

For the  
Kansas House of Representatives  
**Children & Seniors Committee**

Rep. Susan Concannon, Chair  
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c/o

Fran Lusk, Committee Assistant  
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TESTIMONY

in (limited) support of

**Senate Bill 12**

(Foster Care - Performance Based Contracting - Proposal Mandated)

**"AN ACT concerning the Kansas department for children and families;  
relating to performance-based contracting."**

from

**Richard Harris**

**former Wichita Civil Rights Commissioner**

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The general idea, explicitly promoted in this legislation, is that the state's child protection agency should "collaborate with community partners and stakeholders" to come up with a "plan" for "a core set of performance-based contracts" that provide "evidence-based and promising prevention and intervention services" for "families who are at risk for an out-of-home placement or have a child in out-of-home care and for children who are awaiting adoption"

Obviously, the intent, superficially, is to move Kansas child protection programs towards better contracts and outcomes than the current ones, and try to preserve or rebuild troubled families.

Perhaps most important is this section:

"(d) The Kansas department for children shall develop a proposal for submission to the legislature for the reinvestment of savings from reduced foster care caseloads into evidence-based prevention and intervention programs designed to prevent the need for or reduce the duration of foster care placement. The proposal shall... include sufficient detail regarding accounting, budgeting, and allocation or other procedures for legislative consideration and approval."

These are truly key objectives that must be met in any proposal for effective reform of Kansas' miserable failure: its child-protection system.

**HOWEVER**, if one carefully reads the draft, it is full of opportunities for artfully twisting the findings of this mandated review, to the whims of the Kansas predators who exploit children for a living: The state's child-protection bureaucracy and industry.

The idea that the state's child-protection system should have "evidence-based" family preservation programs is common sense, long overdue.

However, this bill, as written (in the outdated draft), is so full of weasel-words, bureaucratic loopholes, and vague specifications ("promising" is an utterly subjective term), as to be utterly raw putty in the hands of unscrupulous bureaucrats and contractors, and reckless authorities.

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### **NO COST REDUCTION? NO MONEY TO FAMILIES?**

One thing glaringly obvious from the wording of the legislation is that -- though it demands the proposal reflect financial data -- it does not mandate that the proposal should show a way for state money to be removed from the child protection system, and given to the targeted families and child survivors, instead, nor even rebated to the taxpayer.

Instead, it very obviously allows the bureaucracy to propose to keep all the money it has, and simply shift it around from old programs to new ones -- ensuring that the officers, employees and contractors of the huge state child-control bureaucracy will continue to wallow in state money, while the families whom they disrupt remain mostly in desperate poverty -- ironically the cause (or excuse) for so many of their children being removed in the first place.

Until the state recognizes its misplaced funding -- supporting child-controllers, rather than poor families -- the cycle of poverty, hardship, misery and desperation, and the resulting child abuse-and-neglect, followed by failed state intervention, will go on perpetually. Putting the state's money where it's actually most cost-effective, in PREVENTING abuse and neglect in the FIRST place, must be a fundamental goal of any serious child-protection reform.

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## **WHAT "EVIDENCE", WHAT CRITERIA, EXACTLY?**

There is NO system of truly independent review of the participants' work and results.

There is vague, mumbled reference to "evidence-based" with not a word of what that constitutes, nor WHOSE "evidence" is relevant and to be applied. This leaves the child protection bureaucracy and industry free to define and evaluate itself, and its own actions and decisions and recommendations -- as it has far too long been allowed to do.

There is NO demand, in this legislation, for any specific comparative measures, from objective, neutral sources, validating the proposed reforms. NONE. It does not demand answers to basic, specific questions: Where the proposed measures have been applied, elsewhere, in the past, did outcomes improve or not? WHAT outcomes? for whom? by how much / how little? at what costs? to whom? for how long?

There is not even a demand for any specific comparative measures of the STATUS QUO, such as comparing the numbers of Kansas children in custody to the numbers in all the OTHER states -- or the frequency of relocations, or the high school graduation rate, or the rate at which children in foster care wind up in the State's juvenile and adult jails, prisons, psych wards, and other confinements. Is Kansas supposed to be its own basis for comparison, alone?

