



# MEMORANDUM

## Legislative Post Audit

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TO: Members, Legislative Post Audit Committee  
FROM: Katrin Osterhaus, IT Audit Manager  
DATE: September 16, 2025  
SUBJECT: KDHE Early Childhood Data Integration and System Enhancement IT Project (monitoring period April 1 through June 30, 2025)

Our primary aim in monitoring IT projects is to identify when a project is at risk of failure due to scope, schedule, or cost. By communicating our concerns to the agency, legislators, and other stakeholders we hope to help improve the project's health. Our secondary objective is to evaluate whether monitored IT projects have adequately planned for security controls. We started monitoring the Early Childhood Data Integration and System Enhancement project in January 2024.

### Project History

- **The outdated Child Care Licensing and Regulation Information System (CLARIS) has significant limitations.** The Kansas Department of Health and Environment (KDHE) and the Department for Children and Families (DCF) jointly use CLARIS for their child care and foster care licensing programs. This includes processing child care or foster care facility applications and renewals, recording inspection results, requesting and maintaining background check information for licensees, and following up on facility complaints.

Due to the system's age and outdated coding practices, the 2 agencies struggle keeping up with regulatory requirements, and can't provide flexible and real-time reports (e. g. number of licensed childcare providers in western Kansas). Other problems include slow application and case management processing, reduced customer service, and lengthy staff training to navigate the system.

- **In January 2024, KDHE signed a \$4.3 million contract to provide a Software as a Service solution through GL Solutions.** In early January 2024, KDHE signed an agreement with GL Solutions for \$4.3 million to develop the needed licensing solution, using Software as a Service (SaaS). SaaS allows KDHE to rely on the vendor to provide and maintain the licensing software via the internet and cloud storage. SaaS avoids entities having to purchase, install, and maintain software in-house, and instead pay a vendor a subscription fee for the software. On January 19, 2024, KDHE approved the purchase order.

### Monitoring Results

- **As of June 30, 2025, the project has moved into Caution status for Cost and Schedule, but Scope and Quality appear to remain adequate.** Our assessment

is based on reviewing various project artifacts and attending status meetings through June 30, 2025. We also met with key stakeholders for their assessment of the project's progress.

- **As of June 30, 2025, the project continues to be satisfactory for Scope, despite significant developments during the past quarter.**

- The initial project scope was agreed on by both parties and appeared appropriate. At a high level, the scope includes replacing CLARIS with a comprehensive software licensing system for child care and foster care. Components include processing various types of applications, renewals, surveys, as well as other processes (e.g. KORA requests, background checks, complaints, investigations, and various levels of enforcement).

The scope also included creating 10 “interfaces” (connections) to and from external computer systems and agencies, such as the DCF Child Abuse Registry, Kansas Bureau of Investigation (for background checks), Kansas Eligibility Enforcement System (for medical and social service programs), and PayIt (the state’s portal for certain government online payments). Lastly, the project scope includes a full year of standard hosting and support services once the system goes live.

- Since work began on the project, the parties agreed to 17 change requests using a structured change control process. Of those, 4 were approved during this monitoring period. 8 of the 17 changes will increase the cost while the other 9 were no-cost changes. The approved changes reflected a mix of tasks that needed re-engineered, new or additional functionalities that weren’t part of the initial project plan, or changes in the plan or schedule. Throughout the reporting period, both parties used a formalized change control process to suggest, discuss, and decide on potential scope changes. KDHE also rejected 7 change requests since the project started.
- The 2025 Legislature passed HB 2045 in April, which required the project scope to change in a number of ways. The bill established the Kansas Office of Early Childhood as a new state agency. Further, the bill updated the laws regulating child care centers, and it created a pilot program for child care facilities or youth development programs. In June, the parties agreed to a change request. Examples of the necessary changes include updating regulatory language for surveys and measuring tools, removing child care application, renewal, and late fees for various child care programs, adding processes to expedite applications for certain child care applicants, and rebranding the School Age Drop In Program. Stakeholders agreed that these changes will delay the project schedule (discussed further below).

