



OMB CIRCULAR A-133 COMPLIANCE AUDIT REPORT

**State of Kansas
Fiscal Year 2014**

**A Report to the Legislative Post Audit Committee
By CliftonLarsonAllen Under Contract with
the Legislative Division of Post Audit
State of Kansas
March 2015**

Legislative Division of Post Audit

The **Legislative Division of Post Audit** is the audit arm of the Kansas Legislature. Created in 1971, the division's mission is to conduct audits that provide the Legislature with accurate, unbiased information on the performance of state and local government. The division's audits typically examine whether agencies and programs are effective in carrying out their duties, efficient with their resources, or in compliance with relevant laws, regulations and other requirements.

The division's audits are performed at the direction of the **Legislative Post Audit Committee**, a bipartisan committee comprising five senators and five representatives. By law, individual legislators, legislative committees, or the Governor may request a performance audit, but the Legislative Post Audit Committee determines which audits will be conducted.

Although the Legislative Post Audit Committee determines the areas of government that will be audited, the audits themselves are conducted independently by the division's professional staff. The division's reports are issued without any input from the committee or other legislators. As a result, the findings, conclusions, and recommendations included in the division's audits do not necessarily reflect the views of the Legislative Post Audit Committee or any of its members.

The division conducts its 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, and the characteristics of professional and meaningful reports. The standards also have been endorsed by the American Institute of Certified Public Accountants (AICPA) and adopted by the Legislative Post Audit Committee.

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Representative John Barker, Chair
Representative Tom Burroughs
Representative Peggy Mast
Representative Virgil Peck, Jr.
Representative Ed Trimmer

Senator Michael O'Donnell, Vice-Chair
Senator Anthony Hensley
Senator Laura Kelly
Senator Jeff Longbine
Senator Julia Lynn

LEGISLATIVE DIVISION OF POST AUDIT

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Scott Frank, Legislative Post Auditor

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.

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LEGISLATURE OF KANSAS
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March 11, 2015

To: Members, Legislative Post Audit Committee

Representative John Barker, Chair
Representative Tom Burroughs
Representative Peggy Mast
Representative Virgil Peck, Jr.
Representative Ed Trimmer

Senator Michael O'Donnell, Vice-Chair
Senator Anthony Hensley
Senator Laura Kelly
Senator Jeff Longbine
Senator Julia Lynn

This report contains the findings, conclusions, and recommendations from the completed Statewide Single audit for the State of Kansas for fiscal year 2014. CliftonLarsonAllen, a certified public accounting firm under contract with the Legislative Division of Post Audit, conducted this audit.

The Department of Children and Families disagrees with the severity of finding 2014-008 on page 50, the language of which was modified after the agency prepared its response. At our invitation, the agency has prepared an additional response to the finding, which appears at the end of the bound report. This additional response is supplemental information and should not be considered part of the formal audit report.

We would be happy to discuss the findings, recommendations, or any other items presented in this report with any legislative committees, individual legislators, or other state officials.

Sincerely,

Scott Frank
Legislative Post Auditor

This audit was conducted by CliftonLarsonAllen under contract with the Legislative Division of Post Audit. Julie Pennington was the audit manager. If you need any additional information about the audit's findings, please contact Julie at the Division's offices.

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STATE OF KANSAS
Topeka, Kansas

OMB CIRCULAR A-133
SINGLE AUDIT REPORT
June 30, 2014

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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

Legislative Post Audit Committee
Kansas State Legislature
State of Kansas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Kansas (the State), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the State's basic financial statements, and have issued our report thereon dated December 15, 2014. Our report includes a reference to other auditors who audited the financial statements of the various component units of the six state universities, the Kansas Development Finance Authority (K DFA), the Kansas Housing Resources Corporation (KHRC), the Kansas Bioscience Authority (KBA), Kansas Turnpike Authority (KTA) Kansas Lottery and Kansas Universal Services (reported within the State Regulatory Boards and Commission Fund) as described in our report on the State's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. The financial statements of the various component units of the six state universities were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the State's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the State's internal control. Accordingly, we do not express an opinion on the effectiveness of the State's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs listed as 2014-001, 2014-002 and 2014-006 to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and questioned costs listed as 2014-003, 2014-004, and 2014-005 to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the State's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

State of Kansas' Response to Findings

The State's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The State's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the State's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the State's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CliftonLarsonAllen LLP

Broomfield, Colorado
December 15, 2014



**Independent Auditors' Report on Compliance with Requirements That
Could Have a Direct and Material Effect on Each Major Federal Program and on
Internal Control over Compliance and on the Schedule of Expenditures of Federal Awards
in Accordance with OMB Circular A-133**

Legislative Post Audit Committee
Kansas State Legislature
State of Kansas

Report on Compliance for Each Major Federal Program

We have audited the State of Kansas' (the State) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the State's major federal programs for the year ended June 30, 2014. The State's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

The State's basic financial statements include the operations of the six state universities, whose various component units received federal awards which are not included in the schedule of expenditures of federal awards during the year ended June 30, 2014. Our audit, described below, did not include the operations of various component units of the State, including component units of the six state universities because the university component units engage other auditors to perform audits in accordance with *OMB Circular A-133*. The schedule of expenditures of federal awards does include the federal awards received by the Kansas Housing Resources Corporation, which is a component unit of the State.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the State's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and *OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and *OMB Circular A-133* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the State's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the State's compliance.

Basis for Qualified Opinion on Foster Care – Title IV-E

As described in the accompanying schedule of findings and questioned costs, the State did not comply with requirements regarding Subrecipient Monitoring that are applicable to its Foster Care – Title IV-E program, CFDA 93.658, as described in finding number 2014-008. Compliance with such requirements is necessary, in our opinion, for the State to comply with the requirements applicable to that program.

Qualified Opinion on Foster Care – Title IV-E

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the State complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the Foster Care – Title IV-E program for the year ended June 30, 2014.

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, the State complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2014.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 2014-007, 2014-009, 2014-010, 2014-011, 2014-012, 2014-013, 2014-014, 2014-016, 2014-017, 2014-018, 2014-019, 2014-020, 2014-021, 2014-022, 2014-023, 2014-024, 2014-025, 2014-026, 2014-027, 2014-028, 2014-029, 2014-030, 2014-031, 2014-032, and 2014-033. Our opinion on each major federal program is not modified with respect to these matters

The State's response to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The State's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of the State is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the State's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of State's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed

below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2014-007, 2014-008, 2014-009, 2014-015, and 2014-023 to be material weaknesses.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2014-010, 2014-011, 2014-012, 2014-013, 2014-014, 2014-016, 2014-017, 2014-018, 2014-019, 2014-020, 2014-021, 2014-022, 2014-024, 2014-025, 2014-026, 2014-027, 2014-028, 2014-029, 2014-030, 2014-031, 2014-032, and 2014-033 to be significant deficiencies.

The State's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The State's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

We have audited the financial statements of State of Kansas as of and for the year ended June 30, 2014, and have issued our report thereon dated December 15, 2014, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the

underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Broomfield, Colorado

March 3, 2015 except for the Schedule of

Expenditures of Federal Awards which is dated December 15, 2014

STATE OF KANSAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2014

Federal Grantor/Program	CFDA Number	Expenditures	Funds passed to Subrecipient
U. S. Department of Agriculture			
Direct Award			
SNAP Cluster:			
Supplemental Nutrition Assistance Program	10.551	\$ 2,073	
State Administrative Matching Grants for Supplemental Nutrition Assistance Program	10.561	21,860,031	359,656
Total SNAP Cluster		21,862,104	359,656
Research and Development Programs Cluster:			
Cibola National Forest/Kansas State University 10.25 Challenge Cost Share Grant, 2009 at Kiowa/Rita Blanca National Grassland	10.000	6,287	
Soil Microbial Community Composition in a Long-Term, Prescribed Fire Study on the Georgia Piedmont	10.000	13,273	
Memorandum of Agreement between USDA APHIS and KSU	10.000	13,665	
Impacts of Large-Scale Forest Loss on Stream Channel Form, Process and Sedimentation	10.000	12,496	
Establishment of Hardwood Seed Orchards from Existing Genetic Plantings in Kansas	10.000	1,636	
Development of New Treatment Options for Khapra Beetle, Trogoderma Granarium	10.000	55,459	
Agricultural Research Basic and Applied Research Plant and Animal Disease, Pest Control, and Animal Care	10.001	2,412,974	89,908
Federal-State Marketing Improvement Program	10.156	50,268	
Transportation Services	10.167	10,112	
Grants for Agricultural Research, Special Research Grants	10.200	1,398,722	327,651
Payments to Agricultural Experiment Stations Under the Hatch Act	10.203	6,392,278	
Grants for Agricultural Research Competitive Research Grants	10.206	786,697	741,770
Higher Education - Graduate Fellowships Grant Program	10.210	79,351	
Higher Education - Institution Challenge Grants Program	10.217	264,096	83,543
Agricultural and Rural Economic Research, Cooperative Agreements and Collaborations Integrated Programs	10.250	7,092	
Homeland Security Agricultural	10.303	682,824	294,279
Agriculture and Food Research Initiative (AFRI)	10.304	480,155	199,938
Biomass Research and Development Initiative Competitive Grants Program (BRDI)	10.310	1,938,209	521,535
Rural Community Development Initiative	10.312	1,197,073	376,677
Rural Community Development Initiative	10.446	84,075	
Commodity Partnerships for Small Agricultural Risk Management Education Sessions	10.459	75,989	
Cooperative Extension Service	10.500	6,507,122	23,539
FNS Food Safety Grants	10.585	727,789	
Novel Sorghum Based Fortified Food Blend for Infants and Young Children Nutrition	10.600	1,015,689	50,000
Cooperative Forestry Assistance	10.664	39,328	
Rural Business Enterprise Grants	10.769	49,341	3,000

The accompanying notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

STATE OF KANSAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2014

Federal Grantor/Program	CFDA Number	Expenditures	Funds passed to Subrecipient
Norman E. Borlaug International Agricultural Science and Technology Fellowship	10.777	17,524	
Technical Agricultural Assistance	10.960	629,111	
Scientific Cooperation and Research	10.961	19,893	
Total Research and Development Programs Cluster		25,021,626 *	2,711,840
Not Clustered			
Pseudorabies Surveillance	10.000	3,355	
Soil Science Institute at Kansas State University	10.000	801	
Swine Surveillance	10.000	11,174	
Plant and Animal Disease, Pest Control, and Animal Care	10.025	353,163	
Commodity Loans and Loan Deficiency Payments	10.051	50,038	
Wetlands Reserve Program	10.072	4,797	
Specialty Crop Block Grant Program	10.169	133,453	
Organic Certification Cost Share Programs	10.171	66	
Higher Education - Graduate Fellowships Grant Program	10.210	45,733	
Higher Education - Institution Challenge Grants Program	10.217	223,240	115,346
Agriculture and Food Research Initiative (AFRI)	10.310	1,324,735	802,161
Women and Minorities in Science, Technology, Engineering and Mathematics (STEM) Fields	10.318	22,534	
Farm Business Management and Benchmarking Competitive Grants Program	10.319	86,125	42,751
Capacity Building for Non-Land Grant Colleges of Agriculture (NLGCA)	10.326	13,765	
State Mediation Grants	10.435	284,751	
Risk Management Education Partnerships	10.460	59,398	
Cooperative Agreements with States for Intrastate Meat and Poultry Inspection	10.475	1,526,549	
Cooperative Extension Service	10.500	6,205,980	4,247,885
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	47,601,692	11,899,427
Child and Adult Care Food Program	10.558	33,484,808	32,946,211
State Administrative Expenses for Child Nutrition	10.560	2,229,195	
Team Nutrition Grants	10.574	347,068	
Farm to School Grant Program	10.575	100,000	
Senior Farmers Market Nutrition Program	10.576	124,159	95,895
Child Nutrition Discretionary Grants Limited Availability	10.579	442,819	76,705
Fresh Fruit and Vegetable Program	10.582	2,209,975	2,188,377
Cooperative Forestry Assistance	10.664	1,706,334	35,717
Solid Waste Management Grants	10.762	27,420	
Rural Business Enterprise Grants	10.769	109,376	23,676
Rangeland Management Lesser Prairie-Chicken Initiative	10.900	70,453	
Soil and Water Conservation	10.902	244,554	
Environmental Quality Incentives Program	10.912	278,735	
Agricultural Statistics Reports	10.950	144	
Scientific Cooperation and Research	10.961	182,459	133,836
Cochran Fellowship Program - International Training- Foreign Participant	10.962	181,847	
Total Not Clustered		99,690,695	52,607,987

The accompanying notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

STATE OF KANSAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2014

Federal Grantor/Program	CFDA Number	Expenditures	Funds passed to Subrecipient
Food Distribution Cluster:			
Commodity Supplemental Food Program	10.565	296,948	265,461
Emergency Food Assistance Program (Administrative Costs)	10.568	529,297	
Total Food Distribution Cluster		826,245	265,461
Child Nutrition Cluster:			
School Breakfast Program	10.553	28,281,838	28,100,755
National School Lunch Program	10.555	115,263,926	114,475,967
Special Milk Program for Children	10.556	68,257	68,257
Summer Food Service Program for Children	10.559	3,344,044	3,108,756
Total Child Nutrition Cluster		146,958,065	145,753,735
Indirect Award			
Research and Development Programs Cluster:			
Food Deserts, Edible Landscapes, and Healthier Choices for Native People in Kansas	10.000	49,836	
Production of Advanced Biofuels from Salinity Tolerant Brown Midrib (BMR) Sorghum Genotypes	10.000	7,279	
Impact of Bioenergy Crops on Pests, Natural Enemies	10.000	36,549	
Agricultural Research Basic and Applied Research Grants for Agricultural Research, Special Research Grants	10.200	47,176	
Grants for Agricultural Research Competitive Research Grants	10.206	15,128	
Small Business Innovation Research	10.212	1,582	
Sustainable Agriculture Research and Education	10.215	17,570	
Higher Education - Institution Challenge Grants Program	10.217	21,623	
Integrated Programs	10.303	182,571	
Homeland Security Agricultural	10.304	84,075	
Agriculture and Food Research Initiative (AFRI)	10.310	3,877,422	
Beginning Farmer and Rancher Development Program	10.311	66,679	
Biomass Research and Development Initiative Competitive Grants Program (BRDI)	10.312	85,605	
Sun Grant Program	10.320	21,354	21,354
Cooperative Extension Service	10.500	56,665	1,854
Soil and Water Conservation	10.902	144,202	
Environmental Quality Incentives Program	10.912	24,046	
Total Research and Development Programs Cluster		4,804,780 *	23,208
Not Clustered			
Product Stewardship Institute, Inc.	10.000	5,664	
Agricultural Research Basic and Applied Research Grants for Agricultural Research, Special Research Grants	10.200	640	
Sustainable Agriculture Research and Education	10.215	42,790	
Higher Education - Institution Challenge Grants Program	10.217	10,488	
Integrated Programs	10.303	34,965	
Cooperative Extension Service	10.500	77,277	
Cooperative Forestry Assistance	10.664	10,000	
Total Not Clustered		186,190	-
Non-Monetary Award			
SNAP Cluster:			
Supplemental Nutrition Assistance Program	10.551	415,915,365	
Total SNAP Cluster		415,915,365	-

The accompanying notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

STATE OF KANSAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2014

<u>Federal Grantor/Program</u>	<u>CFDA Number</u>	<u>Expenditures</u>	<u>Funds passed to Subrecipient</u>
Food Distribution Cluster:			
Commodity Supplemental Food Program	10.565	1,212,856	
Emergency Food Assistance Program (Administrative Costs)	10.568	3,995,885	
Total Food Distribution Cluster		<u>5,208,741</u>	<u>-</u>
Total U. S. Department of Agriculture		<u>720,473,811</u>	<u>201,721,887</u>
U. S. Department of Commerce			
Direct Award			
Research and Development Programs Cluster:			
Economic Development Technical Assistance	11.303	258,088	
Economic Adjustment Assistance	11.307	565,719	
Measurement and Engineering Research and Standards	11.609	98,137	
Total Research and Development Programs Cluster		<u>921,944</u> *	<u>-</u>
Not Clustered			
State and Local Implementation Grant Program	11.549	72,462	
State Broadband Data and Development Grant Program	11.558	800,344	
Total Not Clustered		<u>872,806</u>	<u>-</u>
Indirect Award			
Research and Development Programs Cluster:			
Weather Data Library Data Sets	11.000	50,879	
Total Research and Development Programs Cluster		<u>50,879</u> *	<u>-</u>
Total U. S. Department of Commerce		<u>1,845,629</u>	<u>-</u>
U. S. Department of Defense			
Direct Award			
Research and Development Programs Cluster:			
Ballistic Strength and Optimal Design of Single and Multi-Layer 3-D Fabrics	12.000	237,216	
Continuous, Wireless Monitoring of Sediment Flux at Multiple Low-Water Stream Crossings on Tank Trails	12.000	16,161	16,161
Environmental, Food and Agricultural Security Operations and Maintenance Activities and Research and Development	12.000	14,595	
Gas-Filled Optical Fiber-Based Frequency References for Portable Frequency Combs in the Near Infrared	12.000	154,887	
Infrastructure Support for the KSU Biosecurity Research Institute Facility (NCMI FY10 Research and Design)	12.000	538	
Basic and Applied Scientific Research	12.300	1,795,105	263,208
Military Medical Research and Development	12.420	589,784	85,087
Basic Scientific Research	12.431	1,037,855	
Air Force Defense Research Sciences Program	12.800	1,837,477	161,880
Mathematical Sciences Grants Program	12.901	11,005	
Total Research and Development Programs Cluster		<u>5,694,623</u> *	<u>526,336</u>

The accompanying notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

STATE OF KANSAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2014

<u>Federal Grantor/Program</u>	<u>CFDA Number</u>	<u>Expenditures</u>	<u>Funds passed to Subrecipient</u>
Not Clustered			
Kansas 2014 Operation: Military Kids	12.000	44,978	
Part-Time M.S. Program in Industrial Engineering - Summer 2012	12.000	12,043	
Advanced Strategic Planning and Policy Program	12.000	62,954	
Part-Time M.S. Program in Industrial Engineering - Spring 2013	12.000	16,284	
Operation: Military Kids Bridge Contract	12.000	49,790	
Brigade Spouse Courses at Fort Leavenworth-2012-2015	12.000	217,171	
Hired! Program Stipend-Child, Youth & School Services	12.000	792,927	
Army Youth-Development Project	12.000	28,614	
Kansas 2013 Operation: Military Kids	12.000	28,614	
Procurement Technical Assistance For Business Firms	12.002	319,546	
Navigation Projects	12.107	209,528	
State Memorandum of Agreement Program for Reimbursement of Technical Services	12.113	253,000	
Military Construction, National Guard	12.400	9,069,992	
National Guard Military Operations and Maintenance (O&M) Projects	12.401	33,831,954	
National Guard ChalleNGe Program	12.404	617,973	
Community Economic Adjustment Assist. for Establishment, Expansion, Realignment or Closure of Military Installation	12.607	197,774	197,774
Information Security Grant Program	12.902	31,298	
Total Not Clustered		45,755,826	197,774
Indirect Award			
Research and Development Programs Cluster:			
Voluntary Security Enhancements for the Research and Test Reactor at Kansas State University	12.000	1,628	
The Effect of Environmental and Storage Conditions on the Insulation Provided by PCU Jackets	12.000	24,600	
Simulation of the Dynamic Heating Process in Laser Assisted Machining	12.000	15,000	
Novel Biomass Conversion Process for Production of Butylenes	12.000	63,177	
Metamaterials for Acoustic Cloaking	12.000	12,734	
Mapping Especially Dangerous Pathogens in Ukraine	12.000	30,670	
3D Woven Preform Design Code Simulation and Development	12.000	8,765	
Biomass Conversion	12.000	25,862	
Basic and Applied Scientific Research	12.300	93,133	
Basic Scientific Research - Combating Weapons of Mass Destruction	12.351	46,990	
Military Medical Research and Development	12.420	34,444	
Basic Scientific Research	12.431	68,397	
Competitive Grants: Promoting K-12 Student Achievement at Military-Connected Schools	12.556	23,625	
Invitational Grants for Military-Connected Schools	12.557	57,363	
Air Force Defense Research Sciences Program	12.800	150,546	
Total Research and Development Programs Cluster		656,934 *	-

The accompanying notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

STATE OF KANSAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2014

<u>Federal Grantor/Program</u>	<u>CFDA Number</u>	<u>Expenditures</u>	<u>Funds passed to Subrecipient</u>
Not Clustered			
Army Child Care In Your Neighborhood	12.000	442	
Child Development Center Quality Improvement Plan	12.000	121,766	
University Engineering Alliance Summit	12.000	10,000	
Mathematical Sciences Grants Program	12.901	2,000	
Total Not Clustered		<u>134,208</u>	-
Total U. S. Department of Defense		<u>52,241,591</u>	<u>724,110</u>
U. S. Department of Housing and Urban Development			
Direct Award			
Section 8 Project-Based Cluster:			
Section 8 Housing Assistance Payments Program	14.195	54,829,758	
Total Section 8 Project-Based Cluster		<u>54,829,758</u>	-
Not Clustered			
Emergency Solutions Grant Program	14.231	1,682,593	1,616,581
Supportive Housing Program	14.235	106,588	
HOME Investment Partnerships Program	14.239	4,994,011	2,080,744
Total Not Clustered		<u>6,783,192</u>	<u>3,697,325</u>
CDBG - State-Administered CDBG Cluster:			
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	16,151,009	15,397,187
Total CDBG - State-Administered CDBG Cluster		<u>16,151,009</u>	<u>15,397,187</u>
Indirect Award			
CDBG - State-Administered CDBG Cluster:			
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	158,529	
Total CDBG - State-Administered CDBG Cluster		<u>158,529</u>	-
Total U. S. Department of Housing and Urban Development		<u>77,922,488</u>	<u>19,094,512</u>
U. S. Department of the Interior			
Direct Award			
Research and Development Programs Cluster:			
National Register of Historic Places Thematic Nomination Late Prehistoric Sites of Lovewell Reservoir, Jewell County, Kansas	15.000	9,114	
Fish, Wildlife and Plant Conservation Resource Management	15.231	2,642	
Cultural Resources Management	15.511	62,806	
Fish and Wildlife Coordination Act	15.517	73,450	
Desert and Southern Rockies Landscape Conservation Cooperatives	15.557	51,344	
Sport Fish Restoration Program	15.605	538,180	
Wildlife Restoration	15.611	1,633,106	
Cooperative Endangered Species Conservation Fund	15.615	10,899	
State Wildlife Grants	15.634	906,292	153,775
Migratory Bird Monitoring, Assessment and Conservation	15.655	11,082	
National Fire Plan - Rural Fire Assistance	15.805	194,580	133,298
U.S. Geological Survey - Research and Data Collection	15.808	59,119	
Cooperative Research Units Program	15.812	263,071	
Total Research and Development Programs Cluster		<u>3,815,685</u> *	<u>287,073</u>

