



PERFORMANCE AUDIT REPORT

Water-Related Agencies: A K-GOAL Audit Determining Whether the State Could Achieve Efficiencies and Reduce Costs by Combining the Operations of Its Water-Related Agencies

**A Report to the Legislative Post Audit Committee
By the Legislative Division of Post Audit
State of Kansas
November 2010**

Legislative Post Audit Committee

Legislative Division of Post Audit

THE LEGISLATIVE POST Audit Committee and its audit agency, the Legislative Division of Post Audit, are the audit arm of Kansas government. The programs and activities of State government now cost about \$13 billion a year. As legislators and administrators try increasingly to allocate tax dollars effectively and make government work more efficiently, they need information to evaluate the work of governmental agencies. The audit work performed by Legislative Post Audit helps provide that information.

We conduct our audit work in accordance with applicable government auditing standards set forth by the U.S. Government Accountability Office. These standards pertain to the auditor's professional qualifications, the quality of the audit work, and the characteristics of professional and meaningful reports. The standards also have been endorsed by the American Institute of Certified Public Accountants and adopted by the Legislative Post Audit Committee.

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DO YOU HAVE AN IDEA FOR IMPROVED GOVERNMENT EFFICIENCY OR COST SAVINGS?

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November 12, 2010

To: Members, Legislative Post Audit Committee

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Senator Derek Schmidt
Senator Chris Steineger
Senator Dwayne Umbarger

Representative John Grange, Vice Chair
Representative Tom Burroughs
Representative Ann Mah
Representative Peggy Mast
Representative Virgil Peck Jr.,

This report contains the findings, conclusions, and recommendations from our completed performance audit, *Water-Related Agencies: A K-GOAL Audit Determining Whether the State Could Achieve Efficiencies and Reduce Costs by Combining the Operations of Its Water-Related Agencies*.

The report includes several recommendations for State agencies to implement that would make their operations more efficient. We also recommended the Legislature consider legislation to formally establish the Natural Resources Sub-Cabinet. We would be happy to discuss these recommendations or any other items in the report with any legislative committees, individual legislators, or other State officials.

Scott Frank
Legislative Post Auditor

READER'S GUIDE

<i>The Big Picture</i>		<i>The Details</i>	
Audit Highlights	The highlights sheet, inserted in each report, provides an overview of the audit's key findings	"At-a-Glance Box"	Used to describe key aspects of the audited agency; generally appears in the first few pages of the main report
Conclusions and Recommendations	Located at the end of the audit questions, or at the end of the report	Side Headings	Point out key issues and findings
Agency Response	Included as the last Appendix in the report	Charts, Tables, and Graphs	Visually help tell the story of what we found
Table of Contents, and lists of figures and appendices	Lets the reader quickly locate key parts of the report	Narrative Text Boxes	Highlight interesting information or provide detailed examples

This audit was conducted by Lynn Retz, Brad Hoff, Amy Thompson, and Lisa Hoopes. Joe Lawhon was the audit manager. If you need any additional information about the audit's findings, please contact Lynn Retz at the Division's offices.

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Water-Related Agencies: A K-GOAL Audit Determining Whether the State Could Achieve Efficiencies and Reduce Costs by Combining the Operations of Its Water-Related Agencies

The Kansas Governmental Operations Accountability Law (K-GOAL) subjects any State agency or program to audits, reviews, and evaluations as determined by the Legislative Post Audit Committee. Through this process, the Legislature can, in the words of the Act, “retain and maintain appropriate and effective governmental operations, remediate defective governmental operations, and terminate inappropriate or obsolete governmental operations.” The Committee is required to direct at least four audits each year under the law; it has chosen to focus these audits on efficiency and cost savings issues. The law states that each audit may determine whether the agency is still needed, whether another agency could effectively perform the functions of the agency or program, whether the agency or program could be operated more efficiently and still fulfill its intended purpose, and other factors as determined by the Legislative Post Audit Committee. The Committee has designated this audit of water-related agencies as a K-GOAL audit.

Several State agencies have primary roles in helping maintain the State’s water resources. Those agencies include the Kansas Water Office, Department of Agriculture’s Division of Water Resources, the State Conservation Commission, Department of Health and Environment, Department of Wildlife and Parks and the Kansas Corporation Commission.

An audit we issued in 1994 looked at issues related to duplication of services of the Kansas Water Office and the Division of Water Resources. The audit found that while those agencies worked on some of the same programs, their activities overlapped in only a few areas and the agencies had developed agreements and processes that minimized the possibility of duplication of effort. A 1996 audit reported the Conservation Commission’s program could be transferred to another State agency, but there was no compelling reason to do so. Further, a 2008 audit reported the State could save about \$300,000 per year if the State Conservation Commission was made a part of the Department of Agriculture.

Over the years, legislators have raised concerns about whether Kansas would benefit by combining and consolidating activities

related to water management and regulation into a single agency.

This performance audit answers the following question:

Could Kansas achieve greater operating efficiencies and reduce costs by reorganizing the duties and responsibilities of its agencies that provide water regulation and management services?

A copy of the scope statement the Legislative Post Audit Committee approved for this audit is included in *Appendix A*. For reporting purposes, we amended the original audit question posed in the scope statement to consider opportunities to improve coordination and efficiencies of water management even if a single water agency was not created. In this audit, we focused our analyses on the extent of coordination and collaboration that currently occurs between the agencies involved in water management and whether efficiencies could be achieved.

To answer this question, we interviewed officials from water-related agencies regarding the water programs they administer, the extent of any duplication of services, the structure for water management, and the level of coordination among their agencies. We reviewed State laws and other documents to learn about the administrative structure and history of water management in Kansas. We contacted officials in other states to gain an understanding about the administrative structure those states use to manage water activities. We also surveyed local officials for their opinions on how well Kansas' structure for water management is working.

For a few specific programs and activities, we interviewed Kansas officials about the role each agency plays in administering those programs and activities. We then compared the tasks each agency performs to determine if any potential opportunities for collaboration exist and whether agencies could benefit from sharing data resources. Finally, we gathered expenditure and FTE employee data from several agencies to estimate what a single water agency could look like. We also analyzed that data against data for other comparable State agencies to determine if significant savings could be gained.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe the evidence

obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Our findings begin on page 8, following a brief overview.

Overview of Kansas' Water Management Structure

Several State Agencies Perform Water Management Activities

Managing State water issues dates back to the early 1900's with the creation of the Kansas Water Commission. Since then, many agencies have been charged with different roles regarding water management. In 2009, the Kansas Water Office published a "Programs Manual" of State and federal water programs. The manual identified about 150 State programs administered by 10 State agencies and universities. For the purpose of this audit, we identified the following agencies as lead agencies with major responsibilities in helping Kansas manage its water resources:

- The **Department of Agriculture** (Division of Water Resources) manages the State's water resources for proper conservation, regulation, and control of water in the State. Division staff regulate water use, process applications for permits to authorize new rights or change existing water rights, administer minimum stream flow standards, and conduct compliance investigations to protect State water resources, including dams and levees.
- The **Department of Health and Environment** (Division of Environment) regulates public water supplies, wastewater treatment systems, solid waste landfills, hazardous waste, and other sources which impact the environment. In addition, Division staff administer other programs to remediate contamination, lessen pollution, and evaluate environmental conditions across the State.
- The **Department of Wildlife and Parks** conserves and enhances the State's wildlife and habitats as well as provides the public with opportunities for the use of the State's natural resources. The Fisheries and Wildlife Program is responsible for managing fish resources on public and private lands, and evaluating fish populations.
- The **Kansas Corporation Commission** regulates oil and gas production as it relates to water quality protection and remediation. Conservation Program staff regulate the drilling and repressuring of wells and the plugging of abandoned wells to prevent the pollution of underground freshwater supplies.
- The **Kansas Water Authority** and **Kansas Water Office** ensure adequate quantities of quality water are available to meet future needs and coordinate the water resource operations of agencies at all levels of government. The Kansas Water Authority is an oversight board that advises the Governor, Legislature and Water Office on water policy issues. The Water Office is an agency whose staff develop and implement the Kansas Water Plan, which outlines the policies for management, conservation, and development of water resources in the State.

- The **State Conservation Commission** administers conservation programs designed to protect and enhance the State's natural resources, through local entities and individuals. Conservation Commission staff work with local conservation districts and watershed districts to improve water quality, reduce soil erosion, conserve water, and reduce flood potential.

Several other entities offer water-related research services. These entities include the Forest Service, Research and Extension at Kansas State University, and the Geological and Biological Surveys at the University of Kansas.

