



OMB CIRCULAR A-133 COMPLIANCE AUDIT REPORT

**State of Kansas
Fiscal Year 2015**

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

April 2016

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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Senator Anthony Hensley
Senator Laura Kelly
Senator Jeff Longbine
Senator Julia Lynn

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Representative Ed Trimmer

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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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April 26, 2016

To: Members, Legislative Post Audit Committee

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

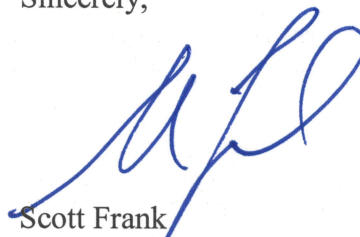
Representative Virgil Peck, Jr., Vice-Chair
Representative John Barker
Representative Tom Burroughs
Representative Peggy Mast
Representative Ed Trimmer

This report contains the findings, conclusions, and recommendations from the completed Statewide Single audit for the State of Kansas for fiscal year 2015. CliftonLarsonAllen, a certified public accounting firm under contract with the Legislative Division of Post Audit, conducted this audit.

Two agencies expressed some level of disagreement with the auditors' findings. The Department of Children and Families disagrees with the timing of the discovery of the errors and the questioned costs of finding 2015-008. The Department of Labor disagreed with part of finding 2015-020, the language of which was modified after the agency prepared its response.

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, 2015

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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, 2015, 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 1, 2015. 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 (KDFA), the Kansas Center for Entrepreneurship (KCE), the Kansas Housing Resources Corporation (KHRC), the Kansas Bioscience Authority (KBA), the Kansas Turnpike Authority (KTA), Kansas Lottery and the Kansas Universal Services Fund (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 these 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 financial statement 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 financial statement schedule of findings listed as 2015-001, 2015-002, 2015-003, 2015-004 and 2015-005 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 noted no items, which we consider 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 financial statement 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CliftonLarsonAllen LLP

Broomfield, Colorado
December 1, 2015

**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, 2015. 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, 2015. 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.

Opinion on Each Major Federal Program

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 major federal programs for the year ended June 30, 2015.

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 2015-006, 2015-007, 2015-008, 2015-009, 2015-010, 2015-011, 2015-012, 2015-013, 2015-014, 2015-015, 2015-016, 2015-017, 2015-018, 2015-020, 2015-021, 2015-022, 2015-023, 2015-024 and 2015-026. 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 item 2015-006 to be a material weakness.

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 2015-007, 2015-008, 2015-009, 2015-010, 2015-011, 2015-012, 2015-013, 2015-014, 2015-015, 2015-016, 2015-017, 2015-018, 2015-019, 2015-020, 2015-021, 2015-022, 2015-023, 2015-024, 2015-025, and 2015-026 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, 2015, and have issued our report thereon dated December 1, 2015, 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

Broomfield, Colorado

March 25, 2016 except for the Schedule of

Expenditures of Federal Awards which is dated December 1, 2015

STATE OF KANSAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2015

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	\$ 3,064	\$ -
State Administrative Matching Grants for Supplemental Nutrition Assistance Program	10.561	20,316,676	495,501
Total SNAP Cluster		20,319,740	495,501
Research and Development Programs Cluster:			
Black-Tailed Prairie Dog Monitoring on the Kiowa and Rita Blanca National Grasslands	10.000	9,313	-
Cibola National Forest/Kansas State University 10.25 Challenge Cost Share Grant, 2009 at Kiowa/Rita Blanca National Grassland	10.000	58	-
Development of New Treatment Options for Khapra Beetle, Trogoderma Granarium	10.000	82,307	-
Memorandum of Agreement Between USDA, APHIS and KSU	10.000	175	-
Soil Microbial Community Composition in a Long-Term, Prescribed Fire Study on the Georgia Piedmont	10.000	1,003	-
Agricultural Research Basic and Applied Research	10.001	1,989,704	13,748
Plant and Animal Disease, Pest Control, and Animal Care	10.025	59,932	-
Federal-State Marketing Improvement Program	10.156	61,543	-
Transportation Services	10.167	7,735	-
Specialty Crop Block Grant Program - Farm Bill	10.170	57,681	-
Grants for Agricultural Research, Special Research Grants	10.200	1,784,639	739,222
Payments to Agricultural Experiment Stations Under the Hatch Act	10.203	5,669,241	-
Higher Education - Graduate Fellowships Grant Program	10.210	92,963	-
Higher Education - Institution Challenge Grants Program	10.217	294,622	62,138
Agricultural and Rural Economic Research, Cooperative Agreements and Collaborations	10.250	5,623	-
Integrated Programs	10.303	855,286	346,556
Homeland Security Agricultural	10.304	454,004	183,981
Specialty Crop Research Initiative	10.309	233,444	147,244
Agriculture and Food Research Initiative (AFRI)	10.310	3,659,533	1,210,601
Biomass Research and Development Initiative Competitive Grants Program (BRDI)	10.312	1,355,053	464,879
Sun Grant Program	10.320	252	-
Crop Protection and Pest Management Competitive Grants Program	10.329	4,554	-
Rural Community Development Initiative	10.446	116,624	-
Cooperative Extension Service	10.500	6,526,248	91,663
FNS Food Safety Grants	10.585	828,696	-
Novel Sorghum Based Fortified Food Blend for Infants and Young Children Nutrition	10.600	2,188,171	320,955

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, 2015

Federal Grantor/Program	CFDA Number	Expenditures	Funds Passed to Subrecipient
Rural Business Enterprise Grants	10.769	26,591	-
Norman E. Borlaug International Agricultural Science and Technology Fellowship	10.777	30,108	-
Technical Agricultural Assistance	10.960	953,541	-
Scientific Cooperation and Research	10.961	13,363	-
Total Research and Development Programs Cluster		27,362,007	* 3,580,987
Not Clustered:			
Swine Surveillance	10.000	67,956	-
Soil Science Institute at Kansas State University	10.000	21,039	-
2014 Farm Bill - Producer Education - Kansas State University Extension Services	10.000	67,115	-
Plant and Animal Disease, Pest Control, and Animal Care	10.025	761,524	-
Commodity Loans and Loan Deficiency Payments	10.051	53,087	-
Wetlands Reserve Program	10.072	1,004	-
Farmers' Market and Local Food Promotion Program	10.168	28,721	-
Specialty Crop Block Grant Program	10.169	335,615	-
Organic Certification Cost Share Programs	10.171	57,633	-
Higher Education - Graduate Fellowships Grant Program	10.210	9,354	-
Higher Education - Institution Challenge Grants Program	10.217	139,949	73,801
Agriculture and Food Research Initiative (AFRI)	10.310	1,335,668	791,561
Women/Minorities in Science Technology Engineering and Mathematics (STEM) Fields	10.318	35,480	-
Farm Business Management and Benchmarking Competitive Grants Program	10.319	326,248	154,713
Capacity Building for Non-Land Grant Colleges of Agriculture (NLGCA)	10.326	15,592	-
Crop Protection and Pest Management Competitive Grants Program	10.329	138,851	-
State Mediation Grants	10.435	357,939	-
Risk Management Education Partnerships	10.460	83,217	21,114
Cooperative Agreements with States for Intrastate Meat and Poultry Inspection	10.475	2,185,873	-
Cooperative Extension Service	10.500	6,292,028	4,757,143
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	44,058,070	11,723,941
Child and Adult Care Food Program	10.558	34,187,148	33,726,767
State Administrative Expenses for Child Nutrition	10.560	2,027,001	-
Team Nutrition Grants	10.574	614,499	-
Farm to School Grant Program	10.575	21,606	-
Senior Farmers Market Nutrition Program	10.576	136,934	-
Child Nutrition Discretionary Grants Limited Availability	10.579	323,261	314,502
Fresh Fruit and Vegetable Program	10.582	1,972,051	1,959,974
Pilot Projects to Reduce Dependency and Increase Work Requirements and Work Effort under SNAP	10.596	20,543	-
Cooperative Forestry Assistance	10.664	2,108,101	181,678
Forest Legacy Program	10.676	5,100	-
Forest Stewardship Program	10.678	9,790	-
Solid Waste Management Grants	10.762	32,641	-
Rural Business Enterprise Grants	10.769	128,600	96,620

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, 2015

Federal Grantor/Program	CFDA Number	Expenditures	Funds Passed to Subrecipient
Rangeland Management Lesser Prairie-Chicken Initiative	10.900	28,893	-
Soil and Water Conservation	10.902	166,902	-
Environmental Quality Incentives Program	10.912	350,326	-
Regional Conservation Partnership Program	10.932	73	-
Technical Agricultural Assistance	10.960	9,408	-
Scientific Cooperation and Research	10.961	58,631	42,663
Cochran Fellowship Program - International Training-Foreign Participant	10.962	30,195	-
Total Not Clustered		98,603,666	53,844,477
Food Distribution Cluster			
Commodity Supplemental Food Program	10.565	337,185	272,400
Emergency Food Assistance Program (Administrative Costs)	10.568	525,957	-
Total Food Distribution Cluster		863,142	272,400
Child Nutrition Cluster:			
School Breakfast Program	10.553	30,012,162	29,881,556
National School Lunch Program	10.555	119,118,328	118,864,257
Special Milk Program for Children	10.556	64,341	64,341
Summer Food Service Program for Children	10.559	3,714,008	3,455,782
Total Child Nutrition Cluster		152,908,839	152,265,936
Indirect Award			
Research and Development Programs Cluster:			
Impact of Bioenergy Crops on Pests, Natural Enemies	10.000	18,052	-
Production of Advanced Biofuels from Salinity Tolerant Brown Midrib Sorghum Genotypes	10.000	22,370	-
2014 NCR LR-4 Ornamental Horticulture Project	10.000	222	-
Agricultural Research Basic and Applied Research	10.001	5,967	-
Plant and Animal Disease, Pest Control, and Animal Care	10.025	20,814	-
Grants for Agricultural Research, Special Research Grants	10.200	352,001	-
Small Business Innovation Research	10.212	38,984	-
Sustainable Agriculture Research and Education	10.215	78,331	-
Higher Education - Institution Challenge Grants Program	10.217	26,681	-
Research Innovation and Development Grants in Economic (RIDGE)	10.255	11,654	-
Integrated Programs	10.303	88,753	-
Homeland Security Agricultural	10.304	160,335	-
Agriculture and Food Research Initiative (AFRI)	10.310	3,220,853	-
Beginning Farmer and Rancher Development Program	10.311	18,929	-
Biomass Research and Development Initiative Competitive Grants Program (BRDI)	10.312	107,082	-
Sun Grant Program	10.320	10,693	10,693
Cooperative Extension Service	10.500	120,405	-
National Food Service management Institute Administration and Staffing Grant	10.587	1,127	-

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, 2015

Federal Grantor/Program	CFDA Number	Expenditures	Funds Passed to Subrecipient
Soil and Water Conservation	10.902	247,535	-
Environmental Quality Incentives Program	10.912	37,198	-
Total Research and Development Programs Cluster		4,587,986 *	10,693
Not Clustered:			
Agricultural Research Basic and Applied Research	10.001	23,174	-
Grants for Agricultural Research, Special Research Grants	10.200	17	-
Sustainable Agriculture Research and Education	10.215	17,929	-
Cooperative Extension Service	10.500	115,091	-
Rangeland Management Lesser Prairie-Chicken Initiative Site Specific Agreement with Pheasants Forever	10.900	555	-
Total Not Clustered		156,766	-
Child Nutrition Cluster:			
National School Lunch Program	10.555	215,606	-
Total Child Nutrition Cluster		215,606	-
Non-Monetary Award			
SNAP Cluster:			
Supplemental Nutrition Assistance Program	10.551	376,913,997	-
Total SNAP Cluster		376,913,997	-
Food Distribution Cluster:			
Commodity Supplemental Food Program	10.565	1,099,378	-
Emergency Food Assistance Program (Administrative Costs)	10.568	3,533,738	-
Total Food Distribution Cluster		4,633,116	-
Total U. S. Department of Agriculture		686,564,865	210,469,994
U. S. Department of Commerce			
Direct Award			
Research and Development Programs Cluster:			
Economic Development Technical Assistance	11.303	287,670	-
Economic Adjustment Assistance	11.307	295,915	-
Measurement and Engineering Research and Standards	11.609	88,052	-
Total Research and Development Programs Cluster		671,637 *	-
Not Clustered:			
State and Local Implementation Grant Program	11.549	434,991	-
State Broadband Data and Development Grant Program	11.558	938,046	-
Total Not Clustered		1,373,037	-
Indirect Award			
Research and Development Programs Cluster:			
Weather Data Library Data Sets	11.000	65,980	-
Total Research and Development Programs Cluster		65,980	-
Total U. S. Department of Commerce		2,110,654	-
U. S. Department of Defense			
Direct Award			
Research and Development Programs Cluster:			
Gas-Filled Optical Fiber-Based Frequency References for Portable Frequency Combs in the Near Infrared	12.000	48,347	-
Advanced Trenched Structure for Solid-State Neutron Detectors	12.000	351,401	-
Ballistic Strength And Optimal Design Of Single And Multi-Layer 3-D Fabrics	12.000	80,038	-

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, 2015

Federal Grantor/Program	CFDA Number	Expenditures	Funds Passed to Subrecipient
Basic and Applied Scientific Research	12.300	484,759	197,685
Military Medical Research and Development	12.420	26,462	26,462
Basic Scientific Research	12.431	105,776	-
Air Force Defense Research Sciences Program	12.800	863,519	183,243
Mathematical Sciences Grants Program	12.901	25,616	-
Total Research and Development Programs Cluster		1,985,918 *	407,390
Not Clustered:			
Operation: Military Kids Bridge Contract	12.000	19,097	-
Brigade Spouse at Fort Leavenworth 2012 -2015	12.000	146,278	-
Advanced Strategic Planning And Policy Program	12.000	33,392	-
2014 University Engineering Alliance Summit	12.000	10,000	-
Kansas 2014 Operation: Military Kids	12.000	76,826	-
Procurement Technical Assistance For Business Firms	12.002	397,084	-
Flood Control Projects	12.106	625,160	-
Navigation Projects	12.107	220,298	-
State Memorandum of Agreement Program for Reimbursement of Technical Services	12.113	560,461	-
National Guard Military Operations and Maintenance (O&M) Projects	12.401	25,880,818	-
National Guard ChalleNGe Program	12.404	1,436,951	-
Mathematical Sciences Grants Program	12.901	43,877	-
Total Not Clustered		29,450,242	-
Indirect Award			
Research and Development Programs Cluster:			
2014-2015 EIDROP Collaborative With USD 475	12.000	99,294	-
Wearable Detection Device - Low Visibility Gamma Neutron Sensor	12.000	345,920	-
3D Woven Preform Design Code Simulation and Development	12.000	41,235	-
Braiding STEM Early - Evaluation	12.000	59,500	-
Extended Lifetime Electronics	12.000	173,846	-
Improved Design and Manufacturing of High Pressure, Layflat Hose	12.000	7,171	-
Novel Biomass Conversion Process for Production of Butylenes	12.000	69,080	-
Voluntary Security Enhancements for the Research and Test Reactor at Kansas State University	12.000	6,298	-
Basic and Applied Scientific Research	12.300	9,278	-
Basic Scientific Research - Combating Weapons of Mass Destruction	12.351	3,011	-
Basic Scientific Research	12.431	114,392	-
Invitational Grants for Military-Connected Schools	12.557	50,913	-
Air Force Defense Research Sciences Program	12.800	131,738	-
Total Research and Development Programs Cluster		1,111,676 *	-
Not Clustered:			
Child Development Center Quality Improvement Plan	12.000	47,002	-
Total Not Clustered		47,002	-
Total U. S. Department of Defense		32,594,838	407,390

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, 2015

Federal Grantor/Program	CFDA Number	Expenditures	Funds Passed to Subrecipient
U. S. Department of Housing and Urban Development			
Direct Award			
Section 8 Project-Based Cluster:			
Section 8 Housing Assistance Payments Program	14.195	55,791,373	-
Total Section 8 Project-Based Cluster		<u>55,791,373</u>	<u>-</u>
Not Clustered:			
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	11,895,801	11,227,322
Emergency Solutions Grant Program	14.231	2,016,005	1,894,182
Supportive Housing Program	14.235	146,247	-
HOME Investment Partnerships Program	14.239	4,724,200	1,971,726
Total Not Clustered		<u>18,782,253</u>	<u>15,093,230</u>
Indirect Award			
Not Clustered:			
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	156,537	-
Total Not Clustered		<u>156,537</u>	<u>-</u>
Total U. S. Department of Housing and Urban Development		<u>74,730,163</u>	<u>15,093,230</u>
U. S. Department of the Interior			
Direct Award			
Research and Development Programs Cluster:			
Fish, Wildlife and Plant Conservation Resource Management	15.231	40,561	-
Cultural Resources Management	15.511	37,327	-
Fish and Wildlife Coordination Act	15.517	78,941	-
Desert and Southern Rockies Landscape Conservation Cooperatives	15.557	7,415	-
Sport Fish Restoration Program	15.605	416,918	-
Wildlife Restoration	15.611	1,617,701	-
Cooperative Endangered Species Conservation Fund	15.615	16,159	-
State Wildlife Grants	15.634	405,163	-
Neotropical Migratory Bird Conservation	15.635	8,452	-
Research Grants (Generic)	15.650	5,892	-
Adaptive Science	15.670	52,384	-
National Fire Plan - Rural Fire Assistance	15.805	240,772	79,939
U.S. Geological Survey - Research and Data Collection	15.808	154,708	-
Cooperative Research Units Program	15.812	288,964	-
Total Research and Development Programs Cluster		<u>3,371,357</u> *	<u>79,939</u>
Fish and Wildlife Cluster:			
Sport Fish Restoration Program	15.605	4,094,048	-
Wildlife Restoration	15.611	7,198,406	-
Total Fish and Wildlife Cluster		<u>11,292,454</u>	<u>-</u>
Not Clustered:			
Wild Horse and Burro Resource Management	15.229	367,160	-
Regulation of Surface Coal Mining and Surface Effects of Underground Coal Mining	15.250	101,034	-
Abandoned Mine Land Reclamation (AMLR) Program	15.252	2,412,932	-
Recreation Resources Management	15.524	75,657	-
Fish and Wildlife Management Assistance	15.608	28,464	-

