it, what's the cost of those programs, and are they being effectively marketed?</p> <p>2. Is KDHE collecting and reviewing the types of information it needs to know whether pre-natal care programs in Kansas are effective in bringing down the incidence and cost of premature and low-birth-weight babies?</p> <p>3. Does it appear that a lack of pre-natal care is the major factor contributing to high Medicaid costs associated with low-birth-weight or premature babies in Kansas?</p>	<p><i>Just starting</i></p>

<p>Federal Funds: Determining Whether Opportunities May Exist To Leverage State Spending To Draw Down More Federal Dollars</p> <p>(Requested by Legislative Post Audit Committee)</p>	<p>State agencies received about \$2.5 billion in federal moneys in fiscal year 2002. Many of those funds are provided as the federal share of ongoing State-federal programs, such as Medicaid, highway construction, and special education. This audit will cast a wide net trying to identify potential opportunities for increasing federal revenues; additional work might be needed to assess the feasibility and amounts.</p>	<p>1. Are State agencies maximizing the amount of federal moneys available to them through federally funded programs?</p>	<p><i>Just starting</i></p>
<p>Motor Fuel Tax Refunds: Determining Whether the Adjustments Made to Refund Claims Were Handled Correctly (100-hour audit)</p> <p>(Approved by the Post Audit Committee Chair as a 100-hour audit)</p>	<p><i>Motor fuel tax rates have increased each year for the past 3 years. Because so many refund claim forms have been submitted without the right rate, the Department of Revenue has made some adjustments. The concern is those adjustments may be inaccurate, resulting in taxpayers receiving less refund than they are owed.</i></p>	<p>1. <i>Did the Department of Revenue appropriately handle corrections to the motor fuels tax rate when taxpayers submitted outdated refund forms?</i></p>	<p><i>Not yet started</i></p>