Several State Agencies Played A Role In The Development of HorseThief Reservoir

HorseThief Reservoir is a 450 acre recreational lake located in Hodgeman County. Construction of the lake began in 2008 and was completed by September 2009. Overall, the project cost more than \$14 million, including \$4.5 million in State funds. Several State agencies were involved with this project, which demonstrates the different roles State agencies play in water management.

Some of the agencies involved and their roles include:

- The Department of Agriculture (Division of Water Resources) approved the water appropriation rights for recreational and campground usage and also approved the design plan for the dam.
- The Department of Health & Environment reviewed and approved the permit for project plans to handle the water runoff during construction of the project.
- The Department of Wildlife and Parks provided technical assistance for the development of fisheries at the lake and the park land surrounding the lake.
- The State Conservation Commission received all the application documents, requested the funding, approved the non-point source pollution plan for the project, and disbursed the State funding to the project sponsor.

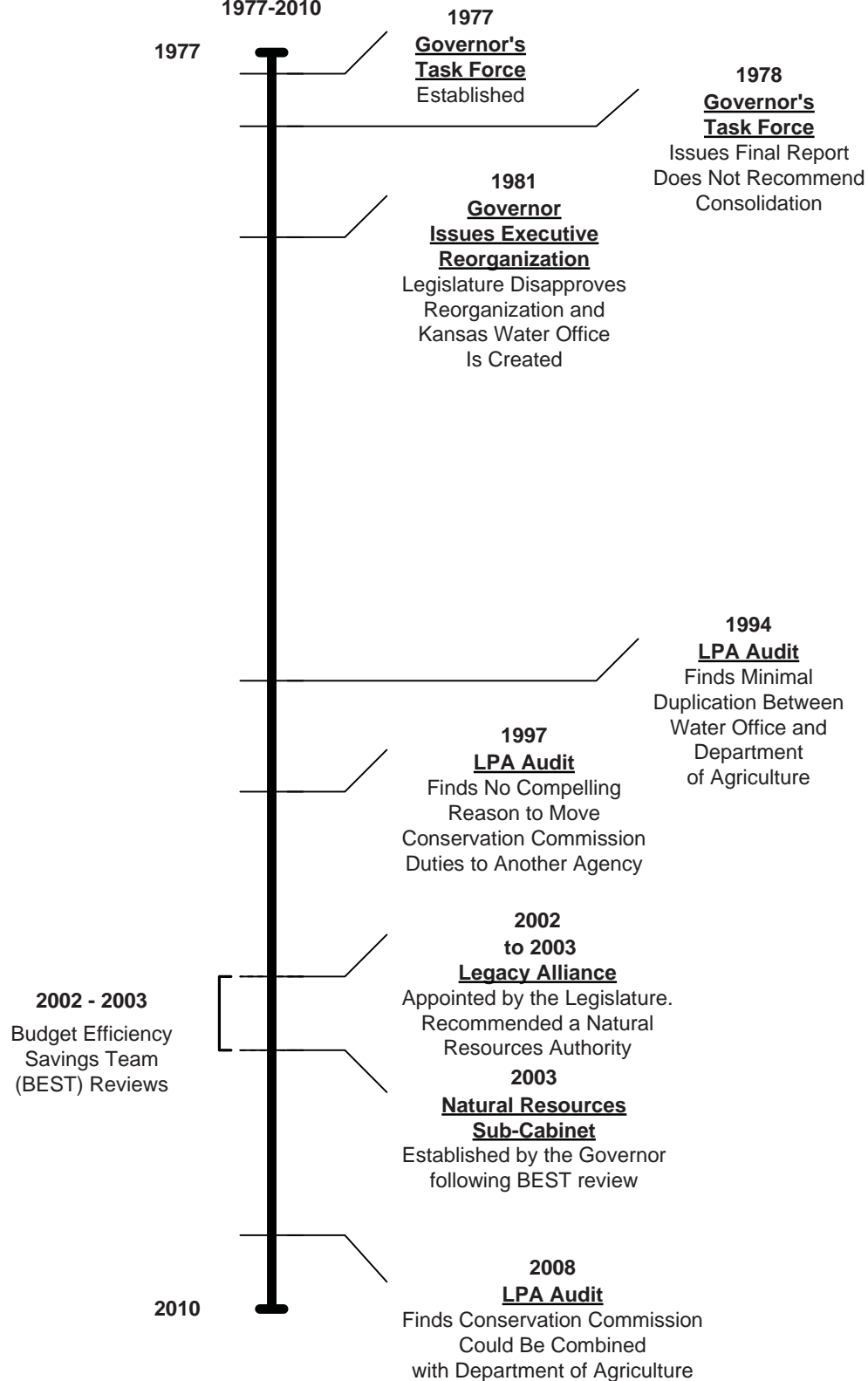
Because each State agency plays a different role in water management, in some cases several agencies may be involved in a single water project. A recent example involving numerous State agencies is the construction of the HorseThief Reservoir in southwest Kansas. The box above describes the different roles several State agencies played in this single water project.

Reorganizing State Water Agencies and Programs Has Been Studied Several Times, But Consolidation Hasn't Occurred

Over the past 30 years, the organizational structure of the State's water agencies has been the subject of much study and debate. **Figure OV-1**, on page 7, shows a timeline of various studies and proposals that have occurred during that time. Key activities are summarized on the next page.

- **The Governor’s Task Force (1977 to 1978) found consolidating water-related functions wasn’t justified.** The Task Force identified nine major State agencies and about 2,700 separate entities at the local level responsible for planning, developing, conserving and managing Kansas water resources. The Task Force discussed consolidating functions of the Department of Agriculture’s Division of Water Resources, water related functions from KDHE’s Division of Environment and the Water Resources Board (now known as the Kansas Water Authority), into one agency. The final recommendations didn’t include such consolidation but did recommend improving coordination between the agencies.
- **Executive Reorganization No. 18 (1981) proposed consolidating water-related functions into one agency, but the Senate disapproved it.** Former Governor Carlin proposed consolidating the Kansas Water Resources Board (now known as the Kansas Water Authority), the Department of Agriculture’s Division of Water Resources, and water supply and quality bureaus from the Department of Health and Environment, into a new agency. The Senate adopted a Resolution that disapproved the proposed consolidation.
- **The Natural Resources Legacy Alliance (2002 to 2003) recommended replacing the Kansas Water Authority with a Natural Resources Authority responsible for all areas of natural resources.** This proposal would have expanded the membership and charge of the Kansas Water Authority to plan and coordinate all natural resources in the State. Subsequently, it was determined that it wasn’t feasible to have one entity responsible for oversight of all natural resources. The Legislature statutorily established the Alliance in 2002 with the task to develop goals and priorities to utilize the State’s natural resources.
- **One of former Governor Sebelius’ Budget Efficiency Savings Teams [BEST] (2002 to 2003) looked at creating a single Department of Natural Resources, but didn’t recommend it.** However, the BEST team did determine there was a need for more communication between agencies.
- **Former Governor Sebelius created the Natural Resources Sub-Cabinet (2003 – Current) as an alternative to consolidating or reorganizing water-related agencies.** The Sub-Cabinet first met in fall 2003. The Sub-Cabinet has seven members including officials from various water agencies and the Kansas Animal Health Department.
- **Legislative Post Audit Report (2008) identified potential savings by consolidating the State Conservation Commission into the Department of Agriculture.** The audit analyzed whether Kansas could achieve greater operating efficiencies and reduce costs by merging the State Conservation Commission into the Department of Agriculture. The audit identified annual savings of about \$300,000. To date, no consolidation of those agencies has occurred.

**Figure OV-1
Timeline of Studies
Regarding the Structure
of Water Management in Kansas
1977-2010**



Could Kansas Achieve Greater Operating Efficiencies and Reduce Costs by Reorganizing the Duties and Responsibilities of Its Agencies That Provide Water Regulation and Management Services?

Answer in Brief:

Although, Kansas has several agencies involved in water management, the organizational structure isn't out of line compared to other western states. In addition, we found very few problems with the current structure and State and local officials told us the system doesn't need significant changes. State officials went on to cite the Natural Resources Sub-Cabinet as a major reason for better coordination among water-related agencies. Finally, we estimate that creating a single State water agency may yield between \$300,000 and \$7 million in administrative savings, with the actual savings likely to be on the lower end of that estimate.

In this audit we also tried to find opportunities that don't involve consolidation for State agencies to improve their coordination and make their programs more efficient. Overall, we identified a few opportunities for agencies field staff to collaborate and gain efficiencies. While the approval process for Watershed Restoration and Protection Strategies (WRAPS) Program projects is well coordinated, ongoing monitoring could be improved. Additionally, State water agencies could take steps to share water data more efficiently among themselves and with the public. Finally, having the State Conservation Commission administer the Multipurpose Small Lakes Program seems reasonable. These and other findings are described in more detail in the sections that follow.