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, 2015

Federal Grantor/Program	CFDA Number	Expenditures	Funds Passed to Subrecipient
Cooperative Endangered Species Conservation Fund	15.615	5,563	-
North American Wetlands Conservation Fund	15.623	2,076	-
Historic Preservation Fund Grants-In-Aid	15.904	758,678	171,250
Outdoor Recreation - Acquisition, Development and Planning	15.916	548,030	-
National Trails System Projects	15.935	2,532	-
Natural Resource Stewardship	15.944	88,029	-
Cooperative Research and Training Programs - Resources of National Park System	15.945	1,445	-
Total Not Clustered		4,391,600	171,250
Indirect Award			
Research and Development Programs Cluster:			
Dendrochronological Assessment of Whitebark Pine Response to Past Climate Change: Implications for a Threatened Species in Grand Teton National Park (Kyleen Kelly)			
	15.000	4,546	-
Environmental Quality and Protection Resource Management	15.236	24,434	-
Eastern New Mexico Rural Water System Project	15.553	11,779	-
Cooperative Landscape Conservation	15.669	71,935	-
National Fire Plan - Rural Fire Assistance	15.805	871	-
National Cooperative Geologic Mapping Program	15.810	19,426	-
Economic, Social, and Political Development of the Territories	15.875	8,459	-
Total Research and Development Programs Cluster		141,450	*
Total U. S. Department of the Interior		19,196,861	251,189
U. S. Department of Justice			
Direct Award			
Research and Development Programs Cluster:			
Missing Children's Assistance	16.543	38,402	-
State Justice Statistics Program for Statistical Analysis Centers	16.550	54,158	-
Total Research and Development Programs Cluster		92,560	*
Not Clustered:			
Marijuana Eradication	16.000	52,659	-
Sexual Assault Services Formula Program	16.017	246,655	231,537
Prisoner Reentry Initiative Demonstration (Offender Reentry)	16.202	9,064	-
Juvenile Accountability Block Grants	16.523	172,101	-
Juvenile Justice and Delinquency Prevention - Allocation to States	16.540	256,703	165,243
Title V-Delinquency Prevention Program	16.548	4,576	4,576
National Criminal History Improvement Program (NCHIP)	16.554	231,088	-
Crime Victim Assistance	16.575	3,739,947	3,594,920
Crime Victim Compensation	16.576	1,357,099	-
Edward Byrne Memorial State and Local Law Enforcement Assistance			
Discretionary Grants Program	16.580	28,544	-
Crime Victim Assistance/Discretionary Grants	16.582	38,831	-
Violence Against Women Formula Grants	16.588	1,282,605	899,236
Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program	16.590	262,901	149,534
Residential Substance Abuse Treatment for State Prisoners	16.593	96,192	-
State Criminal Alien Assistance Program	16.606	247,276	-
Public Safety Partnership and Community Policing Grants	16.710	81,148	-

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, 2015

Federal Grantor/Program	CFDA Number	Expenditures	Funds Passed to Subrecipient
PREA Program: Demonstration Projects to Establish "Zero Tolerance"			
Cultures for Sexual Assault in Correctional Facilities	16.735	168,720	-
Edward Byrne Memorial Justice Assistance Grant Program	16.738	1,922,929	1,126,454
DNA Backlog Reduction Program	16.741	279,067	-
Paul Coverdell Forensic Sciences Improvement Grant Program	16.742	66,947	31,409
Harold Rogers Prescription Drug Monitoring Program	16.754	26,130	-
Second Chance Act Reentry Initiative	16.812	593,243	174,567
John R. Justice Prosecutors and Defenders Incentive Act	16.816	40,697	35,228
Equitable Sharing Program	16.922	3,846,808	-
Total Not Clustered		15,051,930	6,412,704
Indirect Award			
Not Clustered:			
Edward Byrne Memorial State and Local Law Enforcement Assistance			
Discretionary Grants Program	16.580	26,000	-
Juvenile Mentoring Program	16.726	89,962	-
Edward Byrne Memorial Competitive Grant Program	16.751	173,616	-
Total Not Clustered		289,578	-
Non-Monetary Award			
Not Clustered:			
Equitable Sharing Program	16.922	26,780	-
Total Not Clustered		26,780	-
Total U. S. Department of Justice		15,460,848	6,412,704
U. S. Department of Labor			
Direct Award			
WIA Cluster:			
WIA Adult Program	17.258	6,725,942	6,424,818
WIA Youth Activities	17.259	5,201,538	4,812,251
WIA Dislocated Worker Formula Grants	17.278	3,872,638	2,927,404
Total WIA Cluster		15,800,118	14,164,473
Research and Development Programs Cluster:			
H-1B Job Training Grants	17.268	244,164	-
Total Research and Development Programs Cluster		244,164	-
Not Clustered:			
Labor Force Statistics	17.002	658,169	-
Compensation and Working Conditions	17.005	85,234	-
Unemployment Insurance	17.225	306,034,817	-
Senior Community Service Employment Program	17.235	738,444	708,252
Trade Adjustment Assistance	17.245	3,737,454	-
WIA Pilots, Demonstrations, and Research Projects	17.261	326,830	-
H-1B Job Training Grants	17.268	1,196,115	1,102,765
Work Opportunity Tax Credit Program (WOTC)	17.271	176,316	-
Temporary Labor Certification for Foreign Workers	17.273	115,358	-
Workforce Investment Act (WIA) National Emergency Grants	17.277	187,661	180,906
Workforce Investment Act (WIA) Dislocated Worker National Reserve			
Technical Assistance and Training	17.281	102,250	-

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STATE OF KANSAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2015

Federal Grantor/Program	CFDA Number	Expenditures	Funds Passed to Subrecipient
Occupational Safety and Health - Susan Harwood Training Grants	17.502	60,703	-
Consultation Agreements	17.504	723,735	-
Total Not Clustered		314,143,086	1,991,923
Employment Service Cluster:			
Employment Service/Wagner-Peyser Funded Activities	17.207	6,018,327	30,293
Disabled Veterans' Outreach Program (DVOP)	17.801	1,106,375	-
Local Veterans' Employment Representative (LVER) Program	17.804	381,526	-
Total Employment Service Cluster		7,506,228	30,293
Indirect Award			
Research and Development Programs Cluster:			
Butler Community College TAACCCT Proposal	17.000	103,163	-
Soaring to Success - North Idaho College - Evaluation	17.000	21,051	-
National Aviation Consortium	17.000	146,397	-
Occupational Safety and Health - Susan Harwood Training Grants	17.502	13,592	-
Total Research and Development Programs Cluster		284,203	*
Total U. S. Department of Labor		337,977,799	16,186,689
U. S. Department of State			
Direct Award			
Research and Development Programs Cluster:			
Academic Exchange Programs - Undergraduate Programs	19.009	18,979	-
Total Research and Development Programs Cluster		18,979	*
Not Clustered:			
Iraq Science Fellowship Program of the U.S. Department Of State	19.000	7,500	-
Academic Exchange Programs - Undergraduate Programs	19.009	127,261	-
Total Not Clustered		134,761	-
Total U. S. Department of State		153,740	-
U. S. Department of Transportation			
Direct Award			
Transit Services Programs Cluster:			
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	1,289,924	1,289,924
Job Access and Reverse Commute Program	20.516	657,895	600,600
New Freedom Program	20.521	314,198	271,494
Total Transit Services Programs Cluster		2,262,017	2,162,018
Research and Development Programs Cluster:			
Aviation Educational	20.100	90,527	-
Aviation Research Grants	20.108	287,246	9,000
Air Transportation Centers of Excellence	20.109	1,975,264	255,716
Highway Research and Development Program	20.200	1,589	-
Quantifying the Effect of Prestressing Steel and Concrete Variables on the Transfer Length in Pretensioned Concrete Crossties	20.300	287,578	-
Developing Qualification Tests to Ensure Proper Selection and Interaction of Pretensioned Concrete Railroad Tie Materials	20.300	22,772	-

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STATE OF KANSAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2015

Federal Grantor/Program	CFDA Number	Expenditures	Funds Passed to Subrecipient
Active Suspension Control and Positioning - A Stewart Platform	20.300	6,286	-
Railroad Research and Development	20.313	440,904	203,699
Total Research and Development Programs Cluster		3,112,166	468,415
Not Clustered:			
Airport Improvement Program	20.106	161,236	-
Highway Training and Education	20.215	101,497	31,937
National Motor Carrier Safety	20.218	3,741,551	-
Commercial Driver License Program Improvement Grant	20.232	153,267	-
Commercial Vehicle Information Systems and Networks	20.237	274,228	-
Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research	20.505	2,472,799	2,460,922
Formula Grants for Rural Areas	20.509	8,983,846	8,578,443
State Planning and Research	20.515	66,493	16,546
National Highway Traffic Safety Administration (NHTSA) Discretionary Safety Grants	20.614	45,112	-
Pipeline Safety Program State Base Grant	20.700	346,661	-
Interagency Hazardous Materials Public Sector Training and Planning Grants	20.703	260,131	216,359
State Damage Prevention Program Grants	20.720	106,809	-
PHMSA Pipeline Safety Program One Call Grant	20.721	51,809	-
Total Not Clustered		16,765,439	11,304,207
Highway Safety Cluster:			
State and Community Highway Safety	20.600	2,987,869	1,683,874
Alcohol Impaired Driving Countermeasures Incentive Grants I	20.601	806,310	169,047
Occupant Protection Incentive Grants	20.602	127,407	32,065
State Traffic Safety Information System Improvement Grants	20.610	390,839	-
Incentive Grant Program to Prohibit Racial Profiling	20.611	106,733	3,365
Child Safety and Child Booster Seats Incentive Grants	20.613	63,190	45,186
National Priority Safety Program	20.616	1,059,401	377,653
Total Highway Safety Cluster		5,541,749	2,311,190
Highway Planning and Construction Cluster:			
Highway Planning and Construction	20.205	395,250,658	19,553,517
Recreational Trails Program	20.219	496,953	143,490
Total Highway Planning and Construction Cluster		395,747,611	19,697,007
Federal Transit Cluster:			
Federal Transit - Capital Investment Grants	20.500	846,331	838,606
Total Federal Transit Cluster		846,331	838,606
Indirect Award			
Research and Development Programs Cluster:			
Highway Work Zone Capacity Estimation using Field Data from Kansas	20.000	27,293	-
University Transportation Centers Program	20.701	415,400	-
Total Research and Development Programs Cluster		442,693	-
Total U. S. Department of Transportation		424,718,006	36,781,443

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, 2015

Federal Grantor/Program	CFDA Number	Expenditures	Funds Passed to Subrecipient
U. S. Department of the Treasury			
Direct Award			
Not Clustered:			
State Small Business Credit Initiative	21.000	3,036,180	3,013,218
Total Not Clustered		3,036,180	3,013,218
Total U. S. Department of the Treasury		3,036,180	3,013,218
U. S. Equal Employment Opportunity Commission			
Direct Award			
Not Clustered:			
Employment Discrimination - State and Local Fair Employment Practices Agency Contracts	30.002	337,667	-
Total Not Clustered		337,667	-
Total U. S. Equal Employment Opportunity Commission		337,667	-
Federal Communications Commission			
Indirect Award			
Not Clustered:			
E-Rate	32.000	5,458	-
Total Not Clustered		5,458	-
Total Federal Communications Commission		5,458	-
U. S. General Services Administration			
Direct Award			
Not Clustered:			
HAVA Title I	39.011	330,040	-
Total Not Clustered		330,040	-
Non-Monetary Award			
Not Clustered:			
Donation of Federal Surplus Personal Property	39.003	2,518,956	1,807,576
Total Not Clustered		2,518,956	1,807,576
Total U. S. General Services Administration		2,848,996	1,807,576
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	129,538	-
Science	43.001	100,737	-
Space Operations	43.007	1,104	-
Education	43.008	1,008,890	283,059
Total Research and Development Programs Cluster		1,240,269	283,059
Indirect Award			
Research and Development Programs Cluster:			
Scenario-Based Verification and Validation (V&V) for Aviation Authority and Autonomy Constructs	43.000	3,192	-
Physiological Responses During Simulated Partial-Gravity Ambulation	43.000	178	-

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, 2015

Federal Grantor/Program	CFDA Number	Expenditures	Funds Passed to Subrecipient
Impact of Spaceflight on Primary and Secondary Antibody Responses	43.000	27,165	-
Acoustically Tailored Composite Rotocraft Fuselage Panels	43.000	5,092	-
UAS Virtual Workshop Consulting Services	43.000	1,655	-
Stress Prediction for 3D Woven Preforms and Composites	43.000	17,020	-
Aeronautics	43.002	9,378	-
Education	43.008	19,241	-
Total Research and Development Programs Cluster		82,921	-
Total National Aeronautics and Space Administration		1,323,190	283,059
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			
Not Clustered:			
Promotion of the Arts - Partnership Agreements	45.025	304,695	178,920
Promotion of the Humanities - Challenge Grants	45.130	664,321	-
Laura Bush 21st Century Librarian Program	45.313	121,468	-
Total Not Clustered		1,090,484	178,920
Indirect Award			
Not Clustered:			
Promotion of the Humanities - We the People	45.168	95,037	-
Total Not Clustered		95,037	-
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		1,185,521	178,920
Institute of Museum and Library Services			
Direct Award			
Research and Development Programs Cluster:			
Museums for America	45.301	14,867	-
Total Research and Development Programs Cluster		14,867	-
Not Clustered:			
Grants to States	45.310	2,068,607	222,568
Total Not Clustered		2,068,607	222,568
Indirect Award			
Research and Development Programs Cluster:			
Promotion of the Humanities - Federal/State Partnership	45.129	1,000	-
Total Research and Development Programs Cluster		1,000	-
Not Clustered:			
Promotion of the Humanities - Federal/State Partnership	45.129	500	-
Total Not Clustered		500	-
Total Institute of Museum and Library Services		2,084,974	222,568

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, 2015

Federal Grantor/Program	CFDA Number	Expenditures	Funds Passed to Subrecipient
National Science Foundation			
Direct Award			
Research and Development Programs Cluster:			
National Science Foundation-Intergovernmental Personnel Act	47.000	271,092	-
Engineering Grants	47.041	1,699,225	-
Mathematical and Physical Sciences	47.049	1,432,422	-
Geosciences	47.050	572,862	29,219
Computer and Information Science and Engineering	47.070	2,618,510	77,532
Biological Sciences	47.074	4,708,400	751,352
Social, Behavioral, and Economic Sciences	47.075	284,289	5,205
Education and Human Resources	47.076	2,861,490	176,851
Polar Programs	47.078	92	-
Office of Cyber Infrastructure	47.080	114,455	-
Trans-NSF Recovery Act Research Support - ARRA	47.082	188,836	-
Total Research and Development Programs Cluster		14,751,673	1,040,159
Not Clustered:			
Education and Human Resources	47.076	221,514	-
Total Not Clustered		221,514	-
Indirect Award			
Research and Development Programs Cluster:			
Quarknet	47.000	3,295	-
TRMS: Agroecological Annotation of Gene Function and Computational Analysis of Gene Networks	47.000	88,868	-
REU Site: Operation ETANK: Moving Toward A Sustainable World	47.000	5,000	-
Neon Domain 6 - Prairie Peninsula, Core Tower, Relocatable Tower and Core Aquatic Sit	47.000	32,846	-
Louisiana Track 3: STEM-Discovery - Evaluation	47.000	2,588	-
Evaluation Services, Track 1 Experimental Program to Stimulate Competitive Research	47.000	95,023	-
Evaluating Broadening Participation in Computing Alliances Program	47.000	14,441	-
Track-2: The Smart Material Design, Analysis, and Processing Consortium: Building Next-Generation Polymers and the Tools to Accelerate Cost-Effective Commercial Production - Evaluation	47.000	27,263	-
Engineering Grants	47.041	29,805	-
Mathematical and Physical Sciences	47.049	26,426	-
Geosciences	47.050	42,727	-
Biological Sciences	47.074	211,874	-
Education and Human Resources	47.076	1,594	-
Office of International and Integrative Activities	47.079	768,649	-
Office of Experimental Program to Stimulate Competitive Research	47.081	1,273,804	154,733
Total Research and Development Programs Cluster		2,624,203	154,733
Not Clustered:			
Music, Signals & Systems: A Multi-Campus, Cross-Disciplinary Proposal for Inclusive General Education	47.000	18,951	-

