

Legislative Post Audit Committee
Audit Proposal Packet
December 12, 2023

1. Action Items for Today's Meeting

a. First-Time Proposals (Attachment A)

Per committee rule 1-5(b)(1), any audit requests made during the interim must be considered by the committee at its next regularly scheduled meeting. Pursuant to that rule, this packet includes two legislative requests made prior to this meeting.

- *Evaluating Hospitals' Compliance with the Kansas Lay Caregiver Act* (Requested by Representative Jason Probst)
- *Reviewing School Districts' State and Local Expenditures and Budgets* (Requested by Representative Samantha Poetter Parshall)

In addition to the requested proposals, we have included a copy of the current audit schedule. LPA staff likely would be able to start, but not finish, one of the requests before the committee's spring meeting following the legislature's first adjournment. However, LPA staff would not be able to start both requests unless the committee rescinded one of the audits it previously approved. If not approved today, the committee can choose to add one or both requests to the list of performance audits to be considered at the spring meeting.

It is our recommendation that when members consider the merits of the current audit requests, they compare them to the other audits already approved. If the requests appear to be a higher priority than any of the other audits already on the schedule, the committee may wish to consider approving them. If the requests do not appear to be a greater priority than any of the current audits, we recommend the committee wait and add one or both request(s) to the list of performance audits to be considered at the spring meeting.

Committee Action:	The committee needs to decide if it wants to approve one or both audit request(s) now or wait and add one or both request(s) to the list of legislator requests for future consideration.
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2. List of Attachments

- a. Attachment A – First-Time Proposals
- b. Attachment B – Current Audit Schedule

AUDIT PROPOSAL

Evaluating Hospitals' Compliance with the Kansas Lay Caregiver Act

SOURCE

This audit proposal was requested by Representative Jason Probst.

BACKGROUND

In 2017, the Kansas Legislature passed the Lay Caregiver Act. It recognizes the importance of friends or family members acting as caregivers for people who were recently discharged from a hospital. A caregiver is someone who voluntarily provides needed aftercare services such as transportation, daily tasks (e.g., bathing and cooking), and medical tasks (e.g., cleaning wounds and managing medications).

The law requires hospitals to give each patient who is admitted for inpatient care the opportunity to designate a caregiver. A patient does not have to identify a caregiver. However, if they do identify a caregiver, the hospital is required to inform the caregiver of any discharge or transfer plans (like to another licensed facility). It also requires hospitals to provide caregivers with the instructions they need to provide aftercare services to the patient after they're released from the hospital.

Legislators have expressed concern that hospitals may not be consistently meeting the requirements of the act.

AUDIT OBJECTIVES AND TENTATIVE METHODOLOGY

The audit objectives listed below are the questions we would answer through our audit work. The steps listed for each objective convey the type of work we would do. These may change as we learn more about the audit issues.

Objective 1: Do hospitals comply with the Kansas Lay Caregiver Act's requirements for designating and communicating with caregivers? Our tentative methodology would include the following:

- Work with Kansas Department of Health and Environment (KDHE) and Kansas Hospital Association staff to understand high-level information about Kansas hospitals and the requirements of the Lay Caregiver Act. This would include information on the number of hospitals, documentation requirements, and any overlap between state and federal law.
- Select about 5 hospitals to review. Interview management and review relevant policies and forms to determine how those hospitals ensure and document that staff meet the major requirements in the Lay Caregiver Act.
- At each hospital, select a sample of patients who were discharged from hospitals after receiving inpatient services in the last year. Review those patients' hospital records to determine if hospital staff gave each patient the opportunity to designate a caregiver, notified each caregiver of the patient's transfer or discharge plans (as applicable), and gave each caregiver instructions for providing aftercare services.

- If possible, for a small selection of records that do not include evidence of one or more requirements being met, interview patients and caregivers to better understand the situation. This could include confirmation of the issue(s) and any effects it may have had on their situation.
- Analyze and aggregate the results from the review of a sample of patient records to determine how frequently the selected hospitals appeared to comply or not comply with state legal requirements.
- Interview hospital management about any notable trends or patterns in the results to identify potential reasons for any noncompliance.

ESTIMATED RESOURCES

We estimate this audit would require a team of **4 auditors** for a total of **4 months** (from the time the audit starts to our best estimate of when it would be ready for the committee).