FINDINGS RELATED TO CREATING A SINGLE WATER AGENCY

Efficiency audits focus on ways in which agencies can change the way they currently operate to essentially accomplish the same thing using fewer resources, or to allow their existing resources to become more productive. Currently, several State agencies handle water-related regulation issues within Kansas. Legislators wanted to know whether it would be more efficient to consolidate water management activities into a single agency.

Kansas' Organizational Structure For Managing Its Water Resources Isn't Significantly Different from Other Western States

Generally, states follow one of two water-law doctrines to oversee, manage, and regulate water use. Geography heavily influences the type of water law a state follows. States in the east tend to have water laws that focus on equal access for landowners to water sources, while states in the west tend to have laws that focus on water conservation. A brief description of the two water doctrines is provided below:

- **Riparian water rights (Eastern Water Law):** The principle of riparian water rights holds that all landowners adjacent to a body of water have the right to consume the water and make reasonable use of the water. In cases where there isn't sufficient water to meet the needs of all consumers, allotments are determined based on the proportion of land adjacent to the water source. Riparian water rights are designed to ensure the rights of one riparian owner are weighed fairly and equitable with the rights of adjacent riparian owners when dealing with water use issues. There are 31 states that follow eastern water law.
- **Prior appropriation (Western Water Law):** Because water is a more scarce resource in the western part of the United States, western states have developed a very different set of water laws designed to manage consumption. Also known as the Colorado Doctrine, the prior appropriation doctrine provides that no particular person or entity owns the water located in the waterways. Instead, all persons, corporations, and municipalities have the right to use the water for beneficial purposes. However, usage is allocated based on "first in time, first in right." In other words, the person with the oldest right gets to use the water before the next user. Kansas is one of 17 states that follow western water law.

In this audit, we compared Kansas' organizational structure for regulating and managing water-related activities to the structure of the other 16 western states. To accomplish this, we identified 15 water management and regulatory activities. We surveyed officials from the other western states and asked them to identify the primary agency responsible for carrying out each activity. ***Appendix B*** contains a complete list of all 15 activities with descriptions. Some of the activities we inquired about included:

- issuing water consumption permits
- investigating and cleaning-up contaminated areas
- overseeing surface water management and treatment
- protecting and managing wildlife-wetland areas

Kansas has a large number of agencies managing water issues, but isn't out of line compared to other western states. In Kansas, five agencies primarily manage the 15 selected activities. The number of agencies in other states performing these activities ranges from two to 11, as shown in ***Figure 1-1*** on page 10.

Figure 1-1 Number of State Agencies Performing 15 Main Water Management Activities (Western Water Law States Only)			
Number of State Agencies	Number of States	Percent	List of States
1	0	0%	
2	3	18%	Colorado, Montana, Texas
3	5	29%	Arizona, Nevada, North Dakota, South Dakota, Utah
4	3	18%	Idaho, New Mexico, Wyoming
5	4	23%	Kansas, California, Nebraska, Washington
6	1	6%	Oklahoma
11	1	6%	Oregon
Total	17	100%	
Source: LPA analysis of information on state water agencies provided by other states.			

Figure 1-1 shows no western state has all 15 activities performed by only one agency. Rather, all 17 western states use multiple agencies to manage and regulate water-related activities. In fact, a majority of western states have four or more agencies and Kansas is one of six with at least five agencies providing water regulation and management services.

Kansas is unique in that it's the only western water law state that assigns the responsibility for approving water permits, regulating water use, and approving water structures to its Department of Agriculture. Many other western water law states have these functions in either a department of natural resources or a department of environment. According to Department of Agriculture officials, one reason for this may be that in Kansas nearly 85% of the water consumed is for agriculture-related purposes.

We Found Few Problems With the Current Structure Of Water-Related Programs

To assess whether Kansas has a good structure for managing its water resources, we interviewed 12 officials representing State, federal, and local levels of government. We also surveyed more than 350 local officials from conservation districts, basin advisory committees, and municipal water supplies. We received survey responses from 161 of the 350 local officials, for a response rate of 45%.

In the survey and interviews, we asked about the existence of duplicate services or programs, what changes to the current structure are needed, and their assessment of the overall coordination efforts among State water agencies.

State and local officials told us the current organizational structure for Kansas' water management doesn't need any significant changes. The results of our surveys and interviews are summarized below:

- **State officials indicated programs and services aren't duplicated among agencies, and frequent communication among officials allows the current organizational structure to be successful.** State officials told us the current organization structure works well, and will continue to work if agencies maintain high communication levels and remain transparent. Officials acknowledge that some programs involve efforts from more than one agency, but those efforts aren't duplicative. For example, all of the water agencies are involved in the Kansas Watershed Restoration and Protection Strategies Program which ensures watersheds provide clean water, wildlife habitat, flood management and other needs for the State. They told us each agency has a separate role and there's no duplication of effort. In this audit, we looked at this program in more depth. Our findings are presented beginning on page 17.
- **More than 80% of local respondents told us they wouldn't change the current structure of water management.** Although a few local officials raised some issues with the current organizational structure of the State's water-related agencies, no common themes emerged. Of those that did suggest a change, some suggested general changes such as, loosening up the strictness of requirements, and allowing more public input on tests performed. A few suggested specific changes such as consolidating the Kansas Department of Health and Environment and the Department of Agriculture's Division of Water Resources. As **Figure 1-2** shows a large majority of respondents, more than 80%, didn't think programs were duplicative, and coordination among agencies was satisfactory.

Figure 1-2 Summary of Responses from Local Officials to Questions About Structure, Duplication, and Coordination				
Question	Yes		No	
	Number	Percent	Number	Percent
Structure: Would you make changes to the current structure of State water-related agencies in Kansas?	26	18%	117	82%
Duplication: Do you think any programs or activities in the five main State water-related agencies (a) duplicate or overlap each other?	23	16%	124	84%
Coordination: Are you aware of any instances in which State water-related agencies did not coordinate their activities or work well together?	12	8%	130	92%
(a) The five main State water-related agencies include Department of Agriculture, Division of Water Resources, Department of Health and Environment, Kansas Corporation Commission, Kansas Water Office/Kansas Water Authority, and State Conservation Commission.				
Source: LPA survey of local water officials				

State officials cited the Natural Resources Sub-Cabinet as a major reason for better coordination among water-related agencies. In 2003, former Governor Sebelius' Budget Efficiency Savings Team (BEST) considered creating a State Department of Natural Resources. However, the former Governor created the Natural Resources Sub-Cabinet instead. The goal of the Sub-Cabinet is to help improve the day-to-day coordination of natural resources within the State. The Sub-Cabinet includes agency heads from seven agencies:

- Animal Health Department
- Department of Agriculture
- Department of Health and Environment
- Department of Wildlife and Parks
- Kansas Corporation Commission
- Kansas Water Office
- State Conservation Commission

The Sub-Cabinet generally meets on a weekly basis. According to its members, the Sub-Cabinet has allowed the State to gain the benefits of reorganization, such as better communication and coordination, and a unified direction, without having to consolidate the agencies. Members also stated the Sub-Cabinet helps provide a unified plan on water resources' budget and policy issues for both the public and the Legislature.

Because the creation of the Sub-Cabinet isn't in State law, the positive effects it reportedly has had on the coordination and communication of the water-related agencies may be in jeopardy with a change in State administration.

We reviewed the purposes of programs administered by the State's main water-related agencies, and for the most part, didn't find significant areas of overlap or duplication of effort. For five of the six main water agencies listed in the Overview, (all but the Department of Wildlife and Parks) we reviewed the description of each water-related program they administer and verified its purpose with agency officials. We then compared the programs and found very few instances where it appeared duplication may exist. We followed up on all of those areas that directly involved water-management activities.

***Creating a Single
State Water Agency
Likely Won't Reduce
Administrative Spending
Significantly***

In order to determine possible savings from creating a single water agency, we created a hypothetical agency based on the following agencies or parts of agencies:

- the entire Kansas Water Office
- the entire State Conservation Commission
- the Division of Water Resources within the Department of Agriculture
- all bureaus in the Division of Environment at KDHE, except for the Bureau of Air and Laboratories

In fiscal year 2010, the agencies (or parts of agencies) listed above had about 520 FTE employees and a total budget of more than \$80 million. These agencies are responsible for 13 out of the 15 main water-related activities identified earlier. As designed, the hypothetical agency would be responsible for regulatory and conservation activities, but wouldn't be responsible for recreation or oil and gas-related activities. As a result, the Department of Wildlife and Parks and the Kansas Corporation Commission would retain their existing duties.