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STATE OF KANSAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2015

Federal Grantor/Program	CFDA Number	Expenditures	Funds Passed to Subrecipient
Education and Human Resources	47.076	15,400	-
Office of International and Integrative Activities	47.079	20,309	-
Office of Experimental Program to Stimulate Competitive Research	47.081	4,066	-
Total Not Clustered		58,726	-
Total National Science Foundation		17,656,116	1,194,892
U. S. Small Business Administration			
Direct Award			
Research and Development Programs Cluster:			
Federal and State Technology Partnership Program	59.058	41,501	-
Total Research and Development Programs Cluster		41,501	-
Not Clustered:			
Small Business Development Centers	59.037	1,679,844	305,041
Total Not Clustered		1,679,844	305,041
Total U. S. Small Business Administration		1,721,345	305,041
U. S. Department of Veterans Affairs			
Direct Award			
Research and Development Programs Cluster:			
Telemental Health Appointment Optimization	64.000	29,387	-
Enhancing Our Virtual Learning Environment	64.000	52,187	-
Application of Human Reliability Analysis Techniques to Prevent Healthcare-Associated Infections	64.000	12,869	-
Total Research and Development Programs Cluster		94,443	-
Not Clustered:			
Veterans State Domiciliary Care	64.014	1,311,864	-
Veterans State Nursing Home Care	64.015	5,903,103	-
State Cemetery Grants	64.203	162,039	-
Total Not Clustered		7,377,006	-
Total U. S. Department of Veterans Affairs		7,471,449	-
Environmental Protection Agency			
Direct Award			
Research and Development Programs Cluster:			
Environmental Finance Center Grants	66.203	158,161	-
Regional Wetland Program Development Grants	66.461	106,338	-
Greater Research Opportunities (GRO) Fellowships For Undergraduate Environmental Study	66.513	399	-
Science To Achieve Results (STAR) Fellowship Program	66.514	3,230	-
P3 Award: National Student Design Competition for Sustainability	66.516	1,289	-
Pesticide Environmental Stewardship Regional Grants	66.714	30,247	-
Brownfields Training Research Technical Assistance Grants and Cooperative Agreements	66.814	593,374	-
Total Research and Development Programs Cluster		893,038	-
Not Clustered:			
Air Pollution Control Program Support	66.001	1,177,063	478,531
State Indoor Radon Grants	66.032	170,383	-
Surveys, Studies, Research, Investigations, Demonstrations and Special Purpose Activities Relating to the Clean Air Act	66.034	415,357	83,290

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, 2015

Federal Grantor/Program	CFDA Number	Expenditures	Funds Passed to Subrecipient
Surveys Studies Research Investigation Demonstrations and Activities - Clean Air Act	66.034	148,265	-
State Clean Diesel Grant Program	66.040	108,541	100,954
Congressionally Mandated Projects	66.202	937	-
Water Pollution Control State, Interstate, and Tribal Program Support	66.419	216,637	-
State Underground Water Source Protection	66.433	309,006	-
Urban Waters Small Grants	66.440	18,544	-
Water Quality Management Planning	66.454	155,017	-
Nonpoint Source Implementation Grants	66.460	2,865,915	1,761,304
Regional Wetland Program Development Grants	66.461	104,385	-
Performance Partnership Grants	66.605	5,690,676	445,378
Environmental Information Exchange Network Grant Program and Related Assistance	66.608	131,248	-
TSCA Title IV State Lead Grants Certification of Lead-Based Paint Professionals	66.707	367,701	-
Pollution Prevention Grants Program	66.708	101,573	-
Source Reduction Assistance	66.717	50,723	25,478
Hazardous Waste Management State Program Support	66.801	1,015,731	-
Superfund State, Political Subdivision, and Indian Tribe Site-Specific Cooperative Agreements	66.802	558,831	-
Underground Storage Tank Prevention, Detection and Compliance Program	66.804	421,709	-
Leaking Underground Storage Tank Trust Fund Corrective Action Program	66.805	677,246	-
State and Tribal Response Program Grants	66.817	773,646	-
Brownfields Assessment and Cleanup Cooperative Agreements	66.818	154,172	-
Total Not Clustered		15,633,306	2,894,935
Drinking Water State Revolving Fund Cluster:			
Capitalization Grants for Drinking Water State Revolving Funds	66.468	20,311,499	20,500
Total Drinking Water State Revolving Fund Cluster		20,311,499	20,500
Clean Water State Revolving Fund Cluster			
Capitalization Grants for Clean Water State Revolving Funds	66.458	16,049,521	-
Total Clean Water State Revolving Fund Cluster		16,049,521	-
Indirect Award			
Not Clustered:			
Pesticide Safety Education Program Support	66.000	24,463	-
State Indoor Radon Grants	66.032	2,487	-
Surveys, Studies, Research, Investigations, Demonstrations and Special Purpose Activities Relating to the Clean Air Act	66.034	83,761	-
Community Action for a Renewed Environment (CARE) Program	66.035	10,698	-
Nonpoint Source Implementation Grants	66.460	49,431	-
Total Not Clustered		170,840	-
Total Environmental Protection Agency		53,058,204	2,915,435

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, 2015

Federal Grantor/Program	CFDA Number	Expenditures	Funds Passed to Subrecipient
U. S. Nuclear Regulatory Commission			
Direct Award			
Research and Development Programs Cluster:			
U.S. Nuclear Regulatory Commission Scholarship and Fellowship Program	77.008	72,498	-
U.S. Nuclear Regulatory Commission - Office of Research Financial Assistance Program	77.009	8,292	-
Total Research and Development Programs Cluster		80,790 *	-
Not Clustered:			
U.S. Nuclear Regulatory Commission Nuclear Education Grant Program	77.006	5,195	-
Total Not Clustered		5,195	-
Total U. S. Nuclear Regulatory Commission		85,985	-
U. S. Department of Energy			
Direct Award			
Research and Development Programs Cluster:			
Technical Assistance on Compact Fission Chamber Development	81.000	52,682	-
A Comparative Study on the Adoption of Thermal Energy Storage or Electrical Energy Storage for Nuclear Power Plants	81.000	2,438	-
Technical Assistance on High Temperature MPFD Development	81.000	17,052	-
Fuel Cladding Analysis Tool Based on Coupled Neutronics and Thermal-Hydraulics	81.000	3,335	-
Intergovernmental Personnel Act Assignment	81.000	18,204	-
Office of Science Financial Assistance Program	81.049	3,389,252	-
Renewable Energy Research and Development	81.087	34,048	-
Nuclear Energy Research, Development and Demonstration	81.121	5,394	-
Total Research and Development Programs Cluster		3,522,405 *	-
Not Clustered:			
State Energy Program	81.041	401,213	-
Weatherization Assistance for Low-Income Persons	81.042	1,953,691	1,696,914
Nuclear Energy Research, Development and Demonstration	81.121	5,000	-
Total Not Clustered		2,359,904	1,696,914
Indirect Award			
Research and Development Programs Cluster:			
LHC CMS Detector Upgrade FPIX Subsystem for 2014	81.000	56,317	-
Plant-Based Sesquiterpene Biofuels	81.000	233,617	-
Interface Development for Thermal Battery Models	81.000	45,579	-
Fermilab Partial Salary Support for Dr. Sadia Khalil to Collaborate on the CMS Experiment	81.000	49,696	-
Epitaxial Growth of Icosahedral Boron Phosphide	81.000	1,120	-
Develop an Active Sensor Array Prototype for Knolls Atomic Power Laboratory	81.000	310,207	-
Collegiate Wind Competition	81.000	1,051	-
Characterization of Thin Film on LTCC Technologies	81.000	45,419	-
Capacity-Oriented Relational Information Extraction from Public Domain Text Sources	81.000	21,432	-

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STATE OF KANSAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2015

Federal Grantor/Program	CFDA Number	Expenditures	Funds Passed to Subrecipient
2015 Intensity Frontier Fellow Program	81.000	15,667	-
Wind Turbine Data Systems Support	81.000	6,628	-
Testing of Small-Wind-Turbines at Regional Test Centers	81.000	34,680	30,367
Office of Science Financial Assistance Program	81.049	234,916	-
Regional Biomass Energy Programs	81.079	19,253	-
Fossil Energy Research and Development	81.089	65,534	-
Defense Nuclear Nonproliferation Research	81.113	110,075	-
Energy Efficiency and Renewable Energy Information Dissemination, Outreach, Training and Technical Analysis/Assistance	81.117	34,146	-
Nuclear Energy Research, Development and Demonstration	81.121	100,417	-
Industrial Carbon Capture and Storage (CCS) Application	81.134	64,489	-
Total Research and Development Programs Cluster		1,450,243	30,367
Total U. S. Department of Energy		7,332,552	1,727,281
U. S. Department of Education			
Direct Award			
TRIO Cluster:			
TRIO - Student Support Services	84.042	1,475,961	-
TRIO - Talent Search	84.044	748,048	-
TRIO - Upward Bound	84.047	1,447,236	-
TRIO - Educational Opportunity Centers	84.066	209,433	-
TRIO - McNair Post-Baccalaureate Achievement	84.217	471,169	-
Total TRIO Cluster		4,351,847	-
Student Financial Assistance:			
Federal Supplemental Educational Opportunity Grants	84.007	2,085,547	-
Federal Work-Study Program	84.033	3,698,261	-
Federal Perkins Loan Program - Federal Capital Contributions	84.038	59,109,055	-
Federal Pell Grant Program	84.063	86,408,402	-
Federal Direct Student Loans	84.268	469,267,584	-
Teacher Education Assistance for College and Higher Education Grants (TEACH Grants)	84.379	885,994	-
Total Student Financial Assistance		621,454,843	-
Special Education Cluster (IDEA):			
Special Education - Grants to States	84.027	108,785,490	103,402,261
Special Education - Preschool Grants	84.173	4,329,701	4,167,610
Total Special Education Cluster (IDEA)		113,115,191	107,569,871
School Improvement Grants Cluster:			
School Improvement Grants	84.377	5,676,427	5,531,507
School Improvement Grants - ARRA	84.388	40,525	40,525
Total School Improvement Grants Cluster		5,716,952	5,572,032
Research and Development Programs Cluster:			
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	1,193	-

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, 2015

Federal Grantor/Program	CFDA Number	Expenditures	Funds Passed to Subrecipient
Advancing 6-12 Science Achievement: Shifts in Next Generation			
Science Teacher Professional Development	84.000	86,253	-
Graduate Assistance in Areas of National Need	84.200	8,073	-
Child Care Access Means Parents in School	84.335	123,068	-
Total Research and Development Programs Cluster		218,587	-
Not Clustered:			
Summer Academy for School Counselors 2015	84.000	15,473	
Kansas Educational Leadership Institute	84.000	27,000	
FFA-YF/YFW Organization	84.000	34,967	
Eat Smart, Play Hard Videos	84.000	25,614	
Adult Education - Basic Grants to States	84.002	3,661,295	3,060,613
Civil Rights Training and Advisory Services	84.004	730,737	
Title I Grants to Local Educational Agencies	84.010	103,313,342	102,521,314
Migrant Education - State Grant Program	84.011	11,819,899	11,576,284
Title I State Agency Program for Neglected and Delinquent Children	84.013	669,263	
Career and Technical Education - Basic Grants to States	84.048	10,050,167	8,831,762
Career and Technical Education - National Programs	84.051	202,924	137,916
Leveraging Educational Assistance Partnership	84.069	70,384	
Fund for the Improvement of Postsecondary Education	84.116	107,433	
Rehabilitation Services - Vocational Rehabilitation Grants to States	84.126	16,542,313	
Rehabilitation Long-Term Training	84.129	118,667	
Migrant Education - High School Equivalency Program	84.141	477,539	298,263
Migrant Education - Coordination Program	84.144	76,608	
Migrant Education - College Assistance Migrant Program	84.149	425,873	123,944
Independent Living - State Grants	84.169	1,594,902	1,534,759
Rehabilitation Services- Independent Living Services for Older			
Individuals Who are Blind	84.177	373,868	373,868
Special Education - Grants for Infants and Families	84.181	3,917,884	3,144,365
Safe and Drug-Free Schools and Communities - National Programs	84.184	2,656,606	2,018,082
Bilingual Education Training for All Teachers	84.195	3,500	
Education for Homeless Children and Youth	84.196	467,287	376,552
Rehabilitation Training - State Vocational Rehabilitation Unit In-Service			
Training	84.265	26,939	
Charter Schools	84.282	32,809	
Twenty-First Century Community Learning Centers	84.287	8,017,925	7,681,859
Special Education - State Personnel Development	84.323	1,268,225	852,400
Special Education - Technical Assistance and Dissemination to Improve			
Services and Results for Children with Disabilities	84.326	107,097	
Advanced Placement Program (Advanced Placement Test Fee;			
Advanced Placement Incentive Program Grants)	84.330	78,366	
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334	3,280,665	694,243
Teacher Quality Partnership Grants	84.336	952,436	348,660
Preparing Tomorrow's Teachers to Use Technology	84.342	26,799	
Reading First State Grants	84.357	498	
Rural Education	84.358	752,291	730,297

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, 2015

Federal Grantor/Program	CFDA Number	Expenditures	Funds Passed to Subrecipient
English Language Acquisition State Grants	84.365	5,016,239	4,380,605
Mathematics and Science Partnerships	84.366	1,073,350	441,432
Improving Teacher Quality State Grants	84.367	17,786,508	16,988,662
Grants for Enhanced Assessment Instruments	84.368	416,519	
Grants for State Assessments and Related Activities	84.369	5,114,567	
Statewide Longitudinal Data Systems	84.372	34,951	
College Access Challenge Grant Program	84.378	1,213,465	39,669
Statewide Data Systems - ARRA	84.384	90,686	
National Assessment of Educational Progress	84.902	93,980	
Total Not Clustered		202,767,860	166,155,549
Indirect Award			
Research and Development Programs Cluster:			
Minority Science and Engineering Improvement	84.120	9,734	-
Special Education - Personnel Development to Improve Services and Results for Children with Disabilities	84.325	1,174	-
Total Research and Development Programs Cluster		10,908 *	-
Not Clustered:			
Transition to Teaching	84.350	91,858	-
Improving Teacher Quality State Grants	84.367	2,100	-
Total Not Clustered		93,958	-
Total U. S. Department of Education		947,730,146	279,297,452
Vietnam Education Foundation			
Direct Award			
Research and Development Programs Cluster:			
Fellowship Program	85.802	24,397	-
Total Research and Development Programs Cluster		24,397 *	-
Total Vietnam Education Foundation		24,397	-
National Archives and Records Administration			
Indirect Award			
Not Clustered:			
National Historical Publications and Records Grants	89.003	16,120	-
Total Not Clustered		16,120	-
Total National Archives and Records Administration		16,120	-
U. S. Election Assistance Commission			
Direct Award			
Not Clustered:			
Help America Vote Act Requirements Payments	90.401	71,666	-
Total Not Clustered		71,666	-
Total U. S. Election Assistance Commission		71,666	-
U. S. Department of Health and Human Services			
Direct Award			
TANF Cluster:			
Temporary Assistance for Needy Families	93.558	76,174,384	17,747,078
Total TANF Cluster		76,174,384	17,747,078
Student Financial Assistance:			
Nurse Faculty Loan Program (NFLP)	93.264	11,233	-
Health Professions Student Loans, Including Primary Care Loans/Loans for Disadvantaged Students	93.342	4,225,106	-

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STATE OF KANSAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2015

Federal Grantor/Program	CFDA Number	Expenditures	Funds Passed to Subrecipient
Nursing Student Loans	93.364	533,725	-
Scholarships for Health Profession Students from Disadvantaged Backgrounds	93.925	24,586	-
Total Student Financial Assistance		4,794,650	-
Research and Development Programs Cluster:			
National Organizations of State and Local Officials	93.011	7,950	-
Research Related to Deafness and Communication Disorders	93.173	297,712	-
Mental Health Research Grants	93.242	238,162	-
Substance Abuse and Mental Health Services - Projects of Regional and National Significance	93.243	8,950	-
Alcohol Research Programs	93.273	15,365	-
Drug Abuse and Addiction Research Programs	93.279	324,922	30,243
Research Infrastructure Programs	93.351	202,291	-
Cancer Cause and Prevention Research	93.393	122,598	-
Cancer Biology Research	93.396	360,809	-
Cardiovascular Diseases Research	93.837	71,029	-
Arthritis, Musculoskeletal and Skin Diseases Research	93.846	417,392	85,132
Diabetes, Digestive, and Kidney Diseases Extramural Research	93.847	460,363	107,100
Allergy, Immunology and Transplantation Research	93.855	3,862,615	776,677
Biomedical Research and Research Training	93.859	844,812	63,985
Child Health and Human Development Extramural Research	93.865	57,101	-
Aging Research	93.866	539,410	69,721
Total Research and Development Programs Cluster		7,831,481	1,132,858
Not Clustered:			
Special Programs for the Aging - Title VII, Chapter 2-Long Term Care Ombudsman Services for Older Individuals	93.042	137,457	1,189
Special Programs for the Aging - Title III, Part D-Disease Prevention and Health Promotion Services	93.043	203,018	203,018
Special Programs for the Aging - Title IV and Title II-Discretionary Projects	93.048	245,464	44,513
National Family Caregiver Support, Title III, Part E	93.052	1,324,684	1,313,171
Public Health Emergency Preparedness	93.069	6,771,217	3,573,288
Environmental Public Health and Emergency Response	93.070	378,113	-
Medicare Enrollment Assistance Program	93.071	823,927	153,524
Lifespan Respite Care Program	93.072	13,053	-
Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements	93.074	9,442	-
Cooperative Agreements to Promote Adolescent Health through School-Based HIV/STD Prevention and School-Based Surveillance	93.079	95,561	-
Affordable Care Act - Personal Responsibility Education Program	93.092	484,934	439,680
Affordable Care Act - Health Profession Opportunity Grants	93.093	2,413,530	2,263,290
Food and Drug Administration - Research	93.103	725,372	-
Maternal and Child Health Federal Consolidated Programs	93.110	240,705	-
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	431,350	88,290