There is no specific requirement to itemize and summarize the full costs of child protection and family intervention -- whether current or proposed -- in the lives of the children, their families, their community, and the State -- let alone any requirement to compare that data to the other states, for informative perspective.

There is not even an explicit requirement to calculate and report the state and local government's full range of financial expenditures, directly, for that system: Case management, law enforcement, courts and legal services, social work, care provisions (hired caretakers, housing, food, clothing, transport, physical and mental healthcare, and education) -- and other wages and expenses.

In short, there is no explicit demand that this mandated review produce ANY PARTICULAR SPECIFIC DATA from which truly informed, intelligent, rational policy can be drawn.

True, this data can be difficult to come by, because the Federal government has too long allowed the states to violate federal law by failing to make the required

reports. Indeed, the State of Kansas has been among those states infamous for years of withholding the required facts from the federal authorities, and the public.

But we're talking about the lives of children -- YOUR children, because YOU, as the leaders of the State of Kansas, have seized control of them, essentially taken custody of them -- and what parent, natural parent or foster parent, YOU included, can deny that their children should be their highest priority?

**Sources and Data Needed:**

So there should be VERY EXPLICIT specifications and criteria for quantifying, analyzing, evaluating and presenting the recommendations of this mandated review and proposal.

And they should be drawn from truly INDEPENDENT sources -- not the bureaucrats who make a living running the child protection system, nor the professors who make a living manufacturing social workers for the State, nor the authorities who revel in the unrestrained, unaccountable power of the state's secret courts.

They should come from:

--- **More independent academics, preferably from other states**, (preferably social scientists, and others in hard science, rather than those who profit from training social workers and those in trades related to the industry);

--- **SWORN statements, citing hard numbers, signed by the responsible officials**, under pain of perjury;

--- **OUTSIDE observers and child advocates who receive NO money from the state, directly or indirectly** (such as Appleseed, or the Orphan Society of America, the ACLU, or the Annie E. Casey Foundation -- but NOT Kansas Action for Children, who has a long revolving-door/hand-holding relationship with the state child protection bureaucracy and industry, which constitutes a grave conflict-of-interest. Nor should the state ever consider input from those disgraced former leaders of malfeasant or notorious service providers, such as Kaw Valley Center, once led, shamefully, by former Kansas Senate President Dick Bond and his wife, with horrific results.)

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**THE COUNSEL YOU HAVE NOT SOUGHT: THE VICTIMS.**



**And, most damning of all, this legislation, in the indicated draft, does not EXPLICITLY mandate the authoritative and influential participation of the most knowledgeable people of all:**

**The children and families in whose lives the state has intervened.**

We should not expect testimony of the children or parents whose fate, or whose children's fate, are still in the hands of the state. They have great cause to fear the state's revenge for their testimony (sadly, too often proved in the past). But those families who are now free of vulnerability to the state -- those, especially where the children have "aged out" of state control -- are often eager to report the experiences they have suffered, if they can find anyone who is sincerely interested in listening.

Many of the CHILD victims are now adults, and able to offer the most honest, insightful, reliable testimony about this system. Not the children and adult survivors selected for testimony by the other stakeholders. Not the former foster children, now adults, who have been seduced into or co-opted by the child-control bureaucracy and industry. But, rather, the children who, now adults, have gone on to live lives separate from the corruption, handling, manipulation and influence of the "child protection" bureaucracy and industry.

Some of those are "normal" people, living "normal" lives. But those who are most able to identify areas where reform is needed -- those most expert in the horrors of the child protection system -- are those leading troubled lives, thereafter: the desperately poor and uneducated, the underage single parents, the addicts, the homeless, the adult prisoners. Denying their relevance to the decision-making is far too easy -- and FAR too wrong.