A second change request related to HB 2045 was pending as of the end of the reporting period. State officials deliberately separated certain components into this secondary change request. That’s because of the

many questions and uncertainties in creating a new state agency which will ultimately be responsible for this IT system. Stakeholders anticipate the identified changes will receive input from the transition team, and for agreed-upon changes to be implemented after the go live date. We noted state officials appeared to navigate this process judiciously.

- **As of June 30, 2025, the project was in caution for Cost because revised estimates exceed the state's initial \$5 million cost estimate.**
  - Through the end of the reporting period, the state has paid about \$1.1 million of the \$4.3 million fixed-price contract. The statement of work lists 25 deliverables, including the creation of the project plan, as well as various system configuration, data conversion, testing, and training deliverables. Each of the deliverables had acceptance criteria and an associated cost. Through June 30, 2025, the state accepted and fully paid for 6 deliverables and made partial payments on 3 others because those tasks were not fully complete or accepted (this includes the Test and Training management plans).
  - Through the end of the reporting period, the state approved 8 change requests that added nearly \$600,000 to the estimated project cost. This includes about \$384,000 for tech support/licensing fees for 1 year after the project goes live. This cost wasn't included in the original contract, but is typical for a "Software as a Service" system. The contractor charges those subscription fees to maintain the system and storage for the state. State officials approved another \$62,000 change request to revise certain system components due to HB 2045. State officials told us they carefully studied the contractor's initial cost estimate and were able to reduce that estimate significantly. Officials also decided to split the work into 2 change requests based on the criticality to go live. As mentioned above, stakeholders were still deliberating on the 2<sup>nd</sup> change request, which had an estimated price tag of about \$150,000 as of June 30.
  - The project's estimated monitoring costs are likely to increase by nearly \$38,000. The original project included 10 quarterly project management fee payments for the Kansas Information Technology Office (KITO). KITO assesses those fees for reportable IT projects state agencies carry out. KITO also levies a surcharge, bringing monitoring costs to about \$17,250 each quarter. Due to schedule delays discussed below, we think the project will likely have at least 2 additional quarterly reports. As a result, the project will incur about \$207,000 total in KITO project fees, nearly \$38,000 more than originally planned. Through the end of this reporting period, KDHE has made 4 quarterly monitoring payments to KITO.
  - As of June 30, 2025, the total estimated cost of the project has exceeded the original \$5 million in available federal grant moneys by about \$52,000. That's excluding the estimated \$150,000 for additional changes due to HB

2045. Officials told us they are aware and are monitoring the estimated costs closely. This includes ensuring that federal grant funds are spent by the 2026 deadline. According to KDHE officials, the state was able to use some remaining funds from the childcare and developmental fund within the Department for Children and Families, and some state general funds within KDHE at the end of the fiscal year. Officials also noted that so far, the state has spent only \$1.3 million, indicating their careful approach of only making payments for services received.

Nevertheless, because the cost estimate has exceeded the original budget of \$4.4 million and exceeded the \$5 million in available federal funds, we consider the project in caution status for cost.

- **As of June 30, 2025, the project is in **caution for Schedule** because delayed tasks and changes from HB 2045 will necessitate another schedule revision.**
  - The original completion date of October 2025 was pushed back to early March 2026. The vendor's schedule envisioned an initial go-live date in June of 2025, with reporting and other deliverables completed by October 2025. As a result of several milestones slipping in the last half of 2024, both parties agreed to extend the project. The new schedule pushed the go live date to October 10, 2025, and the project's final completion date is expected early March, 2026 (about 4 months past the original date).
  - Over the past 6 months, several sub-tasks had slipped past their due dates. At the end of this monitoring period, the project schedule showed 7 of 19 milestones with missed sub-task deadlines. These include applications and renewals, shared surveys, and childcare subsidy components. Two major tasks (data conversion and training) were supposed to be completed during this quarter but hadn't started yet. Contract officials stated delays are largely due to state officials requiring multiple design or other documentation changes, which means tasks to take longer than the 10 business days anticipated in the contract. State stakeholders said the contractor hasn't always made the requested changes, or didn't submit documentation that was complete or accurate, leading to a more iterative process than initially envisioned.