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, 2015

Federal Grantor/Program	CFDA Number	Expenditures	Funds Passed to Subrecipient
Emergency Medical Services for Children	93.127	127,162	4,500
Cooperative Agreements to States/Territories for the Coordination and Development of Primary Care Offices	93.130	175,962	-
Injury Prevention and Control Research and State and Community Based Programs	93.136	692,527	109,648
Projects for Assistance in Transition from Homelessness (PATH)	93.150	385,264	385,264
Grants to States for Loan Repayment Program	93.165	162,910	162,910
Family Planning - Services	93.217	2,306,187	2,121,815
Affordable Care Act - Abstinence Education Program	93.235	474,933	470,225
State Rural Hospital Flexibility Program	93.241	809,169	80,120
Substance Abuse and Mental Health Services - Projects of Regional and National Significance	93.243	1,296,264	794,344
Universal Newborn Hearing Screening	93.251	243,420	-
Immunization Cooperative Agreements	93.268	2,567,953	517,490
Adult Viral Hepatitis Prevention and Control	93.270	71,144	25,000
Centers for Disease Control and Prevention - Investigations and Technical Assistance	93.283	3,675,134	328,306
Small Rural Hospital Improvement Grant Program	93.301	636,143	587,089
National State Based Tobacco Control Programs	93.305	146,888	-
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	598,791	-
Behavioral Risk Factor Surveillance System	93.336	61,038	-
Advanced Education Nursing Traineeships	93.358	689,598	-
Food Safety and Security Monitoring Project	93.448	372,458	-
Ruminant Feed Ban Support Project	93.449	262,133	-
Affordable Care Act (ACA) Maternal, Infant, and Early Childhood Home Visiting Program	93.505	3,486,734	2,859,722
PPHF National Public Health Improvement Initiative	93.507	142,474	11,500
Affordable Care Act (ACA) Grants to States for Health Insurance Premium Review	93.511	291,380	-
Affordable Care Act: Building Epidemiology, Laboratory, and Health Information System Capacity in the Epidemiology and Laboratory Capacity for Infectious Disease and Emerging Infectious Program Cooperative Agreements	93.521	746,964	-
Affordable Care Act - National Environmental Public Health Tracking Program-Network Implementation	93.538	91,104	-
PPHF Capacity Building Assistance to Strengthen Public Health Immunization Infrastructure and Performance financed in part by Prevention and Public Health Funds	93.539	690,717	-
Promoting Safe and Stable Families	93.556	2,056,731	-
Child Support Enforcement	93.563	29,048,934	-
Refugee and Entrant Assistance - State Administered Programs	93.566	1,731,287	792,963
Low-Income Home Energy Assistance	93.568	25,861,667	5,266,782
Community Services Block Grant	93.569	5,494,119	5,104,755
Refugee and Entrant Assistance - Discretionary Grants	93.576	37,633	17,355
State Court Improvement Program	93.586	356,704	-
Community-Based Child Abuse Prevention Grants	93.590	982,924	899,067
Grants to States for Access and Visitation Programs	93.597	87,788	83,285
Chafee Education and Training Vouchers Program (ETV)	93.599	629,093	-

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, 2015

Federal Grantor/Program	CFDA Number	Expenditures	Funds Passed to Subrecipient
Head Start	93.600	131,253	-
Adoption Incentive Payments	93.603	5,002	-
Developmental Disabilities Basic Support and Advocacy Grants	93.630	379,853	81,107
Children's Justice Grants to States	93.643	191,661	181,456
Child Welfare Services - State Grants	93.645	2,633,863	-
Foster Care-Title IV-E	93.658	9,398,347	-
Adoption Assistance	93.659	16,522,549	-
Social Services Block Grant	93.667	24,016,954	4,500,000
Child Abuse and Neglect State Grants	93.669	198,879	-
Family Violence Prevention and Services/Domestic Violence Shelter and Supportive Services	93.671	1,130,000	1,070,742
Chafee Foster Care Independence Program	93.674	1,646,124	28,190
Capacity Building Assistance to Strengthen Public Health Immunization Infrastructure and Performance - financed in part by the Prevention and Public Health Fund (PPHF)	93.733	36,423	-
State Public Health Approaches for Ensuring Quitline Capacity - Funded in Part by Prevention and Public Health Funds (PPHF)	93.735	134,522	-
PPHF: Health Care Surveillance/Health Statistics Surveillance Program Announcement: Behavioral Risk Factor Surveillance System Financed in Part by Prevention and Public Health Funds	93.745	247,996	-
PPHF-Cooperative Agreements for Prescription Drug Monitoring Program Electronic Health Record (EHR) Integration and Interoperability Expansion	93.748	37,777	-
Cancer Prevention and Control Programs for State, Territorial and Tribal Organization financed in part by Prevention and Public Health Funds	93.752	1,789,531	16,000
State Public Health Actions to Prevent and Control Diabetes, Heart Disease, Obesity and Associated Risk Factors and Promote School Health finance in part by Prevention and Public Health Funding (PPHF)	93.757	1,095,567	745,323
Preventive Health and Human Services Block Grant funded solely with Prevention and Public Health Funds (PPHF)	93.758	1,019,510	608,769
Children's Health Insurance Program	93.767	80,014,748	-
Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations	93.779	537,452	293,575
Alternatives to Psychiatric Residential Treatment Facilities for Children	93.789	13,727	-
Money Follows the Person Rebalancing Demonstration	93.791	6,586,245	65,561
State Survey and Certification of Health Care Providers and Suppliers (Title XIX) Medicaid	93.796	3,514,869	-
National Bioterrorism Hospital Preparedness Program	93.889	2,661,016	54,220
Grants to States for Operation of Offices of Rural Health	93.913	167,434	5,625
HIV Care Formula Grants	93.917	2,390,755	524,635
Healthy Start Initiative	93.926	451,682	353,855
Cooperative Agreements to Support Comprehensive School Health Programs to Prevent the Spread of HIV and Other Important Health Problems	93.938	20,107	-
HIV Prevention Activities - Health Department Based	93.940	847,080	381,334

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, 2015

Federal Grantor/Program	CFDA Number	Expenditures	Funds Passed to Subrecipient
Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance	93.944	351,967	-
Assistance Programs for Chronic Disease Prevention and Control	93.945	1,390,672	182,384
Cooperative Agreements to Support State-Based Safe Motherhood and Infant Health Initiative Programs	93.946	93,386	-
Block Grants for Community Mental Health Services	93.958	3,297,546	2,555,574
Block Grants for Prevention and Treatment of Substance Abuse	93.959	12,434,012	11,479,394
Preventive Health Services - Sexually Transmitted Diseases Control Grants	93.977	737,451	262,195
Cooperative Agreements for State-Based Diabetes Control Programs and Evaluation of Surveillance Systems	93.988	25,186	-
Preventive Health and Health Services Block Grant	93.991	282,875	58,398
Maternal and Child Health Services Block Grant to the States	93.994	4,517,383	2,121,576
Total Not Clustered		282,740,562	54,272,016
Medicaid Cluster:			
State Medicaid Fraud Control Units	93.775	980,418	-
State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare	93.777	4,088,697	-
Medical Assistance Program	93.778	1,824,171,467	3,236,539
Total Medicaid Cluster		1,829,240,582	3,236,539
Health Centers Cluster:			
Consolidated Health Centers (Community Health Centers, Migrant Health Centers, Health Care for the Homeless, and Public Housing Primary Care)	93.224	1,177,723	133,840
Total Health Centers Cluster		1,177,723	133,840
CCDF Cluster:			
Child Care and Development Block Grant	93.575	31,187,090	10,273,881
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	22,719,787	-
Total CCDF Cluster		53,906,877	10,273,881
Aging Cluster:			
Special Programs for the Aging - Title III, Part B-Grants for Supportive Services and Senior Centers	93.044	3,627,029	3,356,437
Special Programs for the Aging - Title III, Part C-Nutrition Services	93.045	5,746,625	5,251,159
Nutrition Services Incentive Program	93.053	1,981,663	1,981,663
Total Aging Cluster		11,355,317	10,589,259
Indirect Award			
Research and Development Programs Cluster:			
Faculty Scholar Award	93.000	335,349	-
Protection of Pigs from Influenza Virus Challenge by Stalk-Reactive Antibodies: A Proof of Concept	93.000	91,978	-
Synthesis and Quantification of TP70 and CPS in Plasma and Tissues	93.000	10,113	-
WEEV Vaccine Development	93.000	20,010	-
Medical Reserve Corps Small Grant Program	93.008	173,459	-

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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
Food and Drug Administration - Research	93.103	45,862	-
Discovery and Applied Research for Technological Innovations to Improve Human Health	93.286	96,566	-
Trans-NIH Research Support	93.310	44,700	-
Cancer Cause and Prevention Research	93.393	1,335	-
Cancer Treatment Research	93.395	25,080	-
PPHF: Community Transformation Grants -Small Communities			
Program Financed Solely by Public Prevention and Health Funds	93.737	106,941	-
Arthritis, Musculoskeletal and Skin Diseases Research	93.846	76,747	-
Allergy, Immunology and Transplantation Research	93.855	353,542	-
Biomedical Research and Research Training	93.859	1,049,175	-
Aging Research	93.866	4,594	-
Total Research and Development Programs Cluster		2,435,451 *	-
Not Clustered:			
Maternal and Child Health Federal Consolidated Programs	93.110	3,848	-
Drug-Free Communities Support Program Grants	93.276	778	-
Minority Health and Health Disparities Research	93.307	469,500	-
National Center for Research Resources	93.389	1,238	-
Affordable Care Act (ACA) Public Health Training Centers Program	93.516	3,756	-
Biomedical Research and Research Training	93.859	157,129	-
Healthy Start Initiative	93.926	11,598	-
Total Not Clustered		647,847	-
Non-Monetary Award			
Not Clustered:			
Immunization Cooperative Agreements	93.268	24,345,942	-
Total Not Clustered		24,345,942	-
Total U. S. Department of Health and Human Services Corporation for National and Community Service		2,294,650,816	97,385,471
Direct Award			
Not Clustered:			
State Commissions	94.003	194,932	22,471
AmeriCorps	94.006	1,216,381	717,819
Volunteer Generation Fund	94.021	163,104	134,651
Total Not Clustered		1,574,417	874,941
Foster Grandparent/Senior Companion Cluster:			
Foster Grandparent Program	94.011	530,502	-
Senior Companion Program	94.016	460,235	-
Total Foster Grandparent/Senior Companion Cluster		990,737	-
Indirect Award			
Not Clustered:			
State Commissions	94.003	749	-
Total Not Clustered		749	-
Total Corporation for National and Community Service		2,565,903	874,941

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, 2015

Federal Grantor/Program	CFDA Number	Expenditures	Funds Passed to Subrecipient
Executive Office of the President			
Direct Award			
Not Clustered:			
High Intensity Drug Trafficking Areas Program	95.001	3,945,319	1,200,169
Total Not Clustered		3,945,319	1,200,169
Total Executive Office of the President		3,945,319	1,200,169
Social Security Administration			
Direct Award			
Disability Insurance/SSI Cluster:			
Social Security - Disability Insurance	96.001	14,276,717	-
Total Disability Insurance/SSI Cluster		14,276,717	-
Total Social Security Administration		14,276,717	-
U. S. Department of Homeland Security			
Direct Award			
Research and Development Programs Cluster:			
IPA for Dr. Marty Vanier to DHS Science and Technology Directorate	97.000	26,443	-
Centers for Homeland Security	97.061	1,709,975	608,201
Total Research and Development Programs Cluster		1,736,418 *	608,201
Not Clustered:			
Boating Safety Financial Assistance	97.012	629,044	-
Community Assistance Program State Support Services Element (CAP-SSSE)	97.023	218,546	-
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	2,344,875	2,027,184
Hazard Mitigation Grant	97.039	3,856,876	3,728,549
National Dam Safety Program	97.041	342,590	-
Emergency Management Performance Grants	97.042	4,479,606	1,674,900
Cooperating Technical Partners	97.045	1,234,997	-
Citizens-Community Resilience Innovation Challenge	97.053	251	-
Homeland Security Grant Program	97.067	381,094	-
State Homeland Security Program (SHSP)	97.073	3,835,535	2,783,542
Driver's License Security Grant Program	97.089	11,519	-
DHS-Related Science Technology Engineering and Math Career Development Program	97.104	62,920	2,405
Total Not Clustered		17,397,853	10,216,580
Indirect Award			
Research and Development Programs Cluster:			
Lessons Learned/Food Shield App	97.000	13,134	-
Guidance to Ensure a Risk-Informed Planning Process and Appropriate Decision Making In Creation Of Emergency Operation Plans To Defend Food	97.000	110,093	40,021
Centers for Homeland Security	97.061	107,993	-
Scholars and Fellows, and Educational Programs	97.062	77,914	-
DHS Review Research of Technologies Related to Nuclear Threat Detection	97.077	201,459	-
DHS-Related Science Technology Engineering and Math Career Development Program	97.104	27,415	-
Total Research and Development Programs Cluster		538,008 *	40,021
Total U. S. Department of Homeland Security		19,672,279	10,864,802

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, 2015

Federal Grantor/Program	CFDA Number	Expenditures	Funds Passed to Subrecipient
U.S. Agency for International Development			
Direct Award			
Research and Development Programs Cluster:			
USAID Foreign Assistance for Programs Overseas	98.001	1,106,285	543,245
Total Research and Development Programs Cluster		1,106,285 *	543,245
Not Clustered:			
USAID Foreign Assistance for Programs Overseas	98.001	4,326,921	2,338,767
Total Not Clustered		4,326,921	2,338,767
Indirect Award			
Research and Development Programs Cluster:			
Pulse Value Chain Initiative-Zambia	98.000	299,944	237,769
Targeted Engineering of Brassica Juncea Seed Biochemistry to Produce Reduced-Viscosity Plant Oils for Direct Use as Biofuel	98.000	36,563	-
Heat-Tolerant Pearl Millet for Increased and Stable Production in Warmer Environments	98.000	23,295	-
BHEARD Program: Ghana	98.000	48,062	-
BHEARD Program: Ghana	98.000	38,310	-
BHEARD Program: Bangladesh	98.000	44,556	-
USAID Foreign Assistance for Programs Overseas	98.001	183,064	-
Total Research and Development Programs Cluster		673,794 *	237,769
Not Clustered:			
Training for Pakistan Proposal: On-Farm Water Management	98.000	10,734	-
Total Not Clustered		10,734	-
Total U. S. Agency for International Development		6,117,734	3,119,781
Other Federal Grants			
Direct Award			
Not Clustered:			
SAMHSA Data Collection	99.006	183,750	64,715
National Center for Health	99.007	335,930	-
MSQA Contract	99.008	216,160	-
Adult Lead Surveillance Data	99.009	1,970	-
Total Not Clustered		737,810	64,715
Indirect Award			
Not Clustered:			
USAC E-RATE Program	99.014	667,752	-
Radio Community Service Grant	99.999	126,827	-
Total Not Clustered		794,579	-
Total Other Federal Grants		1,532,389	64,715
Total Federal Award Expenditures		\$ 4,982,258,897	\$ 690,057,960

* = 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, 2015

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, 2015. 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. The schedule of expenditures of federal awards does not include any federal awards received by the Kansas Development Finance Authority, the Kansas Center for Entrepreneurship, the Kansas Bioscience Authority, the Kansas Turnpike Authority, the Kansas Lottery and the Kansas Universal Services Fund.

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, 2015, the balance of loans outstanding was \$59,109,055.

STATE OF KANSAS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
June 30, 2015

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, 2015:

	<u>CFDA Number</u>	<u>Amounts Outstanding</u>
Water Pollution Control Revolving Fund	66.458	\$ 415,611,588
Public Water Supply Loan Fund	66.468	161,279,208

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. Federal and state UI funds in the amount of \$281,242,403 are reported along with other federal funds in the schedule of federal expenditures under CFDA 17.225.