### **The Legislature and the Victims:**

The legislature has a long history of being a forum for the aggrieved, at least those who are "people of means." It invites businessmen to whine about regulations. It invites landlords and millionaires to gripe about their taxes. It invites bigots to howl about having to share the world with everyone else. But it does not invite -- thoughtfully, sincerely, and effectively -- the most vulnerable victims of its policies: The children of state intervention.

The reason is simple: It does not want to hear, let alone want the to public hear, the shameful way that the children of the State of Kansas have been treated, at the hands of this government -- its Administration, its Courts, its Legislature, and their private contractors/surrogates. No legislator can look these young victims in the face, after hearing the horrors they recount from their time under the control

of this Legislature's creations.

No. Instead, the Legislature lines up all those with financial gain from this system: Officials, contractors, social workers, academics, judges, lawyers, psychologists and all the other predators who make their living off of manipulating and controlling children and their families, or serving the predatory industry that captures and exploits Kansas children.

Those are the people invited to speak, first, while the TV cameras and reporters are in the room, and all the Legislators present. The occasional children, and adult survivors of foster care, who ARE brought forth, are the show-ponies -- hand-picked by the vested interests to validate the industry, rather than truly represent its victims.

And those victims who do dare, on their own, to approach and speak independently, are rare -- and at a huge disadvantage:

Few survivors of foster care know anything of the workings of the legislature, and have little means, confidence, trust or awareness to enable them to know of these hearings, and participate. They are seldom educated or articulate, and struggle to speak publicly about anything, let alone the very personal humiliations and sufferings of their young lives. Those few who do are easy to dismiss as flukes, or fools, since most have never even graduated high school, and most have lived troubled or failed lives, according to extensive statistical research.

That, however, is EXACTLY the reason why they SHOULD be heard, SHOULD be taken seriously, SHOULD be major players at the decision-making tables in foster care and child protection reform.

How constantly, over the decades, has this Legislature insisted that victims of a crime should have a voice in court? And in hearings of the Legislature? And in the drafting of legislation? Well, there is no greater group of victims, deserving a voice at this hearing, and all others on this subject, than the children abused by the child protection system, by this State, by this Legislature.

There have been countless "reform movements" in child protection over the decades. Yet all have ended in the same failed mess that our state "child protection" system is in today: Shattered families, homeless children wandering from placement to placement, often in confinements, and seldom allowed the ability to finish high school, or develop even the most rudimentary, stable human relationships -- then dumped on the streets at 18, with nothing, and no one, except a memory of abuse in the name of "protection" by even the most "respected" authorities in their state.

### **Getting the Victims' Testimony:**

This can be remedied -- but not without firm and explicit legislation, which places the VICTIMS as the PRINCIPAL guides to reform -- a surrendering of control -- by the connected, degreed and fortunate in power -- to their dispossessed victims, who are struggling to recover from the "professionals" control, neglect and abuse.

To find truly representative testimony and counsel from among these children, and adult survivors of the State, the State must establish a small, temporary, independent agency -- far-removed from the child protection bureaucracy and industry -- which will gather the names, and durations in state custody, of all the children Kansas has held, or case-reviewed and not held, in the last 20 years.

It should then select from among them all, on a truly random basis, a specific, pre-determined number (in the dozens) who shall be invited (and thoroughly assisted by that agency) to testify in, or advise, this mandated review -- preferably as the lead witnesses.

This will result in a chaotic outcome, at first, as most of the randomly selected witnesses will be either reluctant to testify, or will be difficult to find.

-- Those reluctant to testify have good reasons: None want to recount their misery and humiliations in private, let alone in public, and some have NEVER spoken of them to anyone; and most, with good cause, distrust the state, and all other authority; some will simply not have the time or freedom to testify easily, such as working single mothers, or those who live in remote places, or long hours, or on-call. But if assured that they will be taken seriously, and treated respectfully and with sensitivity, many will agree to speak.

-- Others cannot easily be found, or can be found in places awkward to depart: The homeless, those in jail, prison, drug and alcohol rehab; or mental institutions, or those who've simply "disappeared." Yet, their very obscurity, and the reasons for it, are the most compelling argument for their inclusion. With conscientious, professional effort, backed by authority and support from the Legislature, most of these people CAN be found. And with the myriad options for remote communications that the Legislature uses today, even the distant or confined can be connected to the process, with a modest effort.

