



KANSAS LEGISLATIVE
DIVISION *of*
POST AUDIT

A Performance Audit Report Presented to the Legislative Post Audit Committee

Follow up Audit: Reviewing Agencies' Implementation of Selected Performance Audit Recommendations

November, 2020

Report Number: R-20-014

Introduction

The Legislative Post Audit Committee's rules include a process to check on prior audit recommendations. That process has two primary components. First, the Post Auditor is required to follow up with each agency on a quarterly basis and have officials self-report on their progress in implementing applicable recommendations. Second, the Post Auditor is required to prepare an audit proposal each year that lists "previous audit recommendations for which follow up audit work is necessary to independently ascertain whether such agency or other entity has implemented the audit recommendations."

On June 1, 2020, the Legislative Post Audit Committee approved the proposal staff prepared for that purpose, which led to this audit. The proposal included 10 recommendations from 3 of our prior audits. It involved the Kansas Department of Agriculture and the Kansas Department of Health and Environment. **Appendix A** contains the full citation for the 3 audits.

Objectives, Scope, & Methodology

Our audit objective was to answer the following question:

1. To what extent have agencies implemented selected audit recommendations for performance audits issued in recent years?

To determine if the two agencies implemented the recommendations, we interviewed agency officials and requested and reviewed documents and processes. Documentation included policies and procedures, contracts, position descriptions, and limited data requests. We held process walk-throughs with agency officials to evaluate their implementation of applicable recommendations.

We only did what was necessary to evaluate whether the agency had implemented the recommendations. We did not reevaluate the programs or the problems found in the original audit work. Therefore, a finding that a recommendation was implemented does not mean the agencies completely fixed any underlying problems.

More specific details about the scope of our work and the methods we used are included throughout the report as appropriate.

Important Disclosures

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

Audit standards require us to report our work on internal controls relevant to our audit objectives. Our work reviewed whether recommended internal controls were implemented. We did not evaluate the effectiveness of the internal controls.

The 2 agencies implemented 9 of 10 recommendations we reviewed for this audit.

The Kansas Department of Health and Environment fully implemented 4 of 5 recommendations from 2 prior audits.

In April 2018, we published 2 audits with several recommendations. The recommendations related to improving processes within the state's Medicaid program.

- The first audit found that the Kansas Department of Health and Environment (KDHE) lacked a process to ensure the accuracy of Medicaid-related data submitted by the private insurance companies managing KanCare. These private insurance companies are referred to as Managed Care Organizations (MCO). KanCare is the program by which the State of Kansas administers Medicaid.
- The same audit also found that KDHE did not require the MCOs to report the number of Medicaid clients a provider could serve. Examples of providers are a doctor's office or hospital. Without that information, it may appear Medicaid beneficiaries have access to providers even if providers are already at full capacity.
- The second audit dealt with mental health services in local jails. The audit found that KDHE was not regularly notified when Medicaid recipients entered jails. Federal law prohibits inmates from receiving federal Medicaid payments. The audit also found KDHE terminates, rather than suspends, jail inmates' Medicaid enrollment, which can disrupt their care upon release.
- To address these findings, LPA made several recommendations to KDHE. This follow-up audit evaluated the status of five specific recommendations. They can be found in **Figure 1**.

As of October 2020, KDHE fully implemented 4 recommendations. We were unable to determine the status of the last recommendation.

- We requested and reviewed documents to verify KDHE's implementation of the 5 recommendations that were part of this audit. Those documents included policy and procedures, contracts, position descriptions, staff calendar invitations, audit reports from other organizations, agency presentation materials, and system-generated reports. We also interviewed agency staff.
- **Figure 1** shows our results.

Figure 1
KDHE Implemented 4 of 5 Recommendations.