Creating a single water agency may save between \$300,000 and \$7 million in administrative spending, but actual savings are likely to be on the lower end of that estimate. Based on what we've found in previous audits looking at consolidation, the potential savings would come almost exclusively by reducing the total amount of salaries and benefits paid to administrative staff. Administrative staff includes those who manage the operations of a program or agency, such as agency and division heads, as well as those who support the overall operations of the agency or program, such as clerical positions and information technology staff. The number of staff performing the primary water-management functions, such as inspections, investigations or issuing permits, wouldn't change.

We selected three agencies—the Departments of Wildlife and Parks, Revenue, and Agriculture—that were comparable in spending and FTE employees to the hypothetical single water agency. We asked officials from these agencies to provide high-level spending and FTE employee data. We used that data to calculate various ratios between administrative spending and other types of spending, and used them to compare our hypothetical water agency to the three other agencies.

We estimated potential savings from creating a single water agency using two different ratios:

- administrative salaries and benefits spending compared to total spending
- administrative salaries and benefits spending compared to total salaries and benefits spending

Figure 1-3 Estimating Potential Savings for a Single Water Agency Calculated Using Comparable Agencies (a)		
The hypothetical single water agency pulls in the following expenditures from several water-related agencies:		
Total Expenditures	\$83.1 million	
Salaries and Benefits (Total)	\$31.0 million	
Salaries and Benefits (Administration)	\$13.6 million	
Ratio 1: Administrative salaries and benefits in the hypothetical water agency represent 16.4% of the total spending (\$13.6 million of \$83.1 million).		
If this spending were more like...	The administrative salaries and benefits would be...	And the total savings would be...
Department of Wildlife and Parks (16.0%)	\$13.3 million	\$300,000
Department of Revenue (14.0%)	\$11.7 million	\$1.9 million
Department of Agriculture (13.7%)	\$11.4 million	\$2.2 million
Ratio 2: Administrative salaries and benefits in the hypothetical water agency represent 43.9% of the total spending on salaries and benefits (\$13.6 million of \$31.0 million).		
If this spending were more like...	The administrative salaries and benefits would be...	And the total savings would be...
Department of Wildlife and Parks (41.6%)	\$12.9 million	\$700,000
Department of Revenue (27.7%)	\$8.6 million	\$5.0 million
Department of Agriculture (20.7%)	\$6.4 million	\$7.2 million
(a) All savings are based on Fiscal Year 2010 estimated expenditures.		
Source: LPA calculations based on agency data.		

As shown in **Figure 1-3** potential savings in administrative salaries and benefits range from \$300,000 to \$7 million depending on the ratio and comparable agency used.

In these analyses, we didn't attempt to determine which positions could be eliminated if a single water agency was created. We also didn't attempt to assess what kind of impact moving water-related administrative staff positions from the Department of Agriculture and Department of Health and Environment would have on the staff that remained at those two agencies.

While these calculations show as much as \$7 million could be saved by creating a single water agency, we think it's very unlikely this amount of savings would be realized. We think the actual savings would be much less for three primary reasons:

- **Administrative spending would have to be reduced by more than 50% as a result of creating a single agency in order to save \$7 million.** This is a very aggressive estimate and may not be realistic.
- **To achieve a reduction of \$7 million in administrative spending, approximately 100 FTE administrative positions would have to be eliminated.** Based on our recent experience with several audits that took a more detailed look at the possibility of combining agencies, we think it is likely that a more detailed analysis of the individual positions would show far fewer positions could be eliminated. In addition, we would have to assess what impact removing a significant number of administrative positions from the Department of Agriculture and Department of Health and Environment would have on those two agencies' ability to continue to perform their remaining duties. It is likely we would find fewer administrative positions could be removed from those two agencies than our analysis in this audit allowed.
- **Total savings to the State would be less than the total savings generated because some of the reduced spending would be attributable to federal funds.** Because the single water agency would receive funding from a variety of federal and State sources, any savings would be spread among those sources. Without a more detailed analysis, it's not possible to estimate the amount of savings attributable to any one source, such as the State General Fund.

FINDINGS RELATED TO OTHER STATE WATER MANAGEMENT ISSUES

As a result of budget constraints, in the last few years agencies have taken many actions to reduce their expenditures and become more efficient. In this audit, we asked the water-related agencies to list the actions they have taken. The box on the next page summarizes the information we received.

In addition to reviewing issues related to the creation of a single water agency we also tried to find opportunities for State agencies to improve their coordination and make their programs more efficient that don't involve consolidation. In the remaining sections, we discuss our findings for the following areas:

- collaboration between agencies
- coordination of the Watershed Restoration and Protection Strategies (WRAPS) Program
- share water-related data
- location of the Multipurpose Small Lakes Program

Water-Related Agencies Have Taken Actions To Make Operations More Efficient

During the audit, agency officials mentioned numerous actions they had taken in an effort to make their operations more efficient. We asked agencies to provide a list of all efficiency actions taken, and if possible, estimate the resulting savings from those actions.

Agencies reported taking 26 efficiency actions between fiscal years 2008 and 2011. The most commonly reported action was an action to reduce printing and mailing expenses (reported by five agencies). Examples of other actions reported more than once include decreasing travel expenditures, reducing supply costs, and changing computer licensing agreements.

As shown in the **figure below**, most of the reported actions will yield a recurring savings.

Efficiency Actions Taken by Water-Related Agencies			
Type	Number	Estimated Savings	Fiscal Year Occurred
Recurring	23	\$242,053	2008-2011
One-Time	3	\$56,459	2009-2011
Total	26		
Source: Non-audited data reported by officials from State water-related agencies.			

We Identified a Few Opportunities For Agencies' Field Staff To Collaborate and Gain Efficiencies

Collaboration can offer opportunities for State agencies to essentially provide the same quality of services using fewer resources, or to become more productive. If fewer resources are needed, the agencies can use the savings to reduce costs or to redirect those resources to other activities.

In discussions with agency officials, we learned the agencies do collaborate with each other on occasion. For example, Department of Wildlife and Parks field staff collect about 50% of the fish for The Kansas Department of Health and Environment's Fish Contaminant Monitoring Program. Department officials stated this occurs because they don't have all the necessary equipment, such as boats, to catch certain fish.

We identified a couple areas where it appeared field staff from different agencies visit similar locations or perform similar tasks. To assess the extent to which duplication may have occurred, we arranged meetings involving agency officials and discussed whether actions to increase collaboration could occur.

- **Kansas Department of Health and Environment field staff may be able to read water meters at livestock feedlots on behalf of the Division of Water Resources.** Currently, both Kansas Department of Health and Environment and Division of Water Resources field

staff visit feedlots to conduct inspections. KDHE staff conducts permit and compliance inspections. Division of Water Resources staff conducts water usage compliance inspections. According to officials, KDHE staff visited nearly 1,200 feedlots and Division of Water Resources staff visited 106 feedlots in fiscal year 2010.

Officials from KDHE and Division of Water Resources discussed the possibility of having KDHE field staff record water meter readings and take pictures of water meters at the feedlots they inspect, while Division of Water Resources staff would be responsible for any necessary follow-up. Officials from both agencies were open to the idea, but raised concerns about how the arrangement would work, including timing the inspections and sharing the data. Officials determined a pilot project, focused on a specific region in the State, would be the best way to determine if they could work together. Officials agreed they would discuss this opportunity with appropriate agency management.

- **Department of Wildlife and Parks field staff may be able to take water flow readings near reservoirs on behalf of the Division of Water Resources.** Both Department of Wildlife and Parks and Division of Water Resources field staff take water flow readings. Department of Wildlife and Parks staff collect water flow readings to obtain the flow rate at various fish and mussel sites, and use the information to help assess the abundance or distribution of these species. Division of Water Resources field staff collect water flow readings for various reasons, such as an impairment investigation and for hydrological analysis.

Officials with the Department of Wildlife and Parks and the Division of Water Resources discussed the possibility of having Wildlife and Parks field staff take water flow readings at designated reservoirs. Division of Water Resources field staff will remain responsible for any necessary follow-up. Officials from both agencies were open to the idea, but did raise some concerns, such as whether Wildlife and Parks staff have the necessary equipment and qualifications to take the water flow readings. Officials from both agencies agreed to explore this opportunity further.

In addition, during these discussions officials from both agencies identified an additional collaboration opportunity. The Department of Agriculture works to control invasive plants and the Department of Wildlife and Parks works to control invasive animals. Officials discussed the possibility of training field staff from both agencies to identify invasive species and invasive pests, diseases, and weeds on behalf of the other agency.

It's difficult to quantify the amount of savings that would result from these collaborations because the number of opportunities to work together will vary each year. However, the State as a whole should benefit because it would take less time for the staff from one agency to perform these additional duties while they're already on site than it would have taken for the staff from the other agency to

get to the location and perform the work. The time saved by field staff with these arrangements will enable them to work on other job duties. In addition, continuing discussions between the agencies may allow officials to identify additional opportunities for increased collaboration.

