

MINUTES OF THE SENATE COMMITTEE ON GOVERNMENTAL ORGANIZATION

The meeting was called to order by Chairperson Al Ramirez at 1:30 p.m. on March 8, 1994 in Room 531-N of the Capitol.

All members were present except: Senator Bogina

Committee staff present: Julian Efird, Legislative Research Department
Fred Carman, Revisor of Statutes
Jackie Breymeyer, Committee Secretary

Conferees appearing before the committee: Senator Paul Bud Burke
Orion Jordan, Div. of Facilities Management
Department of Administration
Barbara Hinton, Legislative Post Audit

Others attending: See attached list

The Chairman called the meeting to order and stated the committee was honored to have the Senate President, Paul Bud Burke, appear in support of **SB 813**--legislative coordinating council membership.

Senator Burke began by giving background on the bill. Last year the LCC change was amended into a House bill to get an equal number of Senators to Representatives on the LCC. No action was ever taken on the bill. The Speaker informed the Senator that the bill would have a better chance if the Senate ran a clean bill. The thrust of the present bill is to add the Vice President to the LCC, which would make it four members of the Senate and four members of the House. Senator Burke gave the history of the Council and commented when they eliminated the President Pro Tem of the Senate, they did not replace the position on the LCC. The House has had an advantage 4-3 on the LCC since 1971. Hopefully this will correct any unintended disparity.

Budgeting and staffing costs for majority and minority leaders was discussed. The governor's approval is needed for full time employees on the executive side and LCC for the Legislative branch. Senator Burke stated he could see no problem with having an even number of House and Senate on the LCC.

The Chairman thanked the Senate President for appearing before the Committee.

The next bill on the agenda was **SB 814**--friends of Cedar Crest Association authorized to accept and own gifts and donations to be used at Cedar Crest.

Orion Jordan, Division of Facilities Management, Dept. of Administration, appeared in opposition to the bill. Under K.S.A. 75-37-62, the Secretary of Administration has charge, management and control of the governor's residence. Under the proposed legislation, the Secretary's ability to be accountable for property would be diminished because the Friends of Cedar Crest's gifts would not be on the official inventory. As it works now, gifts that are given to Cedar Crest are accepted by the Governor's Residence Advisory Committee and placed on the official state inventory. Each year an inventory of property is done. Under this proposed legislation there would be some items at Cedar Crest that the Friends would be responsible for. This could result in some confusion in terms of keeping track of property. Mr. Jordan stated Friends of Cedar Crest is not a statutory organization, but the Governor's Residence Advisory Committee is a statutory organization.

Several comments were made about both organizations and the question was raised on who asked for the bill. The only information known was that the bill came from the Ways and Means Committee.

Senator Lee moved to report **SB 814** adversely. Senator Reynolds seconded the motion. Discussion was held. Some members thought the bill should be held in committee while it was the opinion of some not to let a private group have this kind of authority.

Senator Gooch made a substitute motion to table **SB 814**. Senator Harris seconded the motion. On a show of hands there was a tie. The Chairman voted in favor of the motion. The motion carried.

CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON GOVERNMENTAL ORGANIZATION, Room 531-N Statehouse, at 1:30 p.m. on March 8, 1994.

The Committee turned to **SB 808**--KGOAL; subjecting the Public Employees Retirement System and Board of Trustees to review, requirements, and timing of certain audits.

Barbara Hinton, Legislative Post Audit spoke on the bill. There are more and more audit requests coming in with essentially only three audit teams. A list of the audit requirements has been made and potential options for the Post Audit committee to consider that would give the committee more flexibility in the use of staff resources is what is contained in **SB 808**. Another audit team was included in the budget for this year. The Senate did not recommend this, but did recommend that the concept of **SB 808** be considered favorably. This bill will do two things: With regard to KPERS audits, it will take the 5, 6, or 7 things that are required each year in an annual performance audit and essentially cut them in half. There is much oversight in KPERS at this time. The other thing the bill will do is place KPERS under KGOAL for one year and that is 1997. Only the KGOAL audit would be done. The Post Audit Committee asked to be given the flexibility to adjust what agencies get reviewed in what years. Ms. Hinton referred to the attachment she brought with her and had distributed to the committee (Attachment 1) Ms. Hinton stated that Senator Oleen was one of the principal sponsors of the KGOAL legislation. She is a member of the Post Audit committee. The committee checked with Senator Oleen to see if there was any particular reason why any agency was in a particular year. The Senator's response was that it was trying not to get all the large agencies in one year.