STATE OF KANSAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2015

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> </u>	Yes	<u> X </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: Unmodified

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, 2015

CFDA Number(s)	Identification of Major Programs Name of Federal Program or Cluster
84.007, 84.033, 84.038, 84.063, 84.268, 84.379, 93.264, 93.342, 93.364, 93.925	Student Financial Aid Cluster
On Schedule of Expenditures of Federal Awards	Research and Development Cluster
66.458	Clean Water State Revolving Fund Cluster
66.468	Drinking Water State Revolving Fund Cluster
10.557	Special Supplemental Nutrition Program for Women, Infants and Children (WIC)
17.225	Unemployment Insurance
17.258, 17.259, 17.278	WIA Cluster
93.775, 93.777, 93.778	Medicaid Cluster
93.558	Temporary Assistance for Needy Families
93.568	Low-Income Home Energy Assistance
93.575, 93.596	Child Care & Development Block Grant
93.658	Foster Care Title IV-E
93.659	Adoption Assistance
84.126	Rehabilitation Services – Vocational Rehabilitation Grants to States

Dollar threshold used to distinguish between type A and type B programs: \$14,946,777

Auditee qualified as low-risk auditee? _____ Yes X No

STATE OF KANSAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2015

II. Financial Statement Findings

2015 – 001 – Income Tax Receivable, Deferred Inflow of Resources and Revenue

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

Criteria or specific requirement: The State is required to estimate and report a receivable on its annual financial statements for income tax filers who owe more in taxes than what has been withheld during the year. Under generally accepted accounting principles, the State records revenue for income taxes it collects within sixty days subsequent to the fiscal year end in the governmental funds, and a deferred inflow of resources for those income tax payments it expects to receive sixty days or more subsequent to the fiscal year end.

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 inadvertently posted a journal entry to revenue, rather than to deferred inflows of resources and did not identify the error in a timely manner. The State performs a final analytical review over account fluctuations from the prior year to the current year. This final review is performed prior to the State releasing a draft Comprehensive Annual Financial Report (CAFR) to the auditors, but after the audit, process begins. During our test work over the tax receivables, deferred inflows of resources and revenues, we noted the journal entry to record the deferred inflow of resources was inadvertently posted to revenue in the amount of \$162 million prior to our receipt of the general fund trial balance on October 1, 2015. The error was brought to the Department of Administration's attention on October 23, 2015 prior to the receipt of the draft CAFR on November 1, 2015. The State does have a review process after journal entries are posted to the general ledger; however, this review process did not identify the incorrect posting in a timely manner. Consequently, the review process for journal entries was identified as a material weakness due to the necessary adjustment to the trial balance being material to the financial statements.

Context: The State reports individual income tax revenue in excess of \$2 billion. As of June 30, 2015, the State recorded a receivable of approximately \$210 million, specifically related to individual income taxes. As of June 30, 2015, the State estimated that approximately \$162 million would be received after sixty days following the fiscal year end.

Cause: Cash receipts received within the first sixty days of a fiscal year end (See note I.C) are to be reported as revenues. This resulted in a \$162 million adjustment to properly reflect the deferred inflows of resources and revenue balance associated with individual income taxes as of June 30, 2015 as the incorrect posting of the journal entry was not detected in a timely manner as described above.

Effect: Deferred Inflows of Resources and revenues could be misstated based on the timing of the cash receipt by the State.

Recommendation: We recommend the State review, improve and document its procedures surrounding the year-end journal entry process specifically related to tax receivables, deferred inflows of resources and revenues.

STATE OF KANSAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2015

Views of responsible officials and planned corrective actions:

Explanation of disagreement with audit finding: The Department of Administration follows a process with multiple steps in order to aggregate the required data to create the CAFR within the timeline established. One step in the process is designed to locate any errors of this type; this step was not initiated until Monday, October 26, 2015, prior to the scheduled release of the draft CAFR on November 1, 2015. Our understanding at the audit kickoff meeting in January 2015, was the draft CAFR would be the first document that contained information that could be used to audit against. All auditor work before that point would be deemed advance work, not subject to audit criteria. The auditors held a different understanding.

Actions planned in response to finding: The Department of Administration will not release any documents for major areas to the auditors without the approval of the CFO. The designation of those major areas will be made at the audit kick off meeting.

Responsible party: DeAnn Hill, Chief Financial Officer, State of Kansas

Planned completion date for corrective action plan: During fiscal year 2016 fieldwork

Plan to monitor completion of corrective action plan: The Department of Administration will establish a schedule of when documents will be released to the auditors. This schedule will be monitored and only adjusted with approval by the CFO.

2015 – 002 – Department of Commerce and State Universities Material Prior Period Adjustment

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

Criteria or specific requirement: The State utilizes an Economic Development Initiative Fund (EDIF), which is funded through the State Gaming Revenues through transfers. The primary recipient of funds from the EDIF is the Department of Commerce.

Kansas State University and Wichita State University are to receive funds from the EDIF as a means of reimbursement for expenditures incurred during the fiscal year. The State is responsible for recording the reimbursement from the Department of Commerce to Kansas State University and Wichita State University at the end of each fiscal year. These expenditures are restricted for the following purposes:

1. Kansas State University – Funds are remitted from the Department of Commerce to KSU for the KSU Extension System and Agriculture Research Program's Cooperative Extension Program (ESARP).
2. Wichita State University – Funds remitted to WSU are used to support the development of employees for the aviation industry and to provide equipment and assistance consistent with the program's curriculum.

Condition: During fiscal year 2015, the State revised the process by which financial information is communicated from the six major Universities, to the Department of Administration as a means to more effectively account for the Universities financial information. The changes instituted by the State enabled it to identify that the reimbursement process between the Department of Commerce, KSU and WSU, had in fact not been accounted for properly prior to fiscal year 2015. As a result of the State's identification of the omitted reimbursement process, a material adjustment to a prior period balance was proposed by the State. CLA agreed with the material adjustment related to the Department of Commerce, KSU and WSU.

STATE OF KANSAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2015

Context: As of June 30, 2015, total expenditures incurred by Wichita State University and Kansas State University have totaled approximately \$47 million. This balance represents expenditures incurred since 2010 and prior, related to the Economic Development Initiative Fund.

Cause: The omission of the reimbursement from the Department of Commerce to KSU and WSU was not detected for an extended period (2010 and prior).

Effect: The State proposed a prior period adjustment of approximately \$47 million to the State's Department of Commerce, Kansas State University (approximately \$3 million) and Wichita State University (approximately \$44 million). This resulted in a material weakness in the current year due to the adjustment being a material adjustment in the current year even though the internal control weakness is related to a prior period.

Recommendation: We recommend the State continue to evaluate and implement new processes and procedures, specifically, revolving around the flow of financial information from outside agencies and discretely presented component units to the Department of Administration. As the State continues to revise or implement new procedures, it will help to ensure the flow of information is both effective and efficient. In addition, as the State institutes new procedures, specifically related to the flow of financial information, the State will continue to strengthen its control environment and will ensure all financial information is properly accounted for at the end of the fiscal year.

Views of responsible officials and planned corrective actions:

Explanation of disagreement with audit finding: The statement that "Kansas State University and Wichita State University are to receive funds from the EDIF as a means of reimbursement for expenditures incurred during the fiscal year" is incorrect. When the Legislature appropriates money from the EDIF to a variety of state agencies, including Wichita State University and Kansas State University—Extension Systems and Agriculture Research Programs (KSU-ESARP) there is no reimbursement mechanism involved. It has now been made apparent by the new data collection methodology that the recording of cash within the universities' accounting systems needs to be changed in order to properly account for the actual cash within the EDIF. In the future, affected universities will record a receivable from the EDIF for expenditures recorded against EDIF appropriations. The Universities complied with the appropriation language enacted into law by the legislature that appropriated EDIF to them for specific purposes. It is not their duty to manage this state fund. Now that it is known that proper recording of the cash was not done, the Universities will alter their processes so that the cash status of the EDIF is properly recorded.

Actions planned in response to finding: At June 30 each fiscal year, those universities will notify the Department of Administration of the amount of EDIF expenditures that require a CAFR adjustment to record a transfer of cash from the EDIF to the University systems' funds. This notification will be incorporated in the financial statement template.

Responsible party: University Staff, specifically Wichita State and Kansas State University and the Department of Administration

Planned completion date for corrective action plan: June 30, 2016

Plan to monitor completion of corrective action plan: The Universities will monitor expenditures recorded against EDIF appropriations during the fiscal year and will report the amount, which requires CAFR adjustment to the Department of Administration.

STATE OF KANSAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2015

2015 – 003 – Kansas Department of Health and Environment Receivable and Revenue

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

Criteria or specific requirement: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The State considers all revenues reported in the governmental funds to be available if the revenues are due at year-end and collected within sixty days thereafter. All revenue measurable and available as of June 30, 2015 and received subsequent to year-end should be accounted for as a receivable and deferred inflow of resources or revenue.

Year-end financial reporting is the responsibility of the Financial Integrity Team within the Department of Administration (DOA). The State of Kansas utilizes a financial management system called the Statewide Management Accounting and Reporting Tool (SMART). If an outside agency (other than the DOA) utilized the SMART system, the accounting clerk of that agency or another agency employee with specific rights in SMART, records and codes financial activity within SMART.

For the agencies that do not use SMART to record financial activity, the Financial Integrity Team sends out a questionnaire at the end of each fiscal year to these agencies to collect all necessary financial information. The Financial Integrity Team inputs this information into SMART at a summary level for recording in the Comprehensive Annual Financial Report. Period end account reconciliations and accruals are made either by the Financial Integrity Team or by the underlying agency. Account reconciliations performed include the recording of accounts receivable, deferred inflows of resources and revenue. The Financial Integrity Team reviews back up documentation for agency calculated accruals.

Condition: Provider assessments paid by hospitals are receipted into a fund reported in the Kansas Department of Health and Environment (KDHE) related to the fee-for-service program. The total amount assessed in fiscal year 2015 was approximately \$48 million, which has remained unchanged from prior years.

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 Comprehensive Annual Financial Report. Through work performed and inquiries of DOA and KDHE personnel, it was noted that approximately \$31.5 million of the total \$48 million assessed during fiscal year 2015, was received prior to June 30, 2015. It was also noted, there was not a receivable recorded as of June 30, 2015 for the additional \$16.5 million not yet received as of June 30, 2015. Through additional discussions with State personnel, it was noted that a prior year receivable balance of approximately \$13 million had not been recorded.

Context: The State assessed approximately \$48 million during fiscal year 2015. As of June 30, 2015, approximately \$16.5 million was measurable and available, but had not yet been received at the conclusion of fiscal year 2015.

Cause: Information and balance related to the outstanding receivable as of June 30, 2015 was not communicated to the Department of Administration on the year-end questionnaire.

Effect: By omitting the outstanding financial information on the year-end questionnaire, the Department of Administration was not able to accurately reflect the receivable and revenue balance related to those receipts subsequent to June 30, 2015.

STATE OF KANSAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2015

Recommendation: We recommend the Department of Administration re-evaluate the process by which it obtains and reviews the information necessary to draft and review the State's Comprehensive Annual Financial Report prior to the start of the audit. This will help ensure information obtained from outside agencies is complete prior to drafting of the Comprehensive Annual Financial Report.

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: Provider assessments are due on December 31st and June 30th of each fiscal year. The Kansas Department of Health and Environment's (KDHE) Division of Health Care Finance will track provider assessments as they are paid and report any outstanding assessments to KDHE's Division of Management and Budget at the conclusion of each fiscal year. The outstanding amount will subsequently be reported on the agency's DA-32 – Annual Report – Accounts and Other Receivables.

Responsible Party: Kelly Chilson, PSE IV through Aaron Dunkel, Chief Financial Officer

Planned completion date for corrective action plan: Immediately. Action has already been taken to implement the corrective action.

Plan to monitor completion of corrective action plan: Outstanding receivables for provider assessments have been added to the KDHE's end of year checklist for receivables to ensure inclusion on the agency's DA-32 report going forward.

2015 – 004, State University System Restatement and Financial Statement Preparation Process:

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

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).

Condition: In performing the Fiscal Year 2015 audit of the State's CAFR, a restatement of beginning net position was required for the State University System in the CAFR to correct errors that were not noted or corrected in the 2014 CAFR. In addition, the detail for the restatement supported \$176 million but the actual restatement on the financial statements was only \$169 million.

Context: The State University System includes \$7.2 billion in assets and \$3.0 billion in revenue during FY 2015.

STATE OF KANSAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2015

Cause: In prior year, we reported a material weakness over financial reporting for the State University System column in the CAFR due to large adjusting entries that were found during the course of the audit. Several factors were listed as the cause of the prior year material weakness, including the decentralization between the universities and the DOA who is responsible for ultimately preparing the CAFR based upon information provided by the universities. While a new process was implemented by the Universities and DOA in the current year to address the prior year reporting issues, during the implementation process, errors from the prior year were discovered that caused the restatement.

Effect: Detail of the restatement was provided and totaled a reduction of beginning net position of \$176 million. Of this amount, \$250 million was due to the implementation of GASB Statement No. 68. This amount was then offset by \$74 million due to prior year errors. These amounts total to the \$176 million; yet, the financial statements were restated for \$169 million. The reason for this \$7 million difference is unknown.

Recommendation: We noted that some policies, procedures and processes were implemented from our 2014 material weakness over financial reporting. While we recognize that some improvements were made from the fiscal 2014 audit and there were not as many adjusting entries in the current year audit when compared to 2014, we recommend that the DOA and State University System continue to re-evaluate and improve the process by which financial information from the State University System is obtained and recorded for inclusion in the CAFR. First, all universities should obtain a comprehensive general ledger system (see finding 2015-005 below). The DOA and the State University system should continue to mutually agree on deadlines for submission of complete financial statements, including component units, with all eliminations made, on the State's timeline to meet its statutory requirements. Secondly, we also recommend that the DOA and the State University System agree upon an appropriate threshold to record adjustments to numbers already submitted to the DOA to ensure that both the DOA and State University System are presenting the same financial information for a given fiscal year end. Lastly, absent audits for all universities, DOA should share the final consolidating information with the universities so that the universities can certify that complete and accurate data is being reflected in the CAFR so that all parties take appropriate ownership.

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 Kansas Board of Regents and State University staff will work with the Department of Administration to review and refine the method for the State University System to present their financial statements that includes their component units in a manner that fulfills the Department of Administration's needs in completing the statewide CAFR.

1. University staff will meet with the Department of Administration in early 2016 to review the new template used for fiscal year 2015 to discuss what still needs improvement (e.g., recording of EDIF receivables within the template).
2. Each member of the State University System will submit its individual financial statements that include their component units, reflecting all elimination entries to the Department of Administration per the required timeline. These financial statements will include:
 - a. Statement of Net Position
 - b. Statement of Revenue, Expenses, and Changes in Net Position
3. The Department of Administration, University staff, and CLA will continue to hold status conference calls during interim and year-end fieldwork to keep the lines of communication open throughout the audit.

STATE OF KANSAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2015

Responsible Party: Elaine Frisbie, Kansas Board of Regents, University staff and the Department of Administration

Planned completion date for corrective action plan: The Department of Administration, University staff, and CLA will work together to create a written project timeline that includes all aspects of the financial statement audit.

Plan to monitor completion of corrective action plan: The Department of Administration, University staff, and CLA will continue to hold status conference calls during interim and year-end fieldwork to keep lines of communication open throughout the audit.

2015 – 005, State University System General Ledger

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

Criteria or specific requirement: A general ledger is a complete record of financial transactions over the life of an entity. The ledger holds account information that is needed to prepare financial statements and includes accounts for assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position, revenues and expenses.

To accurately and effectively account for financial transactions, a general ledger should be utilized by a governmental entity as a way to track fiscal transactions for internal and external accountability. Proper financial statement controls ensure that all financial activities are properly captured in a comprehensive general ledger system so that activity and balances are properly reflected in the financial statements.

Condition: In performing the fiscal year 2015 audit of the State University System column of the State's CAFR, we noted that certain universities did not have a comprehensive automated general ledger system to track and account for fiscal transactions. Those universities included University of Kansas Medical Center (KUMC) and Fort Hays State University (FHSU). In addition, we noted that the current general ledger systems for two schools – Kansas State University (KSU) and Pittsburg State University (PSU) – were either dated or did not capture all financial activity. In order to capture the financial activity for the financial statements, some of the universities had to review bank statement activity for the year and capture the information into excel spreadsheets. Then, accrual based adjustments were posted to these excel spreadsheets. For others, large adjustments for material activity had to be made outside of the general ledger system. (Excel workbook). These processes provide opportunities for errors and misstatements to occur.

Context: KSU and KUMC reported \$2.156 billion and \$370 million in assets, respectively, and \$894 million and \$401 million in revenues, respectively. FHSU and PSU reported \$244 million and \$328 million in assets, respectively, and \$142 million and \$133 million in revenues, respectively.

Cause: The State's accounting function is highly decentralized and the Department of Administration is reliant on the State University System to provide accurate financial information necessary to draft the Comprehensive Annual Financial Report. These comprehensive automated general ledger systems are not in place at the State Universities noted above.