We also noted several tasks have stagnated with the contractor. That may be because of other task dependencies or due to approved change requests. However, state officials haven't been able to get explanations from the vendor regarding those delayed tasks.

- The Carematch interface component, estimated to have been completed at the end of May, still hadn't started. That's because the task necessitated a contract amendment which in turn required review and approval from the Chief Information Security Officer and the state's procurement division. Carematch is the placement matching process within DCF's foster care

services. Stakeholders reported the contract amendment was approved at the end of June. This allows this interface to move forward to be designed and built, but with significant delays from the current schedule.

- With many slipped tasks and additional work or rework due to HB 2045, the parties agreed to recast the schedule again. The contractor provided the state a proposed schedule revision on June 24, with a new go-live date of January 23, 2026. However, officials noted the schedule was missing key components, such as training and data conversion tasks. The schedule also lacked several processes already scheduled to happen after the go-live date, leading to a missing project completion date. In discussing those issues with the vendor, state officials requested building in the second change request for HB 2045 to better understand its effect on the final completion date. As of the end of the monitoring period, the parties hadn't yet finalized the recast schedule. Because current deadlines are clearly in jeopardy, we consider the project in caution status for schedule.
- **As of June 30, 2025, the project is satisfactory in Security, but specific checks for that are not called out in the project schedule or deliverables.**

- The signed license agreement includes a security section for the software which appears to be comprehensive. That section requires GL solutions to provide a "good faith effort to meet applicable NIST 800-53, SOC I, and SOC II standards to prevent unauthorized access to, and use or modification of, the software and data." NIST 800-53 security standards are wide-ranging and detailed. As such, it is likely they surpass the state's current ITEC requirements.

The section also outlines 22 specific provisions GL Solutions must provide or ensure. Those include user ID and access controls, security awareness training, audit logs, backup protocols, and incident response programs. Additional provisions include physical security measures, monthly vulnerability scans, encryption for transmitted data, malware protection, annual security audits. Although the signed contract does not require the vendor specifically to meet state security requirements, it's likely that given these provisions, the software will include satisfactory security controls.

- State officials have started discussing security related activities, but the project schedule and deliverables don't include specific assessments. During the weekly status meetings this quarter, security-related topics were discussed at least once during this quarter. Officials also noted their review of design documents include things like role-based permissions. KDHE's Chief Information Officer also told us he has requested access to the contractor's System and Organization Controls and Federal Risk and Authorization Management Program reports. These types of reports provide an independent review of the contractor's security posture and compliance with certain security control standards.

However, the project plan does not include any tasks or subtasks related to security compliance checks. Similarly, none of the 25 contract deliverables specifically involve security compliance. The project schedule includes one single sub-task labeled security. This sub-task is marked complete. As interface development, system configuration, data conversion, and user acceptance testing are starting or progressing, the state should ensure the contractor complies with the state's security standards.

#### Other Findings

- **KITO's Project Approval and Reporting System (KARS) continues to provide outdated and inaccurate information for this project.** KARS was designed to facilitate the review and approval process for state IT projects, as well as enable monitoring efforts for major projects. State agencies are required to report all planned projects for approval, and to assess their need for ongoing monitoring, based on project risk. KITO charges quarterly monitoring fees for active projects with a higher risk score.

The KARS system is supposed to have up-to-date information to help with oversight. Agency project managers are required to update KARS with individual project information quarterly. In turn, KITO staff are supposed to ensure updates are made, and the information is complete. However, as of early July 2025, we again noted issues with the system's accuracy and timeliness:

- The page number links within the KARS system still didn't work (a problem noted during the June 12, 2025 Joint Committee of Information Technology meeting). This problem is not isolated to this IT project.
- The project document link within the KARS system brings up a page that appears to have been last updated in April of 2024. Information on that page reflects the system's status in green, and lists the original completion date of October 2025 rather than the current March 2026 milestone.