The Approval Process for WRAPS Projects Is Well Coordinated, But Ongoing Monitoring Could Be Improved

The Watershed Restoration and Protection Strategies (WRAPS) Program is part of a 1998 federal Clean Water Action Plan initiative to restore impaired bodies of water. One part of the federal initiative is to fund locally developed strategies to restore watersheds. In Kansas, watersheds typically are associated with surface water resources, and generally comprise an area of land that drains to a common body of water such as a lake or stream.

In Kansas, the Department of Health and Environment administers the WRAPS Program, and focuses on water quality and reducing sedimentation in public water supply reservoirs. Local landowners and organizations work with the State to develop project goals to restore impaired watersheds. As of May 2010, Kansas had 42 active WRAPS projects.

Because there are a number of State funding sources available for WRAPS activities, and a number of other agencies that can be involved in similar water-related projects, the WRAPS Program requires a high degree of coordination among State agencies. Therefore, we reviewed how the WRAPS Program functions and how well State agencies coordinate their efforts.

A workgroup with members from numerous State and federal agencies reviews the project applications and makes recommendations to the Natural Resources Sub-Cabinet. The Sub-Cabinet established the WRAPS workgroup in 2004. It's membership includes officials representing 16 State and federal agencies—including all agencies represented on the Sub-Cabinet, the Environmental Protection Agency, the Natural Resources Conservation Service, the Kansas Geological Survey, and others.

Each member independently reviews and scores the project applications based on the overall quality and content of the project. The full workgroup meets to form a consensus as to which projects to recommend for funding. That recommendation is made to the Sub-Cabinet. Since 2006, KDHE officials reported the WRAPS Program has awarded over \$14.1 million to approved projects.

We surveyed all the members of the WRAPS workgroup concerning the level of coordination for the program. Workgroup members cited effective coordination—through relevant agenda items and timely receipt of application materials—and open communication that allows agencies to be aware of what is occurring within all water-related agencies.

Because the State agencies that fund WRAPS projects don't check for other sources of State funding, there is an increased risk that the State may double pay for part of a project. As part of a WRAPS project, there are a number of different actions that can be taken to improve the water quality and reduce sedimentation including planting trees or installing a buffer strip. These actions, sometimes referred to as best management practices, may be paid for with State, federal, or local resources.

At the State level, both the Kansas Department of Health and Environment and the State Conservation Commission can fund best management practices within a WRAPS project. For example, KDHE could pay for the overall project, through the local sponsor, while the State Conservation Commission might contract with a specific landowner within the project area. Currently, neither agency looks at what parts of the project the other agency is funding. This increases the risk of duplicate funding or funding in excess of the actual project costs.

The Kansas Department of Health and Environment requires its grant recipients to submit quarterly reports showing the activities paid for with KDHE funds. According to KDHE officials, some recipients report on all the activities they completed (regardless of funding source), while others only account for the KDHE funds they received through WRAPS Program.

Kansas Department of Health and Environment and State Conservation Commission officials aren't aware of any situations where the State has paid twice, but because neither agency is looking at what the other agency pays for, there's an increased risk this could happen. This risk could be reduced if KDHE required its recipients to report on all activities they've completed and account for all funds received from any funding source, and then provided that information to the State Conservation Commission.

***State Water Agencies
Could Take Additional
Steps To Share Water
Data More Efficiently
Among Themselves and
With the Public***

In the course of fulfilling their water-management responsibilities, several agencies gather a significant amount of water-related data. In total, agencies gather and maintain more than 150 water-related data sets, including water rights data (Department of Agriculture), groundwater levels (Kansas Geological Survey), lake, stream and wetland chemistry data (Kansas Biological Survey), and lake and stream pollution data (Department of Health and Environment).

Many of these data sets are shared with other State agencies, federal and local entities, and made available to the public. Right now, there are a couple of ways to access the data:

- A limited number of water-related data sets are available to other agencies, local officials, and the public through websites. Of the 150 data sets, about 20 are available on agencies' websites.
- Some water-related agencies have standing agreements to share data sets with each other. For example, the Department of Agriculture's Division of Water Resources shares water use data with the Kansas Water Office for planning, analysis and publication.

Nearly all data are available to the other agencies, local officials, and the public, but they must be obtained through ad hoc requests. For State agencies, responding to ad hoc data requests may be more time consuming and less efficient than having the data available at all times. For local officials and members of the public, it may be very difficult to figure out which agency has the data in order to make the request in the first place.

Water-related agencies have a variety of options to share data more efficiently with each other and the public. Although the agencies currently share some water data with other entities or make the data available to the public, they could take steps to share the data more efficiently and make it more accessible. Here are a couple of options the agencies could consider:

- **The agencies could create a single webpage that links to the data portion of each water-related agency's website.** One of the agencies, such as the Kansas Water Office, would host the webpage. To access on-line data, a user would go to the webpage, click on the link to the data they're interested in, and view or download the data as needed. To make this option most functional, each water-related agency would need to post its water-related data somewhere on its website.

The functionality of the single webpage could be enhanced by adding a search function which would enable users to enter keywords to find the data they're interested in. This would require more sophisticated programming, and agencies would also need to inventory their data sets and assign keywords.

- **The agencies could build a data warehouse, where water-related data sets would be stored and linked together.** This is a much costlier option, potentially taking a significant amount of programming and other IT resources to build. For example, the Kansas Criminal Justice Information System data warehouse, which links criminal justice data from six State agencies and the Kansas court system, took about 10 years to build, at an estimated cost of \$12 million. Since 2004, there have been ongoing maintenance costs. In addition to building the IT infrastructure for such a warehouse, agencies would have to agree to common formats for their data, make sure their own data sets conform to those standards, and devote resources to keeping the warehouse up to date.

Agency officials had mixed reactions to the idea of more structured data sharing. A couple of agencies liked the idea of greater centralization. For example, an official from the Kansas Biological Survey told us a central website would allow a broader range of individuals and organizations to have access to information. Also, an official from the Kansas Corporation Commission told us a central website would help local officials who don't know where to find water-related data.

On the other hand, most of the agency officials we talked to told us there is no need for more structured data sharing and expressed concerns about the time and money it would take to implement either option. We also heard from officials they like to talk to officials from each agency that hosts data to make sure they understand how accurate, complete, and timely the data would be.

Having the State Conservation Commission Administer the Multipurpose Small Lakes Program Seems Reasonable

The Multipurpose Small Lakes Program was created in 1985. The program allows local sponsors to ask for funding assistance to build a dam and lake. Since its inception, 11 authorized projects with \$15 million in State funding have been authorized. Generally, projects start because of a local initiative. Usually, local land owners must relinquish their land rights to allow the construction of the dam and lake to proceed. As designed, local project sponsors submit letters of intent to the State Conservation Commission indicating the general plans for the site and the overall project cost.

Projects funded through the Multipurpose Small Lakes Program must have a flood control element and also have a purpose of either a public water supply, recreation or both. Given that these purposes fall within the missions of several water agencies, we considered whether the State Conservation Commission was the appropriate agency to administer the program, or whether the Kansas Water Office, because of its focus on water supply, or the Department of Wildlife and Parks, because of its recreational component, could administer the program.

Officials cited several advantages to keeping the Multipurpose Small Lakes Program at the State Conservation Commission, such as not disrupting program administration and the current staff's knowledge of administering cost-share programs. We surveyed all members of the Natural Resources Sub-Cabinet for their opinions on the advantages and disadvantages of leaving the Multipurpose Small Lakes Program at the State Conservation Commission, or moving it to another agency. All officials responding to the survey cited an advantage for keeping the administration of the Multipurpose Small Lakes program at the Commission. Advantages cited include:

- **The Multipurpose Small Lakes Program can partner with other Commission programs.** The Watershed Dam Construction and Water Supply Restoration programs also focus on helping local projects with the construction or repair of dams and lakes.
- **The Commission has experience administering cost-share programs.** All programs administered by the Commission involve a cost-share component. Officials have the knowledge and experience of operating these types of programs.
- **Commission staff manage flood control projects on a regular basis.** Flood control projects and related issues are central to the mission of the Commission. Currently, Commission officials approve the non-point source pollutions plan for all Multipurpose Small Lakes projects.
- **Program administration would continue without change.** No disruptions for project sponsors or program operations would occur.

Officials didn't cite any significant disadvantages for the Multipurpose Small Lakes Program remaining at the Commission. Although the Kansas Water Office has a statutory responsibility to coordinate the water supply for the State, none of the responding Sub-Cabinet members cited any advantages to moving the Multipurpose Small Lakes Program to that office. In addition, they didn't cite any advantages to moving the program to the Department of Wildlife and Parks either.