A small, *temporary* agency -- developed, empowered and funded for the purpose of ensuring and facilitating the survivors' truly relevant, informative, substantial

and honest participation -- can almost certainly bring forward relevant and representative sample testimony from most of the witnesses sought -- providing the MOST-important evidence upon which to base the mandated review.

It's a lot to ask of the Legislature to create such an agency, and fund it. But a tiny, temporary agency with a just a dozen or so functionaries, and a few hundred thousand dollars, could round up these REAL experts, who can provide the most essential, informative insight and guidance, which can guide ACTUAL reforms to the work of THOUSANDS of state and local officials and bureaucrats, and their contractors -- worth TENS of MILLIONS of State dollars.

It's a very cheap price to pay for REAL, and efficient, reform of the state's most bloated and costly system.

And, until these ACTUAL experts are heard, the other "experts" simply are guessing at what directions and reforms are needed, and will (consciously or unconsciously) gravitate towards SELF-serving "solutions," rather than CHILD-serving solutions.

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#### **TEETH -- FANGS, PREFERABLY:**

The surest proof that this legislation is not going to change anything is that it lacks any teeth.

Kidnapping is a class A felony in Kansas, unless you're a State employee, taking a child. For that -- even if it is an inappropriate taking -- there is NO penalty for the guilty. Why? Their impunity encourages over-intervention -- effectively extortion and/or kidnapping -- in the name of the State.

Child protection must include fair and equal punishments for ALL who are guilty of child abuse and neglect, and that includes State operatives.

And for those proposing to enact entire programs of child-life intervention, there must be accountability, too.

Any failure of the parties assigned responsibilities in this legislation, to provide such specific and substantive results -- to the Legislature, Administration and the public -- should face specific, material PENALTIES, ranging from demotion, to de-licensing, to discharge, to fines, to possibly even incarceration.

This legislation will accomplish nothing unless it has not just teeth, but FANGS.

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**SO, IN SUMMARY...**

In the end, is this legislation going forward (to nowhere) in its current form, as a game for the vested interests to play? Or will it be revised to force actual concrete results, based in TRULY qualified and independent evidence, TRULY engaging the most-affected, with CONCRETE consequences for the mandated participants' failure to perform? Will there be any "performance based measures" for THIS mandated activity?

If not, this legislation is just another empty gesture, further empowering the abuse and neglect of Kansas children, and their families, by the predators of the bureaucracy and industry that has exploited them for generations, and still does today. It will be the Legislature pretending, again -- acting like it cares, rather than truly caring to act.

Improve this bill, with explicit guidance and criteria, real inclusion, and real consequences for non-compliance.

And then pass it.

The children and families of Kansas deserve no less.

Respectfully,

Richard Harris

former Civil Rights Commissioner, City of Wichita

former Member, National Panel of Consumer Arbitrators,

Better Business Bureau.

former Chairman, Eastside Community Action Council, City of Wichita

former Vice Chairman, Northeast Community Action Council, City of Wichita

former Chairman, Area K Neighborhood Council, City of Wichita

former educator, Wichita Public Schools, Wichita Area Technical College, etc.

former Member, Curriculum & Tenure/Promotion boards, Wichita State Univ.

Long acquaintance of numerous survivors of the Kansas foster care system.

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# SALINA JOURNAL

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STATE

## Governor, lawmakers, advocates focus on foster care crisis

**Sherman Smith** [ssmith@cjonline.com](mailto:ssmith@cjonline.com)

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TOPEKA — Natalie Zarate entered state custody when she was 11 years old, removed from a physically abusive mother and placed in a group home for foster children.

Now 23, she trembles when she thinks about her time at EmberHope Youthville in Newton.

Physicians placed Zarate on "crazy medications" she later learned were unnecessary, including one that caused her to hallucinate. She was confined to her room most of the time.

