

1 firm to conduct this audit work shall be selected as provided in sections 3
2 and 4, and amendments thereto. The audits required pursuant to this
3 subsection shall be conducted in accordance with generally accepted
4 governmental auditing standards, and shall be conducted as soon after the
5 close of the fiscal year as practicable, but shall be completed no later than
6 the deadlines as set forth in section 6, and amendments thereto.

7 New Sec. 2. (a) There is hereby created the Kansas lottery audit
8 contract committee, which shall consist of the following members: (1) The
9 executive director of the Kansas lottery or a Kansas lottery employee
10 designated by the executive director; (2) the chairperson of the Kansas
11 lottery commission or a commission member designated by the
12 chairperson of the Kansas lottery commission; and (3) the post auditor or a
13 person designated by the post auditor. The executive director of the Kansas
14 lottery or the person designated by the executive director to serve as a
15 member of the Kansas lottery audit contract committee shall be the
16 chairperson of the committee.

17 (b) The Kansas lottery audit contract committee shall meet on the call
18 of the chairperson of such committee. A vote of two members of the
19 committee shall be required for any action of the committee.

20 New Sec. 3. (a) In the procurement of a firm or firms to perform an
21 audit required by section 1, and amendments thereto, the executive
22 director of the Kansas lottery shall encourage firms engaged in the lawful
23 practice of their professions to place their names on a list maintained by
24 the executive director of ~~bidders~~ to receive invitations for bid on audit
25 contracts.

26 (b) The executive director of the Kansas lottery shall establish
27 specifications for the conduct by a firm or firms of an audit required by
28 section 1, and amendments thereto. The specifications shall be used in
29 preparing ~~invitations for bid~~ and evaluating the bids received.

30 (c) For all audits required by section 1, and amendments thereto, the
31 executive director of the Kansas lottery shall issue ~~an invitation for bid~~ to
32 all firms who have requested to be on the bidders list and others who
33 request a copy after notice in the Kansas register. The ~~invitation~~ shall
34 request information on the firm's qualifications, the qualifications of staff
35 to be assigned to the job, the firm's technical approach to the audit and the
36 fee. The executive director shall evaluate the bids received in response to
37 the ~~invitations~~ and for each audit shall prepare a list of at least three and
38 not more than five firms that are, in the opinion of the executive director,
39 qualified to perform such audit or audits. Such list shall be submitted to
40 the Kansas lottery audit contract committee.

41 New Sec. 4. (a) The Kansas lottery audit contract committee may
42 conduct discussions with each of the firms submitted by the executive
43 director and then shall select a firm or firms from such listing to provide

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1 an audit as required by section 1, and amendments thereto.

2 (b) The Kansas lottery audit contract committee shall consider, in
3 making their selection, qualifications of the firm and staff, the technical
4 proposal and fee.

5 (c) If the Kansas lottery audit contract committee is unable to contract
6 with any of the selected firms, the committee shall request the executive
7 director to provide another list of firms to be reviewed by the committee.

8 Upon receipt of such list, the committee shall proceed in accordance with
9 the provisions of this section.

10 New Sec. 5. (a) Each contract for an audit required by section 1, and
11 amendments thereto, entered into under section 3 and section 4, and
12 amendments thereto, shall be entered into between the executive director
13 of the Kansas lottery and the firm or firms selected to perform the audit.
14 Each such contract shall require the firm or firms selected to submit
15 evidence that is satisfactory to the Kansas lottery audit contract committee
16 that the firm has general professional liability insurance or specific
17 liability insurance that is adequate for such audit.

18 (b) In addition to the requirements in subsection (a), each such
19 contract for audit services shall specify the responsibilities undertaken by
20 the firm selected to perform such audit and such firm shall be responsible
21 for all material errors and omissions in the performance of such contract.

22 (c) Such contracts shall not be subject to the provisions of K.S.A. 75-
23 3739, and amendments thereto.

24 New Sec. 6. (a) The Kansas lottery audit contract committee shall
25 monitor the performance of the firm or firms conducting audits pursuant to
26 a contract entered into under section 5, and amendments thereto, to ensure
27 that such audit is performed in accordance with the specifications
28 developed for the conduct of such audit.

29 (b) (1) The firm selected to perform an audit required by section 1(a),
30 and amendments thereto, shall submit a final written audit report by
31 December 1 of each year to the executive director of the Kansas lottery and
32 the legislative post audit committee.

33 (2) The firm selected to perform an audit required by section 1(b),
34 and amendments thereto, shall submit a preliminary written audit report by
35 September 15 of each year to the executive director of the Kansas lottery
36 and the secretary of administration. A final audit report shall be submitted
37 by October 1 of each year to the executive director of the Kansas lottery,
38 the secretary of administration and the legislative post audit committee.

39 (c) In the performance of such audit, the officers and employees of
40 the firm or firms performing the audit shall be subject to the same duty of
41 confidentiality applicable to the post auditor and officers and employees of
42 the division of post audit under the legislative post audit act, and shall
43 have access to all books, accounts, records, files, documents and

75-37,102 or K.S.A. 2017 Supp. 75-37,130 through 75-37,135,

1 members of the committee shall be required for any such action of the
2 committee.

