

**Legislative Post Audit
Summary of Performance Audits Conducted in 2011**

Audit	Summary
<p>Kansas Neurological Institute: Evaluating the Efficiency of the Institute's Operations and the Cost and Safety Implications of Moving Its Residents into Local Communities (R-11-015)</p> <p>December 2011</p>	<p>This audit evaluated both the operational efficiency of the Kansas Neurological Institute, as well as the potential cost and safety implications of moving its residents into a community setting. Our analysis of KNI's operations identified about \$550,000 in one-time revenues and almost \$270,000 in potential annual cost savings with little or no effect on KNI residents or services. We also identified about \$680,000 in unduplicated potential cost savings annually that would change aspects of KNI's service model and could affect the quality of life or safety of KNI residents. We found that the cost and safety implications of closing KNI and serving its residents in a community setting are both complex and far-reaching. Although both settings provide similar core services to individuals with developmental disabilities, they differ in terms of the funding they receive and the specialized medical services they are able to provide. These differences create the potential for about \$5 million in annual State savings after all KNI residents were relocated into a community setting. They also raise concerns about the safety and quality of life those individuals would receive in a community setting, specifically the adequacy and availability of medical care, and KNI residents' ability to adapt to a new environment.</p>
<p>State Agency Information Systems: Reviewing Selected Systems Operation Controls In State Agencies (R-11-014)</p> <p>December 2011</p>	<p>State agencies make enticing targets for hackers because of the wide range of sensitive information they maintain. A significant threat to securing agency data is failure to comply with basic security procedures such as installing software patches and controlling the software on computers. We looked for unpatched or unauthorized software in five agencies, and found that three of the five agencies had significant vulnerabilities because of inadequate workstation patching processes—vulnerabilities that potentially could be exploited to gain access to sensitive data. Those agencies had few problems with unauthorized software, but two still need to improve their process for managing software.</p>
<p>Kansas Commission on Veterans' Affairs: A K-GOAL Audit Reviewing Issues Related to Veterans' Benefits (R-11-012)</p> <p>September 2011</p>	<p>The Veterans' Claim Assistance Program (VCAP), created in 2006, has not increased the services provided to veterans. Because neither the Commission on Veterans' Affairs nor the veteran service organizations have added significant resources or changed how veterans are served, this is not surprising. In addition, we discovered the Commission does not collect reliable management information about the services provided to veterans, through both VCAP and Commission staff. This severely limits the Commission's ability to make good management decisions. In an effort to reduce Medicaid costs, several states have started initiatives to transition Medicaid-eligible veterans to U.S. Department of Veterans Affairs health care benefits. We estimate Kansas could save between \$1 million to \$2 million a year in State funds from a similar initiative. The State may need to add or reprioritize resources to achieve these savings, but these resources may decrease over time. To be successful, the State will also need to establish a structure to better coordinate efforts between several State agencies.</p>

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<p>State Benefit Programs: Identifying Disincentives for Marriage (R-11-013)</p> <p>September 2011</p>	<p>Most of the benefit programs we reviewed have income-based eligibility criteria that could discourage marriage in some situations, or have no effect at all. That's because programs vary in how household income is defined. Some programs don't distinguish between the income of married and cohabitating couples. Other programs may consider two unmarried people living together to be two separate households. Very few of the frontline program staff we interviewed think program eligibility rules have a significant effect on clients' decision to marry. Further, the majority of clients we spoke with told us eligibility criteria have little to no effect on their decision to marry. Lastly, literature acknowledges that programs with income-based eligibility rules have built-in disincentives, but there's little information about whether those disincentives actually cause people to avoid getting married.</p>
<p>Board of Indigents' Defense Services: A K-GOAL Audit Reviewing Payments Made for Indigent Defense Services (R-11-010)</p> <p>July 2011</p>	<p>Kansas' system for providing legal services to indigent persons is generally sufficient, but it has a few problems. We found the Board's financial affidavit doesn't comply with some of its administrative regulations, and judges may have to make decisions about appointing legal representation based on incomplete and unverified information. In 13 of the 104 cases we reviewed, where the judge appointed an attorney, additional information showed the defendant didn't appear to be indigent. Judges have a great deal of discretion in determining who is indigent. Additionally, each year, the Board spends far more to provide legal representation to indigent defendants than it receives back. Some reasons for this include Kansas' law which limits a district courts ability to recoup the cost of legal representation, and the fact that judges can reduce or waive the repayment of representation. Lastly, the courts have not collected the full amount from defendants ordered to repay their legal costs. We also found several additional issues regarding the district courts' use of the financial affidavit, and some district courts' practices for approving payments to private attorneys.</p>
<p>Foster Care: Reviewing Selected Issues Related to Compensation and Oversight of Foster Care Contractors (R-11-011)</p> <p>July 2011</p>	<p>In December 2007, the Department of Social and Rehabilitation Services (SRS) changed the way it structured foster care contracts to provide more financial stability to contractors. In general, each month, foster care contractors' costs are less than the monthly payments they receive. However, the payment structure doesn't appear to have affected children's length of stay in foster care. We identified many other factors that do seem to affect the length of stay including, judicial discretion and the mental health and behavior problems of the child or the child's family. We also found that increasing the adoption subsidy rate potentially could increase the number of children adopted. Overall, SRS has established a good structure that can help it oversee foster care contractors. However, staff don't always act to correct the problems found while monitoring because the agency has a hands-off approach to overseeing contractors. We also noted that, regardless of SRS' oversight efforts, hundreds of children remain in foster care for a long time. Nevertheless, in taking a hands-off approach following up on problems, SRS increases the risk that children could unnecessarily languish in foster care. Finally, we noted that Kansas' performance on national standards related to length of stay in foster care appears to be about average.</p>