The accompanying notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

STATE OF KANSAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2014

Federal Grantor/Program	CFDA Number	Expenditures	Funds passed to Subrecipient
Not Clustered			
Regulation of Surface Coal Mining and Surface Effects of Underground Coal Mining	15.250	83,185	
Abandoned Mine Land Reclamation (AMLR) Program	15.252	3,711,863	
Recreation Resources Management	15.524	40,364	
Fish and Wildlife Management Assistance	15.608	27,777	
Cooperative Endangered Species Conservation Fund	15.615	10,225	
North American Wetlands Conservation Fund	15.623	6,236	
Landowner Incentive Program	15.633	46,611	44,160
Historic Preservation Fund Grants-In-Aid	15.904	725,605	139,124
Outdoor Recreation - Acquisition, Development and Planning	15.916	377,919	100,000
National Trails System Projects	15.935	26,125	
Cooperative Research and Training Programs - Resources of National Park System	15.945	87,145	
Total Not Clustered		5,143,055	283,284
Fish and Wildlife Cluster:			
Sport Fish Restoration Program	15.605	4,267,056	
Wildlife Restoration	15.611	10,761,013	
Total Fish and Wildlife Cluster		15,028,069	-
Indirect Award			
Research and Development Programs Cluster:			
Linking Gut Microbiota Composition to Early-Life Development and Body Condition of Shorebird Chicks	15.000	35,862	
Decadal Changes in the Demography of Sandpipers Near Nome, Alaska	15.000	10,040	8,730
Environmental Quality and Protection Resource Management	15.236	5,999	
Cooperative Landscape Conservation	15.669	106,360	
Total Research and Development Programs Cluster		158,261 *	8,730
Total U. S. Department of the Interior		24,145,070	579,087
U. S. Department of Justice			
Direct Award			
Research and Development Programs Cluster:			
Part E - Developing, Testing and Demonstrating Promising New Programs	16.541	(32)	
State Justice Statistics Program for Statistical Analysis Centers	16.550	50,556	
Total Research and Development Programs Cluster		50,524 *	-

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STATE OF KANSAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2014

<u>Federal Grantor/Program</u>	<u>CFDA Number</u>	<u>Expenditures</u>	<u>Funds passed to Subrecipient</u>
Not Clustered			
Marijuana Eradication	16.000	48,119	
Sexual Assault Services Formula Program	16.017	262,322	249,911
Juvenile Accountability Block Grants	16.523	453,807	308,223
Juvenile Justice and Delinquency Prevention - Allocation to States	16.540	425,450	303,828
Title V-Delinquency Prevention Program	16.548	30,298	30,298
National Criminal History Improvement Program (NCHIP)	16.554	156,239	
Crime Victim Assistance	16.575	3,874,142	3,735,101
Crime Victim Compensation	16.576	2,289,232	
Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program	16.580	65,931	
Crime Victim Assistance/Discretionary Grants	16.582	28,888	
Violence Against Women Formula Grants	16.588	1,362,399	1,009,915
Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program	16.590	261,598	94,191
Residential Substance Abuse Treatment for State Prisoners	16.593	143,546	
State Criminal Alien Assistance Program	16.606	293,783	
Bulletproof Vest Partnership Program	16.607	86	
Public Safety Partnership and Community Policing Grants	16.710	242,782	
Enforcing Underage Drinking Laws Program	16.727	49,478	18,828
Protecting Inmates and Safeguarding Communities Discretionary Grant Program	16.735	162,420	
DNA Backlog Reduction Program	16.741	404,442	
Paul Coverdell Forensic Sciences Improvement Grant Program	16.742	65,997	62,983
Harold Rogers Prescription Drug Monitoring Program	16.754	69,060	
Second Chance Act Prisoner Reentry Initiative	16.812	970,448	8,534
John R. Justice Prosecutors and Defenders Incentive Act	16.816	36,139	30,969
Equitable Sharing Program	16.922	1,543,512	
Total Not Clustered		13,240,118	5,852,781
JAG Program Cluster:			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2,548,919	945,553
Total JAG Program Cluster		2,548,919	945,553
Indirect Award			
Not Clustered			
Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program	16.580	2,649	
Juvenile Mentoring Program	16.726	79,762	
Total Not Clustered		82,411	-
Total U. S. Department of Justice		15,921,972	6,798,334
 U. S. Department of Labor			
Direct Award			
WIA Cluster:			
WIA Adult Program	17.258	5,532,171	5,293,861
WIA Youth Activities	17.259	5,769,152	5,485,316
WIA Dislocated Worker Formula Grants	17.278	4,141,573	3,427,175
Total WIA Cluster		15,442,896	14,206,352

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STATE OF KANSAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2014

Federal Grantor/Program	CFDA Number	Expenditures	Funds passed to Subrecipient
Research and Development Programs Cluster:			
H-1B Job Training Grants	17.268	42,074	
Total Research and Development Programs Cluster		42,074 *	-
Not Clustered			
Labor Force Statistics	17.002	782,051	
Compensation and Working Conditions	17.005	117,433	
Unemployment Insurance	17.225	383,980,936	
Senior Community Service Employment Program	17.235	819,427	776,477
Trade Adjustment Assistance	17.245	4,809,557	
WIA Pilots, Demonstrations, and Research Projects	17.261	37,846	
H-1B Job Training Grants	17.268	1,248,553	1,183,859
Work Opportunity Tax Credit Program (WOTC)	17.271	227,930	
Temporary Labor Certification for Foreign Workers	17.273	112,248	
Program of Competitive Grants for Worker Training and Placement in High Growth and Emerging Industry Sectors	17.275	194,240	187,777
Workforce Investment Act (WIA) National Emergency Grants	17.277	189,106	181,024
Workforce Investment Act (WIA) Dislocated Worker National Reserve Technical Assistance and Training	17.281	23,541	
Occupational Safety and Health - Susan Harwood Training Grants	17.502	52,066	
Consultation Agreements	17.504	638,738	
Veterans' Employment Program	17.802	30,771	
Total Not Clustered		393,264,443	2,329,137
Employment Service Cluster:			
Employment Service/Wagner-Peyser Funded Activities	17.207	6,143,974	476,688
Disabled Veterans' Outreach Program (DVOP)	17.801	995,509	
Local Veterans' Employment Representative Program	17.804	429,660	
Total Employment Service Cluster		7,569,143	476,688
Indirect Award			
Research and Development Programs Cluster:			
National Aviation Consortium	17.000	305,176	
Soaring To Success - North Idaho College - Evaluation	17.000	43,163	
Occupational Safety and Health - Susan Harwood Training Grants	17.502	16,798	
Total Research and Development Programs Cluster		365,137 *	-
Not Clustered			
H-1B Job Training Grants	17.268	244,148	
Total Not Clustered		244,148	-
Total U. S. Department of Labor		416,927,841	17,012,177
U. S. Department of State			
Direct Award			
Not Clustered			
Academic Exchange Programs - Undergraduate Programs	19.009	174,731	
Total Not Clustered		174,731	-
Total U. S. Department of State		174,731	-

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STATE OF KANSAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2014

<u>Federal Grantor/Program</u>	<u>CFDA Number</u>	<u>Expenditures</u>	<u>Funds passed to Subrecipient</u>
U. S. Department of Transportation			
Direct Award			
Transit Services Programs Cluster:			
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	1,795,771	1,566,603
Job Access - Reverse Commute	20.516	388,616	486,598
New Freedom Program	20.521	158,031	208,557
Total Transit Services Programs Cluster		2,342,418	2,261,758
Research and Development Programs Cluster:			
Implementation of the 2002 AASHTO Design Guide for Pavement Structures	20.000	119,398	
University Transportation Center Tier II, Grant No. DTRT06-G-0030 Matching Project	20.000	190,918	
Aviation Educational - DELETE	20.100	21,645	
Aviation Research Grants	20.108	447,373	
Air Transportation Centers of Excellence	20.109	1,465,272	
Highway Research and Development Program	20.200	5,000	
Quantifying the Effect of Prestressing Steel and Concrete Variables on the Transfer Length in Pretensioned Concrete Crossties	20.300	331,535	
Railroad Research and Development	20.313	490,680	267,812
Total Research and Development Programs Cluster		3,071,821 *	267,812
Not Clustered			
Airport Improvement Program	20.106	100,481	
Highway Training and Education	20.215	87,869	25,919
National Motor Carrier Safety	20.218	3,659,676	
Performance and Registration Information Systems Management	20.231	69,249	
Commercial Driver License Program Improvement Grant	20.232	138,981	
Commercial Vehicle Information Systems and Networks	20.237	1,874,294	
Metropolitan Transportation Planning	20.505	2,504,193	2,397,667
Formula Grants for Rural Areas	20.509	9,651,117	9,103,098
State Planning and Research	20.515	70,789	50,721
National Highway Traffic Safety Administration (NHTSA) Discretionary Safety Grants	20.614	43,306	127,107
National Priority Safety Program	20.616	44,139	
Pipeline Safety Program State Base Grant	20.700	305,960	
Interagency Hazardous Materials Public Sector Training and Planning Grants	20.703	459,542	363,556
State Damage Prevention Program Grants	20.720	76,346	
PHMSA Pipeline Safety Program One Call Grant	20.721	58,871	
Surface Transportation Infrastructure - Discretionary Grants for Capital Investments II	20.933	5,973,202	7,366
Total Not Clustered		25,118,015	12,075,434

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STATE OF KANSAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2014

<u>Federal Grantor/Program</u>	<u>CFDA Number</u>	<u>Expenditures</u>	<u>Funds passed to Subrecipient</u>
Highway Safety Cluster:			
State and Community Highway Safety	20.600	3,447,176	1,770,529
Alcohol Impaired Driving Countermeasures Incentive Grants I	20.601	1,161,637	274,398
Occupant Protection Incentive Grants	20.602	304,763	66,019
Safety Belt Performance Grants	20.609	471,019	
State Traffic Safety Information System Improvement Grants	20.610	803,988	
Incentive Grant Program to Prohibit Racial Profiling	20.611	172,539	
Incentive Grant Program to Increase Motorcyclist Safety	20.612	304,147	60,254
Child Safety and Child Booster Seats Incentive Grants	20.613	316,237	22,725
Total Highway Safety Cluster		6,981,506	2,193,925
Highway Planning and Construction Cluster:			
Highway Planning and Construction	20.205	410,777,438	35,881,694
Recreational Trails Program	20.219	833,882	154,759
Total Highway Planning and Construction Cluster		411,611,320	36,036,453
Federal Transit Cluster:			
Federal Transit - Capital Investment Grants	20.500	300,884	256,607
Total Federal Transit Cluster		300,884	256,607
Indirect Award			
Research and Development Programs Cluster:			
Highway Work Zone Capacity Estimation Using Field Data from Kansas	20.000	23,046	
University Transportation Centers Program	20.701	253,694	
Biobased Transportation Research	20.761	35,804	780
Total Research and Development Programs Cluster		312,544 *	780
Total U. S. Department of Transportation		449,738,508	53,092,769
U. S. Department of the Treasury			
Direct Award			
Not Clustered			
State Small Business Credit Initiative	21.000	3,370,854	3,342,118
Total Not Clustered		3,370,854	3,342,118
Total U. S. Department of the Treasury		3,370,854	3,342,118
U. S. Equal Employment Opportunity Commission			
Direct Award			
Not Clustered			
Employment Discrimination - State and Local Fair Employment Practices Agency Contracts	30.002	369,091	
Total Not Clustered		369,091	-
Total U. S. Equal Employment Opportunity Commission		369,091	-
Federal Communications Commission			
Indirect Award			
Not Clustered			
Universal Service for Schools and Libraries	32.000	2,723	
Total Not Clustered		2,723	-
Total Federal Communications Commission		2,723	-

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STATE OF KANSAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2014

<u>Federal Grantor/Program</u>	<u>CFDA Number</u>	<u>Expenditures</u>	<u>Funds passed to Subrecipient</u>
U. S. General Services Administration			
Direct Award			
Not Clustered			
HAVA Title I	39.011	310,811	
Total Not Clustered	310811.000	<u>310,811</u>	<u>-</u>
Non-Monetary Award			
Not Clustered			
Donation of Federal Surplus Personal Property	39.003	3,691,166	2,996,104
Total Not Clustered		<u>3,691,166</u>	<u>2,996,104</u>
Total U. S. General Services Administration		<u>4,001,977</u>	<u>2,996,104</u>
National Aeronautics and Space Administration			
Direct Award			
Research and Development Programs Cluster:			
Standardized "Pre-Flight" Exercise Tests to Predict Performance During Extravehicular Activities in a Lunar Environment	43.000	162,179	
Science	43.001	310,776	
Education	43.008	<u>1,107,325</u>	<u>137,004</u>
Total Research and Development Programs Cluster		<u>1,580,280</u> *	<u>137,004</u>
Indirect Award			
Research and Development Programs Cluster:			
Acoustically Tailored Composite Rotocraft Fuselage Panels	43.000	16,550	
Economical Production of PU-238	43.000	16,993	
Impact of Spaceflight of Primary and Secondary Antibody Responses	43.000	5,809	
Aeronautics	43.002	24,648	
Education	43.008	<u>15,720</u>	
Total Research and Development Programs Cluster		<u>79,720</u> *	<u>-</u>
Total National Aeronautics and Space Administration		<u>1,660,000</u>	<u>137,004</u>
Federal Council on the Arts and the Humanities / Institute of Museum and Library Services / National Endowment for the Arts / National Endowment for the Humanities/Peace Corps			
Direct Award			
Research and Development Programs Cluster:			
Museums for America	45.301	<u>49,110</u>	
Total Research and Development Programs Cluster		<u>49,110</u> *	<u>-</u>
Not Clustered			
Promotion of the Arts - Grants to Organizations and Individuals	45.024	76,947	
Promotion of the Arts - Partnership Agreements	45.025	7,710	
Promotion of the Humanities - Challenge Grants	45.130	664,321	
Museums for America	45.301	150,001	
Conservation Project Support	45.303	26,789	
Grants to States	45.310	2,009,578	1,138,244
Laura Bush 21st Century Librarian Program	45.313	<u>171,052</u>	
Total Not Clustered		<u>3,106,398</u>	<u>1,138,244</u>

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STATE OF KANSAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2014

Federal Grantor/Program	CFDA Number	Expenditures	Funds passed to Subrecipient
Indirect Award			
Research and Development Programs Cluster:			
NEH Faculty Enhancement Award in Military History	45.000	22,586	
Total Research and Development Programs Cluster		22,586 *	-
Not Clustered			
Promotion of the Humanities - We the People	45.168	93,265	
Total Not Clustered		93,265	-
Total Federal Council on the Arts and the Humanities / Institute of Museum and Library Services / National Endowment for the Arts / National Endowment for the Humanities/Peace Corps		3,271,359	1,138,244
National Science Foundation			
Direct Award			
Research and Development Programs Cluster:			
National Science Foundation - Intergovernmental Personnel Act	47.000	260,907	
Engineering Grants	47.041	1,841,317	
Mathematical and Physical Sciences	47.049	1,565,241	
Geosciences	47.050	572,920	16,232
Computer and Information Science and Engineering	47.070	1,281,345	10,197
Biological Sciences	47.074	4,433,293	968,119
Social, Behavioral, and Economic Sciences	47.075	290,178	26,266
Education and Human Resources	47.076	2,685,734	
Polar Programs	47.078	80,141	
Office of International and Integrative Activities	47.079	1,520	
Office of Cyber Infrastructure	47.080	99,616	
Trans-NSF Recovery Act Research Support - ARRA	47.082	187,596	
Total Research and Development Programs Cluster		13,299,808 *	1,020,814
Not Clustered			
Mathematical and Physical Sciences	47.049	4,793	
Computer and Information Science and Engineering	47.070	17,902	
Education and Human Resources	47.076	190,033	
Total Not Clustered		212,728	-
Indirect Award			
Research and Development Programs Cluster:			
Oklahoma EPScoR Evaluation	47.000	3,206	
Music, Signals & Systems: A Multi-Campus, Cross-Disciplinary Proposal for Inclusive General Education	47.000	31,568	
Neon Domain 6 - Prairie Peninsula, Core Tower, Relocatable Tower and Core Aquatic Site	47.000	3,858	
Evaluation Services, Track 1 Experimental Program to Stimulate Competitive Research	47.000	98,273	
Quarknet	47.000	13,908	
REU Site: Operation Etank: Moving Toward a Sustainable World	47.000	1,875	
Investigating the Co2 Exchange in a Tall-Grass Prairie Ecosystem Using an Analytical Lagrangian Dispersion Analysis and Stable Isotopes	47.000	602	
Evaluating Broadening Participation in Computing Alliances BPC Program	47.000	15,230	

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STATE OF KANSAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
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Federal Grantor/Program	CFDA Number	Expenditures	Funds passed to Subrecipient
Adaptive Analog Nonlinear Circuits for Improving Properties of Electronic Devices	47.000	46,619	
Agro ecological Annotation of Gene Function and Computational Analysis of Gene Networks	47.000	244,392	
Evaluation Services, Track 2 EPScoR, Research and Education Cyber infrastructure Investments to Develop the Coastal Hazards Collaboratory in the Northern Gulf Coast	47.000	13,286	
Engineering Grants	47.041	118,765	
Geosciences	47.050	46,955	
Biological Sciences	47.074	74,037	
Education and Human Resources	47.076	11,172	
Office of International and Integrative Activities	47.079	46,057	
Office of Experimental Program to Stimulate Competitive Research	47.081	1,813,283	120,632
Trans-NSF Recovery Act Research Support - ARRA	47.082	115,088	
Total Research and Development Programs Cluster		2,698,174 *	120,632
Not Clustered			
Education and Human Resources	47.076	1,300	
Office of Experimental Program to Stimulate Competitive Research	47.081	24,576	
Total Not Clustered		25,876	-
Total National Science Foundation		16,236,586	1,141,446
U. S. Small Business Administration			
Direct Award			
Not Clustered			
7(j) Technical Assistance	59.007	66,527	
Small Business Development Centers	59.037	1,301,812	352,980
State Trade and Export Promotion Pilot Grant Program	59.061	36,677	7,500
Total Not Clustered		1,405,016	360,480
Total U. S. Small Business Administration		1,405,016	360,480
U. S. Department of Veterans Affairs			
Direct Award			
Research and Development Programs Cluster:			
Project 12.1.2. Creating Distance Learning Lean Training Exercises	64.000	40,508	
Telemental Health Appointment Optimization	64.000	27,920	
Total Research and Development Programs Cluster		68,428 *	-
Not Clustered			
Veterans State Domiciliary Care	64.014	1,348,448	
Veterans State Nursing Home Care	64.015	5,086,833	
State Cemetery Grants	64.203	125,933	
Total Not Clustered		6,561,214	-
Total U. S. Department of Veterans Affairs		6,629,642	-

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STATE OF KANSAS
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Federal Grantor/Program	CFDA Number	Expenditures	Funds passed to Subrecipient
Environmental Protection Agency			
Direct Award			
Research and Development Programs Cluster:			
Environmental Finance Center Grants	66.203	111,152	
Regional Wetland Program Development Grants	66.461	439,854	
Greater Research Opportunities (GRO) Fellowships For Undergraduate Environmental Study	66.513	8,423	
Science To Achieve Results (STAR) Fellowship Program	66.514	7,228	
P3 Award: National Student Design Competition for Sustainability	66.516	4,806	
Pesticide Environmental Stewardship Regional Grants	66.714	17,188	
Research, Development, Monitoring, Public Education, Training, Demonstrations, and Studies	66.716	22,235	
Brownfields Training, Research, and Technical Assistance Grants and Cooperative Agreements	66.814	644,361	5,978
Total Research and Development Programs Cluster		1,255,247 *	5,978
Not Clustered			
Radon-Kit Project for Kansas Schools	66.000	85,154	
Air Pollution Control Program Support	66.001	1,917,028	454,702
State Indoor Radon Grants	66.032	155,572	
Surveys, Studies, Research, Investigations, Demonstrations and Special Purpose Activities Relating to the Clean Air Act	66.034	589,248	83,290
National Clean Diesel Emissions Reduction Program	66.039	2,753,049	2,652,886
State Clean Diesel Grant Program	66.040	155,376	130,716
Congressionally Mandated Projects	66.202	775	
Water Pollution Control State, Interstate, and Tribal Program Support	66.419	284,425	
State Underground Water Source Protection	66.433	326,769	
Urban Waters Small Grants	66.440	18,778	
Water Quality Management Planning	66.454	119,162	
Nonpoint Source Implementation Grants	66.460	3,710,454	1,914,390
State Grants to Reimburse Operators of Small Water Systems for Training and Certification Costs	66.471	320	
Performance Partnership Grants	66.605	3,623,854	
Environmental Information Exchange Network Grant Program and Related Assistance	66.608	160,575	
TSCA Title IV State Lead Grants Certification of Lead-Based Paint Professionals	66.707	321,934	
Pollution Prevention Grants Program	66.708	107,107	
Source Reduction Assistance	66.717	13,502	
Hazardous Waste Management State Program Support	66.801	1,157,877	
Superfund State, Political Subdivision, and Indian Tribe Site-Specific Cooperative Agreements	66.802	908,314	
Underground Storage Tank Prevention, Detection and Compliance Program	66.804	412,275	
Leaking Underground Storage Tank Trust Fund Corrective Action Program	66.805	717,166	
State and Tribal Response Program Grants	66.817	919,662	
Brownfields Assessment and Cleanup Cooperative Agreements	66.818	65,878	
Total Not Clustered		18,524,254	5,235,984

The accompanying notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

STATE OF KANSAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2014

Federal Grantor/Program	CFDA Number	Expenditures	Funds passed to Subrecipient
Drinking Water State Revolving Fund Cluster: Capitalization Grants for Drinking Water State Revolving Funds	66.468	25,074,270	23,519,380
Total Drinking Water State Revolving Fund Cluster		<u>25,074,270</u>	<u>23,519,380</u>
Clean Water State Revolving Fund Cluster: Capitalization Grants for Clean Water State Revolving Funds	66.458	23,537,318	23,063,884
Total Clean Water State Revolving Fund Cluster		<u>23,537,318</u>	<u>23,063,884</u>
Indirect Award			
Not Clustered			
Pesticide Safety Education Program Support	66.000	7,384	
Training for the Nebraska State Radon Program 2013-14	66.000	5,000	
Community Action for a Renewed Environment (CARE) Program	66.035	18,917	
Surveys, Studies, Investigations, Demonstrations, and Training Grants - Section 1442 of the Safe Drinking Water Act	66.424	144,099	
Nonpoint Source Implementation Grants	66.460	37,494	
Total Not Clustered		<u>212,894</u>	-
Total Environmental Protection Agency		<u>68,603,983</u>	<u>51,825,226</u>
 U. S. Nuclear Regulatory Commission			
Indirect Award			
Not Clustered			
U.S. Nuclear Regulatory Commission Nuclear Education Grant Program	77.006	18,509	
Total Not Clustered		<u>18,509</u>	-
Total U. S. Nuclear Regulatory Commission		<u>18,509</u>	-
 U. S. Department of Energy			
Direct Award			
Research and Development Programs Cluster:			
Research at Kansas State University into the Basic Nature of Matter, Energy, Space, and Time	81.000	63,947	
Intergovernmental Personnel Act Assignment	81.000	156,214	
Office of Science Financial Assistance Program	81.049	3,529,186	
Conservation Research and Development	81.086	111,618	
Renewable Energy Research and Development	81.087	46,472	
Nuclear Energy Research, Development and Demonstration	81.121	19,046	
Electricity Delivery and Energy Reliability, Research, Development and Analysis	81.122	14,231	
Total Research and Development Programs Cluster		<u>3,940,714</u> *	-
Not Clustered			
State Energy Program	81.041	591,269	207,335
Weatherization Assistance for Low-Income Persons	81.042	2,570,011	2,340,639
Nuclear Energy Research, Development and Demonstration	81.121	8,598	
Electricity Delivery and Energy Reliability, Research, Development and Analysis	81.122	97,688	
Total Not Clustered		<u>3,267,566</u>	<u>2,547,974</u>
Indirect Award			

