

Approved: February 22, 2000
Date

MINUTES OF THE HOUSE COMMITTEE ON FEDERAL & STATE AFFAIRS

The meeting was called to order by Chairman Tony Powell at 1:30 p.m. on January 18, 2000 in Room 313-S of the Capitol.

All members were present except: Representative Klein, Excused
Representative Vickrey, Excused.

Committee staff present: Theresa Kiernan, Revisor of Statutes
Russell Mills, Legislative Research
Winnie Crapson, Committee Secretary

Conferees appearing before the committee:
Karen France, Kansas Association of Realtors
Steve Kearney, Petroleum Marketers and Convenience Store Association of Kansas
David Finley, Kansas Plumbing, Heating, Cooling Contractors Association
and Mechanical & Sheet Metal Contractors Association of Kansas

Others attending: See attached list.

Chairman Powell opened the meeting with introduction of new members. He noted Committee Rules are similar to those of other Committees. It is his intention to proceed under unanimous consent for introduction of bills and approval of Committee Minutes without individual motion on each action. Objections will be called for and noted and as a matter of courtesy introduction of bill in question will not go forward.

Chairman Powell noted two major agenda items: Introduction of Bills and report from the Legislative Post Audit Review on Kansas Racing & Gaming Commission and Kansas Lottery.

By unanimous consent bill will be introduced concerning amendment of Kansas Real Estate Act (K.S.A. 58-3062) regarding inducements and after-the-fact referral fees as requested by Kansas Association of Realtors (Attachment #1).

By unanimous consent bill will be introduced to prohibit gray marketing of tobacco products as requested by Petroleum Marketers and Convenience Store Association of Kansas (Attachment #2).

By unanimous consent bill will be introduced to allow uniform licensing for every person legitimately engaged in plumbing, heating and cooling contracting and sheet metal contracting and requiring maintenance of their skill level as requested by the Kansas Plumbing, Heating, Cooling Contractors Association and the Mechanical & Sheet Metal Contractors Association of Kansas (Attachment #3).

Randy Tongier, Audit Manager, **Legislative Division of Post Audit**, presented **Financial Compliance and Fiscal Year 1999 Audit Report of Kansas Racing and Gaming Commission** and **Kansas Lottery**. Both Reports represent CPA-firm type audits required to be done annually and were done by Berberich Trahan & Co., Topeka, under contract with the Division of Post Audit. Mr. Tongier reported on the Audit Reports but suggested any questions about the agencies themselves could be better answered by the agency.

The **Audit Report of the Kansas Racing and Gaming Commission** disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards and noted no matters involving the internal control over financial reporting and its operation considered to be material weaknesses the previous year.

CONTINUATION SHEET

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Finding 1 identifies Untimely Completion of Background Investigations. The Agency is required by Tribal Compacts to provide a written report on background checks to the Tribes within 90 days. The Agency has 248 cases that are over the 90 day requirement. Through the addition of personnel, this figure has been reduced by 39% from the previous year. Within the current manpower the agency estimates that 500 to 600 cases can be timely processed each year. The most recent fiscal year had 725 cases. The Report recommends the **State Gaming Agency** continue to improve the timeliness for conducting background investigations.

The **Audit Report of the Kansas Lottery** indicates no material weaknesses relating to financial statements, compliances and internal control.

In response to questions, Mr. Tongier stated it was his understanding delays in conducting background checks were caused by lack of resources. Checks were previously done by the Kansas Bureau of Investigation. The Agency decided to bring the process in-house and it took some time to get the resources needed to do it on a timely basis.

Russell Mills, Legislative Research, responded to question that the parimutuels totally fund the Racing program. He understands that the Gaming program is funded by the four Tribes equally. Except for the start-up costs, no State General Funds are involved

In response to question, Mr. Tongier stated State law calls for the audit to be the responsibility of the Post Audit function. The Legislative Post Audit Committee sets the guidelines. Procedures are the "generally accepted Government Audit Standards" developed by the U.S. Government Office and adopted by the entire accounting profession and CPA firms that work in that field.

Chairman Powell revised schedule for this week. There will be no meeting on January 19, **SB 115** having been cancelled upon notice from the Realtors that they do not want the fee increase.

Committee adjourned at 2:15 p.m. Next meeting is scheduled for January 20, 2000.