Effect: Assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position, revenues and expenses could be misstated.

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Recommendation: We recommend the State Universities noted above implement a comprehensive automated general ledger system to account for fiscal transactions. This will help to ensure all fiscal transactions are appropriately tracked and accounted for.

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:

University of Kansas Medical Center: The University of Kansas Medical Center does have in place a fully functional General Ledger system. It currently utilizes a general ledger module as part of its 8.9 version of PeopleSoft/Oracle financial accounting system. It is automatically interfaced to other accounting subsystems such as Campus Solutions (Student Tuition Assessment and Billing), HR/Payroll, among many others. However, as indicated by the auditors, KUMC has in the past prepared its formal annual financial reports by consolidating all of the various sub ledgers entries outside of the actual general ledger itself. As such, KUMC agrees with the auditor's assessment that KUMC does not maintain all of its financial statement entries for assets, liabilities, equity, revenue, and expenses in one formal single electronic general ledger.

KUMC will undertake a program to revise its business practices regarding how the formal annual financial accrual based reports are prepared. KUMC will adopt practices that allow for all sub-ledger entries, and final adjusting journal entries, to post to the formal General Ledger module. KUMC will collaborate with the University of Kansas Lawrence campus and outside accounting firm consultants, and provide additional internal staff as needed to plan, revise, and implement the necessary business practices.

Kansas State University: Kansas State University utilizes a comprehensive accounting system; however, not all of the accrual based entries are made into the system prior to close. The University has been working with the accounting firm Rubin Brown since last spring to develop procedures to input all accruals into KSU's financial system and to enhance the general ledger mapping directly into the financial statement categories. KSU is comfortable that the university's data is correct and that adequate processes are in place, but concur that the audit trail is weak under the current methods and believe the enhancements will greatly improve the process. The system modifications are underway to accomplish this for future fiscal years; KSU will have the process fully implemented for the FY 2016 annual financial report.

Fort Hays State University: FHSU is in the process of entering into an Enterprise Resource Planning (ERP) to implement a more robust financial reporting system, which will include a complete set of financial statements and working trial balance.

Pittsburg State University: Pittsburg State University has a general ledger system on a cash basis, which is maintained in balance with the State of Kansas SMART Actuals ledger. The general ledger does not have the capability to post to a reporting period or reporting ledger separately from the daily transactional activity. The current financial statement process includes a data extract from the general ledger to Excel, where all accrual and adjusting entries are posted and mapped to the GAAP financial statements. PSU is in the process of implementing Oracle Cloud Financials. With the implementation of Oracle Cloud, PSU will incorporate a reporting ledger specifically for posting accrual entries and generating the annual financial report.

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Responsible Parties:

University of Kansas Medical Center: David Vranicar, Chief Financial Officer
R. Michael Keeble, Associate Vice Chancellor of Finance
Jerry Glenn, Associate Controller

Kansas State University: Fran Willbrant, Assistant Vice President for Financial Services

Fort Hays State University: Phil Toepfer, Controller

Pittsburg State University: John Patterson, Vice President of Administration and Finance
Barbara Winter, Controller

Planned completion date for corrective action plan:

University of Kansas Medical Center: KUMC will begin work for implementing these revised business practices immediately. KUMC will target to have all, or if that is not possible, a significant portion of this work completed by June 30, 2016.

Kansas State University: June 30, 2016

Fort Hays State University: The financial statements for fiscal year 2017 will be generated from the new financial system.

Pittsburg State University: PSU is in the process of implementing Oracle Cloud Financials, with an anticipated implementation date of July 1, 2016. The financial statements for fiscal year 2017 will be produced in the new system. PSU will evaluate the timing of implementation to determine if corrective action can be achieved for fiscal year 2016.

Plan to monitor completion of corrective action plan:

University of Kansas Medical Center: KUMC Associate Controller will report on a monthly basis to the Associate Vice Chancellor and the Chief Financial Officer the status of the project. Any required resource adjustments will be modified as necessary.

Kansas State University: KSU will work with the Department of Administration and CLA over the next few months to ensure that the developed process and trial balance are consistent with their expectations for the fiscal year 2016 financial audit.

Fort Hays State University: As a member of the ERP Steering Committee, Phil Toepfer will assist the Project Director in making strategic decisions, address executive level resources, scope, and schedule issues, and help with decisions that must be made to ensure a successful implementation.

Pittsburg State University: The Controller will report progress to the Vice President of Administration and Finance and adjustments will be made as necessary.

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III. Federal Award Findings and Questioned Costs

2015 – 006

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:	Special Tests and Provisions – Provider Eligibility
Type of Finding:	Material Weakness in Internal Control, Noncompliance

Criteria or specific requirement: In order to receive Medicaid payments, providers of medical services furnishing services must be licensed in accordance with Federal, State, and local laws and regulations to participate in the Medicaid program (42 CFR sections 431.107 and 447.10; and Section 1902(a)(9) of the Social Security Act (42 USC 1396a(a)(9)) and the providers must make certain disclosures to the State (42 CFR part 455, subpart B, sections 455.100 through 455.106).

Condition: From a sample of forty providers, it was found that eight providers did not initially have completed agreements as required per 42 CFR part 455 subpart B to contain information on ownership and control. The forms for the providers were completed in August 2015 or later, which was after the audit request had been made. Also, one of these providers was missing information so we were unable to verify the provider was licensed in accordance with the State plan.

Questioned Costs: None noted

Context: Eight providers did not have this required information out of forty providers tested, an error rate of 20%.

Cause: The likely cause of this finding is lack of internal controls at the managed care organizations utilized by the program surrounding provider requirements.

Effect: This finding indicates that there could be some process improvement in how provider eligibility is being met.

Recommendation: We recommend the State develop a more robust internal control that the managed care organizations must follow to document how provider eligibility requirements are being 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: KDHE will require the Managed Care Organization (MCO, United) to execute a root cause analysis to determine why completion of disclosure of ownership forms is not 100% at contracting. The MCO will submit to KDHE a report of findings and corrective action plan no later than June 30, 2016.

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

Planned completion date for corrective action plan: January 1, 2018

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Plan to monitor completion of corrective action plan: KDHE Program Integrity staff will review the MCO root cause analysis report and corrective action plan. KDHE Program Integrity staff will review the quarterly reports.

2015 – 007

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. It was also noted that this is a prior year finding, for which a formal review process was implemented after the issuance of the prior year audit report. The reports selected were submitted prior to the issuance of the audit report and recommendations have since been implemented.

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: There is no disagreement with the audit finding.

Actions planned in response to finding: As noted above, after the issuance of the prior year audit report, a formal review process was implemented. The Medical Program Payments and Reporting Manager complete a review of the SF-425 reports prior to submission.

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

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Planned completion date for corrective action plan: This process was implemented with the filling of a vacant position, the Medical Program Payments and Reporting Manager, in March 2015.

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

2015 – 008

Federal Agency:	Department of Health and Human Services
State Department/Agency:	Kansas Department for Children and Families (KDCF)
Federal Program:	Low-Income Home Energy Assistance (LIHEAP)
CFDA Number:	93.568
Compliance Requirement:	Eligibility
Type of Finding:	Significant Deficiency in Internal Control, Noncompliance

Criteria or specific requirement: Under 42 USC 8624(b)(2), grantees may provide assistance to:

- (a) households in which one or more individuals are receiving Temporary Assistance for Needy Families (TANF), Supplemental Security Income (SSI), Supplemental Nutrition Assistance Program (SNAP) benefits, or certain needs-tested veterans benefits;
- or (b) households with incomes which do not exceed the greater of 150 percent of the State's established poverty level, or 60 percent of the State median income. Grantees may establish lower income eligibility criteria, but no household may be excluded solely on the basis of income if the household income is less than 110 percent of the State's poverty level. Grantees may give priority to those households with the highest home energy costs or needs in relation to income.

Condition: From a sample of forty participant case files, three selections had findings regarding over payment and/or incorrectly deemed eligible and one selection had a finding due to being incorrectly deemed ineligible.

Questioned Costs: \$719

Context: Total sampled costs were \$15,110 and net unsupported costs in the sample equaled \$719, an error rate of 5%.

Cause: The recordkeeping function for eligibility determinations 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: The State should design additional internal controls that monitor the workflow of LIHEAP cases and maintain appropriate documentation. Additionally, we recommend that further training be provided to staff regarding noted concerns.

Views of responsible officials and planned corrective actions:

Explanation of disagreement with audit finding: There is no disagreement that errors occurred and needed to be corrected. We do disagree about the timing of the discovery of those errors and their resolution.

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The audit finding suggests that these errors were discovered and corrected due to the audit. We provided the auditors with documentation that some of these errors occurred in May 2015 which was well before the auditors requested the population of eligible LHIEAP cases from which they pulled their sample. We also provided the auditors with information that all questioned costs noted have been corrected and were done so by July 2, 2015. Consequently, we must believe they remain questioned costs only due to timing – the correction occurred after the close of the current audit year FY 15 (or the fiscal year ending June 30, 2015). Regardless, KDCF found these errors through their internal control processes and took necessary corrective action when discovered.

Actions planned in response to finding: No specific actions are planned – cases have been corrected and processes are in place to detect errors.

Responsible party: Program: Lewis Kimsey, LIEAP Program Manager, 785-296-0147
Implementation Oversight: Mary S. Hoover, KDCF Audit Director, 785-296-3836

Planned completion date for corrective action plan: Already implemented.

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

2015 – 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:	Significant Deficiency in Internal Control, Noncompliance

Criteria or specific requirement: Under 42 USC 673, once a child is determined eligible to receive Title IV-E adoption assistance, he or she remains eligible and the subsidy continues until (i) the age of 18 (or 21 if the Title IV-E agency determines that the child has a mental or physical disability which warrants the continuation of assistance).

Condition: From a sample of sixty beneficiary payments, one exception was noted. For one participant, the State provided adoption assistance for the participant for a year past the individual's eighteenth birthday with no documentation regarding the reason for the continued benefits. This case was closed and benefits ceased as a result of the audit testing.

Questioned Costs: \$420

Context: Total sampled costs were \$28,627 and unsupported costs in the sample equaled \$420, a rate of 1.5%.

Cause: Internal controls around certain adoption requirements may be lacking.

Effect: Increased likelihood eligibility requirements would not be met.

Recommendation: The State should design additional internal controls that monitor adoption processing and "flags" cases reaching the maximum benefit age to discontinue benefits in the proper timeframe.

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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: In the FY 2014 single audit, KDCF reported it was initiating steps to tighten monitoring in the program. Those actions are in place and those that relate to this issue are as follows:

1. **Case Reads.** To tighten monitoring, Quarterly Case Reads are conducted by Program Improvement staff from each Region. Central Office program staff also pull random cases for review each quarter. These cases are read for a variety of requirements. If a case is noted out of compliance, follow up occurs to determine necessary corrective actions.
2. **Error Reports.** KDCF runs an Adoption Assistance Error report each month to ensure funding is correctly coded. This report is reviewed quarterly along with case read information.
3. **Training.** Training is provided on an ongoing basis to staff regarding legal, policy and procedural requirements for the adoption assistance program.

Although KDCF has these safeguards in place, errors can occur as this audit finding has noted. We will continue the monitoring practices and efforts noted. KDCF has taken action on this case, also as the finding noted.

Responsible party: Program: Patricia Long, KDCF Protection and Prevention Services, 785-368-8157; **Implementation Oversight:** Mary S. Hoover, KDCF Audit Director, 785-296-3836

Planned completion date for corrective action plan: Already Operational

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.

2015 – 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: Under 45 CFR 98.42, Lead Agencies shall establish a sliding fee scale, based on family size, income and other appropriate factors that provides for cost sharing by families that received CCDF child care services. Additionally, under 45 CFR section 98.43 may exempt families below the poverty line from making copayments and shall establish a payment rate schedule for child care providers caring for subsidized children.

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Condition: In the sixty samples tested, three selections had exceptions related to errors with Family Share Deductions (FSD). For one selection, the FSD was applied to a sibling who stopped receiving benefits but the FSD was not applied to the other siblings on the case when the first sibling was removed. For another selection, the appropriate amount of FSD was calculated but not applied to the case. For the other selection, the wrong household size was applied to the case, which resulted in less FSD charged to the recipient.

Questioned Costs: \$167

Context: Total sampled costs were \$38,171 and unsupported costs in the sample equaled \$167, a rate of 0.4%.

Cause: The likely cause of this finding is due to a lack of internal control that monitors changes in the cases to ensure the changes are appropriate.

Effect: Families receiving benefits are not paying the appropriate Family Share.

Recommendation: We recommend that KDCF develop a more robust internal control to review the changes that are implemented in cases for this program to help identify changes in benefits paid.

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 frequency of the errors such as those included in this finding should decrease substantially when the new eligibility system (KEES) goes live, planned for later in 2016, as the new system is expected to automate these processes. The finding includes three separate errors. The first error was failing to apply the family share to a younger sibling on the case when the plan for the older sibling (to whose plan the family share had been applied) was closed. With KEES, this type of error will not occur, as the family share will not be applied to a specific child, but to the family plan as a whole. The second error resulted from failing to count child support income. With KEES, this error will not occur, as long as all income is entered correctly into the system. This function will be automated within KEES. KEES will determine what income is countable and what is not based on the types of income entered into the system – it will not be up to the worker to enter the total countable income as is now done in KsCares. The third error, which occurred as a result of a change in family share deduction amount not being applied to a case when a household member left, resulted in counting the incorrect household size. The current system (KsCares) counts a person in the household size if they are listed on the case, requiring a worker to actually remove the person from the case, which is different from the way it is done for other DCF programs in the other KAECSSES eligibility system. This too will be automated within KEES, and should not occur. The system will determine the correct family share based on the correct household size when the worker codes the person leaving as being out of the household. Since all the agency assistance programs are included on the KEES system, workers will only need to make this change once.

Immediate action to be taken to address these errors will include:

- The finding and the individual cases will be reviewed with the Economic and Employment Services (EES) Program Administrators (PAs) at the March 9, 2016 PA Meeting,
- PAs will be advised to review the errors with their agency supervisors and supervisors will be required to review with staff the correct procedure for addressing these errors in the KsCares system.

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- Workers will be instructed to:
 - Check the family share when a child is no longer receiving child care to make sure the family share is applied to a child who does still receive child care benefits;
 - Make sure to enter all the countable income – not just earnings; and
 - Completely remove a person from the KsCares case when they leave a household to prevent an incorrect household size in the eligibility determination.

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 2, 2016

Plan to monitor completion of corrective action plan:

EES PA's will be asked to report back to the Child Care Subsidy Program Manager when these items have been reviewed with their supervisors and all EES workers in their regions, no later than COB on Friday, April 30th.

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

2015 – 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:	Subrecipient Monitoring
Type of Finding:	Significant Deficiency in Internal Control, Noncompliance

Criteria or specific requirement: 2 CFR 200 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements* (the Uniform Grant Guidance, went into effect on December 26, 2014). This requires that pass-through entities provide federal award identification information, which includes the CFDA number and identification of the dollar amount made available under each Federal award and the CFDA number.

Condition: During testing of two subrecipients, we were not able to determine that the "Award Identification" containing the CFDA number was passed to the subrecipient at the time of subaward or through any amendment to the subaward.

Questioned Costs: None noted

Context: Both subrecipients were missing CFDA number information at the time of subaward.

Cause: Lack of internal controls around subaward notification could have contributed to this finding.

Effect: If award identification documentation is not provided, the subrecipient could not know if they are following the guidelines of the awarded program.

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Recommendation: We recommend the State develop more robust internal control over program documentation provided to subrecipients at the time of subaward to ensure all required elements are being included.

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 acknowledges that it failed to include the appropriate information on the two subawards mentioned. These were two grants that were originally issued for a period prior to the audit period – 7/1/13 to 6/30/14. At the time of issuance the two providers were notified about federal grant award information and the associated federal grant award number. Grants to these two providers have been renewed for the next two years – 7/1/14 to 6/30/15 and 7/1/15 to 6/30/16. Because they were not rebid but renewed, KDCF staff did not restate the CFDA information on the renewal documents the providers received.

On January 2015, KDCF received notice from the federal government when it received its childcare funding, that it would be required to follow new guidance – Uniform Grant Guidance. This guidance has different requirements than that which was in effect at the time of the original award back in July 2013. The new requirements state that KDCF should have notified these two grantees about the CFDA number in January 2015 when they received notice of the change in oversight requirement. KDCF did not do so.

KDCF has required that CFDA numbers be formally on the Notification of Grant Award since July 1, 2014. Many programs communicated that information to their grantees prior to that date. KDCF Grants and Contracts will update the “renewal forms” and ensure the CFDA number is added to the template.

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

Planned completion date for corrective action plan: July 1, 2016

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

2015 – 012

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:	Significant Deficiency in Internal Control, Noncompliance

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

Condition: From a sample of sixty foster care claim payments, one payment was not appropriately supported by the foster care subrecipient's documentation due to an incorrect calculation, which resulted in an underpayment.

Questioned Costs: \$36

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Context: Total sampled costs were \$16,481 and unsupported costs in the sample equaled \$36 a rate of 0.2%.

Cause: The recordkeeping and review function at the foster care subrecipient may be inadequate to appropriately support claims reported to the State.