The accompanying notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

STATE OF KANSAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2014

Federal Grantor/Program	CFDA Number	Expenditures	Funds passed to Subrecipient
Research and Development Programs Cluster:			
Plant-Based Sesquiterpene Biofuels	81.000	133,079	
Testing of Small-Wind-Turbines at Regional Test Centers	81.000	71,609	47,345
Wind Turbine Data Systems Support	81.000	26,503	
Thin Film Hermetic Sealing & Compatibility for Ag TKN Paste	81.000	14,065	
Coordination of the US CMS Research Effort at the LHC Physics Center in the Area of Dileptons	81.000	42,944	
Technical Assistance on Compact Fission Chamber Development	81.000	13,819	
Senior Design Project Bearing Run-In Machine	81.000	6,497	
Advanced , Low Power, High Performance Processor Technology Research	81.000	35,686	
Advanced Thin Films on LTCC	81.000	7,149	
Characterization of Thin Film on LTCC Technologies	81.000	10,882	
Collegiate Wind Competition	81.000	26,463	
Electrical Test/Characterization of the Thin-Film Capacitors	81.000	16,948	
Fermilab Partial Salary Support for Dr. Sadia Khalil to Collaborate on the CMS Experiment	81.000	13,327	
Phase V Research and Development at Kansas State University	81.000	21,250	
High Frequency Characterization of Thin Film Metals on Low Temperature Co-Fired Ceramic	81.000	46,652	
IBSAL Simulation Work for High-Tonnage Logistics Project	81.000	56,271	
Interface Development for Thermal Battery Models	81.000	27,364	
LHC CMS Detector Upgrade FPIX Subsystem for 2014	81.000	78,157	
Office of Science Financial Assistance Program	81.049	235,627	
Regional Biomass Energy Programs	81.079	5,877	
Renewable Energy Research and Development	81.087	19,788	
Fossil Energy Research and Development	81.089	17,305	
Energy Efficiency and Renewable Energy Information Dissemination, Outreach, Training and Technical Analysis/Assistance	81.117	35,127	
Energy Efficiency and Conservation Block Grant Program (EECBG)	81.128	22,423	
Industrial Carbon Capture and Storage (CCS) Application	81.134	54,053	
		1,038,865	47,345
Total Research and Development Programs Cluster		1,038,865 *	47,345
Total U. S. Department of Energy		8,247,145	2,595,319
U. S. Department of Education			
Direct Award			
TRIO Cluster:			
TRIO - Student Support Services	84.042	1,429,574	
TRIO - Talent Search	84.044	744,084	
TRIO - Upward Bound	84.047	1,432,822	
TRIO - Educational Opportunity Centers	84.066	258,998	
TRIO - McNair Post-Baccalaureate Achievement	84.217	423,026	
		4,288,504	-
Total TRIO Cluster		4,288,504	-
Teacher Quality Partnership Grants Cluster:			
Teacher Quality Partnership Grants	84.336	1,055,039	328,956

The accompanying notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

STATE OF KANSAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2014

Federal Grantor/Program	CFDA Number	Expenditures	Funds passed to Subrecipient
Total Teacher Quality Partnership Grants Cluster		1,055,039	328,956
Student Financial Assistance:			
Federal Supplemental Educational Opportunity Grants	84.007	2,155,798	
Federal Work-Study Program	84.033	3,502,497	
Federal Perkins Loan Program - Federal Capital Contributions	84.038	9,048,524	
Federal Pell Grant Program	84.063	85,510,354	
Federal Direct Loan UnSub	84.268	30,655,885	
Federal Direct Loan Sub	84.268	1,052,083	
Federal Direct Loans PLUS	84.268	4,816,585	
Federal Direct Student Loans	84.268	423,886,272	
Teacher Education Assistance for College and Higher Education Grants (TEACH Grants)	84.379	712,794	
Postsecondary Education Scholarships for Veteran's Dependents	84.408	2,540	
Total Student Financial Assistance		<u>561,343,332</u>	<u>-</u>
Statewide Data Systems Cluster:			
Statewide Data Systems	84.372	92,874	
Statewide Data Systems - ARRA	84.384	1,767,058	
Total Statewide Data Systems Cluster		<u>1,859,932</u>	<u>-</u>
Special Education Cluster (IDEA):			
Special Education - Grants to States	84.027	106,822,667	102,725,190
Special Education - Preschool Grants	84.173	4,162,782	4,067,454
Total Special Education Cluster (IDEA)		<u>110,985,449</u>	<u>106,792,644</u>
School Improvement Grants Cluster:			
School Improvement Grants	84.377	3,420,321	3,317,771
School Improvement Grants - ARRA	84.388	1,075,053	1,075,053
Total School Improvement Grants Cluster		<u>4,495,374</u>	<u>4,392,824</u>
Research and Development Programs Cluster:			
Advancing 6-12 Science Achievement: Shifts in Next Generation Science Teacher Professional Development	84.000	75,046	
Exploration of KBOR and KSDE Data to Better Understand Participation, Retention and Graduation Patterns of ABE/GED Students Transitioning to Community College Programs	84.000	1,738	
Graduate Assistance in Areas of National Need	84.200	81,542	
Child Care Access Means Parents in School	84.335	40,377	
Total Research and Development Programs Cluster		<u>198,703</u> *	<u>-</u>
Not Clustered			
FFA-YF/YFW Organization	84.000	995	
Eat Smart, Play Hard Videos	84.000	20,629	
FFA-YF/YFW Organization	84.000	33,178	
Kansas Educational Leadership Institute	84.000	19,497	
Adult Education - Basic Grants to States	84.002	3,670,919	3,148,362
Civil Rights Training and Advisory Services	84.004	692,746	
Title I Grants to Local Educational Agencies	84.010	100,373,234	99,677,501
Migrant Education - State Grant Program	84.011	11,364,168	11,171,053
Title I State Agency Program for Neglected and Delinquent Children	84.013	686,630	
Career and Technical Education - Basic Grants to States	84.048	9,974,814	8,908,474
Career and Technical Education - National Programs	84.051	356,462	253,951
Fund for the Improvement of Postsecondary Education	84.116	33,594	

The accompanying notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

STATE OF KANSAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2014

Federal Grantor/Program	CFDA Number	Expenditures	Funds passed to Subrecipient
Rehabilitation Services - Vocational Rehabilitation Grants to States	84.126	20,017,138	
Migrant Education - High School Equivalency Program	84.141	511,736	258,783
Migrant Education - Coordination Program	84.144	76,285	
Migrant Education - College Assistance Migrant Program	84.149	343,489	99,564
Business and International Education Projects	84.153	1,064	
Independent Living - State Grants	84.169	1,790,530	1,727,618
Rehabilitation Services- Independent Living Services for Older Individuals Who are Blind	84.177	338,099	338,099
Special Education - Grants for Infants and Families	84.181	4,199,055	3,271,460
Safe and Drug-Free Schools and Communities - National Programs	84.184	3,520,895	2,074,007
Safe and Drug-Free Schools and Communities - State Grants	84.186	500	(62)
Supported Employment Services for Individuals with the Most Significant Disabilities	84.187	300,000	
Project MERIT	84.195	58	
English Language Acquisition: National Professional Development Program	84.195	7,670	
Project TEACH	84.195	1,063	
Education for Homeless Children and Youth	84.196	428,600	355,999
Fund for the Improvement of Education	84.215	87,555	
Rehabilitation Training - State Vocational Rehabilitation Unit In-Service Training	84.265	32,275	
Charter Schools	84.282	1,527	
Twenty-First Century Community Learning Centers	84.287	15,064,425	14,774,245
Education Technology State Grants	84.318	1,744	
Special Education - State Personnel Development	84.323	1,749,334	1,403,425
Special Education - Technical Assistance and Dissemination to Improve Services and Results for Children with Disabilities	84.326	120,396	
Advanced Placement Program (Advanced Placement Test Fee; Advanced Placement Incentive Program Grants)	84.330	87,680	(200)
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334	3,233,240	460,000
Career Resource Network State Grant	84.346	10,837	
Rural Education	84.358	567,626	552,599
English Language Acquisition State Grants	84.365	4,258,452	3,624,413
Mathematics and Science Partnerships	84.366	1,088,863	442,397
Improving Teacher Quality State Grants	84.367	18,100,204	17,218,517
Grants for Enhanced Assessment Instruments	84.368	267,202	
Grants for State Assessments and Related Activities	84.369	4,823,920	
College Access Challenge Grant Program	84.378	1,419,216	280,500
National Assessment of Educational Progress	84.902	93,996	
Total Not Clustered		209,771,540	170,040,705

The accompanying notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

STATE OF KANSAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2014

<u>Federal Grantor/Program</u>	<u>CFDA Number</u>	<u>Expenditures</u>	<u>Funds passed to Subrecipient</u>
Indirect Award			
Research and Development Programs Cluster:			
Magnet Schools Assistance	84.165	21,318	
Education Research, Development and Dissemination	84.305	43,858	
Special Education - Personnel Development to Improve Services and Results for Children with Disabilities	84.325	6,514	
School Leadership	84.363	81,762	
Total Research and Development Programs Cluster		153,452 *	-
Not Clustered			
Project Unlimited Proficiency	84.195	8,007	
Transition to Teaching	84.350	105,166	
Total Not Clustered		113,173	-
Total U. S. Department of Education		894,264,498	281,555,129
 National Archives and Records Administration			
Indirect Award			
Not Clustered			
National Historical Publications and Records Grants	89.003	18,861	
Total Not Clustered		18,861	-
Total National Archives and Records Administration		18,861	-
 U.S. Election Assistance Commission			
Direct Award			
Not Clustered			
Help America Vote Act Requirements Payments	90.401	572,462	
Total Not Clustered		572,462	-
Total U.S. Election Assistance Commission		572,462	-
 U. S. Department of Health and Human Services			
Direct Award			
TANF Cluster:			
Temporary Assistance for Needy Families	93.558	69,236,883	7,326,524
Total TANF Cluster		69,236,883	7,326,524
Student Financial Assistance:			
Nurse Faculty Loan Program (NFLP)	93.264	28,618	
Health Professions Student Loans, Including Primary Care Loans/Loans for Disadvantaged Students	93.342	123,904	
Nursing Student Loans	93.364	287,597	
Total Student Financial Assistance		440,119	-
Research and Development Programs Cluster:			
Program for Training and Consultation of CMHC Practitioners Delivering Intensive Home Based Family Therapy Services	93.000	11,450	
National Organizations of State and Local Officials	93.011	50,050	
Research Related to Deafness and Communication Disorders	93.173	410,696	
Mental Health Research Grants	93.242	213,138	
Alcohol Research Programs	93.273	18,711	
Drug Abuse and Addiction Research Programs	93.279	299,271	16,294
Research Infrastructure Programs	93.351	110,692	

The accompanying notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

STATE OF KANSAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2014

Federal Grantor/Program	CFDA Number	Expenditures	Funds passed to Subrecipient
Nursing Research	93.361	20,553	
National Center for Research Resources	93.389	59,656	
Cancer Cause and Prevention Research	93.393	170,683	
Cancer Biology Research	93.396	384,825	
Trans-NIH Recovery Act Research Support	93.701	50,526	
Cardiovascular Diseases Research	93.837	86,776	
Arthritis, Musculoskeletal and Skin Diseases Research	93.846	52,513	
Diabetes, Digestive, and Kidney Diseases Extramural Research	93.847	117,268	
Allergy, Immunology and Transplantation Research	93.855	3,321,539	429,213
Biomedical Research and Research Training	93.859	1,295,748	144,298
Neuroendocrine-Modulated Epithelial Cho3-Transport	93.864	229,263	
Aging Research	93.866	1,167,968	
Vision Research	93.867	56,254	
Total Research and Development Programs Cluster		8,127,580 *	589,805
Not Clustered			
Public Health and Social Services Emergency Fund	93.003	37,413	
Medical Reserve Corps Small Grant Program	93.008	9,473	
Special Programs for the Aging - Title VII, Chapter 2-Long Term Care Ombudsman Services for Older Individuals	93.042	233,837	
Special Programs for the Aging - Title III, Part D-Disease Prevention and Health Promotion Services	93.043	165,242	165,242
Special Programs for the Aging - Title IV and Title II-Discretionary Projects	93.048	512,370	174,538
Alzheimer's Disease Demonstration Grants to States	93.051	389	
National Family Caregiver Support, Title III, Part E	93.052	1,171,414	1,163,224
Public Health Emergency Preparedness	93.069	6,977,438	3,739,501
Medicare Enrollment Assistance Program	93.071	959,507	148,559
Emergency System for Advance Registration of Volunteer Health Professionals	93.089	1,956	
Affordable Care Act - Personal Responsibility Education Program	93.092	525,392	472,218
Affordable Care Act - Health Profession Opportunity Grants	93.093	2,898,619	2,687,638
Food and Drug Administration - Research	93.103	478,560	
Maternal and Child Health Federal Consolidated Programs	93.110	199,935	
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	419,902	112,091
Emergency Medical Services for Children	93.127	134,099	
Cooperative Agreements to States/Territories for the Coordination and Development of Primary Care Offices	93.130	139,268	
Injury Prevention and Control Research and State and Community Based Programs	93.136	602,393	137,342
Projects for Assistance in Transition from Homelessness (PATH)	93.150	288,280	286,317
Grants to States for Loan Repayment Program	93.165	141,108	141,108
Disabilities Prevention	93.184	1,146	
Family Planning - Services	93.217	2,524,226	2,262,988
Affordable Care Act - Abstinence Education Program	93.235	463,839	458,359
Grants for Dental Public Health Residency Training	93.236	65,558	5,000

The accompanying notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

STATE OF KANSAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2014

Federal Grantor/Program	CFDA Number	Expenditures	Funds passed to Subrecipient
State Rural Hospital Flexibility Program	93.241	649,459	49,220
Substance Abuse and Mental Health Services - Projects of Regional and National Significance	93.243	1,594,585	1,155,364
Universal Newborn Hearing Screening	93.251	296,069	19,332
State Health Access Program	93.256	1,156,672	
Immunization Cooperative Agreements	93.268	2,917,289	509,597
Adult Viral Hepatitis Prevention and Control	93.270	58,557	
Centers for Disease Control and Prevention - Investigations and Technical Assistance	93.283	6,106,706	267,661
State Partnership Grant Program to Improve Minority Health	93.296	46,815	3,000
Small Rural Hospital Improvement Grant Program	93.301	818,880	767,971
Advanced Education Nursing Traineeships	93.358	699,197	
State Primary Care Offices - ARRA	93.414	97,688	17,353
Food Safety and Security Monitoring Project	93.448	17,086	
Ruminant Feed Ban Support Project	93.449	253,400	
Affordable Care Act (ACA) Maternal, Infant, and Early Childhood Home Visiting Program	93.505	3,381,457	2,883,793
PPHF 2012 National Public Health Improvement Initiative	93.507	442,355	54,000
Affordable Care Act (ACA) Grants to States for Health Insurance Premium Review	93.511	213,188	
Affordable Care Act (ACA) Consumer Assistance Program Grants	93.519	352,557	
Affordable Care Act: Building Epidemiology, Laboratory, and Health Information Systems Capacity in the Epidemiology and Laboratory Capacity for Infectious Disease and Emerging Infectious Program Cooperative Agreements	93.521	883,022	
State Planning and Establishment Grants for the Affordable Care Act (ACA) Exchanges	93.525	92,438	
Affordable Care Act - National Environmental Public Health Tracking Program-Network Implementation	93.538	501,720	
Prevention and Public Health Fund (Affordable Care Act) - Capacity Building Assistance to Strengthen Public Health Immunization Infrastructure and Performance Financed in Part by 2012 Prevention and Public Health Funds	93.539	464,568	3,485
Patient Protection and Affordable Care Act of 2010 - Authorizes Coordinated Chronic Disease Prevention and Health Promotion Program	93.544	305,929	
Promoting Safe and Stable Families	93.556	1,935,058	
Child Support Enforcement	93.563	30,045,667	
Refugee and Entrant Assistance - State Administered Programs	93.566	1,412,868	554,450
Low-Income Home Energy Assistance	93.568	31,833,972	3,673,244
Community Services Block Grant	93.569	5,438,888	4,911,595
Refugee and Entrant Assistance - Discretionary Grants	93.576	97,087	19,137
State Court Improvement Program	93.586	313,473	
Community-Based Child Abuse Prevention Grants	93.590	1,007,148	883,417
Grants to States for Access and Visitation Programs	93.597	95,882	92,386
Chafee Education and Training Vouchers Program (ETV)	93.599	615,821	
Head Start	93.600	86,032	
Adoption Incentive Payments	93.603	94,367	

The accompanying notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

STATE OF KANSAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2014

Federal Grantor/Program	CFDA Number	Expenditures	Funds passed to Subrecipient
Voting Access for Individuals with Disabilities - Grants to States	93.617	65,252	
Developmental Disabilities Basic Support and Advocacy Grants	93.630	523,861	132,668
Children's Justice Grants to States	93.643	104,779	91,619
Child Welfare Services - State Grants	93.645	2,603,521	
Foster Care-Title IV-E	93.658	18,332,714	11,078
Adoption Assistance	93.659	15,878,946	
Social Services Block Grant	93.667	24,345,540	4,500,000
Child Abuse and Neglect State Grants	93.669	213,559	
Family Violence Prevention and Services/Battered Women's Shelters - Grants to States and Indian Tribes	93.671	1,024,614	970,082
Chafee Foster Care Independence Program	93.674	1,363,236	56,366
Head Start - ARRA	93.708	699,093	
State Grants to Promote Health Information Technology - ARRA	93.719	1,601,434	1,000,000
State Public Health Approaches for Ensuring Quitline Capacity - Funded in Part by 2012 Prevention and Public Health Funds (PPHF-2012)	93.735	128,722	
PPHF 2012: Breast and Cervical Cancer Screening Opportunities for States, Tribes and Territories Solely Financed by 2012 Prevention and Public Health Funds	93.744	149,725	
PPHF 2012: Health Care Surveillance/Health Statistics Surveillance Program Announcement: Behavioral Risk Factor Surveillance System Financed in Part by 2012 Prevention and Public Health Funds (PPHF-2012)	93.745	28,932	
PPHF-2012 Cooperative Agreements for Prescription Drug Monitoring Program Electronic Health Record (EHR) Integration and Interoperability Expansion	93.748	100,767	88,975
Children's Health Insurance Program	93.767	69,466,922	
Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations	93.779	571,876	245,681
Alternatives to Psychiatric Residential Treatment Facilities for Children	93.789	2,383,300	
Money Follows the Person Rebalancing Demonstration	93.791	8,056,490	51,758
State Survey and Certification of Health Care Providers and Suppliers (Title XIX) Medicaid	93.796	19,559	
National Bioterrorism Hospital Preparedness Program	93.889	3,487,245	421,855
Grants to States for Operation of Offices of Rural Health	93.913	159,743	6,750
HIV Care Formula Grants	93.917	3,455,708	561,672
Cooperative Agreements to Support Comprehensive School Health Programs to Prevent the Spread of HIV and Other Important Health Problems	93.938	105,610	43,500
HIV Prevention Activities - Health Department Based	93.940	1,217,945	504,926
Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance	93.944	162,773	1,500
Assistance Programs for Chronic Disease Prevention and Control	93.945	1,154,061	121,852

The accompanying notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

STATE OF KANSAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2014

<u>Federal Grantor/Program</u>	<u>CFDA Number</u>	<u>Expenditures</u>	<u>Funds passed to Subrecipient</u>
Cooperative Agreements to Support State-Based Safe Motherhood and Infant Health Initiative Programs	93.946	59,852	
Block Grants for Community Mental Health Services	93.958	2,817,278	2,377,301
Block Grants for Prevention and Treatment of Substance Abuse	93.959	12,115,319	11,028,437
Preventive Health Services - Sexually Transmitted Diseases Control Grants	93.977	926,661	250,444
Preventive Health and Health Services Block Grant	93.991	604,339	226,639
Maternal and Child Health Services Block Grant to the States	93.994	4,315,788	1,939,095
Total Not Clustered		291,522,428	52,451,328
Medicaid Cluster:			
State Medicaid Fraud Control Units	93.775	1,163,403	
State Survey and Certification of Health Care Providers and Suppliers (Title XIX) Medicaid	93.777	8,140,955	
Medical Assistance Program	93.778	1,766,497,935	3,787,111
Total Medicaid Cluster		1,775,802,293	3,787,111
Health Centers Cluster:			
Consolidated Health Centers (Community Health Centers, Migrant Health Centers, Health Care for the Homeless, and Public Housing Primary Care)	93.224	963,071	152,133
Total Health Centers Cluster		963,071	152,133
CCDF Cluster:			
Child Care and Development Block Grant	93.575	38,154,284	11,135,023
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	21,191,196	
Total CCDF Cluster		59,345,480	11,135,023
Aging Cluster:			
Special Programs for the Aging - Title III, Part B-Grants for Supportive Services and Senior Centers	93.044	3,143,861	2,943,491
Special Programs for the Aging - Title III, Part C-Nutrition Services	93.045	5,550,914	5,092,126
Nutrition Services Incentive Program	93.053	1,793,336	1,645,281
Total Aging Cluster		10,488,111	9,680,898
Indirect Award			
Research and Development Programs Cluster:			
Military Couples Becoming Parents: Trajectories of Alcohol Use Across the Transition to Parenthood in Military Couples	93.000	3,110	
NIAID Centers of Excellence for Influenza Research and Surveillance. Area 1-Surveillance and Area 2, Project 3 Research	93.000	506,888	
Pan Alpha virus Development	93.000	9,416	
Faculty Scholar Award	93.000	606,146	
Synthesis and Quantification of TP70 and CPS in Plasma and Tissues	93.000	15,950	
Vaccine Development	93.000	6,011	
Food and Drug Administration - Research	93.103	84,547	
Drug Abuse and Addiction Research Programs	93.279	5,547	
Discovery and Applied Research for Technological Innovations to Improve Human Health	93.286	34,920	
Trans-NIH Research Support	93.310	12,000	
National Center for Research Resources	93.389	29,853	
Cancer Cause and Prevention Research	93.393	24,000	
Cancer Treatment Research	93.395	24,914	

The accompanying notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

STATE OF KANSAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2014

<u>Federal Grantor/Program</u>	<u>CFDA Number</u>	<u>Expenditures</u>	<u>Funds passed to Subrecipient</u>
Allergy, Immunology and Transplantation Research	93.855	421,629	
Biomedical Research and Research Training	93.859	824,296	
Child Health and Human Development Extramural Research	93.865	10,570	
Aging Research	93.866	70,315	
KUMCRI FY13 Bioinformatics	93.869	327,182	
Total Research and Development Programs Cluster		3,017,294 *	-
Not Clustered			
Maternal and Child Health Federal Consolidated Programs	93.110	12,723	
Drug-Free Communities Support Program Grants	93.276	11,015	
Minority Health and Health Disparities Research	93.307	443,412	
Family Support Payments to States - Assistance Payments	93.560	14,735	
PPHF 2012: Community Transformation Grants -Small Communities Program Financed Solely by 2012 Public Prevention and Health Funds	93.737	114,608	
Biomedical Research and Research Training	93.859	165,879	
Total Not Clustered		762,372	-
Non-Monetary Award			
Not Clustered			
Immunization Cooperative Agreements	93.268	23,628,497	
Total Not Clustered		23,628,497	-
Total U. S. Department of Health and Human Services		2,243,334,128	85,122,822
Corporation for National and Community Service			
Direct Award			
Not Clustered			
Serve To Succeed	94.000	824	
State Commissions	94.003	177,280	23,785
AmeriCorps	94.006	1,145,200	731,407
Program Development and Innovation Grants	94.007	5,509	
Training and Technical Assistance	94.009	21,622	4,018
Volunteer Generation Fund	94.021	233,201	151,842
Total Not Clustered		1,583,636	911,052
Foster Grandparent/Senior Companion Cluster:			
Foster Grandparent Program	94.011	586,713	
Senior Companion Program	94.016	460,235	
Total Foster Grandparent/Senior Companion Cluster		1,046,948	-
Total Corporation for National and Community Service		2,630,584	911,052
Executive Office of the President			
Direct Award			
Not Clustered			
High Intensity Drug Trafficking Areas Program	95.001	3,481,198	1,131,870
Total Not Clustered		3,481,198	1,131,870
Total Executive Office of the President		3,481,198	1,131,870
Social Security Administration			
Direct Award			
Disability Insurance/SSI Cluster:			
Social Security - Disability Insurance	96.001	13,936,470	
Total Disability Insurance/SSI Cluster		13,936,470	-

