



MEMORANDUM

Legislative Post Audit

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TO: Members, Legislative Post Audit Committee
FROM: Katrin Osterhaus, IT Audit Manager
DATE: November 10, 2025
SUBJECT: KDHE Early Childhood Data Integration and System Enhancement IT Project (monitoring period July 1, 2025 through October 15, 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- **The outdated Child Care Licensing and Regulation Information System (CLARIS) has significant limitations.** The Kansas Department of Health and Environment (KDHE) and the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Due to the system's age and outdated coding practices, the 2 agencies struggle keeping up with regulatory requirements, and can't provide flexible and real-time reports (e. g. number of licensed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 October 15, 2025, the project remains satisfactory for Scope, but Cost and Quality are in Caution status, and Schedule is in Alert status.** Our assessment is based on reviewing various project artifacts and attending status

meetings through October 15, 2025. We also met with state stakeholders for their assessment of the project's progress. We were not able to meet with contractor staff because both contractor staff canceled their interviews due to other commitments. As a result, we were unable to get their opinions on various project issues for this reporting period.

o **As of October 15, 2025, the project continues to be satisfactory for Scope.**

- 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 19 change requests using a structured change control process. Of those, 2 were approved during this monitoring period. 9 of the 19 changes will increase the cost while the others 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.
- The 2025 Legislature passed HB 2045 in April, which resulted in 2 change requests. The bill established the Kansas Office of Early Childhood as a new state agency. Further, the bill updated the laws regulating childcare centers, and it created a pilot program for childcare facilities or youth development programs. In June and July, the parties agreed to 2 change requests, respectively. Examples of the necessary changes include updating regulatory language for surveys and measuring tools, removing childcare application, renewal, and late fees for various childcare programs, adding processes to expedite applications for certain childcare applicants, and rebranding the School Age Drop In Program. Stakeholders agreed that these changes will delay the project schedule (discussed further below). Lastly, the parties agreed to implement certain changes related to HB 2045 to after the go-live date.

- **As of October 15, 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 \$2.3 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 October 15, 2025, the state accepted and fully paid for 10 deliverables. The state made partial payments on 3 others because those tasks were not fully complete or accepted (this includes the Test and Training Management plans and Interface Design).
 - The state has paid about \$29,000 for 2 of the approved 9 change requests which added about \$800,000 to the estimated project cost. The 9 change requests include about \$384,000 for tech support/licensing fees for 1 year after the project goes live. The state also approved 2 change requests totaling \$273,000 to revise certain system components due to HB 2045. The 2 changes that were paid thus far related to online childcare fee and grant payment processes.
 - Through the end of this reporting period, the state has paid the Kansas Information Technology Office (KITO) a little over \$86,000 of the estimated \$190,000 in monitoring costs. 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 the schedule delays discussed below, the estimated monitoring fees increased from \$169,100 to about \$190,000. Through the end of this reporting period, KDHE has made 5 quarterly monitoring payments to KITO, for a total of \$86,231.
 - As of October 15, 2025, the total estimated cost of the project exceeded the original \$5 million in available federal grant moneys by about \$246,000. The original estimated project cost was \$4.4 million which included the fixed price contract and KITO monitoring costs. This left a bit of cushion given the \$5 million federal grant. With the roughly \$800,000 in additional change request costs and higher monitoring costs, the revised project cost reached \$5,246,000 million. Officials told us they are aware and are monitoring the estimated costs closely. Officials noted they only make payments for services received, and that so far, the state has spent \$2.4 million (46%).

Nevertheless, because the cost estimate has exceeded the original budget, we consider the project in caution status for cost.

- **As of October 15, 2025, the project is in alert for Schedule because the project is behind, and stakeholders have not established a realistic recast timeline.**

- The original completion date of October 2025 was pushed back to early March 2026. The vendor's original schedule envisioned a 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). This initial recast was approved by KITO.
- During this reporting period, stakeholders agreed to revise the schedule again due to several missed deadlines in the second quarter. During the 2nd quarter, 2025, the 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.
- The contractor's new schedule has a go-live date of February 2026, and final completion early June 2026, but it is neither complete nor realistic. The contractor's revised schedule includes 2 new components that are scheduled to be completed after the scheduled go-live date. Those new tasks are in part related to HB 2045 discussed earlier. However, it leaves out 2 tasks from the original schedule. Additionally, discussions with stakeholders indicate certain sub-task deadlines have not been met during this reporting period. The User Acceptance Training task also appears to be vastly under-scheduled and will likely delay the current completion deadline. Knowing the new schedule is inaccurate and unrealistic, KDHE officials have opted not to ask KITO to approve it.

Because current deadlines are not realistic, and because KDHE officials struggle to establish more realistic timelines, we consider the project in alert status for schedule.

- **As of October 15, 2025, the project is in caution for Quality because User Acceptance Testing detected many defects, and security compliance hasn't received much attention.**

- The first 2 weeks of User Acceptance Testing (UAT) have detected over 600 defects and state officials don't have sufficient insight into remediation. UAT started at the beginning of October and involves several sessions each day. When scenario walk-throughs encounter problems, they are logged as "issues" (aka defects or bugs). Examples are screen inputs not properly saving, fields not being properly formatted, or missing or broken links to guidance/instructions for individuals using the system. Identifying defects is a normal process of UAT. The current schedule allows 60 days for UAT, 15

days for corrections, and 5 days for verification. State officials have expressed concerns at the rate of the growing issues list. Within the first 2 weeks of testing, nearly 640 items were logged. More importantly, most of them hadn't been categorized, and work hasn't started to remediate them as of October 15.

KDHE and DCF officials also said they aren't sufficiently involved in prioritizing the defects. They also voiced concerns about not being able to test the system independently, outside the contractor's specific test scenarios. As a result, they haven't been able to measure the speed and efficiency of defect remediation (generally, defect fix rate should outpace defect discovery rate). Given the current status, those timeframes appear to be severely underestimated. Contractors have promised the state a plan to work through these (and future bugs) by the end of October, which should help determine how that work may impact the overall schedule.

- 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.
- During this reporting period, some work was completed to assess security compliance. The project schedule only includes one single sub-task labeled security. This sub-task is marked complete. Similarly, none of the 25 contract deliverables specifically involve security compliance. State officials have reviewed the SOC report from the vendor in July to gain some assurances regarding security compliance. However, the project manager told us that additional security activities haven't been a priority, in part due to the UAT issues the project encountered. Lastly, the list of bugs within the first 2 weeks of UAT identified missing security groups for user accounts among several other bugs that may impact security.

As interface development, data conversion, and UAT are starting or progressing, security compliance should become a higher priority. That's because the state must complete a risk assessment to evaluate security compliance before it places the system into service. Proactively identifying and mitigating unacceptable security risks helps prevent extensive re-engineering or retrofitting controls which may increase costs.

Other Findings

- **KITO's Project Approval and Reporting System (KARS) continues to have errors providing project information.** 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 mid-October 2025, we noted the page number and project document links within the online dashboard didn't work (a repeat problem). This problem is not isolated to this IT project. The KITO website for the summary of all IT project quarterly reports also worked only intermittently in October.