If she acted out, she was sent to the "timeout room," a small space behind a metal door that was used to tame the behavior of kids who were out of control. Sometimes, staff banished her to the timeout room for trying to defend herself from older kids.

"I remember one time being crushed and slammed by five different people," Zarate said. "I'm 12 years old at the time. I weigh about 97 pounds solid. That's a lot for a child to have to deal with, just being slammed and tossed around."

Nickaila Sandate, president and CEO of EmberHope Youthville, said the safety and well-being of children "is at the forefront of everything we do" and that all reported incidents are taken seriously.

When Zarate left Youthville, she bounced for six years among foster parents and a series of temporary homes within the state's child welfare system. Zarate, who lives in the Kansas City area, now volunteers with Kansas Applesed and other child advocacy groups. She shares her story to let other foster kids know they aren't alone and to add to the voices calling for change.

"Sharing my story is going to touch the most people," Zarate said. "They don't really understand what happens behind closed doors."

Lawmakers have intensified their interest in addressing the failings of a child welfare system in crisis, and many are frustrated that Gov. Laura Kelly's administration hasn't shown more progress in her first year in office.

Kelly said there is no one better suited to the task than Laura Howard, her secretary for the Department for Children and Families, and that a funding boost authorized by the Legislature in 2019 will make a difference.

"There were just no social workers to do anything on family preservation or anything on reintegration, so kids were going into the foster care system and not able to get out because we just didn't have the resources," Kelly said. "The state just wasn't holding up their end of the bargain."

An investigation by The Topeka Capital-Journal and KCUR highlighted the severe instability in the foster care system. Kansas added thousands of children to the system as the Legislature adopted policies through the Hope Act that reduced aid to struggling families. Former Republican Gov. Sam Brownback championed the changes as a way to encourage parents into the workforce and break families from a cycle of government dependency.

The result was a spike in runaways. At any time, up to 80 children are missing from state custody.

Children on the street are vulnerable to human trafficking, and the investigation highlighted the case of Hope Zeferjohn, a Topeka native who is one of 13 known cases in which a girl fled state custody, was trafficked for sex

and sent to prison for prostitution-related crimes.

Zeferjohn asked Kelly for a pardon, and child advocates have proposed legislation that would offer a path for victims of human trafficking to clear their criminal record.

It remains unclear whether the Legislature will show an appetite for restoring food assistance to low-income families or other provisions of the Hope Act.

"We know there's a direct correlation between that and the number of kids in our welfare system," Kelly said, "because we're already talking about some pretty vulnerable families. You take what little safety net we're providing out from underneath them, they crumble — the kids go in the system. So I hope that the Legislature will recognize that and do what they need to do."

On Wednesday, Kelly proposed formation of a new Department of Human Services that would streamline services to children and families by combining DCF, the Kansas Department for Aging and Disability Services and the juvenile services division of the Department of Corrections.

Sen. Molly Baumgardner, a Republican from Louisburg, said lawmakers may be willing to invest more in family members who take care of children who are removed from a home in lieu of placing the kids in foster care. Currently, the state provides \$10 per day to the family member who takes care of the child.

"When a child arrives with what may be just a backpack full of items, \$10 a day isn't enough to make sure that child has clothing and shoes and personal items that they're going to need and the food they're going to need," Baumgardner said. "If the goal through the Hope Act was to keep a child within the family, we have to do more to address what is going to that family member until the issues at home get addressed."

Kansas Appleseed, which sued the state over the instability of the foster care system, is pursuing legislation that would create an office of the child advocate.



The office would be administered by itself, independent of DCF, with leadership appointed by the governor and chief justice of the Kansas Supreme Court. The appointments would be confirmed by the Senate.

The goal is to add transparency to the foster care system and look at systemic problems, such as children not being screened quickly, problems with home visits or a lack of mental health services.

"It's going to take a long time to fix the Kansas foster care system," said Joey Hentzler, director of advocacy with Kansas Appleseed. "Not one session, not two sessions, but maybe five to 10 years of work."