3 New Sec. 14. (a) In the procurement of a firm or firms to perform an
4 audit required by section 11 and section 12, and amendments thereto, the
5 secretary of administration shall encourage firms engaged in the lawful
6 practice of their professions to place their names on a list maintained by
7 the secretary of ~~bidders~~ to receive ~~invitations for bid~~ on audit contracts.

8 (b) The secretary of administration shall establish specifications for
9 the conduct by a firm or firms of an audit required by section 11 and
10 section 12, and amendments thereto. The specifications shall be used in
11 preparing ~~invitations for bid~~ and evaluating the ~~bids~~ received.

12 (c) For all audits required by section 11 and section 12, and
13 amendments thereto, the secretary of administration shall issue ~~an~~
14 ~~invitation for bid~~ to all firms who have requested to be on the ~~bidders~~ list
15 and others who request a copy after notice in the Kansas register. The
16 ~~invitation~~ shall request information on the firm's qualifications, the
17 qualifications of staff to be assigned to the job, the firm's technical
18 approach to the audit and the fee. The secretary shall evaluate the ~~bids~~
19 received in response to the ~~invitations~~ and for each audit shall prepare a
20 list of at least three and not more than five firms that are, in the opinion of
21 the secretary, qualified to perform such audit. Such list shall be submitted
22 to the department of administration audit contract committee.

23 New Sec. 15. (a) The department of administration audit contract
24 committee may conduct discussions with each of the firms submitted by
25 the secretary of administration and then shall select a firm or firms from
26 such listing to provide an audit as required by section 11 and section 12,
27 and amendments thereto.

28 (b) The department of administration audit contract committee shall
29 consider, in making their selection, qualifications of the firm and staff, the
30 technical proposal and fee.

31 (c) If the department of administration audit contract committee is
32 unable to contract with any of the selected firms, the committee shall
33 request the secretary of administration to provide another list of firms to be
34 reviewed by the committee. Upon receipt of such list, the committee shall
35 proceed in accordance with the provisions of this section.

36 New Sec. 16. (a) Each contract for an audit required by section 11
37 and section 12, and amendments thereto, entered into under section 14 and
38 section 15, and amendments thereto, shall be entered into between the
39 secretary of administration and the firm selected to perform the audit.
40 Each such contract shall require the firm selected to submit evidence that
41 is satisfactory to the department of administration audit contract committee
42 that the firm has general professional liability insurance or specific
43 liability insurance that is adequate for such audit.

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1 (b) In addition to the requirements in subsection (a), each such
2 contract for audit services shall specify the responsibilities undertaken by
3 the firm selected to perform such audit and that such firm shall be
4 responsible for all material errors and omissions in the performance of
5 such contract.

6 (c) Such contracts shall not be subject to the provisions of K.S.A. 75-
7 3739, and amendments thereto.

8 New Sec. 17. (a) The department of administration audit contract
9 committee shall monitor the performance of the firm conducting an audit
10 pursuant to a contract entered into under section 16, and amendments
11 thereto, to ensure that such audit is performed in accordance with the
12 specifications developed for the conduct of such audit.

13 (b) Written reports from audits required by section 11 and section 12,
14 and amendments thereto, shall be issued according to the following
15 deadlines:

16 (1) For an audit of the state financial statements required by section
17 11(a), and amendments thereto, a final written report shall be issued to the
18 secretary of administration and to the legislative post audit committee by
19 December 1 following the audited fiscal year;

20 (2) For a biennial audit of the state treasurer's office and the pooled
21 money investment board required by section 11(b), and amendments
22 thereto, a final written report shall be issued to the state treasurer or the
23 pooled money investment board, as appropriate, and to the secretary of
24 administration and the legislative post audit committee by December 1
25 following the audited fiscal year; and

26 (3) For a federal compliance audit required by section 12, and
27 amendments thereto, a final written report shall be issued to the secretary
28 of administration and the legislative post audit committee not less than 15
29 calendar days before the federal deadline for such report.

30 (c) In the performance of an audit pursuant to section 11 and section
31 12, and amendments thereto, the officers and employees of the firm
32 performing the audit shall be subject to the same duty of confidentiality
33 applicable to the post auditor and officers and employees of the division of
34 post audit under the legislative post audit act, and shall have access to all
35 books, accounts, records, files, documents and correspondence,
36 confidential or otherwise, of any person or state agency subject to the
37 audit.

38 New Sec. 18. (a) Whenever the secretary of administration contracts
39 with a firm to perform any audit work for any state agency to satisfy
40 financial-compliance audit requirements prescribed by section 11 and
41 section 12, and amendments thereto, and incurs costs in addition to those
42 attributable to the operations of the department of administration in
43 performance of other duties and responsibilities, the secretary shall make

75-37,102 or K.S.A. 2017 Supp. 75-37,130 through 75-37,135,