

SESSION OF 2013

**SUPPLEMENTAL NOTE ON SUBSTITUTE FOR HOUSE
BILL NO. 2002**

As Recommended by House Committee on
Federal and State Affairs

Brief*

Sub. for HB 2002 would re-codify current statutory auditing requirements for the Kansas Lottery and the Kansas Public Employees Retirement System (KPERs). The bill would consolidate several current statutory provisions related to annual financial audits of both agencies and for one or more performance audit subjects of KPERs audits into the Legislative Post Audit Act. The bill also would change the background investigation requirements for the vendor selected to perform a security audit for the Kansas Lottery and would add the revised procedures to the Legislative Post Audit Act. In addition, the bill would continue to allow the Legislative Post Auditor to charge any costs for auditing to the agencies being audited.

Specifically, the bill would change the background investigation for a security audit to a more narrow focus. The bill would require background investigations only for the vendor awarded the contract, those individuals who have a controlling interest in the vendor, and those staff members of the vendor specifically engaged in the audit. Under current law, additional background investigations are required on all officers and directors of the vendor and all persons who own a 5.0 percent or more interest in the vendor.

*Supplemental notes are prepared by the Legislative Research Department and do not express legislative intent. The supplemental note and fiscal note for this bill may be accessed on the Internet at <http://www.kslegislature.org>

Background

The Legislative Post Auditor testified in support of the bill as introduced. No one else testified on the bill.

The House Committee adopted a substitute bill that would place in the Legislative Post Audit Act the revised requirements for background investigations of a firm hired to conduct a lottery security audit and would repeal the original requirement in the lottery statutes. The substitute bill also would consolidate into the Legislative Post Audit Act the requirement for annual financial audits of the Kansas Public Employees Retirement System (KPERS) and of the Kansas Lottery. A performance audit requirement also would be shifted from the KPERS statutes to the Legislative Post Audit Act.

The fiscal note provided by the Division of the Budget indicates the bill, as introduced, would have no fiscal impact.