Conclusion:

The idea of consolidating the State's water-related functions within a single agency has been studied numerous times over the years, and at this time there does not appear to be any compelling reason to consolidate. While consolidating some of the agencies may offer the opportunity for some limited administrative savings, we found very few problems with the current system and State and local water officials generally are satisfied. Although we did identify a few areas where the system could be improved, the most important issue appears to be ensuring the continuation of the Governor's Natural Resources Sub-Cabinet, which provides the venue for the water-related agencies to maintain open communications and work together to protect the State's water resources.

***RECOMMENDATION
FOR LEGISLATIVE
CONSIDERATION:***

1. To help maintain the current level of communication and coordination among the State's water-related agencies, the Legislative Post Audit Committee should consider introducing legislation to formally establish the Natural Resources Sub-Cabinet in Statute.

**RECOMMENDATIONS
FOR EXECUTIVE
ACTION:**

2. To further maximize State resources and increase efficiencies when conducting field work, agencies should do the following:
 - a. The Department of Health and Environment and the Department of Agriculture (Division of Water Resources) should develop a pilot program to have field staff from the Department of Health and Environment perform certain duties at designated feedlot locations on behalf of field staff from the Division of Water Resources.
 - b. The Department of Wildlife and Parks and the Department of Agriculture (Division of Water Resources) should develop a pilot program to have field staff from the Department of Wildlife and Parks take water flow measurements at designated reservoirs and other appropriate sites on behalf of field staff from the Division of Water Resources.
 - c. Through the Natural Resources Sub-Cabinet, all of the State's water-related agencies should work to identify additional opportunities to collaborate on field operations.
3. To help ensure the State does not make duplicate payments for activities completed within Watershed Restoration and Protection Strategies (WRAPS) projects, the Department of Health and Environment should:
 - a. require all WRAPS funding recipients to submit status reports that include all activities completed, regardless of the funding source.
 - b. provide copies of the status reports to the State Conservation Commission.

Both agencies should review the status reports to look for improper use or duplicative payment of State funds.
4. Through the Natural Resources Sub-Cabinet, in consultation with the Kansas Geological and Biological Survey, the State's water-related agencies should develop a plan to more efficiently share water-related data and make it more accessible to local officials and the general public. The Kansas Water Office should report the Sub-Cabinet's plan to the Legislative Post Audit Committee and the Joint Committee on Information Technology by May 1, 2011.

APPENDIX A

Scope Statement

This appendix contains the scope statement approved by the Legislative Post Audit Committee for this audit on January 20, 2010. The audit was requested by the Legislative Post Audit Committee.

Scope Statement

Water-Related Agencies: Determining Whether the State Could Achieve Efficiencies and Reduce Costs by Combining the Operations of Its Water-Related Agencies

Several State agencies have primary roles in helping maintain the State's water resources. Those agencies include the Kansas Water Office, the Kansas Water Authority, the Department of Agriculture's Division of Water Resources, and the Kansas Conservation Commission. Other agencies, such as the Department of Wildlife and Parks and the Department of Health and Environment, have water-related responsibilities as well.

An audit we issued in 1994 looked at issues related to duplication of services of the Kansas Water Office and the Division of Water Resources. The audit found that while those agencies worked on some of the same programs, their activities overlapped in only a few areas and the agencies had developed agreements and processes that minimized the possibility of duplication of effort. Further, a 1996 audit reported that the Conservation Commission's programs could be transferred to another State agency, but there was no compelling reason to do so.

Over the years, legislative concerns have been raised about whether Kansas would benefit by combining and consolidating activities related to water management and regulation into a single agency. A performance audit of this topic would answer the following questions.

1. **Could Kansas achieve greater operating efficiencies and reduce costs by consolidating the duties and responsibilities pertaining to water regulation and management into a single agency?** To answer this question, we would identify the roles and responsibilities that various State agencies have pertaining to water regulation and management. We would look for areas where duplication or overlap of services might exist. We would look at how other states have structured their water management and regulatory functions. We would interview State officials and survey officials from other units of government, such as cities and groundwater management districts, to get their opinions about combining various parts of different State agencies into a single agency. Using this information, we would assess the pros and cons of creating a single water-management agency, and would identify the activities that should be brought into a new agency. We would also develop a prototype for how a new agency could be structured, and would estimate the overall savings the State might achieve through such an action.

Estimated time to complete: 18 to 22 weeks

APPENDIX B

List of Water-Related Activities

This appendix lists the 15 water-related activities that we used for assessing the administrative structure in each Western Water Law state. When contacting other states, we asked water officials to identify the agency in their state that has primary responsibility for carrying out each task.

LIST OF WATER-RELATED ACTIVITIES	
Water-Related Activity	Description
Conservation	Prevents the waste or excessive use of the state's water supplies. Activities to protect and conserve the state's water resources in a technologically and economically feasible manner.
Drinking water-purification	Oversees activities pursuant to the Safe Drinking Water Act.
Erosion control-riparian environmental benefits	Preserves, restores, and enhances riparian areas and the natural resources of the state to maintain or maximize environmental benefits.
Flood control	Regulates and manages floodplain areas. Activities intended to minimize the extent of flood damage.
Ground water management/treatment	Oversees state comprehensive groundwater protection plans. This includes efforts to protect groundwater quality from pollutants such as landfill waste, industrial waste, wastewater systems, animal waste, pesticides, fertilizers, and littering.
Inventory of water held in reserve	Provides financial assistance to build lakes that are intended to provide flood protection, public water supply storage, and water related recreational facilities.
Interstate compacts	Represents the state on interstate compacts and other issues involving other states.
Investigation and cleanup of contaminated areas	Investigates, assesses, monitors, and cleans-up contaminated sites (e.g., toxic spills).
Irrigation	Oversees the amount of water used by farmers who irrigate their fields.
Surface water management/treatment	Oversees state comprehensive surface water protection plans. This includes efforts to protect surface water quality from pollutants such as landfill waste, industrial waste, wastewater systems, animal waste, pesticides, fertilizers, and littering.
Water consumption permits	Approves applications to consume/use water, investigating and resolving disputes involving water rights (excluding litigation handled by the Attorney General's office).
Water management planning	Ensures an adequate supply of water is available to meet the anticipated future needs of the state.
Water-related structures	Reviews and approves water-related structures that include, but not limited to, dams, levees, and bridges.
Water-based recreation ^(a)	Focuses on protecting, providing, and improving lakes, streams, and other water assets used for outdoor recreation.
Wildlife-wetland areas ^(a)	Protects and manages wildlife habitat.
<p>(a): The shaded activities indicate the two water-related activities where, in Kansas, the Department of Wildlife and Parks is the lead management agency. In developing our hypothetical single water agency, these two activities were omitted from that analysis.</p> <p>Source: LPA review of current water-related programs in Kansas.</p>	

APPENDIX C

Agency Response

On October 12, 2010, we provided copies of the complete draft audit report to the Department of Agriculture, Department of Health and Environment, Department of Wildlife and Parks, Kansas Biological Survey, Kansas Geological Survey, Kansas Corporation Commission, Kansas Water Office, and State Conservation Commission. Those agencies' responses are included in this Appendix.

The agencies generally concurred with the report's findings, conclusions, and recommendations.

October 18, 2010

Scott Frank, Auditor
Legislative Division of Post Audit
800 SW Jackson St., Suite 1200
Topeka, KS 66612-2212

Dear Mr. Frank

Thank you for the opportunity to comment on the Legislative Division of Post Audit report on whether the state could be more efficient and reduce costs by combining the operations of its water-related agencies.

We reviewed the report and, for the most part, agree with the findings. However, there are a few areas within the report where we want to offer a different perspective than is proposed. We have listed them by section.

Creating a single water agency isn't likely to significantly reduce administrative spending. We think the upper limit of conceptual savings is misleading because it is based on the Kansas Department of Agriculture's ratio of administrative-to-total spending, which is significantly lower than the other agencies in the comparison. The report states that actual savings would probably be considerably less than the savings computed from the bottom ratio, but it might be better to use a weighted average or some other approach instead of using what could be considered an outlier to define the upper end of the conceptual savings range.

Findings related to other state water management issues. As of today, the Kansas Department of Agriculture and the Kansas Department of Health and Environment are preparing a memorandum of agreement for the feedlot pilot project. The Department of Agriculture also is evaluating streamflow sites for a possible pilot project with the Kansas Department of Wildlife and Parks. We are considering publicly accessible stream segments where the Division of Water Resources needs streamflow measurements for nonregulatory purposes, not necessarily near reservoirs.

