



# MEMORANDUM

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TO: Members, House Committee on Appropriations  
FROM: Justin Stowe, Interim Legislative Post Auditor  
DATE: March 14, 2018  
SUBJECT: Neutral Testimony Regarding House Bill 2747

**I appreciate the opportunity to provide neutral testimony regarding House Bill 2747**, which would amend state law to transfer the powers, duties, contractual obligations, staff, and funding of the Legislative Division of Post Audit to the State Treasurer's Office.

## **Background Information**

The Legislative Division of Post Audit (LPA) was created in 1971 and is the non-partisan audit arm of the Kansas Legislature. Our mission is to inform policy makers by providing accurate, unbiased information through our audit reports. Our audits help the Legislature by focusing on three core areas: oversight, insight, and foresight. We help the Legislature with oversight of state government by evaluating whether agencies are following laws, achieving intended results, and operating efficiently. We also help legislators develop a better understanding of state government by providing insight into how agencies and programs actually work. Finally, in some cases, we provide legislators with foresight by predicting how changing current government structures and systems might affect state costs and program outcomes.

The head of the division is the Legislative Post Auditor, who employs a 25-person staff to conduct our audits. Our staff come from a variety of backgrounds, including public administration, law, political science, business, and other social sciences. The work requires excellent critical-thinking skills, writing and data-analysis skills, and the ability to work with a wide variety of individuals. Although not required, most of our staff have at least a master's degree in their chosen area of study.

LPA reports to the Legislative Post Audit Committee, a bipartisan joint committee of the Kansas Legislature with 10 members. The Senate President and the House Speaker each appoint three members, whereas the Senate and House minority leaders each appoint two members. The committee selects the topics for LPA audits and directs the final distribution of those reports. The committee is also responsible for hiring and evaluating the Legislative Post Auditor and for reviewing and approving the agency's annual budget request.

## **Observations on HB 2747 Provisions**

HB 2747 includes numerous provisions, all of which are intended to transfer the current function of LPA from the Kansas Legislature to the State Treasurer's Office. LPA has been serving the Legislature for many years, and we very much enjoy our role as legislative staff. However, if the Legislature ultimately decides our function should be located in the State Treasurer's Office (or

anywhere else), we are of course willing to move wherever the Legislature thinks we would best serve the state.

We want to highlight several provisions of HB 2747 we think represent important changes to the current structure of the state's audit function. The provisions of HB 2747 would:

- **Leave the Kansas Legislature without its own audit function and could potentially change the focus of the state's performance audits.** Currently, the performance audits conducted by our office reflect the concerns of legislators and legislative committees. Those concerns cover a broad array of topics across state government, and have resulted in audits of the state's foster care system, its correctional facilities, the K-12 education system, the highway program, and Medicaid. Although many independent state auditors try to accommodate legislative requests for audits, they do not have to accommodate them. Except for certain audits specified by law, HB 2747 gives the State Treasurer sole discretion in deciding which audits to perform. Although we cannot predict what types of audits the State Treasurer may be interested in, we think it is at least possible that performance audits would be more focused on the types of financial issues relevant to its primary function as the state's bank.
- **Provide an elected official with access to a wide variety of confidential records through the audit function.** State law currently provides LPA with access to a wide variety of documents, confidential or otherwise, in order to effectively carry out its audit function. Although this information is kept confidential from the public, division staff has access to it during the course of an audit. Under HB 2747, access to this information would be transferred to the State Treasurer's Office. Although that access is necessary for the audit teams to perform quality audits, it also would mean that an elected official affiliated with one party would have access to a wide variety of confidential records (including those of individuals affiliated with another party).

Given the many provisions of HB 2747, there may be other less significant policy implications included in the bill. Should the Legislature decide to act on HB 2747, we would be glad to provide input on those issues to the best of our ability.