The accompanying notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

STATE OF KANSAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2014

<u>Federal Grantor/Program</u>	<u>CFDA Number</u>	<u>Expenditures</u>	<u>Funds passed to Subrecipient</u>
Total Social Security Administration		13,936,470	-
U. S. Department of Homeland Security			
Direct Award			
Research and Development Programs Cluster:			
Centers for Homeland Security	97.061	988,012	326,566
Total Research and Development Programs Cluster		988,012 *	326,566
Not Clustered			
Boating Safety Financial Assistance	97.012	925,799	
Community Assistance Program State Support Services Element (CAP-SSSE)	97.023	111,055	
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	12,016,969	10,996,334
Hazard Mitigation Grant	97.039	8,008,429	7,567,579
National Dam Safety Program	97.041	308,000	
Emergency Management Performance Grants	97.042	3,880,471	1,253,133
Assistance to Firefighters Grant	97.044	23,691	
Cooperating Technical Partners	97.045	1,527,074	
Pre-Disaster Mitigation	97.047	196,145	196,145
Citizens-Community Resilience Innovation Challenge	97.053	35,271	4,975
Homeland Security Grant Program	97.067	271,024	
Metropolitan Medical Response System	97.071	535,854	535,854
State Homeland Security Program (SHSP)	97.073	5,744,913	4,301,112
Driver's License Security Grant Program	97.089	391,449	
Homeland Security-related Science, Technology, Engineering and Mathematics (HS STEM) Career Development Program	97.104	136,062	42,196
Total Not Clustered		34,112,206	24,897,328
Indirect Award			
Research and Development Programs Cluster:			
Development of Guidance to Ensure a Risk-Informed Planning Process and Appropriate Decision Making for use by State, Local, Tribal and Territorial Government Entities in Creation of Emergency Operation Plans to Defend Food	97.000	105,656	13,719
Development of a Fluorescent Microsphere Immunoassay Platform for Diagnosis and Surveillance of Rift Valley Fever in Ruminants	97.000	160,636	
Centers for Homeland Security	97.061	192,773	
Scholars and Fellows, and Educational Programs	97.062	46,301	
Homeland Security Research, Development, Testing, Evaluation, and Demonstration of Technologies Related to Nuclear Threat Detection	97.077	201,527	
Homeland Security-related Science, Technology, Engineering and Mathematics (HS STEM) Career Development Program	97.104	42,502	
Total Research and Development Programs Cluster		749,395 *	13,719
Total U. S. Department of Homeland Security		35,849,613	25,237,613

The accompanying notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

STATE OF KANSAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2014

<u>Federal Grantor/Program</u>	<u>CFDA Number</u>	<u>Expenditures</u>	<u>Funds passed to Subrecipient</u>
U. S. Agency for International Development			
Direct Award			
Research and Development Programs Cluster:			
USAID Foreign Assistance for Programs Overseas	98.001	199,881	
Total Research and Development Programs Cluster		199,881 *	-
Not Clustered			
USAID Foreign Assistance for Programs Overseas	98.001	680,931	10,087
Total Not Clustered		680,931	10,087
Indirect Award			
Research and Development Programs Cluster:			
Pulse Value Chain Initiative-Zambia	98.000	77,115	25,070
Heat-Tolerant Pearl Millet for Increased and Stable Production in Warmer Environments	98.000	4,559	
BHEARD Program: Ghana	98.000	37,427	
Targeted Engineering of Brassica Juncea Seed Biochemistry to Produce Reduced-Viscosity Plant Oils for Direct Use as Biofuel	98.000	21,317	
USAID Foreign Assistance for Programs Overseas	98.001	333,018	
Total Research and Development Programs Cluster		473,436 *	25,070
Total U. S. Agency for International Development		1,354,248	35,157
Other Federal Grants			
Direct Award			
Not Clustered			
Adas Data Collection Grant Fee	99.006	200,642	171,686
NATIONAL CENTER FOR HEALTH	99.007	339,715	
MSQA CONTRACT	99.008	185,095	
ADULT LEAD SURVEILLANCE DATA	99.009	31,468	
Wage Record Interchange Sharing System Corporation for Public Broadcasting - Radio Community Service Grant	99.999	12,500	
	99.999	191,871	
Total Not Clustered		961,291	171,686
Indirect Award			
Not Clustered			
Transformation Initiative	99.007	58,000	
USAC E-RATE Program	99.014	775,577	
Total Not Clustered		833,577	-
Total Other Federal Grants		1,794,868	171,686
Total Federal Award Expenditures		<u>\$ 5,070,445,456</u>	<u>\$ 756,724,146</u>

* = Research and Development Cluster

The accompanying notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

STATE OF KANSAS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
June 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The accompanying schedule of expenditures of federal awards presents the activity of all federal award programs of the State of Kansas for the year ended June 30, 2014. All federal awards received directly from federal agencies, as well as federal awards passed through other governmental agencies, are included on the schedule. The federal awards of the component units of the six state universities are audited by other auditors in accordance with OMB *Circular A-133* as a separate engagement from the State's audit. The schedule of expenditures of federal awards does include the federal awards received by Kansas Housing Resources Corporation, which is a component unit of the State. Federal awards passed through other third-party entities are shown as indirect awards in the schedule.

Basis of Accounting

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the State of Kansas and is presented on the modified-accrual basis of accounting, with the exception of amounts reported by the Kansas Department of Transportation (KDOT) and the Board of Regents'. In accordance with KDOT's contracts with the U.S. Department of Transportation, federal expenditures are reported on a cash basis. For the Board of Regents', the expenditures are reported on a full accrual basis. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements. Federal award program titles are reported as presented in the Catalog of Federal Domestic Assistance (the Catalog). Federal award titles not presented in the Catalog, but with the applicable Federal agency identified, are reported with the related Federal agency prefix number followed by (.000). If Federal award titles are not presented in the Catalog and the applicable Federal agencies have not been identified, they are reported as 99.999, in the "Other Federal Grants" section of the schedule.

NOTE 2 – STUDENT FINANCIAL ASSISTANCE PROGRAMS

Federally funded student financial assistance programs are directly administered for the State of Kansas by the various Boards of Regents. The programs at each institution are administered separately from those of any other institution. Loans made during the year are included in the federal expenditures presented in the schedule.

The Board of Regents' institutions are responsible only for the performance of certain administration duties with respect to the Federal Direct Loan Program and, accordingly, it is not practical to determine the balance of loans outstanding to students or former students under this program.

The Board of Regents' institutions participates in the Federal Perkins Loan Program (CFDA#84.038). As of June 30, 2014, the balance of loans outstanding was \$60,375,859.

STATE OF KANSAS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
June 30, 2014

NOTE 3 – REVOLVING LOAN FUNDS

The Water Pollution Control Revolving Fund and the Public Water Supply Loan Fund (both administered by the Kansas Department of Health and Environment) are revolving loan funds. Federal funded new loans provided under these programs are included as expenditures on the schedule of expenditures of federal awards. The State had the following loan balances outstanding at June 30, 2014:

	<u>CFDA Number</u>	<u>Amounts Outstanding</u>
Water Pollution Control Revolving Fund	66.458	\$ 422,757,533
Public Water Supply Loan Fund	66.468	154,499,903

The amounts shown as outstanding for CFDA 66.458 and 66.468 were not funded entirely with federal monies.

NOTE 4 – UNEMPLOYMENT INSURANCE FUNDS

State unemployment tax revenues and the government and non-profit contributions in lieu of state taxes (State UI funds) must be deposited into the Unemployment Trust Fund in the U.S. Treasury. Use of these funds is restricted to pay benefits under the federally approved State Unemployment Law. State UI funds in the amount of \$311,444,970 are reported along with federal funds in the schedule of federal expenditures under CFDA 17.225.

STATE OF KANSAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2014

I. Summary of Independent Auditors' Results

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified?	<u> X </u>	Yes	<u> </u>	No
Significant deficiency(ies) identified that are not considered to be material weaknesses	<u> X </u>	Yes	<u> </u>	None reported
Noncompliance material to financial statements noted?	<u> </u>	Yes	<u> X </u>	No

Federal Awards

Internal control over major programs:

Material weakness(es) identified?	<u> X </u>	Yes	<u> </u>	No
Significant deficiency(ies) identified that are not considered to be material weaknesses	<u> X </u>	Yes	<u> </u>	None reported

Type of auditors' report issued on compliance for major programs: Qualified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133?	<u> X </u>	Yes	<u> </u>	No
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STATE OF KANSAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2014

Identification of Major Programs	
Name of Federal Program or Cluster	CFDA Number(s)
Child Nutrition Cluster	10.553, 10.555, 10.556, 10.559
Child and Adult Care Food Program	10.558
National Guard Military Operations and Maintenance (O&M) Projects	12.401
Community Development Block Grants-State's Program	14.228
Unemployment Insurance	17.225
Highway Planning and Construction Cluster	20.205, 20.219
Clean Water State Revolving Fund Cluster	66.458
Drinking Water State Revolving Fund Cluster	66.468
Title I Grants to Local Educational Agencies	84.010
Improving Teacher Quality State Grants	84.367
Rehabilitation Services Vocational Rehabilitation Grants to States	84.126
Medicaid Cluster	93.775, 93.777, 93.778
Immunization Cooperative Agreements	93.268
Child Care and Development Block Grant	93.575, 93.596
Child Support Enforcement	93.563
Social Services Block Grant	93.667
Foster Care Title IV-E	93.658
Adoption Assistance	93.659
Student Financial Aid Cluster	84.007, 84.033, 84.038, 84.063, 84.268, 84.379, 84.408, 93.264, 93.342, 93.364
Research and Development Cluster	* on Schedule of Expenditure of Federal Awards

Dollar threshold used to distinguish between type A and type B programs: \$15,365,318

Auditee qualified as low-risk auditee? Yes X No

STATE OF KANSAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2014

II. Financial Statement Findings

2014 – 001 Deposit and Investment Reconciliation

Type of Finding: Material Weakness in Internal Control over Financial Reporting

Condition: The State holds many individual deposit and investment accounts. The management and accounting for such accounts is highly decentralized. The majority of accounts are maintained by either the State Treasurer's Office (STO) or the Kansas Public Employee Retirement System (KPERs), though certain individual agencies maintain their own accounts as well. While the Department of Administration (DOA) has the ultimate responsibility for accurately reporting the deposit and investment accounts in accordance with generally accepted accounting principles, DOA is heavily reliant on other state agencies in fulfilling that responsibility.

The State's primary pooled cash is held by the STO and the Pooled Money Investment Board (PMIB). The STO utilizes a "top sheet" to summarize and track its deposits and investments. DOA then utilizes the "top sheet" to make necessary adjustments to SMART. However, we noted that not all balances on the top sheet are reconciled from a third party bank statement to SMART on a monthly basis. Further, certain balances on the "top sheet" are reported at fair market value, and certain balances are reported at historical cost and require subsequent fair market value adjustments by DOA. Finally, we noted the "top sheet" included balances that had been either transferred or loaned to other State agencies, or loaned to third party entities.

Related to the State's primary operating account, we noted that outstanding checks were not reviewed to identify old checks that should be escheated to the State's unclaimed property.

Criteria or specific requirement: Generally accepted accounting principles require that deposit and investment balances to be reported at fair market value. Balances loaned to other State agencies, component units of the State, or outside entities should be reported as receivables rather than deposits and investments. All deposit and investment accounts should be reconciled monthly from third party bank statements to the State's general ledger (SMART).

Context: The State reported approximately \$7 billion of deposits and investments at June 30, 2014, in addition to approximately \$18 billion reported by KPERs.

Effect: The State's process to record and report deposits and investments creates the potential for misstatements and misclassification of assets. As part of the audit we incurred a significant amount of time testing and reconciling deposit and investment balance and noted the following corrected and uncorrected misstatements:

- During 1999 and 2000, \$5 million was transferred from the General Fund to the Water Fund. The Water Funds reported the receipt as revenue and as cash. The General Fund also continued to record the \$5 million as cash, overstating the statewide cash balance by \$5 million. We proposed and the State posted an adjustment to reduce cash by \$5 million as of June 30, 2014. As the overstatement also existed as of June 30, 2013, we reported and uncorrected misstatement to beginning fund balance of the General Fund in the same amount.

STATE OF KANSAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2014

- We proposed, and the State posted an adjustment, to reclassify approximately \$7.8 million of deposits and investments to receivables from either other State agencies, component units of the State, or third party entities.
- We noted approximately \$5.8 million of old outstanding checks that should have been escheated as unclaimed property as of June 30, 2014. We reported an uncorrected adjustment to increase cash and investments by the same amount. The State elected to make the adjustment to deposits and investments, as well as the corresponding adjustments to unclaimed property revenue and liabilities, in fiscal year 2015.
- We confirmed a cash balance of approximately \$3 million, which was not reported in the State's general ledger. An adjusting journal entry was required to correct the State's cash balance.
- We noted an overstatement of cash of approximately \$150 million. In a prior year, the State defeased certain bonds, as cash was placed in a trust to repay future bond maturities. The debt and cash should be removed from the State's general ledger. However, we noted approximately \$150 million of cash that was still recorded in a fiduciary fund. We proposed and the State posted an adjustment in the same amount to reduce cash in the fiduciary fund.

Cause: The process used by the State to report deposits and investments is decentralized and complex.

Recommendation: We recommend the State review its existing process to report deposits and investments and make revisions to ensure that all balances are reconciled from third party bank statements to SMART on a monthly basis and that reconciling items are reviewed for accuracy. The revised process should be documented and included in a written policy.

Views of responsible officials and planned corrective actions:

Explanation of disagreement with audit finding: There is no disagreement with the audit finding.

Actions planned in response to finding: The Department of Administration and State Treasurers Office will work together to revise the process and implement accordingly.

Responsible party: DeAnn Hill, Chief Financial Officer – 785.368.7390; Lucinda Anstaett, Director of Cash Management STO – 785.296.4151

Planned completion date for corrective action plan: June 30, 2015

Plan to monitor completion of corrective action plan: CLA will be asked to review the modified process during advance fieldwork for fiscal year 2015.

STATE OF KANSAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2014

2014 – 002 Audit Preparation

Type of Finding: Material Weakness in Internal Control over Financial Reporting

Condition: In performing the fiscal year 2014 audit of the State's Comprehensive Annual Financial Report (CAFR), we experienced delays in receiving certain audit supporting schedules, including a draft CAFR. In addition, numerous revisions were required of the supporting schedules and draft CAFR once received.

CliftonLarsonAllen (CLA) received the initial CAFR draft approximately 2 weeks after the contractual deadline (see below). The initial draft did not include footnotes or various other necessary schedules, and required numerous and significant revisions through the first week of December.

Criteria or specific requirement: State Statute requires the annual audit to be completed by December 31 each year. The State has contracted with CLA to perform the Statewide audit of the CAFR. Per the contract, CLA is required to deliver the audit opinion by December 15, and the State is required to provide a draft CAFR by October 31.

The Department of Administration (DOA) is ultimately responsible for issuance of the CAFR. However, the DOA is reliant on information for various agencies, departments and components of the State. Some of the other agencies and departments require a separate audit prior to inclusion in the State's CAFR. Further, the transactional data of certain entities consolidated in the State's CAFR are not maintained in the State's general ledger accounting system, SMART.

Context: The State's primary government and component units report total assets of approximately \$25 billion and revenues of nearly \$20 billion.

Effect: Delays in compiling the necessary information and drafting the CAFR limits the State's ability to adequately review the CAFR prior to the start of the audit. As a result, both the State and the auditors identified numerous corrections to the draft CAFR, including posted and passed adjustments to account balances. The increased focus on addressing the various corrections limits the time available to perform other necessary procedures, and increases the likelihood that the final CAFR contains material misstatements. The delays also increase the risk that the CAFR is not completed by the statutory deadline.

Cause: The State's accounting function is highly decentralized, in that the DOA is reliant on various State agencies, departments and components to provide accurate financial information necessary to draft the CAFR. Due to the decentralization, the DOA does not have an effective process to coordinate receipt of information from the agencies, departments and components. If the financial information is not received on a timely basis, the DOA lacks the necessary resources to adequately review and assess the information to meet the statutory requirements.

Recommendation: We recommend the DOA re-evaluate the process by which it obtains and reviews the information necessary to draft and review the State's CAFR prior to the start of the audit.

STATE OF KANSAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2014

In addition, we recommend the State identify audit supporting schedules that can be prepared well in advance of the start of the audit (or as soon as the information becomes available). Examples may include budget schedules, analysis of claims, judgments and contingent liabilities, and certain required disclosures related to bonds, compensated absences, capital leases, deposits and investments.

Views of responsible officials and planned corrective actions:

Explanation of disagreement with audit finding: There is no disagreement with the audit finding.

Actions planned in response to finding: The DOA has no authority to ensure the various agencies, departments and component units meet the timeline for submitting their financial statements. There were various audits received after the DOA set deadline, including certain audit reports audited by CLA. We will work with LPA to amend all the audit contracts to include a required delivery date that will align with an earlier timeline. We will meet with the Board of Regents plus the various Universities COBO's to prepare a written agreement for year-end June 30, 2015 which will outline the requirements of each University. If this effort is not successful, we will recommend the Universities have separate audits or be required to prepare their own CAFR to be submitted to the State with the designated timeline. The DOA will require the auditors furnish a prepared by client list by March 31, 2015. This list will include the required schedules, analysis and supporting documentation for the fiscal year 2015 audit. After reviewing the list and formulating a timeline for submission, the DOA will then meet with the auditors to discuss the timeline to ensure all are in agreement.

Responsible party: DeAnn Hill, Chief Financial Officer – 785.368.7390

Planned completion date for corrective action plan: April 30, 2015

Plan to monitor completion of corrective action plan: The meetings with the various parties will commence January 2015. An update report will be submitted to the Secretary of Administration every 2 weeks.

2014 – 003 Workers' Compensation Liability

Type of Finding: Significant Deficiency in Internal Control over Financial Reporting

Condition: The State operates a program that provides certain workers' compensation benefits for employees of Kansas employers. The plan does not relate to the State's self-insured workers' compensation plan for State employees.

In 2002, the State obtained an actuarial valuation to estimate the workers' compensation liability and to project claims expense and benefit payments through 2030. The State has not obtained an updated actuarial valuation since 2002.

In calculating the year-end workers' compensation liability each year, the State utilizes the annual estimates of claims expense and benefit payments, provided in the 2002 actuarial valuation.

STATE OF KANSAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2014

However, we noted the State has incorrectly applied the 2002 projections in calculating the year-end liability. Specifically, the State uses the 2002 liability as a starting point (as opposed to the prior year liability), in calculating the liability each year. In addition, we note the State is discounting the liability based on a present value discount factor determined in 2002. Given the changes in projected payments on claims, relative to the claim date, the present value discount factor is expected to change annually.

We note the State does not have a policy regarding how frequently, or under what circumstances, it should obtain a revised actuarial valuation related to the workers' compensation program.

Criteria or specific requirement: In accordance with generally accepted accounting principles, the State reports a liability for the outstanding and incurred but not reported workers' compensation claims that are expected to be paid out in the future. The estimated liability is difficult to project as it must consider the total cost of claims and timing of payments. Accordingly, an actuarial valuation is considered one of the most effective ways of estimating the liability.

Context: The State reported a liability in the Workers' Compensation fund (nonmajor proprietary fund) of approximately \$31.7 million at June 30, 2014, relative to total assets of approximately \$6.2 million and annual operating revenue of approximately \$5.2 million.

Effect: Based on the incorrect application of estimates contained in the 2002 actuarial valuation, we note the June 30, 2014 liability could be overstated by approximately \$14.5 million. We reported a passed adjustment for this amount, as well as a corresponding potential increase in beginning net position of approximately \$13.4 million, equal to the potential overstatement of the prior year liability. A revised actuarial valuation would likely have an additional impact on the estimated workers' compensation liability.

Cause: The State has not obtained an updated actuarial valuation since 2002, and does not have a policy regarding how frequently, or under what circumstances, it should obtain a revised actuarial valuation.

Recommendation: We recommend the State develop a policy regarding how frequently, or under what circumstances, it should obtain a revised actuarial valuation. While management has performed certain analysis to support the validity of the 2002 projections, it is difficult to accurately estimate the liability without a detailed and actuarial analysis of the claims outstanding, claims payment trends and changes in demographics of Kansas employees. Further, the policy should include procedures and guidance regarding how to apply estimates from the most recent actuarial valuation in estimating the liability. Specifically, the procedures should address the mechanics used to calculate the annual liability and how to apply a present value discount factor, as necessary.

Views of responsible officials and planned corrective actions:

Explanation of disagreement with audit finding: There is no disagreement with the audit finding.

Actions planned in response to finding: The DOA will work with the Insurance Commissioner to develop an appropriate method of estimating the liability which may include periodic actuarial studies.

STATE OF KANSAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2014

Responsible party: DeAnn Hill, Chief Financial Officer – 785.368.7390

Planned completion date for corrective action plan: March 31, 2015

Plan to monitor completion of corrective action plan: DOA will adopt a timeline to implement once we meet with the Insurance Commissioner. Once this timeline is set, the parties responsible will have check in requirements periodically to monitor progress.

2014 – 004 Unclaimed Property Liability

Type of Finding: Significant Deficiency in Internal Control over Financial Reporting

Condition: The State receives and holds unclaimed (escheat) property, until such time the property owner claims the property. For the past several years, the State has recorded an estimated liability equal to one-third of the total unclaimed property balance held by the State. Management indicated the one-third calculation was likely estimated over 10 years ago and has been since carried forward. We note the use of a static calculation does not consider previous and current trends in amounts reclaimed and paid relative to amounts escheated. Further, the use of a static calculation does not adequately consider the “aging” of unclaimed property balances (balances outstanding for over 20 years have a much lower likelihood to be claimed than balances received in the last year).

Criteria or specific requirement: GASB Statement No. 21, *Accounting for Escheat Property*, requires the State to record a liability to the extent it is probable that the unclaimed property will be reclaimed and paid to claimants. The liability should represent “the best estimate of the amount ultimately expected to be reclaimed and paid, giving effect to such factors as previous and current trends in amounts reclaimed and paid relative to amounts escheated, and anticipated changes in those trends.”

Context: At June 30, 2014, the State holds approximately \$298 million of unclaimed property.

Effect: After discussing the liability calculation and requirements of GASB Statement No. 21, management revised its liability calculation, giving more consideration to collection and repayment trends over the past 10 years. The revised calculation resulted in an adjustment to increase the liability by approximately \$20.9 million in the General Fund as of June 30, 2014. Management performed a similar analysis to recalculate the liability as of June 30, 2013 and determined the liability may have been understated by approximately \$16.8 million as of that date. We reported an uncorrected (passed) adjustment to beginning fund balance of the General Fund in the same amount.

Cause: The State does not have a policy or procedure in place to annually calculate the unclaimed property liability based on historical payout trends

Recommendation: While management improved its estimate of the State’s unclaimed property liability in the current year, we recommend management perform a more comprehensive analysis to calculate the liability as of June 30, 2015. We recommend the calculation give more consideration to the “aging” of unclaimed property balances. In addition, we recommend management develop a

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policy governing the annual unclaimed property liability calculation. A policy will ensure consistency in the methodology applied by management each year.

Views of responsible officials and planned corrective actions:

Explanation of disagreement with audit finding: There is no disagreement with the audit finding.

Actions planned in response to finding: State Treasurer's Office will formalize the procedure that is currently being followed and take in to consideration historical payout trends.

Responsible party: Lucinda Anstaett, Director of Cash Management STO – 785.296.4151

Planned completion date for corrective action plan: March 31, 2015

Plan to monitor completion of corrective action plan: Treasurer Estes will receive progress reports.