The two nonprofit contractors who handle child placement services for the state — Saint Francis Ministries and KVC Kansas — have outlined priorities for the Legislature that focus on prevention efforts through a wide range of programs and services.

Examples include programs that provide early childhood education, mental health services, substance use treatment, and housing and transportation.

Other initiatives include the implementation of juvenile crisis intervention centers and reducing the wait list for psychiatric residential treatment facilities.

Christie Appelhanz, executive director of the Children's Alliance, said it remains critical that the Legislature adopt the two dozen recommendations made a year ago by the Kansas Child Welfare Task Force.

Some of those ideas, like investing in social workers and participation in the federal Families First Prevention Services Act, already were addressed by the Legislature. Appelhanz said maximizing investments in Family First is a top priority for this session, along with increasing administrative rates for child placement agencies so they, too, can hire more social workers.

"We can't afford to allocate any more resources to feel-good ideas that have

little basis in fact or quantifiable results for children and families," Appelhanz said. "When the combined knowledge of the experts in the state have come up with a plan, emotional responses should be ignored until we implement that plan."

### **People, Policy & Politics**

See our special section about the 2020 session of the Kansas Legislature in Sunday's edition.

# Kansas Did Not Ensure That Group Homes for Children in Foster Care Complied With All State Health and Safety Requirements

07-29-2020 | A-07-19-06087 | [Complete Report](#) | [Report in Brief](#)

## Why OIG Did This Audit

Congress has expressed concerns about the safety and well-being of children in foster care. Additionally, in a recent series of audits of State-monitored child care facilities in various States, we found that the majority of child care providers had instances of potentially hazardous conditions and noncompliance with State health and safety requirements, including employee background record check requirements. To determine whether similar vulnerabilities exist in foster care group homes, we performed this audit in Kansas. Allegations of neglect and abuse at some foster care group homes in Kansas were the subject of a number of reports in the media, both before and during our audit.

Our objective was to determine whether Kansas ensured that foster care group homes complied with State licensing requirements related to the health and safety of children in those group homes in accordance with Federal laws and regulations.

## How OIG Did This Audit

We conducted site visits at all of the 31 foster care group homes that were licensed to house between 5 and 24 foster care children to determine whether the group homes complied with State licensing requirements related to health and safety. We reviewed background record check completion dates for each group home employee who could engage in unsupervised contact with children in foster care.

## What OIG Found

Kansas did not ensure that all foster care group homes complied with State licensing requirements related to the health and safety of children in those group homes in accordance with Federal laws and regulations. Specifically, at the times of our site visits we found that 24 of the 31 group homes did not comply with State environmental requirements; this is because Kansas did not address all instances of noncompliance with environmental standards during annual inspections. In addition, 29

of the 31 group homes did not comply or could not document compliance with the required background record check or fingerprint submission requirements for employees. These instances occurred because Kansas did not ensure that the required background checks for all employees were requested in a timely manner. Furthermore, 1 of the 31 group homes did not comply with the terms of its State licensing requirements because it housed both male and female children but was licensed to house only female children. Nevertheless, Kansas allowed this foster care group home to continue operations and did not require that the home submit a request for an amended license allowing the home to also house males.

## What OIG Recommends and Kansas Comments

We recommend that Kansas: (1) follow up with all foster care group homes to verify that all of the maintenance deficiencies that we identified are corrected, (2) improve controls to ensure that group homes are in compliance with State licensing requirements related to the health and safety of the residents, and (3) ensure that corrective action is taken when issues of noncompliance are found. We also make procedural recommendations to Kansas regarding the controls over and timely completion of background record checks and the monitoring of the group homes to ensure that they are in compliance with the age and gender requirements of their State licensing agreements.

Kansas concurred with all of our recommendations and with our finding on the foster care group home that housed both male and female children; this group home lost its license and was closed. Kansas also described corrective actions taken or planned. Kansas disagreed with our other findings and provided additional documentation regarding some of them. After reviewing that material, we revised the number of errors we identified. We acknowledge Kansas's oversight efforts and corrective actions but continue to hold that our findings as revised-and all of our recommendations-are valid.