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<p>State Agency Information Systems: Reviewing Selected Personnel Security Controls in State Agencies (R-11-009)</p> <p>July 2011</p>	<p>Overall, we found that all five agencies we reviewed could improve their personnel-related security policies. Three of five agencies did not conduct adequate background checks before hiring employees and none of the agencies consistently trained employees on security awareness and the acceptable use of information technology resources. All five agencies appropriately removed terminated employees' computer access rights, but need to make other improvements to the termination process including documenting equipment recovery and conducting exit interviews. We also found that the Information Technology Executive Council (ITEC) does not adequately communicate its security standards to all State agencies and it does not have adequate mechanisms or resources to enforce its security standards.</p>
<p>Accounts Receivable: Reviewing Agencies' Efforts To Collect Amounts Owed to the State (A-K-GOAL Audit) (R-11-008)</p> <p>April 2011</p>	<p>For the State, accounts receivable represent moneys expected to be collected for unpaid taxes, overpayments, fines, or goods and services provided. Our survey of 53 State agencies with significant accounts receivable found that many State agencies could improve their debt collection efforts if they strengthened their collection policies and adopted other collection best practices. Four of the six programs we reviewed in detail failed to meet many of the collection best practices applicable to their operations; three of those four also had inadequate collection policies. Overall, the four poor-performing programs had deficiencies in some or all of the following areas: monitoring receivables, aggressively pursuing debts, using enforcement tools, and using outside collection options, including the State's Setoff Program. If those four programs improve their collection efforts, they might be able to collect a significant amount of additional revenue: collecting just 5% more of those programs' delinquent receivables would generate almost \$3 million in one-time revenues. We also noted that not all of the \$2 billion accounts receivable shown in the State's financial report is collectible because it includes aged, and therefore doubtful, receivables for a number of agencies.</p>
<p>Medicaid: Reviewing the Use of Emergency Room Services By Medicaid Clients (A-K-GOAL Audit) (R-11-006)</p> <p>March 2011</p>	<p>In fiscal year 2010, Kansas spent a total of \$2.5 billion on Medicaid, including about \$750 million in State funds. In calendar years 2008 and 2009, Kansas paid an average of \$2.5 million in State funds for Medicaid emergency room claims. This included 642,000 claims for more than 118,000 individuals. Using a methodology developed by New York University, we estimated that about two-thirds of the emergency room claims were for conditions that didn't require emergency room treatment. Under the most optimistic assumptions, the State could potentially save about \$625,000 per year by reducing the number of emergency room visits for non-urgent conditions. Lastly, Kansas already takes many steps to reduce Medicaid non-urgent emergency room use and costs, but we identified seven other strategies, such as operating a 24-7 phone line, that might allow Kansas to make further reductions. We were unable to quantify the potential net savings these strategies might achieve.</p>

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<p>Affordable Airfares: Reviewing the Benefits Claimed As a Result of State Funding to Lower Airfares (10PA15)</p> <p>February 2011</p>	<p>Overall, the Affordable Airfare program appears to have had the desired effect. Since Wichita's original affordable airfare program (FairFares) began in 2002, fares have decreased, while the number of passengers and the number of available flights have increased. However, the Regional Economic Area Partnership's (REAP) annual reports on the program contain numerous inconsistencies and inaccuracies. For example, REAP officials don't report on everything as required – flight data was only included in one annual report. Further, the economic impact of the program has been significantly overstated because of key methodological errors, such as incorrectly accounting for indirect job creation, and the use of inaccurate data in the base year. These and other errors resulted in the economic impact being significantly overstated. We also found that overall accountability for the State funds is lacking.</p>
<p>State Hiring Practices: Determining Whether Requirements Related To Veterans' Preferences Are Being Met (10PA20)</p> <p>February 2011</p>	<p>State law provides that eligible veterans who meet the minimum and preferred qualifications for a State classified job be offered an interview. Of the 426 veterans' applications reviewed, there were only two instances where a veteran should have been interviewed, but wasn't—both times because of an oversight acknowledged by agency officials. The reasons most veterans weren't interviewed were because they didn't meet minimum and preferred qualifications for the job or submitted incomplete application materials. In addition, we couldn't conclude whether agencies mailed a certified letter to each veterans' preference applicant as required by State law and identified several smaller issues that need to be addressed to make the veterans' preference law more efficient and cost effective. These include considering eliminating the statutory requirement that State agencies have to mail certified letters to veterans not hired, giving guidance to State agencies on what documentation they should keep to show they mailed a certified letter to each veteran applicant, and advising State agencies to wait a certain period of time after a job closes to print a list of applicants to be considered for the job.</p>
<p>Health-Care Related Services: Reviewing Opportunities for Better Coordinating the State's Health-Care Related Programs (10PA19)</p> <p>January 2011</p>	<p>By changing Medicaid billing practices, the State could save money spent on inpatient care for Department of Correction's inmates. Although State agencies could also better coordinate a number of other health-care related programs, service gap issues such as lack of affordable health insurance for low-income single adults can only be addressed through State-level policy decisions. Of more importance is the upcoming federal health care reform, which will greatly affect how health-care related services are provided in Kansas. Its primary goals are to reduce the number of uninsured, slow increases in health care costs, and increase access to health care services and providers. Implementing those reforms will require significant coordination among State agencies. Some State agencies that traditionally have provided health care services will have added responsibilities, while other State agencies—such as the Kansas Insurance Department—will start having a role. At this point, it is too early to know whether State agencies are on track to implement the various provisions of federal health care reform.</p>