2014 – 005 Income Tax Receivable

Type of Finding: Significant Deficiency in Internal Control over Financial Reporting

Condition: Throughout the year, the State collects individual income tax withholdings from employees throughout the State. Related to collections during the second half of the fiscal year (January through June), the State reports a June 30 liability for the portion it expects to refund to taxpayers the following Spring. Likewise, the State reports a June 30 receivable for amounts it expects to receive from annual filers the following Spring. The State developed a methodology to estimate the liability and receivable in the late 1990's and there has been no change since that time. Related to the State's estimation process, we note the following:

- The State does not have a process to retrospectively review the validity of its estimates based on actual results from the following Spring.
- The State bases its receivable estimate on receipts from the previous April. However, for the past two years, April receipts represent less than 60% of total receipts from annual filers. The remaining receipts from annual filers (primarily in March) are not considered in the current receivable estimation.
- The June 30 liability and receivable are estimated based on prior year actual data, which does not consider potential changes in state tax law that may impact filing trends in the current year.
- The June 30 liability and receivable are estimated based only on actual refunds and collections, respectively, from the most recent year, and do not consider actual data from previous years. For the past 3 years, there appears to be little consistency in refund and collection activity (year-to-year variances in excess of 45%), which could indicate that using the most recent year alone is not the most accurate estimate for the current year.

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Criteria or specific requirement: Generally accepted accounting principles require the State to estimate and report as a liability the portion of income tax receipts that will be refunded in the following year. Likewise, the State is required to estimate and report a receivable for receipts from annual filers who owe more in taxes than what has been withheld during the year. The estimates should be based on the best information available and the methodology should be re-evaluated for reasonableness at least annually.

Context: The State reports individual income tax revenue in excess of \$2 billion. The State estimated a liability for expected refunds of \$280 million and \$272 million at June 30, 2014 and 2013, respectively. The State estimated a receivable for subsequent year receipts from annual filers of \$89 million and \$166 million at June 30, 2014 and 2013, respectively.

Effect: Liabilities and receivables related to the State's individual income taxes could be misstated.

Cause: During the late 1990's, the State developed a methodology to estimate liabilities and receivables related to individual income taxes. The State does not have a process in place to annually evaluate the reasonableness of the estimation methodology. Further, the estimation methodology and assumptions/rationale are not documented.

Recommendation: We recommend the State review, improve and document its procedures to estimate the individual income tax revenue liability and receivable. In addition, we recommend the State perform a retrospective review of annual results, compared to the prior year estimate, as a means to consider the need to amend the estimation process each year. Changes in state tax law should be considered each year for potential impacts to the liability and receivable.

Views of responsible officials and planned corrective actions:

Explanation of disagreement with audit finding: There is no disagreement with the audit finding.

Actions planned in response to finding: The DOA will consult with the Department of Revenue to assist in their development of a methodology to improve and document its procedures to estimate the individual income tax revenue liability and receivable. This will include consideration of past estimates compared to actual and any changes in state tax law.

Responsible party: Gary Kinnan, Department of Revenue, 785-296-4457

Planned completion date for corrective action plan: 03/31/2015

Plan to monitor completion of corrective action plan: The improved methodology discussed with the auditors during their advance work in May, 2015.

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2014 – 006 State University System Audit Preparation

Type of Finding: Material Weakness in Internal Control over Financial Reporting

Condition: In performing the Fiscal Year 2014 audit of the State's CAFR, CLA proposed, and the State agreed with, material entries to the amounts initially presented in the Component Units' financial information, specifically related to the State University System.

Criteria or specific requirement: State Statute requires the annual financial statement audit over the CAFR be completed by December 31 each year. Per the contract, CLA is required to audit and provide an opinion on the CAFR, including an opinion over the Discretely Presented Component Units (DPCU) The DPCU includes the State University System and their various component units (Other Component Units).

The DOA is responsible for issuance of the CAFR. The State University System is responsible for reporting their annual financial information to the DOA for CAFR preparation purposes. The DOA receives the State University System's and Other Component Units' financial information and, due to its required inclusion in the State's CAFR, reports the information in compliance with Generally Accepted Accounting Principles (GAAP).

Context: The State University System includes \$6.9 billion in assets and \$3.7 billion in revenue during FY 2014.

Effect: CLA proposed nine adjustments totaling nearly \$2 billion to the State University System financial information provided. The errors identified by CLA that resulted in these adjustments included:

- Transactions between universities and their blended component units which had not been properly eliminated.
- Errors in the process of recording the financial information of the State University System in the State general ledger.
- Items which had been incorrectly reported to DOA by the State University System.

Cause: The errors noted above appeared to be due to several factors. Firstly, there was an absence of control systems at both the State University System level and the DOA level to ensure that consistent and accurate information was being reported by State University System. CLA discovered that the system in place for recording nearly all balance sheet items related to the State University System is an excel worksheet with tabs for balance sheet items to be filled out by the State University System and submitted to DOA for recording in the State's general ledger. Multiple entries into the State's accounting system from these spreadsheets were materially incorrect and had not been corrected by a management review before being posted to the general ledger. CLA also noted instances where information had been recorded incorrectly on these excel worksheets by the State University System and that the errors had not been caught by management at the State University System. CLA noted that there was a lack of understanding from the State University System on the magnitude of items needed by the State to ensure that the financial statements were free of material misstatements. Secondly CLA noted that the State University System did not properly understand eliminations required of a blended university presentation.

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Recommendation: We recommend the DOA re-evaluate the process by which financial information from the State University System is obtained and recorded for inclusion in the CAFR. The State University System should be required to submit to DOA complete financial statements, including their component units, with all eliminations made, on the States timeline to meet its statutory requirements. The State University System has a GAO reporting group that comprises various members of the accounting staffs of the universities. This group should undergo additional training to ensure proper financial reporting by the State University System members.

Views of responsible officials and planned corrective actions:

Explanation of disagreement with audit finding: There is no disagreement with the audit finding.

Actions planned in response to finding: The DOA will work with the Kansas Board of Regents and State University System staff to plan a new method for the State University System to present its financial statements that include their component units in a manner that fulfills DOA needs in completing the statewide CAFR.

1. University controllers will have at least one or two in-person training sessions on consistency of presenting their financial data, including how eliminations are to be entered.
2. DOA will meet with University staff in the spring to discuss the complexities of how the university financial data should be reconciled with the state's accounting system data.
3. Each member of the State University System will submit its individual financial statements that include their component units, reflecting all elimination entries to the DOA per the required timeline. These financial statements will include:
 - a. Statement of net position
 - b. Statement of revenue, expenses and changes in net position
 - c. Statement of cash flows

Responsible party: Elaine Frisbie, Kansas Board of Regents

Planned completion date for corrective action plan: The Board of Regents and the State University System will develop a specific timeline once the submission deadline is communicated.

Plan to monitor completion of corrective action plan: The Board of Regents and the State University System will hold periodic meetings and conference calls throughout the spring, summer and fall of 2015 to ensure adherence to the schedule and that the financial data are reported in a consistent manner across the Universities.

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III. Federal Award Findings and Questioned Costs

2014 – 007

Federal Agency:	Department of Health and Human Services
State Department/Agency:	Kansas Department for Children and Families (KDCF)
Federal Program:	Foster Care – Title IV-E
CFDA Number:	93.658
Compliance Requirement:	Eligibility
Type of Finding:	Material Weakness in Internal Control, Noncompliance

Criteria or specific requirement: As a part of an effective internal control system, the foster care contractors should consistently maintain support for amounts paid to foster care beneficiaries.

Condition: From a sample of forty foster care claim payments, three payments were not appropriately supported by the foster care contractors' documentation.

Questioned Costs: \$1,047

Context: Total sampled costs were \$17,428 and unsupported costs in the sample equaled \$1,047 a rate of 6%.

Cause: The recordkeeping function at the foster care contractors' may be inadequate to appropriately support claims reported to the State.

Effect: The eligible benefits being claimed under the program may be overstated or may not have evidence to support the full amount claimed.

Recommendation: KDCF should work with the foster care contractors' to emphasize documentation requirements and develop an oversight program to monitor the contractors' compliance with the requirement.

Views of responsible officials and planned corrective actions:

Explanation of disagreement with audit finding: There is no disagreement with the audit finding.

Actions planned in response to finding: KDCF has begun the process to update the Prevention and Protection Services Handbook of Services, which details the particulars of services for which foster care contractors are required to submit encounters, including a documentation section. The current documentation sections address documenting services delivered, but don't address the financial documentation required. KDCF financial staff will work with foster care program staff to incorporate the financial documentation requirements into the handbook.

Responsible party: Implementation Oversight: Mary S. Hoover, KDCF Audit Director, 785-296-3836

Planned completion date for corrective action plan: June 30, 2015

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Plan to monitor completion of corrective action plan: KDCF Audit Services will incorporate monitoring financial support of encounters into an overall monitoring plan that is being developed. Audit Services is currently performing more extensive audits of the contractors at the request of HHS ACF Region VII. KDCF Audit Services does plan on continuous auditing of the contractors and will incorporate audits of submitted encounters (documenting services) into that audit approach.

The corrective actions will be monitored by KDCF Audit Services as part of its follow up responsibilities under applicable standards.

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2014 – 008

Federal Agency:	Department of Health and Human Services
State Department/Agency:	Kansas Department for Children and Families (KDCF)
Federal Program:	Foster Care – Title IV-E
CFDA Number:	93.658
Compliance Requirement:	Subrecipient Monitoring
Type of Finding:	Material Weakness in Internal Control, Noncompliance

Criteria or specific requirement: Per guidance from the Administration for Children and Families (ACF), a component of the Department of Health and Human Services (HHS), KDCF determined that foster care contractors should be treated as subrecipients instead of contractors. This requires the State to monitor these contractors as subrecipients.

Condition: For contractors selected for testing, KDCF did not obtain the contractors' DUNS number. Additionally, KDCF did not provide the contractor with the formal award information and has not established monitoring controls for subrecipients in this program.

Questioned Costs: None

Context: The State does require the contractors to provide information to support the State's reporting efforts and programs outcomes. However, the program was not setup to monitor compliance with subrecipient requirements.

Cause: During 2014, KDCF changed its determination of these foster care providers from contractors to subrecipients. KDCF did not have the appropriate systems in place to fulfill the subrecipient monitoring requirements.

Effect: During the award notification stage, KDCF did not communicate all the necessary requirements to the subrecipient increasing the likelihood subrecipient would not meet the applicable Federal requirements.

Recommendation: KDCF should incorporate the subrecipient monitoring framework that is in place for other KDCF managed programs into foster care to ensure compliance for subrecipient monitoring requirements.

Views of responsible officials and planned corrective actions:

Explanation of disagreement with audit finding: There is no disagreement with the audit finding.

Actions planned in response to finding: As is indicated in the finding, this was an error that occurred due to the change in the Department's consideration of these contractors as subrecipients rather than vendors (a determination that had been in effect since privatization in the 1990's). Processes already exist within the Department to ensure that DUNS Numbers are verified and that contractors are informed of federal award requirements. In response to this finding, appropriate program and fiscal staff have been notified of these responsibilities. In future contract negotiations, the Department will ensure that KDCF Audit Services is one of the parties who is part of the concurrence process (the process of review and approval of contracts and grants) to ensure that all necessary information is included in the grant or contract award.

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Responsible party: Implementation Oversight: Mary S. Hoover, KDCF Audit Director, 785-296-3836

Planned completion date for corrective action plan: March 1, 2015

Plan to monitor completion of corrective action plan:

Corrective actions will be monitored by KDCF Audit Services as part of its follow up responsibilities under applicable standards.

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2014 – 009

Federal Agency:	Department of Health and Human Services
State Department/Agency:	Kansas Department for Children and Families (KDCF)
Federal Program:	Adoption Assistance - Title IV-E
CFDA Number:	93.659
Compliance Requirement:	Eligibility
Type of Finding:	Material Weakness in Internal Control, Noncompliance

Criteria or specific requirement: Under 42 USC 673, eligibility for this adoption assistance has numerous requirements including:

- There must be documentation why the child cannot or should not be in the home.
- There must be documentation of special needs of the child.
- There must be documentation that reasonable effort was made to place the child without the subsidy.
- The subsidy agreement was signed before the adoption decree.
- The adoptive parents pass a criminal background check.
- The adoptive parents and other adults in the house pass a child abuse and neglect screening.

Additionally, the State has controls in place to monitor the compliance with the eligibility requirements to include:

- There is documentation present in the case file to support benefits.
- The adoption underwent review by a regional director.
- The adoption underwent review by a probate judge.

Condition: From a sample of forty beneficiary payments, four exceptions were noted. For one exception all eligibility requirements noted above were not established except for the documentation of special needs. Additionally, a documented review was not evidenced. In two other exceptions, the benefits received did not match with the adoption assistance agreement. In one of these two exceptions, the child abuse and neglect registry was not checked for the adoptive parents. The last exception, documentation of special needs was not established.

Questioned Costs: \$11,330

Context: Total sampled costs were \$189,803 and unsupported costs in the sample equaled \$11,330 a rate of 6%.

Cause: Lack of internal controls around certain adoption processing and errors in data entry from case file information to the State database.

Effect: Increased likelihood eligibility and placement requirements would not be met.

Recommendation: The State should design additional internal controls that monitor the workflow of adoption processing and maintain appropriate documentation. Additionally, we recommend that further training be provided to staff regarding noted concerns.

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Views of responsible officials and planned corrective actions:

Explanation of disagreement with audit finding: There is no disagreement with the audit finding.

Actions planned in response to finding: KDCF has made the following changes to respond to the recommendations for tightening controls and enhancing training

1. **Policies** - In January 2015 policy changes were made to section 6240 regarding specific information required by the Child Welfare Case Management (CWCMP) Staff prior to determining eligibility. This policy is consistent with the requirements of the adoption home study. The policy was reviewed in the Statewide Adoption Assistance work group prior to approval for a policy change.
2. **Case Reads** – To tighten monitoring, Quarterly Case Reads are conducted by Program Improvement staff from each Region. Central Office program staff also pulls random cases for review each quarter. As part of the case review, we have developed questions to assess whether parents have met all the safety requirements. For cases not in compliance the Continuous Performance Improvement process is used in a dialog between Central Office PI staff, Central Office Adoption Assistance Program Manager and staff in the Regions responsible for the Adoption Assistance Program. This question has been a topic of discussion during these meetings. Eligibility errors are corrected through this process as well.
3. **Error Report** - An Adoption Assistance Error report is run each month to ensure IV-E versus State eligibility is coded in the systems correctly. This report is reviewed quarterly along with the case read information.
4. **Training** - Adoption Assistance Training was administered to the Child Welfare Case Management (CWCMP) Staff and the Prevention and Protection Adoption Assistance staff through the months of September, October and November 2014. The training was offered in each of the four regions to ensure all staff had access to many sites for attendance. The objectives of this training were to provide KDCF and CWCMP staff information regarding the Title IV-E State Adoption assistance, and to identify and discuss the legal, policy and procedural requirements for the Adoption Assistance Program. Training will continue to be offered to CMCWP and KDCF staff.
5. **Workgroup Meetings** - There is a Statewide Adoption Assistance workgroup that meets at least quarterly to discuss policy and procedures and to ensure consistency across the state. These meetings provide a forum for discussion of policy changes, results of case reads and error reports and training needs.

Responsible party: Program: Karen Wahlmeier, KDCF Adoption Assistance, 316-337-6355; Implementation Oversight: Mary S. Hoover, KDCF Audit Director, 785-296-3836

Planned completion date for corrective action plan: Many of these changes have been implemented already as noted in the response.

Plan to monitor completion of corrective action plan: Corrective actions will be monitored by KDCF Audit Services as part of its follow up responsibilities under applicable standards.

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2014 – 010

Federal Agency: Department of Health and Human Services
State Department/Agency: Kansas Department for Children and Families (KDCF)
Federal Program: Child Care Development Fund Cluster: Child Care and Development Block Grant, Child Care Mandatory and Matching Funds of the Child Care and Development Fund
CFDA Number: 93.575, 93.596
Compliance Requirement: Eligibility
Type of Finding: Significant Deficiency in Internal Control, Noncompliance

Criteria or specific requirement: Per the eligibility requirements for the Child Care Development Cluster in 45 CFR section 98, a reduction of benefits is calculated based on household income as a % of the U.S. DOL poverty level. This reduction in benefit is considered the family share deduction.

Condition: From a sample sixty case files, two had exceptions. The family share deduction calculated and used for the benefit payments was not supported by proper documentation in the case file.

Questioned costs: None

Context: Total sampled costs were \$34,012 and unsupported costs in the sample equaled \$79 a rate of .3%. These participants received a benefit amount that was lower than the recalculated benefit amount based on the documentation provided.

Cause: Information received from program participants was not properly documented or that the income was improperly calculated and input into the database.

Effect: Benefit amounts due to participants are not properly calculated.

Recommendation: The internal control design should be improved to include better supporting documentation and a verification process on amounts paid to program participants.

Views of responsible officials and planned corrective actions:

Explanation of disagreement with audit finding: There is no disagreement with the audit finding.

Actions planned in response to finding:

1. A written communication will be sent to EES Program Administrators (PA) asking them to instruct field supervisors and case readers to pay particular attention when reading cases to making sure that documentation in the file is adequate to support the income counted in determining eligibility and the amount of child care benefits authorized.

This communication will also instruct the PAs to make it mandatory for supervisors to review with all case workers who work on child care cases by April 30, 2015 the training on the EES web site "Reducing Errors in the Child Care Program", and to certify with Central Office by May 1, 2015 that the training has been completed with all staff. This training was updated in July 2014 and is aimed at common errors found by Quality Control staff during case readings. At that time, the training was made available, but was not mandated. This

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training includes missing or insufficient documentation, income calculation errors, and failure to act on reported changes.

Included in this communication will be instructions for EES supervisors to also review with all staff who process child care cases the BPM script change that was made recently to remind staff that when making a change for TANF and/or Food Assistance, they need to check for a child care case that may also need updated.

This request will be reviewed with the PAs at the next PA meeting on March 11-12, 2015.

2. The imaging system that we plan to put in place in the near future will assist us with the issue of lost or misplaced documentation. A completion date for implementation of this system is not available at this time.
3. With the implementation of the KEES system, the monthly income will be system calculated based on pay information entered by workers, and the amount of the family share will be determined by the system and applied by the system to the total benefit to determine the actual benefit amount paid. The number of child care hours to be allowed will be calculated based on the schedules entered by the worker, and the system will apply the calculated hours to the child care plan. This should reduce the number of errors that currently come from incorrect calculations, incorrectly copying figures from the income expense worksheet, incorrectly entering the family share amount and incorrectly copying the number of plan hours from the plan hours worksheet to the actual family plan. We will also eliminate the issue of staff processing a reported change for TANF or the Food Assistance program on KsCares, and forgetting to make the same change for child care on KsCares, as all programs will be in the same system. The estimated date (as of today) for implementation of KEES is sometime in mid 2016.

Responsible party: Program: Sally Hargis, KDCF Child Care Subsidy Program Manager, 785-296-6753

Implementation Oversight: Mary S. Hoover, KDCF Audit Director, 785-296-3836

Planned completion date for corrective action plan: May 1, 2015

Plan to monitor completion of corrective action plan: EES PAs will be asked to report back to the Child Care Subsidy Program Manager once they have instructed supervisors and case readers about making sure there is adequate documentation in the files to support the eligibility or benefit authorized, and once all supervisors in their regions have completed the review of the "Reducing Errors in the Child Care Program" training with their staff. PAs will be asked to report back by May 1, 2015.

In addition, the corrective actions will be monitored by DCF Audit Services as part of its follow up responsibilities under applicable standards.

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2014 – 011

Federal Agency:	Department of Health and Human Services
State Department/Agency:	Kansas Department for Children and Families (KDCF)
Federal Program:	Child Care Development Fund Cluster: Child Care and Development Block Grant, Child Care Mandatory and Matching Funds of the Child Care and Development Fund
CFDA Number:	93.575, 93.596
Compliance Requirement:	Eligibility
Type of Finding:	Significant Deficiency in Internal Control, Noncompliance

Criteria or specific requirement: In accordance with KDCF internal control framework, the department should maintain records that support eligibility determinations in either paper based case files or in electronic format facilitated by Microsoft OneNote. This documentation provides the basis for a compliance audit and internal review.

Condition: In three of the sixty samples selected for testing, the supporting documentation contained in the paper case files or electronically did not properly support the eligibility or benefit received by the recipient.

Questioned costs: \$2,060

Context: Total sampled costs were \$34,012 and unsupported costs in the sample equaled \$2,060 a rate of 6%.

Cause: Information was not being correctly entered into the Kansas System for Child Care and Realizing Economic Self Sufficiency (KSCARES) database.

Effect: Overpayment of benefit amounts paid to participants.

Recommendation: The internal control design should be expanded to include a review process and/or computerized edit checks to mitigate data entry errors.

Views of responsible officials and planned corrective actions:

Explanation of disagreement with audit finding: There is no disagreement with the audit finding.

Actions planned in response to finding:

1. A written communication will be sent to EES Program Administrators asking them to instruct field supervisors and case readers to pay particular attention when reading cases to making sure that documentation in the file is adequate to support the eligibility or benefit authorized.

This communication will also instruct the PAs to make it mandatory for supervisors to review with all case workers who work on child care cases by April 30, 2015 the training on the EES web site “Reducing Errors in the Child Care Program”, and to certify with Central Office by May 1, 2015 that the training has been completed with all staff. This training was updated in July 2014 and is aimed at common errors found by Quality Control staff during case readings. At that time, the training was made available, but was not mandated. This training

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includes missing or insufficient documentation, income calculation errors, and failure to act on reported changes.

Included in this communication will be instructions for EES supervisors to also review with all staff who process child care cases the BPM script change that was made recently to remind staff that when making a change for TANF and/or Food Assistance, they need to check for a child care case that may also need updated.

This request will be reviewed with the PAs at the next PA meeting on March 11-12, 2015.

2. Supervisors and regional PI staff (case readers) will continue to review all cases prepared by probationary workers prior to authorization of the benefits. In addition, based on supervisory and regional PI staff case reading of cases processed by other staff, if workers are identified as having problems with these areas, supervisors and PI staff will read additional cases processed by those workers each month until they are satisfied that the problems have been corrected. Since it was found that at least one of these errors was made by a worker who was not new, but was in his first 6 months of doing child care, it will also be required that non-probationary workers who start processing child care cases and haven't in the past had their child care cases reviewed prior to authorization will have their cases done so for 60 days to ensure that they learn the new program.
3. Quality Assurance staff recently (October 2014) began reviewing a random sample of child care cases every other month. Data from those reviews will be reviewed quarterly and analyzed to determine any trends that may need attention.
4. The imaging system that we plan to put in place in the near future will assist us with the issue of lost or misplaced documentation. A completion date for implementation of this system is not available at this time.
5. With the implementation of the KEES system, the monthly income will be system calculated based on pay information entered by workers, and the amount of the family share will be determined by the system and applied by the system to the total benefit to determine the actual benefit amount paid. The number of child care hours to be allowed will be calculated based on the schedules entered by the worker, and the system will apply the calculated hours to the child care plan. This should reduce the number of errors that currently come from incorrect calculations, incorrectly copying figures from the income expense worksheet, incorrectly entering the family share amount and incorrectly copying the number of plan hours from the plan hours worksheet to the actual family plan. We will also eliminate the issue of staff processing a reported change for TANF or the Food Assistance program on KsCares, and forgetting to make the same change for child care on KsCares, as all programs will be in the same system. The estimated date (as of today) for implementation of KEES is sometime in mid 2016.