Filed under: [Administration for Children and Families](#)



POLITICS & GOVERNMENT

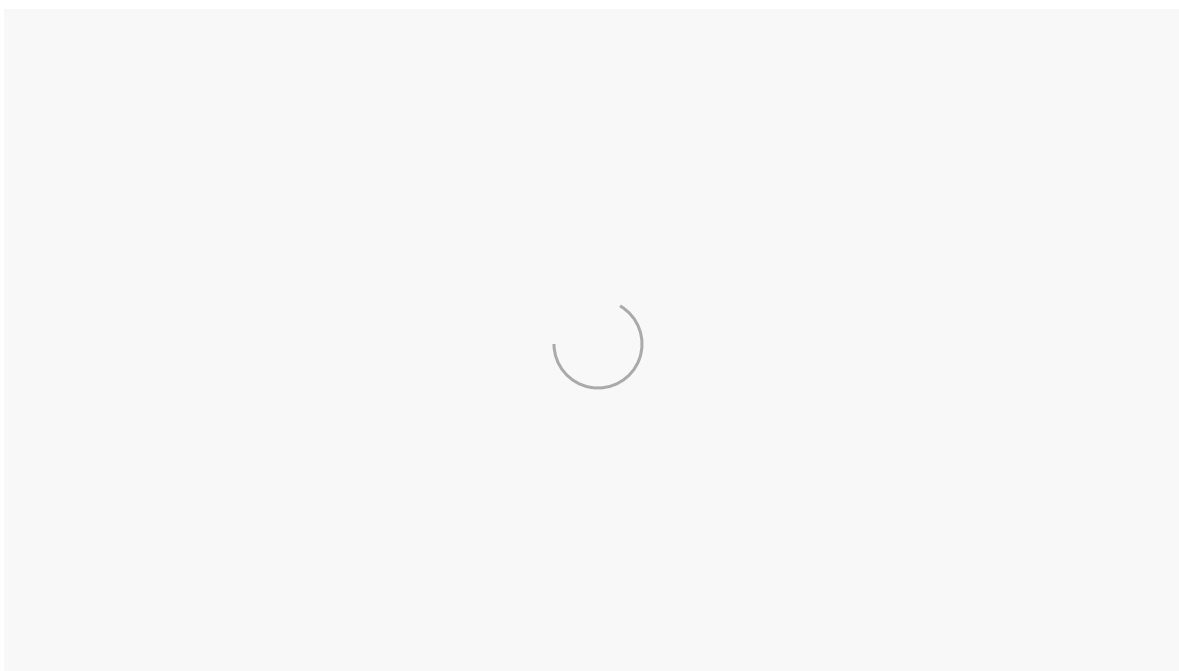
## Foster care system doesn't meet two-thirds of requirements, audit finds

By Gabriella Dunn

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UPDATED SEPTEMBER 21, 2016 7:00 PM



Phyllis Gilmore, secretary of the Department for Children and Families, answers questions in July about the audit of her department at a Post Audit Committee meeting in Topeka. EMILY DESHAZER/THE CAPITAL-JOURN *FILE PHOTO*



