



MEMORANDUM

Legislative Post Audit

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TO: Members, Legislative Post Audit Committee (LPAC)
FROM: Katrin Osterhaus, IT Audit Manager
DATE: May 18, 2026
SUBJECT: **Close out – Canceled IT Project
KDHE Early Childhood Data Integration & System Enhancement**

During the last quarter, the Early Childhood Data Integration and System Enhancement project deteriorated significantly. As part of our project monitoring function, we started tracking this project since January 2024. During the monitoring period October 15, 2025 through January 31, 2026, we determined the project Schedule, Cost, and Quality reached Alert status. Specific issues included missed milestones without realistic schedule revisions, cost overruns, and significant quality problems during User Acceptance Testing (UAT), data conversion and interface deliverables. We reported our concerns to LPAC on February 19th, outside a regularly scheduled meeting and to other stakeholders directly.

Our monitoring results over the past several years are shown below:

LPA Monitoring period	Scope	Schedule	Cost	Quality/ Security
1/1/24 – 4/1/24	Satisfactory	Satisfactory	Satisfactory	Satisfactory
4/1/24 – 6/30/24	Satisfactory	Caution	Satisfactory	Satisfactory
7/1/24 – 12/31/24 (a)	Satisfactory	Satisfactory	Satisfactory	Satisfactory
1/1/25 – 4/1/25	Satisfactory	Satisfactory	Satisfactory	Satisfactory
4/1/25 – 6/30/25	Satisfactory	Caution	Caution	Satisfactory
7/1/25 – 10/15/25 (b)	Satisfactory	Alert	Caution	Caution
10/15/25 - 1/31/26	Satisfactory	Alert	Alert	Alert

- (a) There was insufficient progress during the 3rd quarter to warrant a 3-month monitoring report.
- (b) We extended the monitoring period to be able to report new UAT information.

KDHE officials recently informed stakeholders they canceled the contract with GL Solutions due to the vendor’s inability to meet state needs and contract requirements. On February 25, the agency’s chief counsel sent the contractor a “notice to cure” letter. The demands included project management information, as well as making the change request assessment process transparent. KDHE also required explanations for schedule change requests, and improved UAT completion processes. Throughout the quarter, the parties worked on 2 change requests as a result of poor UAT in the previous quarter. KDHE’s letter informed the contractor that both change requests were rejected due to missing justifications. During periodic meetings following the notice, we observed continued difficulties between

the parties in reconciling the status on remediating the large number of bugs identified in the first round of UAT.

On April 13, the Department of Administration's Office of Procurement and Contracts terminated the contract between GL Solutions and KDHE, pursuant to the agreement, effective May 13. In a memo to stakeholders, KDHE officials noted this decision was due to a lack of transparency related to how much work was getting done and when deliverables would be completed. Other issues included poor quality of deliverables, and a lack of consistent technical assistance.

KDHE paid nearly \$3.2 million toward the revised project cost of \$5.5 million using mostly federal monies. Payments included \$2.8 million for 16 deliverables, and nearly \$222,000 for 7 approved and accepted change requests. KDHE also paid nearly \$121,000 in quarterly monitoring fees to the Kansas Information Technology Office.

According to KDHE's documentation, \$2.7 million (86%) came from the federal American Rescue Plan Act (ARPA) grant, and another \$121,000 came from federal childcare and development funds. About \$340,000 was paid using the State General Fund. With the contract canceled, planned expenditures for the remaining 9 contract deliverables, 3 change requests that were in progress, and 4 additional quarterly KITO monitoring fees won't be paid.

Given KDHE's cancellation of the project, we stopped our monitoring efforts. KDHE and DCF plan to revert to the old CLARIS computer system. KDHE anticipates using the remaining balance of \$2 million in federal ARPA grant funds to stabilize that system by updating servers and licenses, meeting compliance requirements, and enhancing the system, including improved user experiences. These funds were set to expire by November 30, 2026. Officials told us this played a role in their decision to terminate the contract.

History

We monitored the Early Childhood Data Integration and System Enhancement project since January 2024. The Kansas Department of Health and Environment (KDHE) and the Department for Children and Families jointly use an old Childcare Licensing and Regulation Information System. This includes processing childcare or foster care facility applications and renewals, recording inspection results, requesting and maintaining background check information for licensees, and following up on facility complaints. The system's age and outdated coding practices make it difficult to produce reports. Other problems include slow case management processing and reduced customer service. In January 2024, KDHE signed a \$4.3 million contract to provide a Software as a Service solution through a contractor (GL Solutions).

As the chart on page 1 shows, the project started well, but then began to deteriorate in mid 2025.