



KANSAS LEGISLATIVE  
**DIVISION** *of*  
**POST AUDIT**

The Rundown podcast transcript for Performance Audit report titled ***Federal Funds: Verifying Funding for a Sample of State Employees (Limited Scope)*** – Released March 2020

**Brad Hoff, Host and Recruiting and Training Manager:** [00:00]

From the Kansas Legislative Division of Post Audit. This is the Rundown. Your source for news and updates from LPA including performance audits recently released to the Kansas Legislature. I'm Brad Hoff. In March 2020, Legislative Post Audit released a limited-scope performance audit, determining whether any state funds were used to pay salaries or benefits for a sample of state employees who were federally funded. I'm with Andy Brienzo, Principal Auditor at Legislative Post Audit, who supervised the audit. Andy, welcome to The Rundown and thanks for taking the time to discuss the audit's findings with me.

**Andy Brienzo, Principal Auditor and Supervisor:** [00:44]

Thanks, Brad. Happy to be here.

**Brad Hoff, Host and Recruiting and Training Manager:** [00:46]

Now this audit follows up on a July 2019 audit that evaluated costs associated with federal funding in selected state agencies. Take a few minutes to refresh our listeners what the main findings of that audit were.

**Andy Brienzo, Principal Auditor and Supervisor:** [01:03]

So, that audit looked at six federally funded programs in three agencies. So, it was two each from the Departments of Agriculture, Labor, and Transportation and those programs each spent between about \$700,000 and \$20 million in federal funds in fiscal year 2018, which was the time period that that team looked at. And depending on the purpose of the program, that money was spent primarily on either state employee salaries and wages, assistance to other state agencies and local governments, and then contractual services. And then the team found that half of those six programs had funding requirements that required them to spend some state money on those programs. So, they had either a state match requirement or a maintenance of effort requirement that required those agencies to spend some state dollars in addition to the federal funds that they were receiving and then all six also had to meet certain administrative and policy requirements that the federal government attached to those six programs. The federal government also put some limitations and conditions on how the agencies could spend the federal funds that they were receiving. So, that's a pretty brief overview of that audit and what I found.

The entire report of course is available on our website at [kslpa.org](http://kslpa.org).

**Brad Hoff, Host and Recruiting and Training Manager:** [02:34]

Now, fast forward to March 2020 when you completed this limited-scope audit. Talk about what a limited-scope audit is and what the audit objective was.

**Andy Brienzo, Principal Auditor and Supervisor:** [02:45]

Limited scopes are smaller than our standard performance audits, which take anywhere from about three to six months. So, a limited scope is limited to 100 staff hours and it's generally not done by an audit team like a full-sized performance audit. It's generally done by a single auditor who is overseen by a manager. And the question because the timeframe is so constricted, the question has to be pretty straight forward and something that we can really wrap our arms around and answer in a comprehensive way while meeting our audit standards within that 100 staff hour limit. So, this audit as the limited scope has a question that's kind of like that. So, it's a follow up on the full size, if you will, federal funds audit that we were just talking about a moment ago and it delves a little bit more deeply into the staff salaries and wages, which I mentioned before - one of the primary ways that the agencies were spending the federal funds that they were receiving. So, the question is whether any state funds were used to pay salaries and benefits for a sample of state employees who were federally funded. And that sample is based on the six federally funded programs that that team looked at. Now, as a reminder, those six programs were two each from Agriculture, Labor and Transportation. Within Agriculture, it was the cooperating technical partners program, which is flood mapping and the meat and poultry inspection program. From Labor, it was the Occupational Safety and Health Administration or OSHA consultation program and the unemployment insurance administration program. And then from Transportation it was the transit assistance and highway safety programs. Now, the results of our audit are not projectable to other federally funded programs. This was a judgmentally selected sample by the previous audit team. So, the results can't be projected out to all other federally funded programs either in these three agencies or in the state as a whole.

**Brad Hoff, Host and Recruiting and Training Manager:** [04:57]

Specifically, you looked at how staff who worked on these programs were paid during two pay periods in fiscal year 2018. So, what did you find?