AUDIT PROPOSAL

Reviewing School Districts' State and Local Expenditures and Budgets

SOURCE

This audit proposal was requested by Representative Samantha Poetter Parshall.

BACKGROUND

School districts must spend their state and local funding in accordance with state law. For some funding types, state law is very specific about how districts may spend their funds. For example, districts may only spend their at-risk funds on programs the Kansas Board of Education has approved. Conversely, the law can also be very broad. For example, districts may spend low enrollment funding in any way the local school board deems appropriate. In 2023, school districts spent about \$6 billion in state and local funding.

Further, school districts are required to create and publish a budget each year. The purpose is to communicate how the district intends to spend its funding in the current year and how it spent funding in the previous years. As such, budget documents include a variety of expenditure data. That information is presented in a variety of ways including by fund and by specific activity (i.e. instruction or student support). The district and the Kansas Department of Education (KDSE) makes these documents available to the public to review.

Based on previous audit findings, legislators have expressed concern that districts may not spend their state and local funds in accordance with state law. Further, they have raised concerns that districts' budgets may not accurately reflect how districts spend their funds.

AUDIT OBJECTIVES AND TENTATIVE METHODOLOGY

The audit objectives listed below are the questions we would answer through our audit work. The steps listed for each objective convey the type of work we would do. These may change as we learn more about the audit issues.

Objective 1: Did school districts spend their state and local funding for select funds in accordance with state law in the most recent school year? Our tentative methodology would include the following:

- Work with KSDE and the Office of the Revisor to identify and understand the major state laws districts must follow when spending their state and local funding. Choose a sample of funds to review based on the risk and significance of the statutory requirements associated with the funds.
- For a sample of districts, talk to school district officials and request their internal accounting records for the last school year to determine how they spent state and local funds in that school year.
- For a sample of funds, determine whether those sample districts' spending aligned with the relevant state laws for those types of funds. We would exclude at-risk from this work because we have recently looked at that fund.
- If we identify any problems, work with school district officials to understand how those issues occurred.

Objective 2: Did school districts accurately report state and local expenditures in their annual budgets? Our tentative methodology would include the following:

- Work with school districts and KSDE to understand what information districts report in their budgets.
- For the same sample of school districts selected in Objective 1, request the districts' internal accounting records for the last two years to determine how they spent state and local funds in those years. Additionally, work with school district officials to understand their budgeting processes and internal accounting policies.
- For a sample of funds, determine whether the accounting records accurately reflect how districts spent their funds. If they do not, work with school district officials to understand why not.
- Compare the districts' internal accounting records to what they reported in their budgets. If we identify discrepancies, work with school district officials to understand the reason for any differences.

ESTIMATED RESOURCES

We estimate this audit would require a team of **4 auditors** for a total of **5 months** (from the time the audit starts to our best estimate of when it would be ready for the committee).

Attachment B

		Current Audit Schedule 2023-2024																									
		2023												2024													
		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec		
Performance Audits 15 auditors 2 managers	Economic Development Evaluations (ROZ, Angel, Newly Created Incentives)												Economic Development Evaluations (STAR Bonds, Eisenhower Foundation Credit, Friends of Cedar Crest Credit, Newly Created Incentives)														
	At-Risk						KAAAC (LS)			KPERS 3						KHRC											
	Child Support Enforcement				Cost Study								DEI Spending						TANF								
	GMDs		Work From Home								Motor Vehicle Taxes																
	Election Security, Part 1		Election Security, Part 2						Fiscal Notes						TIF Districts												
		Follow-Up Audit		Community College Athletics												Commerce Database (LS)											
IT Audits 3 auditors 1 manager	IT Security 2023 Part 1						IT Security 2023 Part 2						IT Security 2024														
	IT Project Monitoring 2023												IT Project Monitoring 2024														
							Follow-Up 2022								Follow-Up 2023 (Part 1)								Follow-Up 2023 (Part 2)				
								7/6 Meeting		8/22 Meeting		10/10 Meeting		12/12 Meeting													
		<div style="display: flex; justify-content: space-between; align-items: center;"> <div style="background-color: black; color: white; padding: 2px 5px;">Done</div> <div style="border: 1px solid gray; padding: 2px;"> Required by law In Progress Not Started </div> <div style="border: 1px solid gray; padding: 2px;"> Selected by LPAC In Progress Not Started </div> </div>																									