Responsible party: Program: Sally Hargis, KDCF Child Care Subsidy Program Manager, 785-296-6753; Implementation Oversight: Mary S. Hoover, KDCF Audit Director, 785-296-3836

Planned completion date for corrective action plan: May 1, 2015

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Plan to monitor completion of corrective action plan: EES PAs will be asked to report back to the Child Care Subsidy Program Manager once they have instructed supervisors and case readers about making sure there is adequate documentation in the files to support the eligibility or benefit authorized, and once all supervisors in their regions have completed the review of the “Reducing Errors in the Child Care Program” training with their staff. PAs will be asked to report back by May 1, 2015.

In addition, the corrective actions will be monitored by KDCF Audit Services as part of its follow up responsibilities under applicable standards.

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2014 – 012

Federal Agency: Department of Education
State Department/Agency: Kansas Department for Children and Families (KDCF)
Federal Program: Rehabilitation Services - Vocational Rehabilitation Grants to States
CFDA Number: 84.126
Compliance Requirement: Eligibility
Type of Finding: Significant Deficiency in Internal Control, Noncompliance

Criteria or specific requirement: Per OMB Circular A-133, eligibility must be determined within sixty days by program personnel for this grant.

Condition: In three of the forty samples tested, there were not eligibility determinations made within the sixty day requirement.

Questioned costs: None noted

Context: A delay in eligibility determination prolongs the timeframe before an applicant can receive benefits.

Cause: The likely cause of this finding is due to a lack of internal controls that monitor timeliness of processing applications or having an established and monitored workflow system.

Effect: This finding indicates that there could be some process improvement in how applications are reviewed.

Recommendation: We recommend the State develop a more robust internal control that monitors the workflow of application processing to ensure compliance requirements are met.

Views of responsible officials and planned corrective actions:

Explanation of disagreement with audit finding: There is no disagreement with the audit finding.

Actions planned in response to finding: Through its Kansas Management Information System (KMIS), which tracks consumer case status, Rehabilitation Services (RS) will automate a reminder system for cases with approaching deadlines for eligibility determination. Once a week, a KMIS-generated email will be sent to each Counselor with a list of eligibility deadlines approaching within the next 15 days. A summary will also be sent to Unit Rehabilitation Managers and Regional Program Administrators for monitoring and oversight. Counselors who fail to meet performance standards related to eligibility timeliness will be required to provide a weekly action plan to their supervisors.

Responsible party: Program: Michael Donnelly, KDCF Rehabilitation Services Director, 785-368-8204; Implementation Oversight: Mary S. Hoover, KDCF Audit Director, 785-296-3836

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Planned completion date for corrective action plan: June 15, 2015

Plan to monitor completion of corrective action plan: Rehabilitation Managers and Program Administrators will use the weekly lists provided through KMIS on an ongoing basis to monitor eligibility timeliness and will implement action plan requirements as needed. The reminder lists will also be used as a discuss tool to assure attention to this issue during regular supervisory meetings. Eligibility timeliness will be reported and monitored on a quarterly basis by the Central Office.

In addition, the corrective actions will be monitored by KDCF Audit Services as part of its follow up responsibilities under applicable standards.

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2014 – 013

Federal Agency:	Department of Education
State Department/Agency:	Kansas Department for Children and Families (KDCF)
Federal Program:	Rehabilitation Services - Vocational Rehabilitation Grants to States
CFDA Number:	84.126
Compliance Requirement:	Procurement, Suspension and Debarment
Type of Finding:	Significant Deficiency in Internal Control, Noncompliance

Criteria or specific requirement: Per OMB Circular A-133, States should use the same state policies and procedures used for procurement from non-federal funds. Also, when a non-federal entity enters into a covered transaction with an entity at a lower tier, the non-federal entity must verify that the entity, as defined in 2 CFR section 180.995 and agency adopting regulations, is not suspended or debarred or otherwise excluded from participating in the transaction. This verification may be accomplished by (1) checking the Excluded Parties List System (EPLS) maintained by the General Services Administration (GSA) and available at <https://www.sam.gov/portal/public/SAM/> (note: EPLS is no longer a separate system; however, the OMB guidance and agency implementing regulations still refer to it as EPLS), (2) collecting a certification from the entity, or (3) adding a clause or condition to the covered transaction with that entity (2 CFR section 180.300).

Condition: For one of the eleven vendors tested, evidence that the vendor was checked against the www.sam.gov website was not found to verify it was not suspended or debarred.

Questioned costs: None noted

Context: The State did not have evidence of compliance for suspension and debarment for one vendor.

Cause: A lack of tracking of suspension and debarment requirements for all vendors could have contributed to this finding.

Effect: This finding indicates that there could be some process improvement in how compliance with suspension and debarment requirements are verified.

Recommendation: We recommend the State develop a more robust internal control that monitors the tracking of all purchases and related suspension and debarment verification to ensure compliance requirements are met.

Views of responsible officials and planned corrective actions:

Explanation of disagreement with audit finding: There is no disagreement with the audit finding.

Actions planned in response to finding: We concur that the vendor suspension and debarment should have been checked and believe that this was an isolated instance when the documentation supporting that requirement couldn't be found. For all other transactions sampled, the auditors found that DCF had taken steps to ensure that vendors were neither suspended or debarred. In response to this finding, appropriate program and fiscal staff have

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been notified of their responsibilities to meet this guideline. We are also reviewing existing processes related to provider agreements and suspension and debarment to ensure that this process is better controlled.

Responsible party: Program: Michael Donnelly, DCF Rehabilitation Services Director, 785-368-8204; Implementation Oversight: Mary S. Hoover, DCF Audit Director, 785-296-3836

Planned completion date for corrective action plan: June 30, 2015

Plan to monitor completion of corrective action plan: The corrective actions will be monitored by DCF Audit Services as part of its follow up responsibilities under applicable standards.

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2014 – 014

Federal Agency: Department of Health and Human Services
State Department/Agency: Kansas Department for Children and Families (KDCF)
Federal Program: Foster Care – Title IV-E
CFDA Number: 93.658
Compliance Requirement: Reporting
Type of Finding: Significant Deficiency in Internal Control, Noncompliance

Criteria or specific requirement: Per the Federal Funding Accountability and Transparency Act (FFATA) that relates to subaward reporting, direct recipients of Federal awards are required to report all first-tier sub-awards and subcontracts over \$25,000 through the Federal Funding Accountability and Transparency Act Subaward Reporting System (FSRS).

Condition: During our testing, we noted that the two subrecipients of the program did not submit FFATA reports for sub-awards during the fiscal year. We did note that for both subrecipients, a “FFATA Reporting Determination Form” had been considered by KDCF staff at the beginning of the sub-award year; however, the notification and monitoring to ensure the subrecipients completed FFATA reporting had not been conducted for the year.

Questioned Costs: None noted.

Context: Both subrecipients of this program did not comply with FSRS reporting requirements.

Cause: A lack of a system in place for the notification and monitoring of FFATA reporting by subrecipients at the beginning of the sub-award time period could have contributed to this finding.

Effect: The program was not in compliance with reporting requirements.

Recommendation: KDCF should incorporate FFATA reporting requirements and information in its subrecipient agreements to ensure these organizations are notified at the time of the award. Monitoring procedures to ensure compliance is met for the FFATA submissions should also be considered as part of overall subrecipient monitoring.

Views of responsible officials and planned corrective actions:

Explanation of disagreement with audit finding: There is no disagreement with the audit finding.

Actions planned in response to finding: Finding 2014-008 provided background information related to KDCF Title IV-E contractors and that, beginning with this fiscal year, the State transitioned from treating these contractors as vendors to treating them as subrecipients. The finding also noted KDCF is developing a framework of monitoring to aid in this transition. As a result of the transition, the Department did not obtain FFATA Determination Forms for funding under the contracts. (FFATA Determination Forms were completed by the contractors in July 2013 for state-funded grants issued to them by KDCF. Those forms determined the contractors were vendors, which drove the lack of reporting.)

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KDCF has developed appropriate policies and procedures to ensure that FFATA reporting occurs. This was completed in response to prior year findings. In response to this finding, appropriate program and fiscal staff have been notified of the described issues. FFATA determinations occur as part of the grant/contract awarding process. To correct the deficiency noted, the Department will ensure that KDCF Audit Services is one of the parties who is part of the concurrence process (the process of review and approval of contracts and grants) to ensure that all necessary information is included in the grant or contract award and all determinations have been correctly made.

Responsible party: Implementation Oversight: Mary S. Hoover, KDCF Audit Director, 785-296-3836

Planned completion date for corrective action plan: March 1, 2015

Plan to monitor completion of corrective action plan: Corrective actions will be monitored by DCF Audit Services as part of its follow up responsibilities under applicable standards.

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2014 – 015

Federal Agency:	Department of Labor
State Department/Agency:	Kansas Department of Labor (KDOL)
Federal Program:	Unemployment Insurance
CFDA Number:	17.225
Compliance Requirement:	Schedule of Expenditures of Federal Awards
Type of Finding:	Material Weakness in Internal Control

Criteria or specific requirement: The State should ensure that federal expenditures reported on the SEFA are accurate and properly reported.

Condition: During review of expenditures detail from the State's accounting system, SMART, as compared to the Kansas Department of Administration's (D of A) DA-89 reporting mechanism for the Statewide SEFA preparation, it was found that the amount reported per the DA-89 report by the KDOL was \$30 million larger than the supporting SMART general ledger detail for the Unemployment Insurance (UI) program. This was due to a data entry error per the DA-89 report, which was used for the Statewide SEFA amounts reported. This amount was corrected after being discussed with the D of A and KDOL. Additionally, it was noted that an amount for \$736,864 was reported per the DA-89 report for expenditures that KDOL had passed to another state agency, the Kansas Department of Commerce. However, based on the supporting general ledger detail per the SMART system, \$237,252 of this amount had been returned to the grantor, U.S. Department of Labor, for excess cash on hand. As such, the amount reported per the DA-89 report and the Statewide SEFA was overstated by the \$237,252.

Questioned costs: None noted

Context: The Statewide SEFA was overstated due to data entry errors during the preparation of the supporting schedules.

Cause: Inadequate review of the amounts reported for the SEFA preparation process at the Department level could have contributed to this finding.

Effect: The major program determination could have been significantly impacted due to the data entry errors impacting the Statewide SEFA preparation process by the State.

Recommendation: We recommend that the D of A conduct additional trainings for the various State agencies involved with the Statewide SEFA preparation process to provide best practice and internal control suggestions at the agency-level to help minimize errors and improve the control structure for this process across all agencies.

Views of responsible officials and planned corrective actions:

Explanation of disagreement with audit finding: There is no disagreement with the audit finding.

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Actions planned in response to finding: KDOL will do two things:

1. KDOL will in the future have a second individual review the SMART information pulled for preparation of the SEFA and review the SEFA report to make sure errors do not exist.
2. KDOL will reach out to Department of Administration staff to coordinate receipt of additional training documents and processes for the SEFA preparation.

Responsible party: Dawn Palmberg, KDOL Chief Fiscal Officer, 785-296-5000, ext. 2551

Planned completion date for corrective action plan: By July 31, 2015.

Plan to monitor completion of corrective action plan: Corrective actions will be monitored as part of the year-end closing and review process.

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2014 – 016

Federal Agency:	Department of Labor
State Department/Agency:	Kansas Department of Labor (KDOL)
Federal Program:	Unemployment Insurance
CFDA Number:	17.225
Compliance Requirement:	Allowable Costs / Cost Principles
Type of Finding:	Significant Deficiency in Internal Control, Noncompliance

Criteria or specific requirement: Per OMB Circular A-133 guidelines, capital expenditures for general purpose equipment, buildings and land are unallowable as direct charges, except where approved in advance by the awarding agency.

Condition: Through our analysis of expenditures, it was found that equipment purchases and contractor payments had been paid out of the grant funding. This was for approximately \$275,000 in expenditures for the State's Fiscal Year 2014 that was paid by the Unemployment Insurance program. Approval by the awarding agency (U.S. Department of Labor) had not been obtained for this activity by the State.

Questioned costs: \$275,404

Context: Approximately \$275,000 was charged to the grant in unallowable costs.

Cause: Lack of understanding of all costs allowed to be charged to the grant could have contributed to this finding.

Effect: The State was not in compliance with OMB Circular A-133 requirements relating to allowable costs.

Recommendation: We recommend that the Kansas Department of Labor (KDOL) strengthen its control process over the monitoring of allowable costs to ensure that costs incurred are allowable per the requirements of the grant.

Views of responsible officials and planned corrective actions:

Explanation of disagreement with audit finding: There is no disagreement with the audit finding.

Actions planned in response to finding: As soon as the questioned costs were brought to the attention of KDOL staff, steps were taken to reclassify the expenditures and inform all accountants of the disallowed costs. The grant affected by this expenditure was the 2013 UI Admin grant which is still open and active. The expense was moved to non-grant funding in State fiscal year 2015.

The accounting system has been set up to have a two step review process for all expenditures. The three accountants with review level access are being given regulations to review regarding allowable costs and are also being sent to training to gain the knowledge needed to review expenditures efficiently and accurately.

KDOL has sent two accountants to training for the new Uniform Grant Guidance in the fall of 2014. Additionally, KDOL is sending two accountants to Financial Grants Management Training

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sponsored by the USDOL in March 2015. As new information is acquired policies and procedures are being updated or written to coincide with these rules and regulations.

Additionally, KDOL has developed a good working relationship with USDOL and accountants are encouraged to reach out to our contacts with additional questions.

Responsible party: Dawn Palmberg, KDOL Chief Fiscal Officer, 785-296-5000, ext. 2551

Planned completion date for corrective action plan: The target date for staff accountants to have a sufficient training/experience base is April 1, 2015.

Plan to monitor completion of corrective action plan: Regular internal meetings will be set up to discuss and review training materials, rules and regulations. This will be an ongoing process.

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2014 – 017

Federal Agency:	Department of Labor
State Department/Agency:	Kansas Department of Labor (KDOL)
Federal Program:	Unemployment Insurance
CFDA Number:	17.225
Compliance Requirement:	Cash Management
Type of Finding:	Significant Deficiency in Internal Control, Noncompliance

Criteria or specific requirement: Per the A-102 Common Rule and OMB Circular A-110, these require that non-Federal entities receiving Federal awards establish and maintain internal controls designed to reasonably ensure compliance with Federal laws, regulations and program compliance requirements.

Condition: During the testing of five cash draws for the administrative cash management requirements for the program, it was found that two of the selections did not have evidence of someone other than the preparer reviewing the draw. This was primarily due to turnover at KDOL and only one individual able to perform the draw down.

Questioned costs: None noted

Context: Two draw downs selected for testing did not have someone separate from the preparer review the draw. It is noted that the draws were properly supported and calculated based on testing.

Cause: Lack of cross-training and segregation of duties over the preparation and review of cash draws for this program contributed to this finding.

Effect: The potential for data entry error is more prevalent when segregation of duties is not in place.

Recommendation: We recommend that the KDOL continue to develop cross-training for employees so that there is more than one individual that can conduct program tasks to ensure proper segregation of duties.

Views of responsible officials and planned corrective actions:

Explanation of disagreement with audit finding: There is no disagreement with the audit finding.

Actions planned in response to finding: KDOL has three individuals that are trained to complete the process and review of cash draws. The individual preparing the cash draw is required to pass the information to another accountant who is trained for review and approval. All deposits are reviewed by someone other than the preparer. This is designated either by a signature on the paperwork being reviewed or by electronic approval in the accounting system or both.

Responsible party: Dawn Palmberg, KDOL Chief Fiscal Officer, 785-296-5000, ext. 2551

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Planned completion date for corrective action plan: The practice described above was implemented in December 2014.

Plan to monitor completion of corrective action plan: The practice has been implemented.

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2014 – 018

Federal Agency:	Department of Labor
State Department/Agency:	Kansas Department of Labor (KDOL)
Federal Program:	Unemployment Insurance
CFDA Number:	17.225
Compliance Requirement:	Special Tests and Provisions
Type of Finding:	Significant Deficiency in Internal Control, Noncompliance

Criteria or specific requirement: Per the U.S. Department of Labor's Standards in Employment and Training Handbook 395, 5 ed., VI-11, relating to the Special Tests and Provisions requirements for UI benefit payments, the requirements indicate that the Benefits Accuracy Measurement (BAM) program should complete a review of 70% of cases within sixty days and 95% of cases within ninety days.

Condition: Through testing of a sample of forty cases that had gone through the BAM review process, it was noted that there were seven exceptions found that were not in compliance with the timeliness standards.

Questioned costs: None noted

Context: These seven exceptions were due to several different reasons, including: a case not being signed off by the investigator so the review was untimely; an investigator being on leave; and instances where cases were being further investigated or insufficient explanations were noted for untimely cases.

Cause: The likely cause of this finding is due to internal restructuring of activities with KDOL's BAM unit.

Effect: The State was not in compliance with requirements relating to the BAM program.

Recommendation: We recommend that a standardized training program for all BAM investigators be conducted to better ensure compliance with those standards. This could include setting up a time table of expectations for case reviews and make those expectations known to the investigators. Also, consideration of compliance with deadline requirements could be used as a component of the employee evaluation process, with corrective action on employees not meeting those standards be considered.

Views of responsible officials and planned corrective actions:

Explanation of disagreement with audit finding: The audit findings are not specific as to whether the audit examined only paid claims or also included denied claims. See ETA 395, VI-11 (PCA), and ETA 395 VIII-2 (DCA). We respond based upon the assumption that only PCA cases were audited because the auditors indicated application of the 70% in 60 days and the 95% in 90 days standards, which are the applicable standards for PCA cases. It is in that context that we do not disagree with the findings.

Actions planned in response to finding: As noted by the auditors, the major cause of this issue has been restructuring and organization of the BAM unit over the last couple of years,

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which most recently included adjudications training for BAM investigators that contributed to the delays due to their being out of the office for that training.

Currently, we have five investigators and one supervisor in the BAM unit. All but the newest investigator have attended adjudications training. Filling the vacant UI Performance and Reporting Manager role will remove some administrative duties from the BAM supervisor, allowing her to focus more on closing cases. Additionally, the UI Performance and Reporting Manager may begin assisting with closing cases after BAM peer review the last week of February.

These actions should allow the BAM unit to begin to clear up the backlog of open investigations and to close cases in a timely manner. The UI Performance and Reporting Manager will begin evaluating local BAM processes and practices to ensure streamlined and systematic investigations as well as focused case management by investigators, which will include the implementation of a 7-week investigation completion goal.

Throughout this process, we will also continue to evaluate whether this issue necessitates that we hire an additional investigator in the unit.

Responsible party: Shawn Yancy, KDOL Unemployment Insurance Performance and Reporting Manager, (785) 296-5000, ext. 2582

Planned completion date for corrective action plan: Many of these actions will be taken/implemented before the end of the first quarter 2015 or shortly thereafter. However, their impact will be delayed by the natural pace of the BAM process, but each quarter we anticipate seeing progress both in terms of the number of cases completed timely as well as a decrease in the number of outstanding open cases. It is our goal to be fully compliant with PCA standards by the end of first quarter 2016.

Plan to monitor completion of corrective action plan: The UI Performance and Reporting Manager will plan to frequently check the time lapse for investigations as well as monitor investigation status pursuant to the 7-week goal to ensure a minimum of lag in investigations as well as evaluate the need, if any, of hiring and additional investigator. He will periodically report progress to relevant directors within the Department.

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2014 – 019

Federal Agency:	Department of Labor
State Department/Agency:	Kansas Department of Labor (KDOL)
Federal Program:	Unemployment Insurance
CFDA Number:	17.225
Compliance Requirement:	Special Tests and Provisions
Type of Finding:	Significant Deficiency in Internal Control, Noncompliance

Criteria or specific requirement: Per OMB Circular A-133 requirements, Unemployment Compensation (UC) program integrity relating to overpayments is a Special Provision of this program. States are (1) required to impose a monetary penalty (not less than 15 percent) on claimants whose fraudulent acts resulted in overpayments, and (2) States are prohibited from providing relief from charges to an employer's UC account when overpayments are the result of the employer's failure to respond timely or adequately to a request for information. States may continue to waive recovery of overpayments in certain situations and must continue to offer the individual a fair hearing prior to recovery.

Condition: Through testing of forty overpayment selections, three exceptions were found. One selection had a data entry error which resulted in the full overpayment not being included in the assessment and resulted in the overpayment not being attempted to be recovered due to the error. Another selection was misclassified and concluded as not being due to fraud, when it should have been based on the criteria presented, discussions with KDOL program staff, and lack of sufficient explanation in the documentation provided. The third selection was determined by KDOL as being properly classified as not being due to fraud; however, the necessary documentation was not in the file at the time of the audit to come to this determination.

Questioned costs: None noted

Context: The program was not in compliance with this provision based on requirements and internal procedures.

Cause: Inadequate documentation and review to demonstrate conclusions on overpayment cases could have contributed to this finding.

Effect: The State was not in compliance with requirements relating to UC program integrity for overpayments.

Recommendation: We recommend that additional training be provided over this requirement for employees conducting these assessments, which could include a standardized checklist for all situations to consider and conclude upon to meet compliance requirements.

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Views of responsible officials and planned corrective actions:

Explanation of disagreement with audit finding: There is no disagreement with the audit finding.

Actions planned in response to finding: Fraud unit management will develop regular training protocols to ensure staff knowledge and compliance with relevant policies and procedures. Further, KDOL will seek additional clarification and feedback from the audit team concerning possible implementation of the stated recommendation.

Responsible party: Kenneth Massey, KDOL Chief of Special Investigations, (785) 296-5000, ext. 2572

Planned completion date for corrective action plan:

June 1, 2015

Plan to monitor completion of corrective action plan: Review by agency executive staff.

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2014 – 020

Federal Agency: Department of Labor
State Department/Agency: Kansas Department of Labor (KDOL)
Federal Program: Unemployment Insurance
CFDA Number: 17.225
Compliance Requirement: Reporting
Type of Finding: Significant Deficiency in Internal Control, Noncompliance

Criteria or specific requirement: Per OMB Circular A-133 requirements and instructions provided for the ETA 9130 reports, this report is to be used for program and administrative expenditures. This data should include correct data for fields presented.

Condition: Through testing of seven ETA 9130 reports, it was noted four reports used general ledger detail from the SMART system that incorrectly excluded the encumbered amount for payroll expenditures. The encumbrance amounts and variance columns for payroll are to be included for reporting.

Questioned costs: None noted

Context: Reports selected prior to the quarter ended March 31, 2014 were incorrect. Those tested subsequent to that date were corrected calculated.

Cause: Lack of understanding of certain data fields in the report could have contributed to this finding.

Effect: The State was not in compliance with requirements relating to ETA 9130 reports.

Recommendation: We recommend that additional training be provided for employees responsible for Reporting requirements and cross-training be considered as well.

Views of responsible officials and planned corrective actions:

Explanation of disagreement with audit finding: There is no disagreement with the audit finding.

Actions planned in response to finding: As noted above the 9130 reports as of March 31, 2014 are being submitted correctly. 9130 reports are prepared by the Grant's Manager. All 9130 reports and back-up is reviewed by the Chief Fiscal Officer prior to certification on the e-grants website.

Responsible party: Dawn Palmberg, KDOL Chief Fiscal Officer, (785) 296-5000, ext. 2551

Planned completion date for corrective action plan: The correction was implemented March 31, 2014.

Plan to monitor completion of corrective action plan: The correction was implemented March 31, 2014.

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2014 – 021

Federal Agency:	Department of Labor
State Department/Agency:	Kansas Department of Labor (KDOL)
Federal Program:	Unemployment Insurance
CFDA Number:	17.225
Compliance Requirement:	Reporting
Type of Finding:	Significant Deficiency in Internal Control, Noncompliance

Criteria or specific requirement: Per OMB Circular A-133 requirements and instructions provided for the ETA 227 reports, this report is to be used for State Workforce Agency (SWA) activities in principal detection and recovery areas of benefit payment control. This data should include correct data for fields presented.