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

Recommendation: KDCF should work with the foster care subrecipients to emphasize documentation requirements and an internal review process to maintain 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 requested and received a corrected service encounter (which initiates payment) for the transaction in question. KDCF requested the correction from the contractor on February 12, 2016 and received the corrected encounter on February 15, 2016.

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

Planned completion date for corrective action plan: Action has been taken already and the corrected encounter received. The corrected encounter will be added as an adjustment to the federal claim for reimbursement for the quarter ending September 30, 2014.

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

2015 – 013

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:	Significant Deficiency in Internal Control, Noncompliance

Criteria or specific requirement: The OMB Circular A-133 states that, "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."

Condition: During testing of the two subrecipients, we were not able to determine that the "Award Identification" was passed to the subrecipient at the time of subaward.

Questioned Costs: None noted

Context: Both subrecipients were missing Award Identification paperwork at the time of subaward.

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Cause: Lack of internal controls around subaward agreement procedures could be the cause of this finding.

Effect: If award identification documentation is not provided, the subrecipient does not know if they are following the guidelines for the awarded program.

Recommendation: We recommend the State develop more robust internal controls over program documentation provided to subrecipients at the time of subaward.

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: It is our understanding that this finding refers to DCF's failure to notify the two foster care contractors about the funding source(s) or CFDA number(s) associated with their awards. We will ensure that the funding information is communicated to them after April 1, 2016 via email and then more formally in the next contract amendment that is to occur by July 1, 2016.

Responsible party: Operations Director: Daniel Klucas, Director, KDCF Grants and Contracts 785-368-7039; Implementation Oversight: Mary S. Hoover, KDCF Audit Director, 785-296-3836

Planned completion date for corrective action plan: April 1, 2016 and July 1, 2016.

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

2015 – 014

Federal Agency:	Department of Health and Human Services
State Department/Agency:	Kansas Department for Children and Families (KDCF)
Federal Program:	Temporary Assistance for Needy Families (TANF)
CFDA Number:	93.558
Compliance Requirement:	Special Tests and Provisions
Type of Finding:	Significant Deficiency in Internal Control, Noncompliance

Criteria or specific requirement: Each State shall participate in the Income Eligibility and Verification System (IEVS) required by section 1137 of the Social Security Act as amended. Under the State Plan, the State is required to coordinate data exchanges with other federally assisted benefit programs, request and use income and benefit information when making eligibility determinations, and adhere to standardized formats and procedures in exchanging information with other programs and agencies (42 USC 1320b-7; 45 CFR section 205.55)

Condition: From the sample of forty participant files, one selection had a finding regarding establishing relationship for "Initial Referral Out of Home Placement for Child in DCF Custody."

Questioned costs: \$875

Context: This resulted in benefits paid for five months after the client should have been terminated.

Cause: The likely cause of this finding is lack of maintaining contact with the person responsible for providing documentation and review of cases.

Effect: Participants received benefits that they were not eligible to receive.

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Recommendation: The internal control design should be improved to include reviews of files based on pertinent timelines required to be met from the file.

Views of responsible officials and planned corrective actions:

Explanation of disagreement with audit finding: There is no disagreement with the audit finding as it pertains to lack of documentation.

Actions planned in response to finding: KDCF reviewed the case and found that we do not have documentation in either our electronic or paper file that we verified the relationship between the child and the grandparent. We did find documentation of an initial referral to out-of-home placement, which listed the name of the grandparent noted in the TANF case as the maternal grandmother, but we did not have documentation that we requested verification of that relationship to the child.

This was a case where file documentation for one component of establishing eligible services was missing. It does not necessarily mean that services were provided to an ineligible individual.

We will remind workers that they need to fully document all verification efforts when determining eligibility.

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

Planned completion date for corrective action plan: April 1, 2016

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

2015 – 015

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 one of the sixty 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.

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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: This issue was similar to a finding in the single audit report for FY 2014. At that time, we noted the following actions in response to the 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.

The finding noted above – in the FY 2015 single audit - occurred on January 14, 2015. Planned completion date for the corrective action plan was June 15, 2015. Due to the timing of the release of the prior year audit report in March 2015 and the date of this finding, we would not have implemented the corrective actions noted in that report and in this one. Please note that there are no findings related to this issue after KDCF Rehabilitation Services had the opportunity to implement its corrective actions, which would have been after June 2015.

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

Planned completion date for corrective action plan: Corrective actions implemented.

Plan to monitor completion of corrective action plan: Please note the following ongoing monitoring efforts:

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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2015 – 016

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 five of the fourteen entities tested, evidence that the entity was checked against the www.sam.gov website was not found to verify it was not suspended or debarred. Also, for one of the fourteen entities tested, we found that the State's procurement policy was not followed for this entity as a contract was not entered into.

Questioned Costs: None noted

Context: The State did not have evidence of compliance for suspension and debarment for five selections and did not follow their procurement policy for one selection.

Cause: A lack of tracking of suspension and debarment requirements and procurement policy requirements for all entities 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 and procurement policy 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: Rehabilitation Services had made corrections to their practices as a result of prior year findings to ensure that vendors were checked for suspension and debarment.

For three of the instances noted, Rehabilitation Services used an existing provider agreement (contract) that was actually initiated in a different program area within KDCF. This was and is not an uncommon practice since both programs use the same providers and it is more efficient to enter into only one agreement when both programs are involved. The other program area in DCF took the

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lead on negotiating with these providers and failed to do the requisite check for suspension and debarment. Beginning in SFY 2016 – July 1, 2015 – they too began the process of checking for suspension and debarment on all providers. Accordingly, DCF has already taken corrective action to address this weakness.

One of the other instances noted was the lease agreement for the KDCF Administration Building. Rehabilitation Services was charged a portion of the lease cost as part of the cost allocation process in the Department. In this instance, the lease was negotiated through the Department of Administration. KDCF did not check for suspension or debarment on this vendor as part of the process, likely assuming it was done by the Department of Administration. KDCF will begin performing these checks for leases.

Finally, the last entity noted was one where the auditors could not find a formal contract for a vendor for the audit period. Since there was no contract, there was no check for suspension and debarment. The expenditure tested was one for a long standing vendor who provides equipment and equipment maintenance through one of our programs for the blind and visually impaired. Prior to the audit period and audit, KDCF Rehabilitation Services and KDCF Operations had recognized the need to obtain a formal contract and had begun procurement efforts. The services were put out for bid and because of lack of bid response actually had to be rebid in calendar 2016.

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

Planned completion date for corrective action plan: Many corrective actions have already occurred as noted in KDCF's response and explanation. Suspension and debarment checking on leases will begin 4/1/16.

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

2015 – 017

Federal Agency:	Department of Labor
State Department/Agency:	Kansas Department of Labor (KDOL)
Federal Program:	Unemployment Insurance
CFDA Number:	17.225
Compliance Requirement:	Reporting – ETA 227
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 various numbers throughout the report were not able to be tied to the underlying mainframe data. This was due to an incorrect programming error in regards to the recording of accounts receivable. As a result, KDOL manually adjusts those items in the reports through the use of spreadsheets or detail from the Criminal and Civil Prosecution division.

Questioned costs: None noted

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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: KDOL does not disagree with this finding. KDOL is aggressively working to resolve issues related to the ETA 227 report. The recommended course of action would not address the actual issue, which is the integrity of the system data that is utilized for the report.

Actions planned in response to finding: KDOL has attempted to aggressively address deficiencies with this report. This includes a dedicated programmer and a working group tasked with improving the report. These efforts will continue until a resolution is reached.

Responsible party: Brett Flachsbarth, KDOL Director of Unemployment Insurance, 785-296-5000, ext. 2507

Planned completion date for corrective action plan: Ongoing

Plan to monitor completion of corrective action plan: Ongoing

2015 – 018

Federal Agency:	Department of Labor
State Department/Agency:	Kansas Department of Labor (KDOL)
Federal Program:	Unemployment Insurance
CFDA Number:	17.225
Compliance Requirement:	Reporting – ETA 581
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 the reports 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.

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Recommendation: We recommend that the KDOL implement a review control and retain the review documentation to ensure reports submitted to the appropriate agencies are complete and accurate.

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 adopted a documented ETA 581 reporting procedure. This procedure requires sign-off on the report by the Chief of Audits and Investigations, as well as the Audit Compliance and Training Supervisor, prior to submission to the UI Reporting group.

Responsible party: Shawn Yancy, KDOL UI Report Manager, 785-296-5000, ext. 2582

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

Plan to monitor completion of corrective action plan: KDOL will follow the documented procedure.

2015 – 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

Criteria or specific requirement: States are required to annually certify for each taxpayer the total amount of contributions required to be paid under the State law for the calendar year and the amounts and dates of such payments in order for the taxpayer to be allowed the credit against the FUTA tax (26 CFR section 31.3302(a-3(a))). KDOL Chief Contributions-Admin or Assistant Manager reviews a sample entered into the KDOL system before it's submitted to the Internal Revenue Service (IRS).

Condition: We were unable to verify if the samples selected for review by KDOL existed or was reviewed.

Questioned costs: None noted

Context: Unable to verify if the data file submitted to the IRS was reviewed.

Cause: KDOL was not aware that the review documentation needed to be retained.

Effect: The data file submitted to the IRS may contain inaccurate information.

Recommendation: We recommend KDOL to review its current procedures to ensure the reviewed documentation is maintained for the sample selected.

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 will implement the recommended practice to retain documentation of the selected sample.

Responsible party: Joe Vining, KDOL Chief of Contributions, 785-296-5000, ext. 7639

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Planned completion date for corrective action plan: As indicated, this is an annual certification. KDOL will retain documentation of the sample the next time it is created.

Plan to monitor completion of corrective action plan: KDOL will implement the recommendation.

2015 – 020

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. The administrative cash draws are reviewed and approved by the Chief Fiscal Officer and draws should be properly supported and calculated.

Condition: We were unable to verify who reviewed one of the administrative cash draws and two administrative cash draws were not properly supported.

Questioned costs: None noted

Context: For 1 of the 7 administrative cash draws selected for testing, we were unable to verify who reviewed and approved the draw and for 2 of the 7 tested, we were unable to verify and agree the total previous funds requested to YTD revenue activity as the supporting documentation was unable to be located by KDOL.

Cause: KDOL was not aware of the errors.

Effect: Administrative cash draws may not be complete and accurate and in accordance with OMB A-133 requirements.

Recommendation: We recommend KDOL to retain supporting documentation to support the review process and to ensure the administrative cash draws are complete and accurate.

Views of responsible officials and planned corrective actions:

Explanation of disagreement with audit finding: The Kansas Department of Labor disagrees with this finding.

Actions planned in response to finding: This finding has two parts. First, the administrative cash draw that the auditors were unable to verify who reviewed and approved the draw; and second verification of supporting documentation for revenue activity was unable to be located.

1. KDOL disagrees with the statement by the auditors that the cash draw was not reviewed. Corrections were made in writing by the CFO on the paperwork prepared by the Grants Manager. The documents did not contain a signature of the CFO. The review process is as follows: Balances to be drawn from each grant is figured by the Grants Manager and reviewed by the CFO prior to the funds being drawn from PMS. Additionally, the deposit is created by the Grants Manager and approved in the accounting system by the CFO. KDOL believes that this

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review process is adequate and does not believe that a change needs to be implemented. KDOL will make an effort to make sure that the grant calculation worksheet is signed in all cases in the future.

2. KDOL implemented the process of printing the account balance information from PMS during SFY 2015. The two cash draws that are in question from the audit occurred prior to this process improvement. KDOL believes that this process has been improved and no corrective action is needed.

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

Planned completion date for corrective action plan: Complete

Plan to monitor completion of corrective action plan: KDOL will continue to follow the processes implemented.

2015 – 021

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 sixty cases that had gone through the BAM review process, it was noted that there were eleven exceptions found that were not in compliance with the timeliness standards.

Questioned costs: None noted

Context: These eleven exceptions were primarily due to caseloads building up and not having properly trained personnel to work the case backlog.

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 KDOL to review its current processes and establish a plan to complete the backlog while achieving the standard with current year cases for review.

Views of responsible officials and planned corrective actions:

Explanation of disagreement with audit finding: There is no disagreement with the audit finding. But corrective action has previously been implemented and has proven effective. Specifically, KDOL has implemented corrective action plans ("CAP") through the USDOL mandated state quality service plan. KDOL has updated its BAM manual and is awaiting USDOL review of the implemented changes. Further, KDOL has conducted extensive training with staff. The non-

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separation denial CAP shows KDOL is exceeding performance standards and has effectively done so for each quarter of CY 2015. The paid claim CAP shows a 30% improvement from the previous year.

Actions planned in response to finding: KDOL is continuing the course of action that has already been implemented and proven effective.

Responsible party: Shawn Yancy, KDOL UI Reporting Manager, 785-296-5000, ext. 2582

Planned completion date for corrective action plan: Corrective action has been implemented, but continued monitoring to ensure performance standards will be ongoing.

Plan to monitor completion of corrective action plan: BAM is a measured performance component under USDOL guidelines. Performance is reviewed quarterly.

2015 – 022

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: Employees are paid based on their approved wage rates.

Condition: An employee was paid using an incorrect wage rate.

Questioned costs: None noted

Context: For 1 of the 40 payrolls tested, the approved wage rate was not entered into the payroll system correctly.

Cause: KDOL was not aware of the error.

Effect: Wages charged to the federal program may not be complete and accurate.

Recommendation: We recommend KDOL to implement a review control to ensure employees wage rates are properly set up in the payroll system.

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 Human Resources department at KDOL has two employees. All personnel entries will be entered by the Human Resources Professional and reviewed by the Human Resources Director. Paper documents will be initialed by the Human Resources Professional upon entry and by the Human Resources Director upon review.

Responsible party: Lacie Worcester, KDOL Human Resources Director, 785-296-5000, ext. 2565

Planned completion date for corrective action plan: January 1, 2016

Plan to monitor completion of corrective action plan: KDOL will continue to follow the processes implemented.

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2015 – 023

Federal Agency:	Department of Education
State Department/Agency:	University of Kansas, University of Kansas Medical Center, Kansas State University, Wichita State University, Pittsburg State University, Emporia State University and Fort Hays State University
Federal Program:	Student Financial Assistance Cluster
CFDA Number:	84.268 and 84.038
Compliance Requirement:	Special Tests and Provisions – Enrollment Reporting
Type of Finding:	Significant Deficiency in Internal Control, Noncompliance

Criteria or specific requirement: Per 34 CFRs 685 and 690, and as outlined in the OMB A-133 Compliance Supplement, Part 5, institutions are required to update all information included in the enrollment report from the National Student Loan Data System (NSLDS) and return the report within the prescribed timeframe (30 days). Schools are also required to make necessary corrections, and return, within the prescribed timeframe (ten days) for any report errors subsequently noted by NSLDS. In addition, enrollment information must be reported within 30 days whenever attendance changes for students, unless a roster will be submitted within 60 days.

Condition: Review of enrollment reporting data from the Universities showed that errors were not corrected and returned to NSLDS within the prescribed timeframe and, per a sample of 40 students whose underlying enrollment reporting data were tested for accuracy of status and timeliness of reporting, one student's status (University of Kansas Medical Center) was not uploaded accurately or within the prescribed timeframes noted above.

Questioned costs: None noted

Context: The SCHER-1 enrollment reporting reports for each University were reviewed for noncompliance; noncompliance was noted for each campus report reviewed. In addition, a sample of 40 students' status changes was tested, one of forty student's status changes tested was not uploaded accurately and within the prescribed timeframe.

Cause: The Universities utilize the National Student Clearinghouse (NSC) to report student information to NSLDS. After uploading batch roster updates to NSLDS within the required timeframe, the Universities' error/acknowledgment file from NSLDS is available to them via their NSC services. In an attempt to correct the errors, NSC resubmitted the files within the required 10 days but unfortunately, some of those records continued to not pass the NSLDS enrollment reporting edits and we noted no additional uploads by NSC to correct these errors until the next enrollment roster request from NSLDS. The Universities did not have a monitoring process in place to ensure that the NSC corrected errors in a timely manner.

Effect: Inaccurate reporting of student enrollment status information to the NSLDS could improperly delay repayment status for students with Federal loans.

Recommendation: We recommend that the Universities implement a process to ensure that all rosters are accurately uploaded and corrected in a timely manner to NSLDS.

Views of responsible officials and planned corrective actions:

Explanation of disagreement with audit finding: Although there is no disagreement with the audit finding, it should be noted that in a number of cases, the algorithms established within the NSDLS generate errors on an initial submission that resolve on their own by re-submitting, which

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ultimately do not impact students' financial aid. It is clear this is not an issue unique to Kansas Regents institutions. The Regents universities are pleased to report that the National Student Clearinghouse implemented enhancements to their services to meet NSLDS reporting requirements.

Actions planned in response to finding: University staff with responsibility for submitting, and then verifying and correcting errors to student enrollment data are in different offices within each Regents institution. In some cases, the Registrar's Office, and also Financial Aid staff are involved. Those staff with this functional responsibility will initiate a monitoring process to ensure that errors are corrected within the mandated timeframe.