**Andy Brienzo, Principal Auditor and Supervisor:** [05:07]

Right. So, to answer the audit question, we looked at fiscal year 2018 just like the previous federal funds audit team did, but we limited the work to two particular pay periods, one from the beginning and one from the end of that fiscal year. Looking at pay periods from the beginning and the end of the year limited the risk that what we were seeing misrepresented how these staff salaries and benefits were being paid for the rest of the year, but of course the results cannot be projected to the rest of the year. They only apply to these two particular pay periods and the pay periods were the period ending July 15th, 2017 and June 2nd, 2018. So, in each of these pay periods, over 258 staff who administered these programs. They weren't the same 258 staff because there was some staff turnover between the two pay periods, as I

mentioned, they're almost a year apart. So, it was really just a coincidence. I suppose that the two numbers were the same. These 258 staff are the ones who were involved in administering these six federally funded programs. And the way that we defined administering was staff who were involved in planning, implementing, managing, tracking, or evaluating these programs. So, generally this includes staff who spent about 20% or more of their time on these programs and the idea was to try to eliminate some of the more indirect support staff like finance or legal or IT who may have touched these programs but weren't sort of the primary staff who were administering them and ensuring they would operate successfully. So, using these 258 staff that agency officials identified for us as the staff who were administering these six programs and the two pay periods that we reviewed. We also asked agency officials to tell us how their paychecks were being paid during these pay periods. In other words, whether there was any state money being used in addition to the federal funds and what that split should look like and what the percentage ratio should be between federal funds and state funds. And for three of the programs, it was 100% federally funded according to agency officials, the flood mapping program in the Department of Agriculture, the unemployment insurance administration program and the Department of Labor and the transit assistance program and the Department of Transportation. Then there was one program that was a 75% federal, 25% state split and that was the OSHA consultation program with the Department of Labor. There was a 50-50 split between state and federal funding. That is the main poultry inspection program in the Department of Agriculture. Finally, there was one program that was actually 100% state funded-the highway safety program at the Department of Transportation. That money, even though it's fully state funds that are being used to cover those staff salaries and benefits, that money is part of the state match amount that the federal government requires for that program. So, although no federal funds were used to directly pay those staff, those state expenditures on those staff helped meet that federal requirement. So, then we took those percentage amounts and we pulled 516 paychecks. So, it was 258 staff in each pay period. So, we pulled all 516 of those paychecks from the Department of Administration. We compared what we saw on that paycheck data to what agency officials told us and we found that all 516 were what we expected to see. They reflected the percentage splits, the ratios between federal and state funds that agency officials told us we should see. There was one Department of Agriculture paycheck that was less than 1% off from what agriculture officials told us that staff paycheck should look like and they didn't know why that was, but that we determined that that was an immaterial difference. And so in reality, all 516 of the paychecks that we reviewed were paid as expected using the state and federal funding ratios that, that agency officials told us they were using.

**Brad Hoff, Host and Recruiting and Training Manager:** [09:41]

And finally, what is the main takeaway of the audit?

**Andy Brienzo, Principal Auditor and Supervisor:** [09:46]

So, we were asked a pretty straightforward yes or no question - whether state funds were used to pay salaries and benefits for a sample of state employees who were federally funded or working on federally funded programs. We found that yes, state funds are being used for a number of the staff that we looked at on our sample of six

federally funded programs. But they're being used in a way that allows the state to meet the federal requirements for these programs. It allows the state to operate these programs and provide the services to Kansans that these programs allow for. Agency officials told us the way that we should see this funding being used, the federal funding and the state funding, they told us the ratios that their staff were receiving between these two funding sources and their paychecks. And that's exactly what we saw for the two pay periods that we reviewed. So, although state funds are being use that reflects federal requirements for these programs and these staff are being paid appropriately according to how the federal government and the state agencies that administer these programs have set them up.

**Brad Hoff, Host and Recruiting and Training Manager:** [10:57]

Andy Brienzo is a Principal Auditor at Legislative Post Audit. He completed a report that determined whether any state funds were used to pay salaries or benefits for a sample of state employees who were federally funded. Andy, thank you for taking the time to walk me through this limited-scope audit.

**Andy Brienzo, Principal Auditor and Supervisor:** [11:14]

Thank you, Brad.

**Brad Hoff, Host and Recruiting and Training Manager:** [11:15]

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