Recommendation	Status	Summary
Consider allocating additional staff resources and training dedicated to querying and assessing the accuracy of MCO claims data.	IMPLEMENTED	<p>KDHE hired at least three new staff members in 2020. These new staff filled the Medicaid Data Analyst or Quality Analyst positions. Some responsibilities of these positions include providing data analysis for quality oversight of Medicaid, examining data and reports, working with staff at the Department for Aging and Disabilities Services and the MCOs to create and maintain accurate reports.</p> <p>A vendor helped design KDHE's new Medicaid information system. We saw evidence of the vendor providing training to KDHE staff. Training included how to use tools and queries to perform various analyses that may contribute to improving data accuracy.</p>
Consider contractual penalties against the MCOs if they continue to submit inaccurate or inconsistent data.	IMPLEMENTED	<p>The KanCare 2.0 contract contains monetary penalties against the MCOs for submitting inaccurate or missing data. Penalties include \$500 a business day for inaccurate data or \$5,000 a quarter for missing data.</p>
Because it could impact Medicaid eligibility, KDHE should collaborate with local sheriffs to develop a plan for providing KDHE with entry and exit notification from jails. If notification requires substantial additional resources or changes to KEES, KDHE should present a final plan to the Legislature during the 2019 legislative session. Otherwise, KDHE and local jails should begin implementing a new notification process by July 1, 2020.	IMPLEMENTED	<p>In August of 2019, KDHE implemented a data exchange contract with APPRISS. The exchange allows KDHE to receive notification when Medicaid beneficiaries enter or exit a local jail. Each month an updated watchlist is provided to APPRISS. APPRISS compares this list against incarceration information. The matches are made available to KDHE's specialized unit each morning. This staff unit processes cases that appear in the daily report.</p> <p>KDHE made a presentation about the change on November 19, 2019 to the Bob Bethell KanCare Oversight Committee.</p>

<p>Develop provider capacity requirements and collect and evaluate provider capacity data.</p>	<p>IMPLEMENTED</p>	<p>KDHE collects data on a quarterly basis from all 3 MCOs. Part of the data MCOs are required to provide includes a provider's capacity for patients and the number of patients currently being served. The MCOs also report if the provider is accepting new patients.</p> <p>KDHE staff evaluate provider capacity by comparing patient capacity with patients being served. Staff also try to identify capacity issues by reviewing data by provider types and by geographic area.</p> <p>Our recommendation for KDHE to work with the Centers for Medicare & Medicaid Services (CMS) to develop provider capacity requirements is not applicable at this time. KDHE staff told us CMS has not set specific provider capacity requirements.</p>
<p>Develop a process to periodically query and review reported claims data to ensure the data is accurate, complete, and reliable enough to be used for management and policymaker decisions.</p>	<p>UNDETERMINED</p>	<p>KDHE has been working to transition their old information system (MMIS) system to a new system (KMMS). KDHE staff also reported implementing enhanced reporting capabilities, updating programming to enforce claims requirements, and taking over some of the processing components of the system from the contractor. They said these steps have improved the accuracy and reliability of Medicaid data.</p> <p>However, we could not determine whether KDHE's new processes and actions improved Medicaid claims data accuracy or reliability. Determining this would require us to conduct a more comprehensive audit.</p>

The Kansas Department of Agriculture Implemented all 5 recommendations.

In December 2018, we published an audit with 5 recommendations related to improving the consistency of animal facility inspections and penalties throughout the state.

- The audit found that a lack of policies and procedures in the Animal Facilities Inspection (AFI) Program created a potential for inconsistent animal facility inspections. Additionally, this created a condition where not all animal facilities were penalized consistently and appropriately.
- The audit also found some changes related to staffing levels, staff performance, and staff training could help the program operate more effectively and efficiently.
- To address these findings, we made 5 recommendations, found in **Figure 2**.

As of September 2020, KDA fully implemented all 5 recommendations.

- We requested and reviewed documents to verify KDA's implementation of LPA recommendations. Documents included an updated policy and procedures manual, inspection checklists, performance review documents, meeting agendas, email correspondence, and position descriptions. We also interviewed agency staff. Additionally, KDA staff demonstrated their monitoring tools and techniques for inspections and penalties.
- **Figure 2** shows our results.

Figure 2
KDA Implemented 5 of 5 Recommendations.