Staff asked Ms. Hinton if she favors everything in the bill. She replied that she normally only appears before the committees to answer questions, but she would support all the concepts in the bill relating to giving Post Audit greater flexibility. Putting KPERS under KGOAL is not something she supports or opposes. That is the decision of the Legislature.

The number of audit teams being not sufficient to address the many legislative requests was discussed by committee members. The comment was made that if there were no KGOAL, there could be more audits.

Ms. Hinton stated there are four audit teams who audit the requests of committees and individual legislators. With KGOAL and KPERS audits, that takes one team out of the picture. During the last fiscal year there were forty-four audit requests. What **SB 808** would do would free Post Audit up from some of the stringent requirements of the current KGOAL and KPERS audits; it frees up some of their resources. She reiterated that Post Audit had asked for an additional audit team. The status of this is that it was not recommended in Senate subcommittee and the full Senate committee adopted the subcommittee's recommendation, tight budgets being the reason given for this action. Ms. Hinton mentioned KPERS annual compliance audit. This audit includes looking at some specific direct placement investments. This is contracted out and therefore not shown here. She mentioned the huge agencies where an entire audit is not done, but only a specific department or division within the agency. The Post Audit committee in the law has the authority to set the scope of the audit. What is done is to solicit comments and suggestions from the different committees. When an individual legislator requests an audit, the request has to be approved by the audit committee. The law states that if an audit is two years old it can count for a KGOAL audit. In response to a comment from one of the committee, Ms. Hinton said with **SB 808**, with seven members voting in the affirmative, the audit sequence could be changed. They would all have to be done by the year two thousand.

The Revisor commented that when he had staffed the Post Audit committee several years ago, it was not bound by KGOAL or Sunset and it had worked well. Post Audit committee knows what needs to be audited.

Ms. Hinton said that this legislation adds KPERS under KGOAL. The concern is that this could be a vehicle for adding a lot of agencies in, but another portion of the bill gives more flexibility. If the bill does not pass Post Audit would revert back to the old system. The effect is on the legislator; when audits are asked for and Post Audit is doing the required audits, other audit requests cannot be answered.

The Revisor pointed out that if the KGOAL law is repealed, Post Audit takes over; there is no vacuum.

The observation was made that Post Audit is run inherently well. Demands are being made without the staff to get things done. Another observation was made that KGOAL can be repealed through this bill.

Research staff added input. When the Legislature passed KGOAL, it was a replacement for the Sunset law which itself was in the process of sunseting. This was seen as a lesser version of the sunset law. One of the points discussed and debated was the artificiality of the schedule of setting a group of agencies over a period of ten years to be audited at a date certain. The proposal today would give flexibility to the scheduling to those agencies rather than have them locked into statute as to what years the audits must occur. Divergent forces within the Legislature have produced the result looked at today.

After several further comments, the Chairman thanked Ms. Hinton and asked for approval of the minutes of February 21, 22, 23, 24, and 28. They were approved on a motion from Senator Reynolds, seconded by Senator Lee. The meeting was adjourned. The next meeting is scheduled for March 9, 1994.

Separate

Governmental Organization

March 8, 1994

[illegible]

Audit Work Required by Kansas Law

In general, the Legislative Division of Post Audit conducts its work under the direction of the Kansas Legislature, subject to the requirements of the Legislative Post Audit Act [K.S.A. 46-1101 et. seq.]. The Legislative Post Audit Committee authorize performance audits under the Legislative Post Audit Act, but a number of other State laws now require performance audits, as follows:

<u>Statutory Citation</u>	<u>Audited Entity(ies)</u>	<u>Audit Requirement</u>	<u>Resources Required</u>	<u>SB 808 LPAC Recommendation</u>
74-4921(12)(a)	KPERS	Annual audit (include evaluation of investment mgrs performance, rates of return by investment type, and mgrs compensation)	1 person (10-12 weeks)	<i>Require half of the designated audit work to be done each year (halves the workload), and place KPERS under K-GOAL for 1997.</i>
74-7283 et seq. K-GOAL	1994 Administration Commerce & Hous.	Audit of specified State agencies, to be completed by the 30th day of the session.	2 audit teams (6 people, 10-14 weeks per audit)	<i>Amend law to allow LPAC to change audits / years under K-GOAL by extraordinary vote of the LPAC (7 members)</i>
	1995 Health & Environ. Water Office & Auth.			
	1996 KDOT Board of Agriculture KSU Value-Added Processing Center	Audit can be no more than two years old to meet the K-GOAL audit requirement		
	1997 Revenue Conserv. Comm.			
	1998 KCC Education	Audits can be general or specific in scope, at LPAC direction		
	1999 Aging Human Resources			
	2000 Corrections Wildlife & Parks			

Senate Governmental Org. Attachment 1 3/8/94