The Rundown podcast transcript for a performance audit report titled ***Follow up Audit: Reviewing Agencies' Implementation of Selected Performance Audit Recommendations*** – Released November 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 November 2020, Legislative Post Audit released a follow-up performance audit reviewing agencies' implementation of selected performance audit recommendations. I'm with Macie Smith, auditor at Legislative Post Audit who completed the audit report. Macie, welcome to The Rundown and thanks for taking the time to discuss the audit's findings with me.

Macie Smith, Supervisor and Auditor: [00:40]
Thank you so much for having me.

Brad Hoff, Host and Recruiting and Training Manager: [00:43]
This audit report is a follow-up report where you reviewed agencies' implementation of selected performance audit recommendations. Take some time to kind of talk about the three audits that you reviewed and the state agencies involved.

Macie Smith, Supervisor and Auditor: [01:01]
So, we looked at the recommendations LPA made for three audits and those audits were all from 2018. So, two audits involved the Kansas Department of Health and Environment and they were evaluating KanCare's effect on the state Medicaid program and the second was evaluating mental health services in local jails. The third audit was evaluating the animal facilities inspection program for the Kansas Department of Agriculture. I do want to point out one item before moving on that I believe is important to helping understand this audit. Our audit work looked to see if the agencies implemented our recommendations. So, basically did the agencies do something, yes or no? And then we reported on that. We did not evaluate if or how well that something was or was not working.

Brad Hoff, Host and Recruiting and Training Manager: [02:02]
Okay. Thanks for clarifying that. So, let's begin discussing the two performance audits involving KDHE. So, both audits were reported in April of 2018 and they included recommendations intended to improve processes within the state's Medicaid program. So, explain what you found in your follow-up work and what

KDHE officials are doing to implement LPA's recommendations from that original audit.

Macie Smith, Supervisor and Auditor: [02:31]
Sure. There were three recommendations that address the accuracy of data submitted by the managed care organizations. And those are the private insurance companies that manage KanCare. So those are MCOs for short. If I use that acronym, we look to see if KDHE allocated new staff and providing training to their staff for looking at claims data submitted to the MCOs. We also looked to see if KDHE had penalties for MCOs if they submitted inaccurate data. And then finally, if KDHE had developed a process to review the data submitted. We found that KDHE had implemented those first two. I talked about allocating and training staff, and then having penalties for inaccurate data on the last one, KDHE staff told us that there were updates and improvements made to their information systems that helped enforce the data requirements. Thus, that improved the data accuracy. However, we could not determine if KDHE had implemented these things because that would have required a more comprehensive audit. We also looked to see if KDHE had developed provider capacity requirements and if they were collecting and evaluating that provider capacity information. KDHE does collect and evaluate provider capacity information, but determining if KDHE developed requirements is not applicable at this time. In the original audit, developing those requirements was tied to CMS developing those requirements. Now, CMS is the Centers for Medicare and Medicaid services and that's the federal agency that oversees those programs. So, KDHE staff reported that CMS had not set those requirements yet.

Brad Hoff, Host and Recruiting and Training Manager: [04:37]
Now the second audit related to providing mental health services in local jails. Specifically, one of the findings of that audit was that KDHE officials are not regularly notified when Medicaid recipients enter jails. So why was this a problem finding and what did you find that KDHE officials are doing to address this recommendation?

Macie Smith, Supervisor and Auditor: [05:03]
So, not being notified when a Medicaid recipient enters or exits jails is important because of a federal law that prohibits inmates from receiving Medicaid payments. We've found that KDHE worked to implement a data exchange that notifies them when Medicaid beneficiaries enter or exit local jails. So, KDHE receives those daily reports and have a specialized unit to review those.

Brad Hoff, Host and Recruiting and Training Manager: [05:34]
And then the third audit you followed up on involved the Department of Agriculture. So, LPA released an audit back in December of 2018 that included recommendations for the Department of Agriculture and its officials to improve the consistency of animal facilities, inspections, and penalty throughout the state. So, take some time to explain the findings of that audit [and] also the recommendations that LPA made and the status of those recommendations.

Macie Smith, Supervisor and Auditor: [06:07]
These recommendations were specific to the animal facilities inspection program or

AFI. They implemented all five of our recommendations. And so I'll just walk you through those. First, we recommended that the AFI program update their policy and procedure manual. They did that. It now has detailed sections on conducting inspections, determining if a violation occurred. And it also contains in it a legal penalty matrix second, per our recommendation, they created three new tasks objectives for their inspectors annual performance evaluations. So you might think of those as goals that they look at, and those goals address inspection timeliness. We also recommended that the AFI program create a process to monitor that inspections and penalties are timely and appropriate. AFI uses a weekly report that comes out of a database they use for tracking and storing a number of items for the program. So inspectors use that report to plan inspections. And then the program manager uses that report to make sure inspectors are completing inspections on time. Now, that same database, not the report, but the database is also used to monitor penalties. However, we did find that part of the penalty process relies on the agency's legal department and that department, that legal department, primarily uses a paper filing system to ensure those actions are completed on time. The fourth recommendation was to work with K-State to provide statutorily required training. They are doing this and worked with K state to provide that training both in 2019 and 2020. Finally, we recommended that the AFI program consider adding an investigative inspector position, and that position would be to focus on non-licensed facilities, but like everything else in 2020, it was affected by the COVID pandemic. KDA posted that position, but they did not fill it because of budgetary concerns caused by the pandemic.

Brad Hoff, Host and Recruiting and Training Manager: [08:35]
Finally, what is the main takeaway of this follow-up report?

Macie Smith, Supervisor and Auditor: [08:41]
I think just kind of at a high level, seeing that KDHE implemented four of the five recommendations that we had given, but then that fifth recommendation we couldn't determine if it was or wasn't implemented. And then that AFI (Animal Facilities Inspection) program implemented five of five recommendations.

Brad Hoff, Host and Recruiting and Training Manager: [09:05]
Macie Smith is an auditor at Legislative Post Audit. She completed a follow-up performance audit report, reviewing agency's implementation of selected performance audit recommendations. Macie, thank you for taking the time to visit The Rundown studio and walking me through your findings.

Macie Smith, Supervisor and Auditor: [09:24]
Sure. Thank you so much for having me.

Brad Hoff, Host and Recruiting and Training Manager: [09:26]
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