Responsible party: University Staff in each of the Regents institutions' Registrar's Offices and Financial Aid Offices.

Planned completion date for corrective action plan: New processes will be instituted by June 1, 2016.

Plan to monitor completion of corrective action plan: As universities begin to monitor enrollment data errors reported back from the National Student Clearinghouse, a report to the Board of Regents' Fiscal Affairs and Audit Committee will be made from the Council of Academic Officers on the status of this monitoring by June 15, 2016, to ensure that this finding is not repeated.

2015 – 024

Federal agency:	Department of Education
State Department/Agency:	University of Kansas and Wichita State University
Federal program:	Student Financial Assistance Cluster
CFDA Number:	84.007, 84.033, 84.038, 84.063, 84.268, 84.379, 93.264, 93.342, 93.364 and 93.925
Compliance Requirement:	Special Tests and Provisions – Disbursements to or on Behalf of Students (240 Day Rule)
Type of Finding:	Significant Deficiency in Internal Control, Noncompliance

Criteria or specific requirement: Per 34 CFR 668 and the OMB Compliance Supplement, Part 5, an institution must return to ED (notwithstanding any State law, such as a law that allows funds to escheat to the State) any Title IV funds that it attempted to disburse directly to a student or parent if the funds were not claimed by the student or parent within 240 days of the date of disbursement. For FWS program funds, the institution is required to return only the Federal portion of the payroll disbursements. If the institution attempted to disburse the funds by check and the check is not cashed, the funds must be returned to the federal government no later than 240 days after the date it issued the check.

Condition: There were several outstanding checks as of June 30, 2015 from Wichita State University and University of Kansas that were made out to students or parents for refunds of Federal Title IV aid and were outstanding for a period greater than 240 days.

Questioned costs: \$23,779

Context: This requirement was tested in conjunction with the financial audit of the Universities of the state of Kansas. Checks for refunds of Title IV aid that remained unclaimed as of June 30, 2015 were identified and tested. Testing yielded a total of 33 checks totaling \$18,260 from Wichita State University and 16 checks totaling \$5,519 from University of Kansas that were unclaimed and outstanding for more than 240 days after the date the checks were issued.

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Cause: The Universities did not have a monitoring process in place to ensure that outstanding checks for Title IV aid disbursements to students or parents have not be outstanding for more than 240 days.

Effect: Thirty-three checks totaling \$23,779 of Title IV funds were outstanding for a period greater than 240 days and must be returned to the Department of Education.

Recommendation: We recommend that the Universities implement a process whereby all outstanding checks are monitored to ensure that funds related to unclaimed Title IV aid disbursements to students or parents are returned to the government within the required 240 day timeframe.

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:

Wichita State University (WSU): Wichita State has completed the review and return of all uncashed student refund checks that potentially included funds required to be returned to Title IV. These checks are scheduled for review on a monthly basis. This had been the process until the staff member completing this task left the university in 2014. This task has been permanently assigned to the current Student Account and Fiscal Analyst position with direct oversight by the Director of Student and Fiscal Operations

University of Kansas (KU): KU staff from Financial Accounting and Cash Control (FACC), Financial Aid and Scholarships (FAS) and Student Account Services (SAS) will work together to review and research uncashed checks that are 180 days or older but less than 240 days that contain Federal financial aid funds.

1. Upon completion of each bank account reconciliation for periods ending the 15th of the month and the end of the month, FACC will provide a listing of outstanding checks to SAS and FAS.
2. SAS will follow up on unclaimed checks once they are past 60 days old regardless of what funds created the refund. SAS will attempt to contact the payee by email, phone and letter to encourage them to cash the check. FAS also will have access to this list because FAS may have access to other addresses or phone numbers.
3. At 180 days when the check becomes stale dated and SAS has already attempted to reach payee on multiple occasions, SAS will void the check and place a no refund indicator on the student account.
4. If the voided check includes Title IV funds, FAS will make the determination as to whether the Title IV funds are sent to unclaimed property (if under \$1.00) or returned to Department of Education (DOE) before the 240 days have passed.
5. If the funds are to be returned to DOE, FAS will either reduce the loan and notify COD of the adjustment or will complete a voucher requesting a check and FAS will mail the check to the proper location.

Responsible party: Robyn Bongartz, WSU Director Student and Fiscal Operations, 316-978-3070. Katrina Yoakum, KU Comptroller, 785-864-3261.

Planned completion date for corrective action plan:

WSU: February 29, 2016.

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KU: New processes will be implemented during fiscal year 2016.

Plan to monitor completion of corrective action plan:

WSU: The Staff Accountant IV responsible for bank reconciliation will alert the Associate Vice President of Financial Operations anytime uncashed student refund checks in excess of 220 days remain on the bank reconciliation report.

KU: Monthly reviews by management of the three KU offices will take place and open communication between the offices will occur as needed. Katrina Yoakum, Comptroller, and Brenda Maigaard, Director of Financial Aid and Scholarships will be included in communications between the offices related to the potential return of Title IV funds to the DOE for stale checks greater than 180 days.

2015 – 025

Federal agency:	Department of Education
State Department/Agency:	Wichita State University
Federal program:	Student Financial Assistance Cluster
CFDA Number:	84.007, 84.033, 84.038, 84.063, 84.268, 84.379, 93.264, 93.342, 93.364 and 93.925
Compliance Requirement:	Not Applicable
Type of Finding:	Significant Deficiency in Internal Control - Schedule of Expenditures of Federal Awards

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

Condition: During review of the University's federal student aid listing and FISAP compiled from the University's student aid module and accounting system, as compared to the University's DA-89 report (the Kansas Department of Administration's reporting mechanism for gathering the Statewide SEFA information), it was found that the Perkins Loans amount reported per the DA-89 report was approximately \$38 million larger than the Perkins Loan amount from the supporting federal student aid listing and FISAP for the University. This was due to a data entry error on the DA-89 report by the University, which was used to compile the Statewide SEFA amounts reported. This amount was corrected after being discussed with the University.

Questioned costs: None noted

Context: The Statewide SEFA was overstated due to data entry errors during the preparation of the DA-89 report.

Cause: Inadequate review of the amounts reported on the DA-89 report for the SEFA preparation process at the University 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.

Recommendation: We recommend that the University implement a review process to ensure that the amounts reported on the DA-89 report and the statewide SEFA agree to the amounts in the University's federal student aid listing and FISAP compiled from the University's student aid module and accounting system.

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: Wichita State acknowledge the SEFA report needs to list the Perkins loan program, CFDA 84.038, ending accounts receivable balance, which includes

- 1) Value of new loans being made during the fiscal year, plus
- 2) Balance of loans from previous years for which the Federal Government imposes a continuing compliance requirement, and
- 3) Interest subsidy, cash, or administrative cost allowance received.

Responsible party: Teresa Moore, Director of Accounting Operations, 316-978-5977

Planned completion date for corrective action plan: This error was in amount reported on the SEFA for Perkins Loans. All other financial reports were correct. The corrected SEFA reporting process has been instituted as of February 24, 2016.

Plan to monitor completion of corrective action plan: Accounts receivable balances are recorded and maintained by ECSI, third-party service provider. To ensure data is reported correctly, Perkins accounts receivable balances reported in the SEFA will be calculated from ECSI's FISAP report, Part III, Section B, Line 8 and Section C, Lines 3 - 5.4. Final SEFA data will be reviewed by Associate Vice President of Financial Operations prior to submission.

2015 – 026

Federal Agency:	Department of Agriculture
State Department/Agency:	Kansas Department of Health and Environment (KDHE)
Federal Program:	Special Supplemental Nutrition Program for Women, Infants, and Children
CFDA Number:	10.557
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 two entities tested, evidence that the entity 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 selection.

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Cause: A lack of tracking of suspension and debarment requirements for all entities 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: KDHE concurs with this audit finding, however, the selection on which this audit finding is based refers to an expenditure made to a certain vendor for cellular phone services. This vendor was awarded the statewide contract for cellular phone services by the State of Kansas, Department of Administration, Office of Procurement and Contracts. This contract is one of many existing contracts for the procurement of goods or services that have been competitively bid, negotiated and awarded by the Office of Procurement and Contracts within the Department of Administration in which all State of Kansas executive branch agencies are mandated to purchase from. KDHE has no control nor can we dictate the business operations or internal procedures that are performed within the Kansas Department of Administration in the verification of suspension and/or debarment on contracts that originate in their office.

Actions planned in response to finding: KDHE will implement a process internally to verify that vendors to which we are processing payment are not currently on the Excluded Parties List System. This verification however, will be at the point in which payment is being processed to the vendor and not at the time that the contract is awarded as KDHE is not involved in the contract award process for those contracts negotiated by the Kansas Department of Administration.

KDHE will also reach out to the Department of Administration to make them aware of this audit finding and to see what (if any) processes the department may be willing to implement in order to verify suspension and debarment on those contracts awarded by their office.

Responsible party: Kelly Chilson, KDHE Division of Management and Budget Purchasing Services Director, 785-296-1519

Planned completion date for corrective action plan: Immediately.

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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.

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.

Current Year Status: Implemented

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.

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.

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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.

Current Year Status: Implemented

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. 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.

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.

Current Year Status: Implemented

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

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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).

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

Current Year Status: Implemented

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.

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.

Current Year Status: Implemented

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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.

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 GAAO 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.

Current Year Status: Partially Implemented. Through work performed during fiscal year 2015, we did identify improvements from the prior year, however as stated in the current year comment 2015-005, additional steps should be taken to completely implement an appropriate financial statement closing process that prevents material errors. This should include all universities implementing controls to ensure financial information is complete and accurate prior to providing the information to DOA for CAFR inclusion.

2014 – 007

CFDA – Federal Program:	93.658 – Foster Care – Title IV-E
Compliance Requirement:	Eligibility
Type of Finding:	Material Weakness in Internal Control, Noncompliance

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

Current Status: Not implemented. See Finding 2015 – 012 for current year finding.

2014 – 008

CFDA – Federal Program:	93.658 – Foster Care – Title IV-E
Compliance Requirement:	Subrecipient Monitoring
Type of Finding:	Material Weakness in Internal Control, Noncompliance

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.

Current Status: Not implemented. See Finding 2015 – 013 for current year finding.

2014 – 009

CFDA – Federal Program:	93.659 – Adoption Assistance - Title IV-E
Compliance Requirement:	Eligibility
Type of Finding:	Material Weakness in Internal Control, Noncompliance

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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.

Current Status: Not implemented. See Finding 2015 – 009 for current year finding.

2014 – 010

CFDA – Federal Program: 93.575, 93.596 – Child Care Development Fund Cluster: Child Care and Development Block Grant, Child Care Mandatory and Matching Funds of the Child Care and Development Fund

Compliance Requirement: Eligibility

Type of Finding: Significant Deficiency in Internal Control, Noncompliance

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.

Current Status: Not implemented. See Finding 2015 – 010 for current year finding.

2014 – 011

CFDA – Federal Program: 93.575, 93.596 – Child Care Development Fund Cluster: Child Care and Development Block Grant, Child Care Mandatory and Matching Funds of the Child Care and Development Fund

Compliance Requirement: Eligibility

Type of Finding: Significant Deficiency in Internal Control, Noncompliance

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.

Current Status: Implemented.

2014 – 012

CFDA – Federal Program: 84.126 – Rehabilitation Services - Vocational Rehabilitation Grants to States

Compliance Requirement: Eligibility

Type of Finding: Significant Deficiency in Internal Control, Noncompliance

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

Current Status: Not implemented. See Finding 2015 – 015 for current year finding.

2014 – 013

CFDA – Federal Program: 84.126 – Rehabilitation Services - Vocational Rehabilitation Grants to States

Compliance Requirement: Procurement, Suspension and Debarment

Type of Finding: Significant Deficiency in Internal Control, Noncompliance

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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.

Current Status: Not implemented. See Finding 2015 – 016 for current year finding.

2014 – 014

CFDA – Federal Program:	93.658 – Foster Care – Title IV-E
Compliance Requirement:	Reporting
Type of Finding:	Significant Deficiency in Internal Control, Noncompliance

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.

Current Status: Implemented.

2014 – 015

CFDA – Federal Program:	17.225 – Unemployment Insurance
Compliance Requirement:	Schedule of Expenditures of Federal Awards
Type of Finding:	Material Weakness in Internal Control

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.

Current Status: Implemented.

2014 – 016

CFDA – Federal Program:	17.225 – Unemployment Insurance
Compliance Requirement:	Allowable Costs / Cost Principles
Type of Finding:	Significant Deficiency in Internal Control, Noncompliance

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.

Current Status: Implemented.

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2014 – 017

CFDA – Federal Program: 17.225 – Unemployment Insurance
Compliance Requirement: Cash Management
Type of Finding: Significant Deficiency in Internal Control, Noncompliance

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.

Current Status: Not implemented. See Finding 2015 – 020 for current year finding.

2014 – 018

CFDA – Federal Program: 17.225 – Unemployment Insurance
Compliance Requirement: Special Tests and Provisions
Type of Finding: Significant Deficiency in Internal Control, Noncompliance

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.

Current Status: Not implemented. See Finding 2015 – 021 for current year finding.

2014 – 019

CFDA – Federal Program: 17.225 – Unemployment Insurance
Compliance Requirement: Special Tests and Provisions
Type of Finding: Significant Deficiency in Internal Control, Noncompliance

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.

Current Status: Implemented.

2014 – 020

CFDA – Federal Program: 17.225 – Unemployment Insurance
Compliance Requirement: Reporting
Type of Finding: Significant Deficiency in Internal Control, Noncompliance

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 encumbranced amount for payroll expenditures. The encumbrance amounts and variance columns for payroll are to be included for reporting.

Current Status: Implemented.

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2014 – 021

CFDA – Federal Program: 17.225 – Unemployment Insurance
Compliance Requirement: Reporting
Type of Finding: Significant Deficiency in Internal Control, Noncompliance

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.

Current Status: Not implemented. See Finding 2015 – 017 for current year finding.

2014 – 022

CFDA – Federal Program: 17.225 – Unemployment Insurance
Compliance Requirement: Reporting
Type of Finding: Significant Deficiency in Internal Control, Noncompliance

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.

Current Status: Not implemented. See Finding 2015 – 018 for current year finding.

2014 – 023

CFDA – Federal Program: 93.775, 93.777, 93.778 – 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
Compliance Requirement: Cash Management, Period of Availability
Type of Finding: Material Weakness in Internal Control, Noncompliance

Current Status: Implemented.

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.

2014 – 024

CFDA – Federal Program: 93.775, 93.777, 93.778 – 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
Compliance Requirement: Reporting – SF-425 Reports
Type of Finding: Significant Deficiency in Internal Control, Noncompliance

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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.

Current Status: Not implemented. See Finding 2015 – 007 for current year finding.

2014 – 025

CFDA – Federal Program: 93.775, 93.777, 93.778 – 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
Compliance Requirement: Reporting – CMS-64 Reports
Type of Finding: Significant Deficiency in Internal Control, Noncompliance

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.

Current Status: Implemented.

2014 – 026

CFDA – Federal Program: 93.775, 93.777, 93.778 – 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
Compliance Requirement: Eligibility
Type of Finding: Significant Deficiency in Internal Control, Noncompliance

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.

Current Status: Implemented.

2014 – 027

CFDA – Federal Program: 98.855 – Research and Development Cluster
Compliance Requirement: Activities Allowed or Unallowed
Type of Finding: Significant Deficiency in Internal Control, Noncompliance

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.

Current Status: Implemented.

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2014 – 028

CFDA – Federal Program: 17.275 – Program of Competitive Grants for Worker Training And Placement In High Growth And Emerging Industry Sectors (SESPT)
Compliance Requirement: Subrecipient Monitoring
Type of Finding: Significant Deficiency in Internal Control, Noncompliance

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://kwppolicies.kansascommerce.com/Pages/Default.aspx>.

Current Status: Implemented.

2014 – 029

CFDA – Federal Program: 17.275 – Program of Competitive Grants for Worker Training And Placement In High Growth And Emerging Industry Sectors (SESPT)
Compliance Requirement: Subrecipient Monitoring
Type of Finding: Significant Deficiency in Internal Control, Noncompliance

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.

Current Status: Implemented.

2014 – 030

CFDA – Federal Program: 84.377, 84.388 – School Improvement Grants Cluster
Compliance Requirement: Reporting
Type of Finding: Significant Deficiency in Internal Control, Noncompliance

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.

Current Status: Implemented.

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2014 – 031

CFDA – Federal Program: 84.372, 84.384 – Statewide Data Systems Cluster
Compliance Requirement: Procurement, Suspension and Debarment
Type of Finding: Significant Deficiency in Internal Control, Noncompliance

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.

Current Status: Implemented.

2014 – 032

CFDA – Federal Program: 84.038 – Student Financial Assistance Cluster
Compliance Requirement: Special Tests and Provisions
Type of Finding: Significant Deficiency in Internal Control, Noncompliance

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.

Current Status: Implemented.

2014 – 033

CFDA – Federal Program: 93.719 – State Grants to Promote Health Information Technology
ARRA
Compliance Requirement: Subrecipient Monitoring
Type of Finding: Significant Deficiency in Internal Control, Noncompliance

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.

Current Status: Implemented.