



Legislative Post Audit Compliance Audit Report Highlights

Statewide Single Audit
State of Kansas
Fiscal Year 2017

March, 2018 • R-18-003

Audit Objectives: *The federal Single Audit has three major objectives: (1) evaluate state agencies' compliance with federal laws, regulations, contracts and other requirements; (2) evaluate agencies' internal controls over compliance; and (3) identify any questioned costs associated with non-compliance.*

Background Information

The federal government requires organizations that receive a significant amount of federal funding to undergo a 'single audit' in accordance with the Uniform Grant Guidance. This new guidance replaces OMB Circular A-133 which previously governed the Single Audit.

The Single Audit combines the audit of the state's financial statements with an organization-wide audit of compliance with federal regulations and award agreements. The Single Audit is presented in two parts. The first part was the audit of the state's basic financial statements for fiscal year 2017 (R-17-026 released in December 2017). This second part is the report on state agencies' compliance with federal award requirements.

CliftonLarsonAllen, a CPA firm under contract with the Legislative Division of Post Audit conducted the Single Audit.

- **The auditors reported that the state was in material compliance with the applicable requirements for all federal programs audited.**
- **The auditors reported a total of 14 problem findings related to the federal awards including two material weaknesses** (the most significant type of problem finding). The material weaknesses were for the Vocational Rehabilitation Services Program, where there were inadequate records regarding procurement (Finding 2017-010, page 56), and for the Medicaid program, where eligibility determinations were not processed in accordance with timeliness requirements (Finding 2017-014, page 60).
- **The auditors estimated \$14,900 in questioned costs as a result of some of the findings.** Although auditors initially identify the questioned costs, the applicable federal agency ultimately decides if the state will have to reimburse the federal government and owe much. The questioned costs are listed in the separate document, Summary of Problem Findings from the FY 2017 Statewide Single Audit.

SUMMARY OF RECOMMENDATIONS

- The auditors made recommendations to address the problem findings identified.

AGENCY RESPONSE

- Each agency responded to its respective findings with a corrective action plan.

HOW DO I REQUEST AN AUDIT?

By law, individual legislators, legislative committees, or the Governor may request an audit, but any audit work conducted by the division must be directed by the Legislative Post Audit Committee. Any legislator who would like to request an audit should contact the division directly at (785) 296-3792.

Legislative Division of Post Audit

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**Summary of Problem Findings
from the
Statewide Single Audit
Year Ended June 30, 2017**

Kansas Adjutant General					
Finding Number	Description of Problem Findings	Classification	Questioned Costs	Year Originally Reported	Summary of Recommendation
2017-003	6 of 24 procurement transactions checked were missing the required SAM.gov check that ensures vendors are not suspended or debarred. Page 49	Significant Deficiency	\$0	2017	State should develop a more robust internal control that monitors the tracking of all suspension and debarment verifications.
2017-004	18 of 66 Cooperative Agreements from prior years had expenditures past the 90 day period without approval. Page 50.	Significant Deficiency	\$13,664	2017	State should review the process to ensure transactions are recorded in proper fiscal year and in compliance with requirements.
Total Questioned Costs			\$13,664		

Kansas Department of Commerce

Finding Number	Description of Problem Findings	Classification	Questioned Costs	Year Originally Reported	Summary of Recommendation
2017-005	Report preparation lacked segregation and review process. Page 51.	Significant Deficiency	\$0	2017	Implement a review process by someone who does not also prepare the reports.
Total Questioned Costs			\$0		

Department for Children and Families					
Finding Number	Description of Problem Findings	Classification	Questioned Costs	Year Originally Reported	Summary of Recommendation
2017-006	Cost allocation plan amendments were not filed for 3 quarterly updates even though there were changes. Page 52.	Significant Deficiency	\$0	2017	DCF evaluate each quarterly cost allocation and file a plan amendment when there are significant changes.
2017-007	3 of 60 tested showed evidence that families receiving benefits were not paying appropriate share. A repeat finding from 2015, 2016 and 2017. Page 53.	Significant Deficiency	\$0	2015	DCF develop a more robust internal control to review the changes in cases to help identify changes in benefits paid.
2017-008	Statewide SEFA overstated due to double reporting by DCF and Judicial. Page 54.	Significant Deficiency	\$0	2017	Department of Administration enhance review controls surrounding the SEFA compilation process to ensure expenditures are reported properly.
2017-009	3 of 60 cases tested did not have eligibility determined within 60 days. Page 55.	Significant Deficiency	\$0	2017	State develop a more robust internal control that monitors the workflow of application processing.
2017-010	DCF did not provide support for evidence of compliance and control with procurement, suspension and debarment requirements (contracts). Page 56.	Material Weakness	\$0	2017	State develop a more robust internal control that monitors the workflow of contract processing.
2017-011	3 of 60 cases tested had benefits paid in excess of rates. Page 57.	Significant Deficiency	\$39	2016	DCF should create a plan to properly establish and review rates paid for encounters and create a more robust internal review process.
2017-012	Benefits paid during a period of ineligibility for two cases because eligibility not updated before payments were made. Page 58.	Significant Deficiency	\$1,211	2017	DCF should emphasize timely entry of eligibility and implement review procedures to maintain compliance.
2017-013	State did not have plan to periodically review the rates for administration and maintenance payments. Page 59.	Significant Deficiency	\$0	2016	DCF should document formal maintenance and administrative payment review procedures and maintain support of determinations made.
2017-016	DCF did not document risk assessments relating to subrecipient in 1 of 5 tested. Page 62.	Significant Deficiency	\$0	2017	DCF document subrecipient monitoring procedures for all types of awards to outline the result of the risk assessment process for each subrecipient.
Total Questioned Costs			\$1,211		

Kansas Department of Health and Environment					
Finding Number	Description of Problem Findings	Classification	Questioned Costs	Year Originally Reported	Summary of Recommendation
2017-014	12 of 60 sampled Medicaid applications reviewed were not processed within timeliness standard. Page 60.	Material Weakness	\$0	2016	KDHE continue to monitor the applications considered to be backlogged and continue to process oldest applications as a priority.
2017-015	1 of 60 sampled Medicaid recipients was missing an application and facts to support agency eligibility determination. Page 61.	Significant Deficiency	\$0	2016	KDHE continue to collect paper files and store in an electronic database for ease of reviewing.
Total Questioned Costs			\$0		