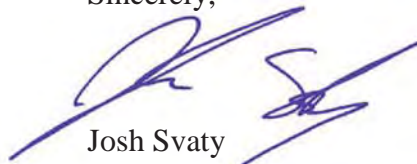
State water agencies could take additional steps to share water data with each other and with the public. While there is always room for improvement, we would like our past accomplishments and continuing efforts in this area to be acknowledged. Our department is a frontrunner in making data public and easily accessible, which is best exemplified by the Water Information Management and Analysis System we launched in partnership with the Kansas Geological Survey. Also, we completely redesigned our website a few years ago to make it more user friendly and to meet accessibility guidelines. We also produce a weekly electronic newsletter, DWR Currents, which provides timely information on water resource issues. Its growing list of subscribers includes regulated entities, other agencies and the general public.

Scott Frank, Auditor
Legislative Division of Post Audit
October 18, 2010
Page 2

We agree with the concerns expressed in the report about whether a water data warehouse is feasible, the foremost one being such an endeavor's cost. We feel an equally satisfactory result can be achieved using a web portal that links to various information sources, as suggested in the report. We think we are in a good position to create and manage a water data portal because of our IT resources and capabilities, including database management, website development and management, GIS expertise, technical support, and servers and other equipment.

Recommendation for legislative consideration. In the recommendation to codify the Natural Resources Subcabinet, we believe it is appropriate to add the chief engineer of the Division of Water Resources to the list of subcabinet members. The chief engineer has a large role within the current natural resources subcabinet, as well as his preeminent role managing our state's water resources.

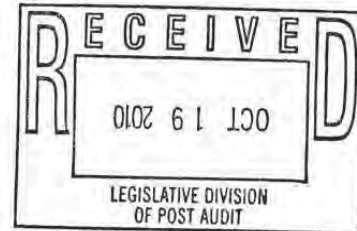
Sincerely,



Josh Svaty
Secretary of Agriculture

October 19, 2010

Mr. Scott Frank
Legislative Post Auditor
Legislative Division of Post Audit
800 SW Jackson Street, Suite 1200
Topeka, KS 66612-2212



Dear Mr. Frank:

The Kansas Department of Wildlife and Parks (KDWP) appreciates the opportunity to comment on the performance audit entitled "Water-Related Agencies: Determining Whether the State Could Achieve Efficiencies and Reduce Costs by Combining the Operations of Its Water-Related Agencies". This is a timely topic and appropriate for review by the Legislature.

KDWP has reviewed the draft copy of the audit report and the proposed recommendations. The Department has no comment regarding the analysis portion of the audit report. The Legislative Post Audit (LPA) staff has done a detailed inspection of existing laws and the duties assigned to water related agencies.

The draft audit includes several recommendations which directly impact KDWP. The Department concurs with the recommendation to establish the Natural Resources Subcabinet in Statute. As noted in the draft audit report, the Subcabinet has increased coordination between the water-related agencies resulting in program efficiencies and less conflict on administration of new and existing programs. The weekly meetings have improved communications between the agencies which minimizes potential conflict and duplication in program administration.

KDWP accepts the audit recommendation to develop a pilot program to have field staff from the Department take water flow measurements at designated reservoirs and other appropriate sites in lieu of staff from the Division of Water Resources, Kansas Department of Agriculture (DWR). As noted in the draft audit report, the two agencies did not disagree with the concept but KDWP staff would require additional equipment and training in order to qualify as appropriate persons to take water flow readings in lieu of staff from the DWR. In addition, the two agencies would need to coordinate on the

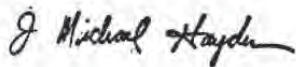
OFFICE OF THE SECRETARY
1020 S Kansas Ave., Suite 200, Topeka, KS 66612-1327
Voice: (785) 296-2281 • Fax: (785) 296-6953

locations of sites to be monitored in order to utilize KDWP staff in the most efficient manner. The monitoring of water flow is critical to the State in determining the use of water within the State and for review of water inflow in and out of the State.

The last issue that KDWP will comment on, regards the creation of a water-related agencies data base. KDWP is not opposed to the concept regardless if a data warehouse or common web page is utilized. However, the effort required by state agencies to create a data base management system could be extensive depending on the process utilized to centralize related data.

KDWP is available if additional information is required, please advise. Thank you.

Sincerely,

A handwritten signature in cursive script that reads "J Michael Hayden".

J. Michael Hayden, Secretary of Wildlife of Wildlife and Parks
Kansas Department of Wildlife and Parks



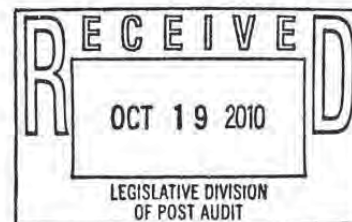
DEPARTMENT OF HEALTH
AND ENVIRONMENT

Division of Environment

Mark Parkinson, Governor
Roderick L. Bremby, Secretary

www.kdheks.gov

October 18, 2010



Mr. Scott Frank
Legislative Post Auditor
Legislative Division of Post Audit
800 Southwest Jackson Street, Suite 1200
Topeka, Kansas 66612-2212

Dear Mr. Frank:

We received your letter dated October 12, 2010, providing a draft copy of your completed performance audit, *Water-Related Agencies: Determining Whether the State Could Achieve Efficiencies and Reduce Costs by Combining Operations of Its Water-Related Agencies*. We have completed our review of the draft audit and offer the following comments for inclusion in the report appendix:

1. With respect to Recommendation 2.a., please note that KDHE is already working with the Department of Agriculture's Division of Water Resources on a Memorandum of Agreement between our two agencies to implement a pilot project for cooperative water flowmeter reading at confined animal feeding facilities located in northwest Kansas during calendar year 2011.
2. With respect to Recommendation 3., beginning in state fiscal year 2012, the KDHE Watershed Management Section will require all sources of funding associated with implementation of a Best Management Practice (BMP) for which KDHE WRAPS/319 funds are used to be reported to KDHE; KDHE will work with the State Conservation Commission to cross check BMP information (i.e., landowner name, county, and HUC12) with the State Conservation Commission BMP database on an annual basis to determine if any duplicate funding may be occurring; if problems are indicated, KDHE/SCC will follow up on the specific projects to resolve the issue and will consider additional future safeguards as warranted.

Thank you for this opportunity to provide comments on this draft performance audit.

Sincerely,

A handwritten signature in black ink, reading "John W. Mitchell". The signature is fluid and cursive, with the first name "John" and last name "Mitchell" clearly legible.

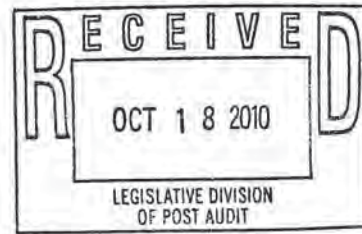
John W. Mitchell, Director
Division of Environment

C. Roderick Bremby, Secretary

The University of Kansas

Kansas Biological Survey

October 13, 2010



Mr. Scott Frank, Legislative Post Auditor
Legislative Division of Post Audit
800 SW Jackson, Suite 1200
Topeka, KS 66612-1200

Dear Mr. Frank:

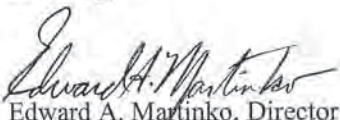
This letter is written in response to your request of 12 October 2010 to review a draft copy of the performance audit, *Water-Related Agencies: Determining Whether the State could Achieve Efficiencies and Reduce Costs by Combining the Operations of its Water-Related Agencies*.

The draft report makes several recommendations for executive action, one of which includes the Kansas Biological Survey (KBS). That recommendation states, "Through the Natural Resources Sub-Cabinet, in consultation with the Kansas Geological and Biological Surveys, the State's water-related agencies should develop a plan to more efficiently share water-related data and make it more accessible to local officials and the general public."

In response to this recommendation, KBS will cooperate with the state's water-related agencies to develop a plan for a more efficient sharing of water-related data, making it more accessible to local officials and the general public. KBS has an established record of participation with other agencies in efforts to share data and implement new information technologies. We look forward to the opportunity to participate in the development of this plan.

If you have additional questions regarding the implementation of this recommendation, please let us know.

Sincerely,


Edward A. Martinko, Director
Kansas Biological Survey

EAM:bc

Higuchi Hall • 2101 Constant Ave., Room 106 • Lawrence, KS 66047-3759
(785) 864-1500 • Fax: (785) 864-1534 • www.kbs.ku.edu



Mark Parkinson, Governor
Thomas E. Wright, Chairman
Joseph F. Harkins, Commissioner
Ward Loyd, Commissioner

October 19, 2010

Scott Frank, Legislative Post Auditor
Legislative Division of Post Audit
800 SW Jackson Street, Suite 1200
Topeka, Kansas 66612-2212

Dear Mr. Frank:

The Kansas Corporation Commission appreciates the opportunity to respond to the draft copy of the Legislative Division of Post Audit's performance audit, *Water-Related Agencies: Determining Whether the State Could Achieve Efficiencies and Reduce Costs by Combining the Operations of Its Water-Related Agencies*. In reference to three of the findings the KCC provides the following response.