Condition: Through testing of two ETA 227 reports, it was found that sections C (Recovery / Reconciliation) and D (Criminal Civil Actions) of the reports were not able to be tied to the KDOL legacy mainframe detail. This was due to an incorrect programming error in regards to the recording of accounts receivable. As a result, KDOL manually adjusts these sections of the reports through the use of spreadsheets or detail from the Criminal and Civil Prosecution division.

Questioned costs: None noted

Context: Reports selected did not have accounting system generated detail to support amounts reported, which is different from other sections of the report.

Cause: Lack of system capabilities to support certain data fields in the report could have contributed to this finding.

Effect: Amounts were not supported by system generated detail, and could be calculated incorrectly due to being a manual process.

Recommendation: We recommend that consideration of system generated information be developed to meet this requirement and help reduce the time involved to generate these fields manually.

Views of responsible officials and planned corrective actions:

Explanation of disagreement with audit finding: There is no disagreement with the audit finding.

Actions planned in response to finding: KDOL has been working on correcting issues with section C of the ETA 227 report for an extended period of time. Improvements have been made, but some errors are ongoing. KDOL will review existing IT priorities to see if additional programming resources can be assigned to the issue. Further, KDOL has tasked the UI Performance and Reporting Manager to lead a workgroup tasked with addressing any ETA 227 report deficiencies. The workgroup will also explore the business and IT feasibility of automating the completion of Section as recommended.

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Responsible party: Shawn Yancy, KDOL Unemployment Insurance Performance and Reporting Manager, (785) 296-5000, ext. 2582 and Brett Flachsbarth, KDOL Director of Unemployment Insurance, (785) 296-5000, ext. 2507

Planned completion date for corrective action plan: The workgroup has been implemented.

Plan to monitor completion of corrective action plan: The UI Performance and Reporting Manager will provide monthly status reports to the UI Director and Chief Counsel beginning April 1, 2015.

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2014 – 022

Federal Agency: Department of Labor
State Department/Agency: Kansas Department of Labor (KDOL)
Federal Program: Unemployment Insurance
CFDA Number: 17.225
Compliance Requirement: Reporting
Type of Finding: Significant Deficiency in Internal Control, Noncompliance

Criteria or specific requirement: Per the A-102 Common Rule and OMB Circular A-110, these require that non-Federal entities receiving Federal awards establish and maintain internal controls designed to reasonably ensure compliance with Federal laws, regulations and program compliance requirements. OMB Circular A-133 requirements dictate submission of quarterly ETA 581 reports.

Condition: Through testing of two ETA 581 reports, it was noted that one report did not have evidence of a review being conducted other than someone preparing the report.

Questioned costs: None noted

Context: The amounts reported for the ETA 581 are obtained from other groups without KDOL, but there is not a secondary review of the information prior to submission.

Cause: Lack of segregation of duties for each submission of the report caused this finding.

Effect: The potential for data entry error is more prevalent when segregation of duties is not in place.

Recommendation: We recommend that the KDOL continue to develop cross-training for employees so that there is more than one individual that can conduct program tasks to ensure proper segregation of duties.

Views of responsible officials and planned corrective actions:

Explanation of disagreement with audit finding: There is no disagreement with the audit finding.

Actions planned in response to finding: KDOL has implemented the recommendation of the auditors. Specifically, additional supervisors within the tax division will conduct parallel reviews of the information prior to submission.

Responsible party: Brett Flachsbarth, KDOL Director of Unemployment Insurance, (785) 296-5000, ext. 2507 and Joe Vining, KDOL Chief of Contributions, (785) 296-5000, ext. 7642 and Cindy Morris, KDOL Chief of Audits and Investigations, (785) 296-5000, ext. 7639

Planned completion date for corrective action plan: The practice has been implemented.

Plan to monitor completion of corrective action plan: The practice has been implemented.

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2014 – 023

Federal Agency:	Department of Health and Human Services
State Department/Agency:	Kansas Department of Health and Environment (KDHE)
Federal Program:	State Medicaid Fraud Control Units, State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare, Medical Assistance Program (Medicaid; Title XIX) – Medicaid Cluster
CFDA Number:	93.775, 93.777, 93.778
Compliance Requirement:	Cash Management, Period of Availability
Type of Finding:	Material Weakness in Internal Control, Noncompliance

Criteria or specific requirement: Per the A-102 Common Rule and OMB Circular A-110, these require that non-Federal entities receiving Federal awards establish and maintain internal controls designed to reasonably ensure compliance with Federal laws, regulations and program compliance requirements.

Condition: During testing of fourteen cash draws for the program, it was found that for two of the benefit assistance selections, the supporting Medicaid Management Information Systems (MMIS) reports did not fully reconcile to the draw amount submitted. One of the recalculations during the audit process resulted in the supporting reports showing an amount greater than the actual draw submitted. For the other recalculation, it was found that the amount entered on the draw spreadsheet had been mistyped as a negative amount instead of a positive amount, which resulted in an overdraw of approximately \$3.7 million. In both cases, the over or underdrawn amounts were applied to the next draw, resulting in the correct amount eventually being drawn. For one additional administrative payment selection, the supporting documentation was not able to reconcile to the drawn amount for an amount of \$2,429 due to payroll shifts at points in time.

Questioned costs: None noted

Context: Three draw downs were not properly supported or were incorrect when recalculated. There were control procedures in place over the draw downs as evidenced by approvals from someone other than the preparer.

Cause: Inadequate review of the amounts reported for draw downs in comparison to supporting reports could have contributed to this finding.

Effect: Amounts drawn for cash management requirements could be incorrect or unsupported.

Recommendation: We recommend that KDHE strengthen its preparation and review process over cash management requirements so that amounts drawn are reviewed against support documentation to ensure data entry errors are minimized.

Views of responsible officials and planned corrective actions:

Explanation of disagreement with audit finding: KDHE does not disagree that a keying error occurred. As noted, the over or underdrawn amounts were applied to the next draw, resulting in a net correct amount being drawn.

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Actions planned in response to finding: KDHE-Division of Health Care Finance (DHCF) will fill a vacant position to cross train in SMART and accounting functions. The position will be able to provide KDHE-DHCF financial with increased oversight of duties.

Responsible party: Jason Osterhaus, Program Integrity Manager, 785-296-2319, Carla Williams, Program Integrity Analyst, 785-296-7762

Planned completion date for corrective action plan: Training for the Medical Program Financial and Reporting Manager will begin March 2, 2015.

Plan to monitor completion of corrective action plan: Management will continue to monitor program staff preparing the report and provide review support.

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2014 – 024

Federal Agency: Department of Health and Human Services
State Department/Agency: Kansas Department of Health and Environment (KDHE)
Federal Program: State Medicaid Fraud Control Units, State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare, Medical Assistance Program (Medicaid; Title XIX) – Medicaid Cluster
CFDA Number: 93.775, 93.777, 93.778
Compliance Requirement: Reporting – SF-425 Reports
Type of Finding: Significant Deficiency in Internal Control, Noncompliance

Criteria or specific requirement: Per the A-102 Common Rule and OMB Circular A-110, these require that non-Federal entities receiving Federal awards establish and maintain internal controls designed to reasonably ensure compliance with Federal laws, regulations and program compliance requirements. OMB Circular A-133 requirements dictate submission of quarterly SF-425 reports.

Condition: Through testing of two SF-425 reports submitted for the State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare program, CFDA 93.777, it was noted that the reports did not have evidence of a review being conducted other than someone preparing the reports.

Questioned costs: None noted

Context: Two reports selected for testing did not have someone separate from the preparer review the report. It is noted the reports were properly supported based on the testing.

Cause: Lack of cross-training and segregation of duties over the preparation and review of cash draws for this program contributed to this finding.

Effect: The potential for data entry error is more prevalent when segregation of duties is not in place.

Recommendation: We recommend that KDHE continue to develop cross-training for employees so that there is more than one individual that can conduct program tasks to ensure proper segregation of duties.

Views of responsible officials and planned corrective actions:

Explanation of disagreement with audit finding: KDHE does not disagree. Staff turnover has been a contributing factor to lack of segregation of duties and cross-training.

Actions planned in response to finding: KDHE-DHCF will fill the vacant Medical Program Finance and Reporting Manager position March 2, 2015 This position will cross train in SMART and accounting functions in order to provide segregation of duties and review of SF-425 reports.

Responsible party: Jason Osterhaus, Program Integrity Manager, 785-296-2319, Carla Williams, Program Integrity Analyst, 785-296-7762

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Planned completion date for corrective action plan: Training for the position will begin March 2, 2015.

Plan to monitor completion of corrective action plan: Management will continue to monitor the program staff responsible for preparing the report and provide review.

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2014 – 025

Federal Agency: Department of Health and Human Services
State Department/Agency: Kansas Department of Health and Environment (KDHE)
Federal Program: State Medicaid Fraud Control Units, State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare, Medical Assistance Program (Medicaid; Title XIX) – Medicaid Cluster
CFDA Number: 93.775, 93.777, 93.778
Compliance Requirement: Reporting – CMS-64 Reports
Type of Finding: Significant Deficiency in Internal Control, Noncompliance

Criteria or specific requirement: Per the U.S. Department of Health and Human Services (HHS) Centers for Medicare and Medicaid Services (CMS) guidelines, States are required to electronically submit the CMS-64, Quarterly Statement of Expenditures for the Medicaid Assistance Program, within thirty days after the end of the quarter.

Condition: Through testing of two quarterly submissions of the CMS-64 report, it was found that both reports were not submitted within thirty days after the end of the quarter.

Questioned costs: None noted

Context: For the December 31, 2013 quarter-end report, the delay until the February 28, 2014 submission was due to awaiting approval of an amendment by CMS, which KDHE then held the submission of the CMS-64 to await this approval. However, approval to delay submission had not been requested from CMS. For the June 30, 2014 quarter-end report, this was submitted on August 4, 2014.

Cause: The primary cause was due to KDHE waiting to submit the report until other CMS approval was obtained for an amendment to an agreement.

Effect: Timely submission of the CMS-64 reports was not done.

Recommendation: We recommend that KDHE get written approval from CMS for any delays in submission of reporting requirements for the Medicaid Cluster.

Views of responsible officials and planned corrective actions:

Explanation of disagreement with audit finding: KDHE does not disagree that both reports were submitted after the due date. However, KDHE-DHCF worked closely with Kevin Slaven from CMS and CMS was aware of the circumstances involving these reports.

Actions planned in response to finding: KDHE will request written approval from CMS for extended filing deadlines for the CMS 64 report in the future.

Responsible party: Jason Osterhaus, Program Integrity Manager, 785-296-2319, Carla Williams, Program Integrity Analyst, 785-296-7762

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Planned completion date for corrective action plan: The corrective action plan is currently in place. Program staff that prepare and submit the CMS 64 have added a process to request written confirmation from CMS.

Plan to monitor completion of corrective action plan: KDHE-DHCF will ensure a confirmation from CMS is included with any delay when submitting this report.

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2014 – 026

Federal Agency: Department of Health and Human Services
State Department/Agency: Kansas Department of Health and Environment (KDHE)
Federal Program: State Medicaid Fraud Control Units, State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare, Medical Assistance Program (Medicaid; Title XIX) – Medicaid Cluster
CFDA Number: 93.775, 93.777, 93.778
Compliance Requirement: Eligibility
Type of Finding: Significant Deficiency in Internal Control, Noncompliance

Criteria or specific requirement: Under 42 USC 1320b-7(d), 42 CFR sections 435.907 and 935.913, 42 CFR 435.911 and 42 CFR 435.915, applications for Medicaid are to be submitted online, by telephone, via mail, or in person and include each applicant's case records facts to support the agency's decision on the application. Also, the determination is to be completed in a timely manner, which is ninety days for applicants applying on the basis disability, and forty-five days for all other cases. Lastly, the eligibility effective date is not to be earlier than three months prior to the month of application.

Condition: From a sample of sixty participants of the program, it was found that one participant's case file did not contain a signed Medicaid application. As such, the criteria noted above could not be audited.

Questioned costs: None noted

Context: Lack of evidence of an application resulted in being unable to test these requirements for the program. Other forms of evidence were available to test other compliance requirements for Eligibility.

Cause: Lack of internal controls around all compliance requirements to evidence eligibility being met for all participants could have contributed to this finding.

Effect: Evidence of compliance with certain criteria for eligibility could not be verified.

Recommendation: We recommend further training be provided to staff regarding all eligibility criteria, as well as consideration of additional cross-checks for documentation in case files at the time of eligibility determination.

Views of responsible officials and planned corrective actions:

Explanation of disagreement with audit finding: KDHE does not disagree with this finding. This was a filing error by KDCF.

Actions planned in response to finding: The supervisor in charge of this division has been made aware and has re-educated staff.

Responsible party: Jason Osterhaus, Program Integrity Manager, 785-296-2319, Carla Williams, Program Integrity Analyst, 785-296-7762

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Planned completion date for corrective action plan: The State of Kansas will be implementing a new eligibility system by July 2015. This system will be paperless and all application will be scanned into an imaging system for storage.

Plan to monitor completion of corrective action plan: The State will verify the use of the imaging system after July 1, 2015.

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2014 – 027

Federal Agency:	Department of Health and Human Services
State Department/Agency:	Kansas Board of Regents
Federal Program:	Research and Development Cluster
CFDA Number:	98.855
Compliance Requirement:	Activities Allowed or Unallowed
Type of Finding:	Significant Deficiency in Internal Control, Noncompliance

Criteria or specific requirement: Per OMB Circular A-21: At least annually a statement will be signed by the employee, principal investigator, or responsible official(s) using suitable means of verification that the work was performed, stating that salaries and wages charged to sponsored agreements as direct charges, and to residual, facilities and administrative cost or other categories are reasonable in relation to the work performed.

Condition: The two samples tested from Pittsburg State University (the University) resulted in exceptions due to the lack of a signed effort report or time sheet for workers on the grant tested. Upon further investigation it was noted that the University does not use effort reports or time sheets to track employee time spent on Federal Grants.

Questioned costs: \$5,920

Context: There were no such findings noted at other universities tested as part of the Research & Development Cluster. Total sampled costs were \$39,314 and unsupported costs in the sample equaled \$5,920 a rate of 15%.

Cause: The exception was caused by a lack of internal controls monitoring administration of Research and Development Cluster funds at the University.

Effect: The University could be charging incorrect payroll costs to Federal Grants.

Recommendation: We recommend that the University institute a policy that requires effort reports to be signed by workers when spending time assisting in efforts related to Federal Grants.

Views of responsible officials and planned corrective actions:

Explanation of disagreement with audit finding: There is no disagreement with the audit finding.

Actions planned in response to finding: The University will convene a group of stakeholders to formalize a policy that requires at least annually, effort reports to be signed by workers when spending time assisting in efforts related to Federal Grants.

Responsible party: John Patterson, Vice President for Administration and Campus Life, 620-235-4152

Planned completion date for corrective action plan: The policy set forth by the stakeholder group will be submitted to the University's President's Council for approval. It is estimated that this process will take 60-90 days to complete.

Plan to monitor completion of corrective action plan: The stakeholder group will provide periodic progress reports to ensure appropriate adherence to the timeline provided.

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2014 – 028

Federal Agency: Department of Health and Human Services
State Department/Agency: Kansas Department of Commerce (KDOC)
Federal Program: Program of Competitive Grants for Worker Training And Placement In High Growth And Emerging Industry Sectors (SESPT)
CFDA Number: 17.275
Compliance Requirement: Subrecipient Monitoring
Type of Finding: Significant Deficiency in Internal Control, Noncompliance

Criteria Or Specific Requirement: According to OMB A-133 compliance supplement Part 3, KDOC is responsible for monitoring the subrecipients use of Federal awards through reporting, site visits, regular contact, or other means to provide reasonable assurance that the subrecipient administers Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements and that performance goals are achieved.

Condition: Through determining the status of prior year's Finding 2013-005, it was found that monitoring reports had not been conducted for subrecipients of the grant due to the timing of the finding from the prior year being after the grant being fully expended by KDOC by September 30, 2013. It is noted that changes to the monitoring policy was made and can be found at <http://kwpolicies.kansascommerce.com/Pages/Default.aspx>.

Context: This finding is repeated as it was unable to be remediated in the current year due to the grant ending.

Cause: KDOC did not fully understand the responsibilities of subrecipient monitoring for the SESPT program during the prior year.

Effect: KDOC is not in compliance with Subrecipient Monitoring requirements for this grant during fiscal year 2014.

Recommendation: We recommend that the KDOC continue to utilize the process and related controls to effectively monitor all subrecipients for federal grants.

Views of responsible officials and planned corrective actions:

Explanation of disagreement with audit finding: There is no disagreement with the audit finding.

Actions planned in response to finding: Although this grant has closed the agency has addressed the finding as follows. The SESPT grant's monitoring responsibilities were assigned to grant administrators within the agency. Agency policy was revised July 2013 to include that all employment and training grants will be scheduled for monitoring by Commerce's Regulatory Compliance (CRC) unit. This unit is organizationally housed in Legal Services and is independent from grant administration or program operations. CRC's responsibilities will include, but are not limited to, working toward insuring administrative policies, practices,

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standards, and systems are functioning and operating within the parameters established by federal and state legislation, regulations, and policy directives.

The results of the monitoring effort will be documented and compiled in a formal report and disseminated to grant administrators, and as warranted, outstanding issues will be referred for corrective action to the appropriate administrative entities, or the agency's internal Corrective Action Board.

Responsible party: Traci Herrick, KDOC Chief Fiscal Officer, 785-296-2929

Planned completion date for corrective action plan: Already implemented.

Plan to monitor completion of corrective action plan: See Actions section above.

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2014 – 029

Federal Agency: Department of Health and Human Services
State Department/Agency: Kansas Department of Commerce (KDOC)
Federal Program: Program of Competitive Grants for Worker Training and Placement In High Growth And Emerging Industry Sectors (SESPT)
CFDA Number: 17.275
Compliance Requirement: Subrecipient Monitoring
Type of Finding: Significant Deficiency in Internal Control, Noncompliance

Criteria Or Specific Requirement: According to OMB A-133 compliance supplement Part 3, KDOC is required, at the time of the award, to identify award information (i.e. CFDA title and number, award name and number, whether the award is 'Research and Development,' and name of the Federal awarding agency) and applicable compliance requirements imposed by laws, regulations, and the provisions of contract or grant agreements.

Condition: Through determining the status of prior year's Finding 2013-006, it was found that identifying award information to subrecipients at the time of the award had not been conducted for subrecipients of the grant due to the timing of the finding from the prior year being after the grant being fully expended by KDOC by September 30, 2013. It is noted that the Special Grants Process Flow chart was obtained and reviewed and indicated that KDOC will review all communications that are delivered to the grant subrecipients regarding subawards to assure a consistent and documented process.

Context: This finding is repeated as it was unable to be remediated in the current year due to the grant ending.

Cause: KDOC did not fully understand the responsibilities of subrecipient monitoring for the SESPT program during the prior year.

Effect: KDOC is not in compliance with subrecipient monitoring requirements for this grant during fiscal year 2014.

Recommendation: We recommend that the KDOC continue to utilize the process and related controls to effectively monitor all subrecipients for federal grants.

Views of responsible officials and planned corrective actions:

Explanation of disagreement with audit finding: There is no disagreement with the audit finding.

Actions planned in response to finding: Although this grant has closed the agency has addressed the finding as follows. The Department of Commerce, through a collaborative effort between the Workforce Development Division and the Fiscal unit, reviewed all communications that are delivered to the grant subrecipients regarding subawards to assure a consistent and documented process that meets regulations. This was formalized into process flow charts to assure this information is communicated to subrecipients going forward.

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Responsible party: Traci Herrick, KDOC Chief Fiscal Officer, 785-296-2929

Planned completion date for corrective action plan: Already implemented.

Plan to monitor completion of corrective action plan: See Actions section above.

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2014 – 030

Federal Agency:	Department of Education
State Department/Agency:	Kansas Department of Education (KSDE)
Federal Program:	School Improvement Grants Cluster
CFDA Number:	84.377, 84.388
Compliance Requirement:	Reporting
Type of Finding:	Significant Deficiency in Internal Control, Noncompliance

Criteria Or Specific Requirement: According to OMB Circular A-133, Part 3, FFATA requirements are, “(1) recipient reporting of each first-tier subaward or subaward amendment that results in an obligation of \$25,000 or more in Federal funds; and (2) contractor reporting of each first-tier subcontract award of \$25,000 or more in Federal funds... the triggering event for reporting under a grant or cooperative agreement is the obligation of funds under a subaward or subaward amendment rather than a payment made pursuant to the subaward; the triggering event for reporting under a contract is awarding or modifying a first-tier subcontract. Under either set of requirements, the reporting in FSRs must be accomplished by the end of the month following the month in which the reportable action occurred.”

Condition: Through determining the status of prior year’s Finding 2013-024, one submission of FFATA reporting was selected for testing. It was found that the FFATA report had not been submitted by the end of the month following the month in which the reportable action occurred, which was the award date. The award date was January 27, 2014, and the FFATA reporting occurred in April 2014. It was noted that the consultant that was utilized for this work had not informed KSDE staff about the award until March 2014. An email was sent to the consultants about providing the information and related forms within two weeks of the federal grant award letters in order to enter it into the FFATA system within thirty days of the award date as required.

Context: This finding is repeated as it was not fully remedied during fiscal year 2014.

Cause: Lack of timeliness of award notification date and related FFATA reporting contributed to this finding.

Effect: KSDE is not in compliance with FFATA reporting requirements for this grant during fiscal year 2014.

Recommendation: It is recommended that KSDE implement further processes and controls to ensure that all required FFATA reports are submitted on a timely basis.

Views of responsible officials and planned corrective actions:

Explanation of disagreement with audit finding: There is no disagreement with the audit finding.

Actions planned in response to finding: The Accounting Specialist processing the federal payment will sign and date the Allocation Form when the Form is given to the FFATA Coordinator. The FFATA Coordinator will initial the Form upon receipt. This signature prompt

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should help ensure that payments are reported to the FFATA Coordinator so reports may be filed in a timely manner.

Responsible party: Craig Neuenswander, KSDE Director of School Finance, 785-296-3872

Planned completion date for corrective action plan: Already implemented.

Plan to monitor completion of corrective action plan: See Actions section above.

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2014 – 031

Federal Agency: Department of Education
State Department/Agency: Kansas Board of Regents (KBOR)
Federal Program: Statewide Data Systems Cluster
CFDA Number: 84.372, 84.384
Compliance Requirement: Procurement, Suspension and Debarment
Type of Finding: Significant Deficiency in Internal Control, Noncompliance

Criteria Or Specific Requirement: According to OMB Circular A-133, “When a nonfederal entity enters into a covered transaction with an entity at a lower tier, the nonfederal entity must verify that the entity is not suspended or debarred or otherwise excluded. This verification may be accomplished by checking the Excluded Parties List System (EPLS) maintained by the General Services Administration (GSA), collecting a certification from the entity, or adding a clause or condition to the covered transaction with that entity (2 CFR section 180.300).”

Condition: Through determining the status of prior year’s Finding 2013-025, it was found that no new contracts were issued under this program due to the timing of the finding from the prior year being after the grant being fully expended by June 30, 2014. It is noted that KBOR did implement a process to have each new contract include a statement to certify that the contracted vendor is not suspended or debarred, which requires the vendor signing the statement.

Context: This finding is repeated as it was unable to be remediated in the current year due to the grant ending.

Cause: KBOR did not have policies or related controls in place requiring verification that the entity they are contracting with is not suspended or debarred during the prior year.

Effect: KBOR is not in compliance with procurement, suspension and debarment requirements for this grant during fiscal year 2014.

Recommendation: We recommend that the KBOR continue to utilize the process and related controls to ensure compliance with procurement, suspension and debarment.

Views of responsible officials and planned corrective actions:

Explanation of disagreement with audit finding: There is no disagreement with the audit finding.