Recommendation	Status	Summary
Update the Animal Facilities Inspection Program's policy and procedure manual related to consistent inspections and appropriate penalties.	IMPLEMENTED	The AFI Program completed updates to their policy and procedures manual in August of 2020. The manual contains detailed sections about conducting inspections and determining if a violation occurred. It also contains a legal penalty matrix. This matrix outlines fines for unsatisfactory inspections. It also indicates when a revocation or suspension of a license should occur.
Create a process to establish annual performance goals for inspectors.	IMPLEMENTED	The AFI program created three new task objectives as part of evaluating inspectors' performance. These goals include performing routine and complaint inspections within specific timeframes and completing inspection documentation by its due date. These and other performance goals must be reviewed with inspectors during their annual performance evaluations.
Create a process to monitor that all inspections and penalties are timely and appropriate.	IMPLEMENTED	<p>The AFI Program uses a database tool that provides a weekly report of upcoming inspection due dates. This report is used by inspectors to plan and complete their inspections on time. The program manager also uses the report to make sure inspections are completed on time.</p> <p>The AFI program monitors penalties using their database and the database home screen. However, part of the process relies on the agency's legal department staff and systems. We learned legal staff primarily use a paper filing system to ensure legal actions are completed on time. They also use Outlook Calendar invitations to manage deadlines. Lastly, legal staff also maintain a shared spreadsheet that allows AFI program staff to monitor legal actions.</p>
Work with Kansas State University to provide the statutorily required training.	IMPLEMENTED	The AFI Program offers continuing education training in conjunction with KSU. Those who are licensed through the AFI program may attend the training. A continuing education training was offered in July of 2019. Another training was offered in September of 2020. The 2020 training opportunity was published on the KDA website.

Consider requesting an investigative inspector position.	IMPLEMENTED	KDA created a new investigator position and posted it as open in early 2020. The position was not filled because of the budgetary concerns created by the COVID-19 pandemic.
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Recommendations

We did not make any recommendations for this audit.

Agency Response

On September 24, 2020 we provided the draft audit report to the Kansas Department of Health and Environment and to the Kansas Department of Agriculture.

Officials at the Kansas Department of Agriculture generally agreed with our findings and conclusions. Their response follows.

The Kansas Department of Health and Environment disagreed with several sections in the draft. Officials provided additional information that resulted in changes to one finding and eliminating another draft component. Officials chose not to provide a formal response.

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Mike Beam, Secretary

Laura Kelly, Governor

October 9, 2020

Justin Stowe
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Mr. Stowe:

Thank you for the opportunity to review the draft report of the performance audit, "Follow up Audit: Reviewing Agencies' Implementation of Selected Performance Audit Recommendations" related to improving the consistency of Animal Facilities Inspection (AFI) inspections and penalties throughout the State of Kansas.

We appreciate the professional skills of the Legislative Post Audit (LPA) staff who performed and wrote the audit. We would especially like to thank the auditors for their depth of review and willingness to consider additional materials and explanations presented by the Kansas Department of Agriculture (KDA) staff. Macie Smith was persistent but courteous and worked hard to investigate the innerworkings of the AFI Program. This approach has led to a report that properly outlines KDA's efforts in responding to and implementing the 2018 LPA Audit recommendations.

As such, KDA agrees with the findings of LPA's draft performance report.

We appreciate the opportunity to provide comments on the findings of the audit. KDA will continue to support the pet animal industry and to uphold its obligations to the State of Kansas.

Sincerely,

Mike Beam
Secretary of Agriculture

Dr. Justin Smith
Animal Health Commissioner

Appendix A – Cited References

This appendix lists the major publications we relied on for this report.

1. [Medicaid: Evaluating KanCare's Effect on the State's Medicaid Program](#) (April, 2018). *Kansas Legislative Division of Post Audit*.
2. [Community Mental Health: Evaluating Mental Health Services in Local Jails](#) (April, 2018). *Kansas Legislative Division of Post Audit*.
3. [Department of Agriculture: Evaluating the Animal Facilities Inspection Program](#) (December, 2018). *Kansas Legislative Division of Post Audit*.