- 1) To help maintain the current level of communication and coordination among the State's water-related agencies, the Legislative Post Audit Committee should consider introducing legislation to formally establish the Natural Resources Sub-Cabinet in Statute.

Kansas Corporation Commission response: The Kansas Corporation Commission has appreciated the opportunity to be a part of the Natural Resources Sub-Cabinet and believe we have benefited greatly from the cooperative and collaborative nature of the group. It serves as an effective conduit to facilitate communication and coordination on a variety of water related issues between the member agencies. However, the recommendation to the legislature that the sub-cabinet be created by legislation usurps the prerogative of the Executive to reorganize state government. The KCC recommends that the legislature formally recommend the continuation of the Natural Resources Sub-Cabinet to the new Administration.

- 2) To further maximize State resources and increase efficiencies when conducting field work agencies should do the following: c. Through the Natural Resources Sub-Cabinet, all of the State's water-related agencies should work to identify additional opportunities to collaborate on field operations.

Kansas Corporation Commission response: The KCC Conservation Division has four field offices throughout the state (Hays, Dodge City, Chanute, Wichita). The KCC is located next door to the KDHE in Hays and in Chanute, we share office space with KDHE and Wildlife and Parks. The close proximity of our offices allows field staff the opportunity to communicate and share information daily. We will continue to look for ways to collaborate on field operations.

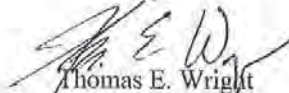
1500 SW Arrowhead Road, Topeka, KS 66604-4027 • (785) 271-3100 • Fax: (785) 271-3354 • <http://kcc.ks.gov/>

- 3) Through the Natural Resources Sub-Cabinet, in consultation with the Kansas Geological and Biological Survey, the State's water-related agencies should develop a plan to more efficiently share water-related data and make it more accessible to local officials and the general public. The Kansas Water Office should report the Sub-Cabinet's plan to the Legislative Post Audit Committee and the Joint Committee on Information Technology by May, 2011.

Kansas Corporation Commission response: The KCC looks forward to participating in any discussion and development of a plan to share our data with other agencies, local units of government and the general public.

As always, we appreciate the cooperation and professionalism of the Legislative Post Audit staff during their interviews.

Sincerely,



Thomas E. Wright
Chairman

20 October 2010

Scott Frank
Legislative Post Auditor
Legislative Division of Post Audit
800 Southwest Jackson Street, Suite 1200
Topeka, KS 66612-2212

Dear Scott:

I have received your letter of October 12, 2010, transmitting the review copy of Legislative Division of Post Audit's report on water-related agencies. Based on a brief review of the report, I have found only one mention of the Kansas Geological Survey among the recommendations for executive action. That recommendation relates to developing "... a plan to more efficiently share water-related data and make it more accessible to local officials and the general public." The Kansas Geological Survey has a history of working to make natural resource data available electronically, and we would certainly be willing to discuss such planning with the Kansas Biological Survey, the Kansas Water Office, and the governor's natural resources sub-cabinet. I will discuss this issue with the appropriate staff when the report is final and has been presented to the Legislative Post Audit Committee.

Thank you for the opportunity to review and comment on the report.

Sincerely,



Rex Buchanan
Interim Director

cc: Jim Butler
Brownie Wilson

October 18, 2010

Mr. Scott Frank
Legislative Post Auditor
Legislature of Kansas
Legislative Division of Post Audit
800 SW Jackson Street, Suite 1200
Topeka, Kansas 66612-2212

Re: KWO Response to Post Audit Recommendations

Dear Mr. Scott:

Thank you for the opportunity to review the draft performance audit entitled *Water-Related Agencies: A K-GOAL Audit Determining Whether the State Could Achieve Efficiencies and Reduce costs by Combining the Operations of its Water-Related Agencies*.

The Kansas Water Office has the following comments on the audit recommendations:

Recommendation 1 (Legislative Action :) *"To help maintain the current level of communication and coordination among the State's water related agencies, the legislative Post Audit Committee should consider introducing legislation to formally establish the Natural Resources Sub-Cabinet in Statute."*

KWO input:

KWO agrees with this recommendation. The cooperation and coordination among and between state natural resources agencies has improved with the Sub-Cabinet as a sounding board and coordination point for problems, issues, and projects. Legislative action to codify the Sub-Cabinet would ensure future and continued benefits that past Sub-Cabinet agency coordination have demonstrated.

Recommendation 2 (Executive Action:) *"To further maximize State Resources and increase efficiencies when conducting field work, agencies should do the following..."*

KWO Input:

KWO agrees with the overall message of this recommendation.

KWO has no input on sub recommendations 2(a) and 2(b) those recommendations are specifically directed at other State agencies.

Recommendation 2(c) "Through the natural resources Sub-Cabinet, all of the State's water-related agencies should work to identify additional opportunities to collaborate on field operations."

KWO agrees with recommendation 2(c). Collaborative efforts among agencies are normally beneficial to programs, state agencies and the general public.

Recommendation 3 (Executive Action): "To help ensure the State does not make duplicate payments for activities completed within Watershed Restoration and Protection Strategies (WRAPS) projects, the Department of Health and Environment should..."

KWO input:

KWO would note that it is not aware of any issues with redundant payments but otherwise has no comment on this recommendation. The recommendation is specific to coordination between other state agencies.

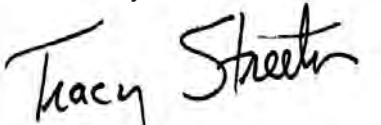
Recommendation 4 (Executive Action): "Through the Natural Resources Sub-Cabinet, in consultation with the Kansas Geological and Biological Survey, the state's water-related agencies should develop a plan to more efficiently share water-related data and make it more accessible to local officials and the general public. The Kansas Water Office should report the Sub-Cabinet's plan to the Legislative Post audit committee and the Joint Committee on Information Technology by May 1, 2011."

KWO input:

KWO agrees with the overall concept embodied in this recommendation and notes that the Natural Resources Sub-Cabinet has resulted in improved data and information sharing. Data sharing efforts will continue and evolve as needs arise. We express some concern with the recommendation in that creating a data sharing plan could take significant resources - time, staff and money. However, if directed by the Committee, KWO will work with other State agencies to create such a plan and provide the report to the Committee as recommended.

The Kansas Water Office appreciates the efforts of the staff of the Legislative Post Audit in conducting this audit. Please feel free to contact the Kansas Water Office if there are further questions or if additional information is needed.

Sincerely,

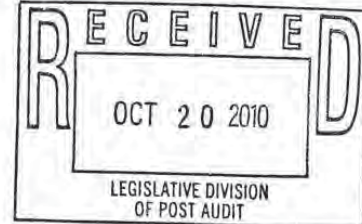


Tracy Streeter
Director

Cc: Mr. Greg Foley, State Conservation Commission
Mr. John Mitchell, Kansas Department of Health and Environment
Secretary J. Michael Hayden, Kansas Department of Wildlife and Parks
Secretary Josh Svaty, Kansas Department of Agriculture

October 19, 2010

Scott Frank, Legislative Post Auditor
Legislative Division of Post Audit
800 SW Jackson Street, Suite 1200
Topeka, KS 66612-2212



Dear Mr. Frank:

Thank you for the opportunity to provide a written response to the legislative post audit focused on whether the State could achieve efficiencies and reduce costs by combining the operations of its water related agencies. Your letter dated October 12, 2010, requested my response be directed toward what actions the agency has taken, or plans to take to address each Legislative Post Audit (LPA) recommendation.

“To help ensure the State does not make duplicate payments for activities completed within Watershed Restoration and Protection Strategies (WRAPS) projects, the Department of Health and Environment should:

- a. Require all WRAPS funding recipients to submit status reports that include all activities completed, regardless of funding source.**
- b. Provide copies of the status reports to the State Conservation Commission.**

Both agencies should review the status reports to look for improper use or duplicative payment of State funds.”

The SCC supports the LPA recommendation and will utilize the KDHE reports, mentioned above, to cross-check landowner applicants for duplication of payment on a particular project and project areas. The SCC will work with KDHE to determine a frequency and format for reporting.

Once again, I appreciate the opportunity to work with the Legislative Post Audit staff explaining programs and procedures in relation to the State Conservation Commission.

Respectfully,


Greg A. Foley
Executive Director

GAF:clt