Actions planned in response to finding: KBOR is implemented a change in its procedures to require a clause in contract agreements whereby the vendor certifies they are not presently suspended or debarred at the time of signing of the agreement.

Responsible party: Kelly Oliver, KBOR Senior Director for Finance and Administration, 785-296-5235

Planned completion date for corrective action plan: Already implemented.

Plan to monitor completion of corrective action plan: See Actions section above.

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For the Year Ended June 30, 2014

2014 – 032

Federal Agency:	Department of Education
State Department/Agency:	Kansas Board of Regents
Federal Program:	Student Financial Assistance Cluster
CFDA Number:	84.038
Compliance Requirement:	Special Tests and Provisions
Type of Finding:	Significant Deficiency in Internal Control, Noncompliance

Criteria or specific requirement: Universities are required to ensure their third party services are in compliance with all statutory or regulatory provisions, and special arrangements, agreements, limitations, suspensions, and terminations entered into under the Title IV HEA Programs. Any finding a third party servicer receives becomes a finding of institutions they service.

ECSI did not include in all contracts with institutions language stating that as a third-party servicer ECSI agrees to:

- Comply with all statutory or regulatory provisions, and special arrangements, agreements, limitations, suspensions, and terminations entered into under Title IV HEA Programs.
- Refer to the ED Office of Inspector General for Investigations any information indicating there is reasonable cause to believe:
 - the institution might have engaged in fraud or other criminal misconduct in connection with the institution's administration of any Title IV, HEA program, or
 - an applicant for Title IV, HEA program assistance might have engaged in fraud or other criminal misconduct in connection with his or her application.
- Be jointly and severally liable with the institution for any violation by the servicer of any statutory or regulatory provisions, and special arrangements, agreements, limitations, suspensions, and terminations entered into under Title IV HEA Programs.

Condition: During our testing, we noted Heartland Campus Solutions ECSI (ECSI) (Third Party Servicer for The University of Kansas, Wichita State University, Pittsburg State University, Emporia State University and Fort Hays State University) has not complied with the Third-Party Eligibility Compliance Requirements listed in Section IV of the Department of Education SFA Guide.

Questioned costs: None

Context: There was one instance of noncompliance identified at University of Kansas, Wichita State University, Pittsburg State University, Emporia State University and Fort Hays University.

Cause: The Universities do not have review processes in place to ensure that their third party servicers are in compliance with statutory or regulatory provisions, special arrangements, agreements, limitations, suspensions, and terminations entered into under the Title IV HEA Programs.

Effect: ECSI is not in compliance with all statutory or regulatory provisions, and special arrangements, agreements, limitations, suspensions, and terminations entered into under the Title IV HEA Programs. Any finding ECSI receives becomes a finding of the institution they service.

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Recommendation: We recommend that The University of Kansas, Wichita State University, Pittsburg State University, Emporia State University and Fort Hays State University implement a thorough review process of all third-party servicer contracts to make sure they comply with all Department of Education Rules and Regulations.

Views of responsible officials and planned corrective actions:

Explanation of disagreement with audit finding: There is no disagreement with the audit finding.

Actions planned in response to finding: The applicable universities will review third-party servicer contracts for compliance with Department of Education Rules and Regulations.

Responsible party: The associated university controllers.

Planned completion date for corrective action plan: The corrective action plan is estimated to take 60-90 days to complete from the report issuance date.

Plan to monitor completion of corrective action plan: The associated university controllers offices will monitor the corrective action plan.

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2014 – 033

Federal Agency:	Department of Health and Human Services
State Department/Agency:	Kansas Department of Health and Environment (KDHE)
Federal Program:	State Grants to Promote Health Information Technology ARRA
CFDA Number:	93.719
Compliance Requirement:	Subrecipient Monitoring
Type of Finding:	Significant Deficiency in Internal Control, Noncompliance

Criteria Or Specific Requirement: Per OMB Circular A-133 Part 3, “A pass-through entity is responsible for: Award Identification – At the time of the subaward, identifying to the subrecipient the Federal award information (i.e., CFDA title and number; award name and number; if the award is research and development; and name of Federal awarding agency) and applicable compliance requirements. For ARRA subawards, identifying to the subrecipient the amount of ARRA funds provided by the subaward and advising the subrecipient of the requirement to identify ARRA funds in the Schedule of Expenditures of Federal Awards (SEFA) and the SF-SAC (see also N, Special Tests and Provisions in this Part).”

Additionally, per OMB Circular A-133 Part 3, “A pass-through entity is responsible for: Subrecipient Audits – (1) Ensuring that subrecipients expending \$500,000 or more in Federal awards during the subrecipient’s fiscal year for fiscal years ending after December 31, 2003, as provided in OMB Circular A-133, have met the audit requirements of OMB Circular A-133 and that the required audits are completed within 9 months of the end of the subrecipient’s audit period; (2) issuing a management decision on audit findings within 6 months after receipt of the subrecipient’s audit report; and (3) ensuring that the subrecipient takes timely and appropriate corrective action on all audit findings. In cases of continued inability or unwillingness of a subrecipient to have the required audits, the pass-through entity shall take appropriate action using sanctions.”

Condition: Through determining the status of prior year’s Finding 2013-008, it was found that identifying award information to subrecipients at the time of the award had not been conducted for one subrecipient selected for testing. It was also noted that evidence was not available to show that a copy of the subrecipient’s audit was obtained and reviewed for compliance. It was noted that KDHE did implement a step in the contract review process to ensure information regarding Federal award information was included in contracts.

Context: This finding is repeated as it was unable to be remediated in the current year.

Cause: KDHE did not fully understand the responsibilities of subrecipient monitoring for the program during the prior year.

Effect: KDHE is not in compliance with subrecipient monitoring requirements for this grant during fiscal year 2014.

Recommendation: We recommend that the KDHE continue to utilize the process and related controls to effectively monitor all subrecipients for federal grants.

Views of responsible officials and planned corrective actions:

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Explanation of disagreement with audit finding: There is no disagreement with the audit finding.

Actions planned in response to finding: Subawards were based on performance metrics and were not predetermined, therefore, providing an amount of the subaward would have been impractical. In the future we will assign a maximum available amount to the subaward for each subrecipient based on maximum achievable metric incentives. In addition, KDHE will assure that information regarding the Federal award information (i.e., CFDA title and number; award name and number) and applicable compliance requirements are included in the preamble to contracts. It was an oversight that these items were left out of these contracts. KDHE has taken action to assure that this requirement is specifically called out in any contract that might result in an excess of \$500,000 from federal sources being provided to any entity we contract with.

Responsible party: Aaron Dunkel, KDHE Deputy Secretary, 785-296-0461

Planned completion date for corrective action plan: Already implemented.

Plan to monitor completion of corrective action plan: See Actions section above.

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For the Year Ended June 30, 2014

Finding Reference: 2013-001

CFDA-Federal Program: 14.228 - Community Development Block Grant

Compliance Requirement: Reporting

Type of Finding: Significant deficiency

Condition: During our testing, we noted that no Federal Funding Accountability and Transparency Act (FFATA) reports were submitted for sub-awards over the \$25,000 minimum made during the year.

Current status: Resolved

Finding Reference: 2013-002

CFDA-Federal Program: 17.225 – Unemployment Insurance

Compliance Requirement: Eligibility

Type of Finding: Significant deficiency

Condition: Out of our sample of 60 claimants tested, 1 claimant was paid unemployment benefits without going through the appeals process requested by the employer.

Current status: Resolved

Finding Reference: 2013-003

CFDA-Federal Program: 17.225 – Unemployment Insurance

Compliance Requirement: Eligibility

Type of Finding: Significant deficiency

Condition: For 1 out of 60 claimants tested, KDOL disbursed full payments to the claimant while having an overpayment balance outstanding from that claimant. The claimant was incorrectly flagged as being in the appeals process, therefore collection activity on the overpayment was suspended. In accordance with Section 4005(b) KDOL had the option, in its discretion, to waive the recovery of the overpayment, however the claimant file did not contain evidence of a waiver.

Current status: Resolved

Finding Reference: 2013-004

CFDA-Federal Program: 17.225 – Unemployment Insurance

Compliance Requirement: Reporting

Type of Finding: Significant deficiency

Condition: Out of our sample of 9 ETA-9130 reports tested, 4 reports were submitted after the due date.

Current status: Not resolved. See Finding 2014-020 for current year finding.

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Finding Reference: 2013-005

CFDA-Federal Program: 17.275 - Program of Competitive Grants For Worker Training And Placement In High Growth And Emerging Industry Sectors

Compliance Requirement: Subrecipient monitoring

Type of Finding: Significant deficiency

Condition: In our testing of the SESPT program, the auditor selected 4 subrecipients and found that monitoring was not provided for 3 subrecipients.

Current status: Not resolved. See Finding 2014-028 for current year finding.

Finding Reference: 2013-006

CFDA-Federal Program: 17.275 - Program of Competitive Grants For Worker Training And Placement In High Growth And Emerging Industry Sectors

Compliance Requirement: Subrecipient monitoring

Type of Finding: Significant deficiency

Condition: The auditor selected 4 subrecipient entities to test for subrecipient monitoring requirements and noted none were provided identifying award information (specifically the CFDA number) at the time of the award.

Current status: Not resolved. See Finding 2014-029 for current year finding.

Finding Reference: 2013-007

CFDA-Federal Program: 66.458 – Capitalization Grants for Clean Water State Revolving Fund

Compliance Requirement: Reporting

Type of Finding: Significant deficiency

Condition: The auditor tested 3 FFATA reports and noted that 2 were not submitted in FSRs no later than the month following the month in which the sub-award/sub-award amendment obligation was made.

Current status: Resolved

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For the Year Ended June 30, 2014

Finding Reference: 2013-008

CFDA-Federal Program: 93.719 - State Grants to Promote Health Information Technology (ARRA)

Compliance Requirement: Subrecipient monitoring

Type of Finding: Significant deficiency

Condition: In our testing of the State Grants to Promote Health Information Technology program, the auditor selected 2 subrecipients for testing and found that proper subrecipient monitoring was not provided to either subrecipient. It was noted that KDHE did not identify to the subrecipients the CFDA title and number, or the award name and number. Also, it was noted that KDHE did not ensure that subrecipients met the audit requirements of OMB Circular A-133.

Current status: Not resolved. See Finding 2014-033 for current year finding.

Finding Reference: 2013-009

CFDA-Federal Program: 66.468 – Capitalization Grant for Drinking Water State Revolving Funds

Compliance Requirement: Eligibility

Type of Finding: Significant deficiency

Condition: During testing we noted that for 1 out of 40 expenditures the “disbursement request forms” was missing an original signature by a member of the municipality as is required by Capitalization Grant for Drinking Water SRF internal controls.

Current status: Resolved

Finding Reference: 2013-010

CFDA-Federal Program: 81.041 – State Energy Program (ARRA)

Compliance Requirement: Cash management

Type of Finding: Significant deficiency

Condition: For 1 out of 6 cash draws tested, the Kansas Corporation Commission (KCC) did not follow the established internal controls over cash management of having the reimbursement request (cash draw) created and approved by two separate individuals.

Current status: Resolved

Finding Reference: 2013-011

CFDA-Federal Program: 81.041 – State Energy Program (ARRA)

Compliance Requirement: Period of availability

Type of Finding: Significant deficiency

STATE OF KANSAS
SCHEDULE OF PRIOR YEAR FINDINGS
For the Year Ended June 30, 2014

Condition: For 1 out of 40 ARRA and non-ARRA expenditures tested, the expenditure was obligated outside of the performance period of the grant.

Current status: Resolved

Finding Reference: 2013-012

CFDA-Federal Program: 81.128 - Energy Efficiency and Conservation Block Grant Program

Compliance Requirement: Cash management

Type of Finding: Significant deficiency

Condition: For 1 out of 5 cash draws tested, the KCC did not follow the established internal controls over cash management of having the reimbursement request (cash draw) created and approved by two separate individuals.

Current status: Resolved

Finding Reference: 2013-013

CFDA-Federal Program: 81.128 - Energy Efficiency and Conservation Block Grant Program

Compliance Requirement: Reporting

Type of Finding: Significant deficiency

Condition: Out of the 2 ARRA 1512 reports tested, 1 did not report the correct amount of "Total Federal Amount of ARRA Expenditures." The total did not reconcile to amounts recorded in the General Ledger.

Current status: Resolved

Finding Reference: 2013-014

CFDA-Federal Program: 84.007, 84.033, 84.038, 84.063, 84.268, 84.379, 84.408, 93.264, 93.342, 93.364 and 93.925
84.007, 84.033, 84.038, 84.063, 84.268, 84.379, 84.408, 93.264, 93.342, 93.364 and 93.925 – Student Financial Aid Cluster

Compliance Requirement: Subrecipient monitoring

Type of Finding: Significant deficiency

Condition: During enrollment reporting testing, the auditor noted 1 instance out of a sample of 28 where NSLDS was not updated within the required timeframe.

Current status: Resolved

STATE OF KANSAS
SCHEDULE OF PRIOR YEAR FINDINGS
For the Year Ended June 30, 2014

Finding Reference: 2013-015

CFDA-Federal Program: 93.268 – Immunization Cooperative Agreements
Compliance Requirement: Procurement
Type of Finding: Significant deficiency

Condition: The auditor tested three contracts and noted that for all three contracts, the Immunization Program did not perform a verification check for covered transactions, by checking the EPLS, collecting a certification from the entity, or adding a clause or condition to the contract to ensure that the covered transactions were not awarded to suspended or debarred parties.

Current status: Resolved

Finding Reference: 2013-016

CFDA-Federal Program: 93.575, 93.596 – Child Care and Development Fund
Compliance Requirement: Eligibility
Type of Finding: Significant deficiency

Condition: During our testing, the auditor selected 40 files to test for eligibility and performed a review of the income verification process for eligibility, specifically reviewing the “Income Calculation” worksheet that is required to be part of all participant’s case files as well as the participant’s application. From the “Income Calculation” worksheet and number of people living in the household, DCF calculates the “Monthly Family Income and Family Share Deduction” using the sliding fee schedule.

For 2 out of the 40 case files tested we noted discrepancies in the number of people who lived in the household according to the application and the number of people who lived in the household according to the KSCARES system. This discrepancy resulted in an inaccurate calculation of the “Family Income and Share Deduction.”

In addition, we noted the “Family Income and Share Deduction” had been incorrectly calculated in the KSCARES system for 2 out of the 40 case files tested. These calculations were based on inaccurate information included in the case files, application, and “Income Calculation” worksheet.

Current status: Not resolved. See Finding 2014-010 for current year finding.

STATE OF KANSAS
SCHEDULE OF PRIOR YEAR FINDINGS
For the Year Ended June 30, 2014

Finding Reference: 2013-017

CFDA-Federal Program: 93.575, 93.596 - Child Care and Development Fund

Compliance Requirement: Procurement

Type of Finding: Significant deficiency

Condition: The auditor examined 4 contract files and noted that DCF did not perform a verification check for contractors for suspension and debarment prior to signing the contract. Further, procurement and contract files did not contain a signed certification of debarment or a contract clause through which the contractor represented that they were not suspended or debarred.

Current status: Resolved

Finding Reference: 2013-018

CFDA-Federal Program: 93.658 - Foster Care – Title IV-E

Compliance Requirement: Reporting

Type of Finding: Significant deficiency

Condition: During our testing, we requested FFATA reports for 5 sub-awards over \$25,000. It was subsequently determined that DCF did not submit FFATA reports within FSRS during the year.

Current status: Not resolved. See Finding 2014-014 for current year finding.

Finding Reference: 2013-019

CFDA-Federal Program: 93.659 - Adoption Assistance

Compliance Requirement: Maintenance of effort

Type of Finding: Significant deficiency

Condition: During testing, we requested support for how the savings were tracked in order to verify the State spent an amount equal to the savings. It was subsequently determined that DCF was not tracking the savings and therefore not able to provide documentation that the program was in compliance with the maintenance of effort requirement.

Current status: Resolved

STATE OF KANSAS
SCHEDULE OF PRIOR YEAR FINDINGS
For the Year Ended June 30, 2014

Finding Reference: 2013-020

CFDA-Federal Program: 93.775, 93.777, and 93.778 – Medicaid Cluster
Compliance Requirement: Allowable costs
Type of Finding: Significant deficiency

Condition: The State is not crediting the Medicaid program for State warrants that are canceled and un-cashed checks beyond 180 days of issuance (escheated warrants).

Current status: Resolved

Finding Reference: 2013-021

CFDA-Federal Program: 93.775, 93.777, and 93.778 – Medicaid Cluster
Compliance Requirement: Eligibility
Type of Finding: Significant deficiency

Condition: During our testing, it was noted that 1 Medicaid beneficiary out of our sample of 60 did not have their SSN verified by KDHE.

Current status: Resolved

Finding Reference: 2013-022

CFDA-Federal Program: 93.775, 93.777, and 93.778 – Medicaid Cluster
Compliance Requirement: Eligibility
Type of Finding: Significant deficiency

Condition: During our testing, it was noted that 2 beneficiaries out of our sample of 60 had applied for services, but their eligibility was not determined within the proper time period allowed.

Current status: Resolved

Finding Reference: 2013-023

CFDA-Federal Program: 10.558 - Child and Adult Care Food Program
Compliance Requirement: Subrecipient monitoring
Type of Finding: Significant deficiency

Condition: For 1 out of the 40 subrecipients tested, an internal audit was not performed by KSDE's staff.

Current status: Resolved

STATE OF KANSAS
SCHEDULE OF PRIOR YEAR FINDINGS
For the Year Ended June 30, 2014

Finding Reference: 2013-024

CFDA-Federal Program: 84.377, 84.388 - School Improvement Grants Cluster (ARRA)

Compliance Requirement: Reporting

Type of Finding: Significant deficiency

Condition: The auditor tested 3 FFATA reports and noted that 1 report was not submitted on a timely basis.

Current status: Not resolved. See Finding 2014-030 for current year finding.

Finding Reference: 2013-025

CFDA-Federal Program: 84.372, 84.384 - Statewide Data Systems Cluster (ARRA)

Compliance Requirement: Procurement

Type of Finding: Significant deficiency

Condition: The auditor tested three contracts and noted that for one of the three contracts, the Statewide Data Systems Cluster did not perform a verification check for covered transactions, by checking the EPLS, collecting a certification from the entity, or adding a clause or condition to the contract to ensure that the covered transactions were not awarded to suspended or debarred parties.

Current status: Not resolved. See Finding 2014-031 for current year finding.

Finding Reference: 2013-026

CFDA-Federal Program: 93.658 - Foster Care - Title IV-E

Compliance Requirement: Reporting

Type of Finding: Significant deficiency

Condition: During testing of the CB-496 report, it was noted that Maintenance costs reported on Part 1, Line 1 (Maintenance Assistance Payments (FMAP rate)) do not appear to be properly supported. For 4 expenditure claims tested out of a sample of 40, amounts included on Line 1 as Maintenance on form CB-496 did not match the amount directly provided by the child care provider agencies to the foster child/family receiving the support.

Current status: Resolved

**Additional Response from the Department for Children and Families
to Finding 2014-008**

Prior to issuance of the audit report, all agencies that had findings related to one or more of their programs were provided a copy of the finding. Based on this information, the agencies were to respond to the finding with their corrective action plan.

After the agencies submitted their responses to the findings, the contracted auditor made some edits to the findings. The Department for Children and Families disagrees with the severity of this edited finding 2014-008. At our invitation, the agency has provided an additional response and is included in this appendix.

This additional response is supplemental information and should not be considered part of the formal audit report.

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Phyllis Gilmore, Secretary

Sam Brownback, Governor

March 9, 2015

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

Re: OMB Circular A-133 Compliance Audit Report, State of Kansas Fiscal Year 2014, KDCF Finding 2014-008

Dear Mr. Frank:

Thank you for the opportunity to formally communicate our disagreement with Finding 2014-008, as it is presented in the State of Kansas OMB Circular A-133 Compliance Audit Report for Fiscal Year 2014. This finding was **materially changed** after the Kansas Department for Children and Families (DCF) provided a response and corrective action plan.

The finding as presented in the audit report indicated that:

“For contractors selected for testing, KDCF did not obtain the contractor’s DUNS number. Additionally, KDCF did not provide the contractor with the formal award information and has not established monitoring controls for subrecipients in this program.”

The finding, as originally presented to DCF, was worded differently and described in more detail the reasons for noncompliance and the area of noncompliance in the sub-recipient monitoring requirement:

“For both contractors that were selected for testing, KDCF did not obtain the DUNS number for the contractors, did not provide the contractor with the formal award information, and did not have an established monitoring program for compliance with the grant as it relates to formal subrecipient monitoring requirements **at the award notification stage.**” (Emphasis added)

The difference between the two findings is clear—the former implies that DCF has no monitoring established for these contractors, the latter clearly identifies that DCF had not notified contractors of new requirements they must follow as subrecipients under the foster care program.

It is important to recognize this distinction because the Subrecipient Monitoring Requirement in the Compliance Supplement requires testing seven areas of required monitoring by DCF. **The area out of compliance is only one of the seven. The auditors had no findings or issues in the other six areas, which include testing for eligibility, during-the-award monitoring and subrecipient audits.**

Strong Families Make A Strong Kansas

Scott Frank, Legislative Post Auditor

March 9, 2015

Page 2 of 2

As background for this finding, DCF has, since privatization (1997), treated its child welfare contractors as vendors under the federal circular requirements and definitions. Due to increasing oversight from the U.S. Department of Health and Human Services, in the last few years, DCF changed how it treated the contractors from vendors to subrecipients to coincide with the new contract cycle beginning July 2013. This increased federal oversight has most recently affected our claims and monies received from those claims, which fund services to children and families.

In the original finding, there were references that DCF “does require the contractors to provide information to support the State’s reporting efforts and outcomes are continually monitored” and that “the contractors were already receiving A-133 audits for their operations.” **This language was not included in the final audit report finding.**

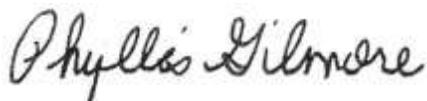
In the original finding, we acknowledged that we did not perform all the requirements at the award notification stage and we agreed with the finding. Our response clearly indicates why this occurred and our plans for correcting the identified technical issues. **If we had been given an opportunity to review the finding again before it was formally published (as we have in past years), we would not have agreed with the finding. It misrepresents the work of the department in monitoring the contractors since privatization and most recently since July 2013.**

This finding, as published, has resulted in a qualified opinion on foster care as noted in the audit report. DCF was made aware of this qualification on Feb. 26, 2015, which was one week after we submitted our responses and corrective actions for the audit. When told of the qualification, it was represented as “benign” and that “qualifications frequently occur in other states”. Nevertheless, DCF sought assurance that this would not have serious ramifications for the State of Kansas both fiscally and from an audit perspective. We were assured it would not. We did not question those assurances because of how the finding was originally written—clearly identifying that we did monitor, but only failed to notify contractors of simple requirements at the award notification stage.

Although the finding presented in the audit report would indicate that there was little monitoring of the child welfare contractors, this is not the case. **DCF takes seriously its responsibility of monitoring all of its contractors and grantees, regardless of whether they are categorized as vendors or subrecipients.** The child welfare contractors have been monitored extensively since privatization by SRS/DCF program, fiscal and audit staff, by external audit staff, including LPA, and by federal agencies. They will continue to be monitored and that monitoring will incorporate necessary subrecipient requirements.

DCF recognizes the value of audits and of past single audits. These audits identify improvements in processes, strengthen controls, mitigate risks and reinforce accountability and stewardship of federal and state dollars. We have found past audits to be fair and to fairly represent the issues identified in the report. We have also valued the process where we have been given an opportunity to respond to the findings that were published in the final audit report. **It is unfortunate that the process failed in this audit, and DCF and its monitoring efforts have been unfairly presented to the citizens of Kansas.**

Best regards,



Phyllis Gilmore, Secretary