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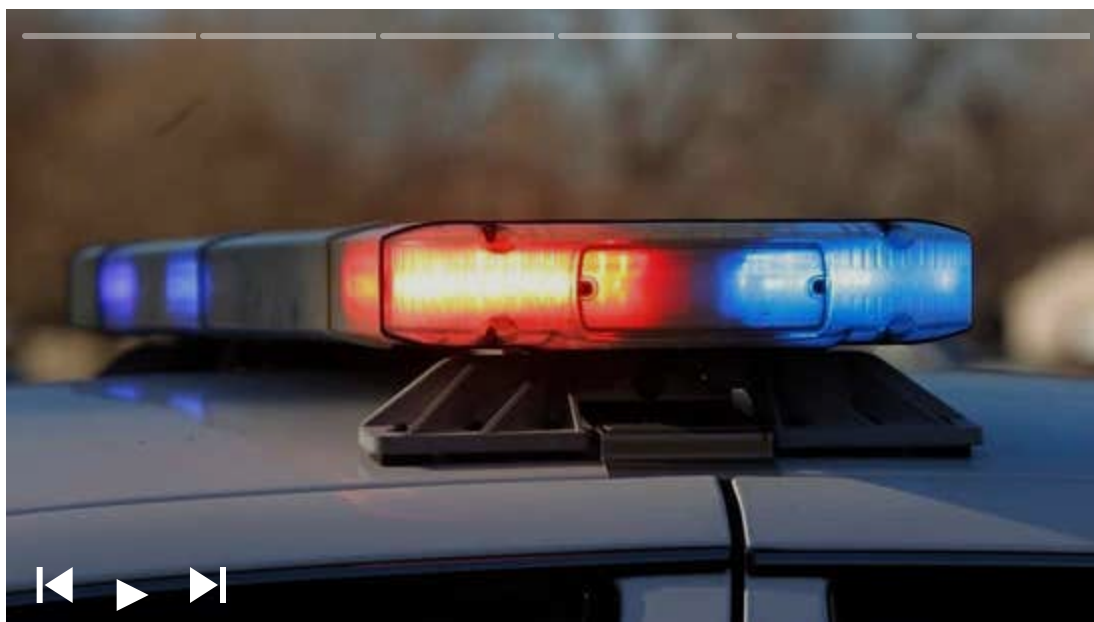
## Topeka

The state's foster care system complies with only about a third of the federal requirements assessed by state auditors, according to a report released Wednesday.

The findings come after a [July audit](#) that found the state system failed to ensure the safety of kids in foster care. The July findings prompted some Democrats to call for the resignation of the secretary for the Department for Children and Families, which oversees Kansas' privatized foster care system.

Wednesday's report found that the Department for Children and Families did not consistently meet requirements aimed at providing stability for children. For example, sometimes a child's schoolwork is disrupted because the system does not try to keep the child in the same school district or school.

## TOP ARTICLES



Elderly man threatened with box knife kills 21-year-old, Wichita police say

The state also didn't meet requirements for the percentage of children who should be adopted within one to two years after entering into foster care, according to the audit.

But it did consistently meet federal requirements about placing children with relatives and siblings.

## THREE-PART AUDIT

These audits are part of a three-part investigation.

The first audit focused on safety concerns. The second part, released Wednesday, focused on compliance with applicable state and federal laws governing the foster care system. The final portion of the audit will research foster care costs, resources and outcomes. That audit will be released next year.

Wednesday's findings showed the Department for Children and Families did not meet all federal requirements related to monitoring and paying the private companies it contracts with to provide foster care.

And self-reported data showed Kansas met or exceeded about half of the federal outcome requirements for fiscal year 2016, which ended in June.



A federal audit revealed the Department for Children and Families was in compliance with about a third of the areas assessed and “not in substantial compliance” with the other two-thirds.

The audit in July revealed that foster parents received initial background checks, but other people in the home did not; not all children received monthly case-management visits; and the Department for Children and Families did not ensure that licensed foster homes had enough money to care for the child.

## **ADDRESSING ISSUES**

Phyllis Gilmore, secretary of the Kansas Department for Children and Families, spoke Wednesday to legislators about efforts to resolve the issues highlighted in the July report and ways it's already working to resolve the issues brought up in Wednesday's report.

She talked about bolstering social worker recruitment and training and gave updates on regulation changes at the state level. One included expanding background checks for everyone over the age of 10 in a child's home. The state previously required background checks only for foster parents.

Gilmore also said the agency plans to receive real-time updates on arrests or charges against people living in the child's home. And the department will submit an improvement plan to the federal government about how it will address areas where it was not in compliance.

She also tried to address concerns from legislators by emphasizing lower rates of abuse and maltreatment.

"Children are not suffering maltreatment while they're in custody," Gilmore said. "There's lots of trauma when they're removed from the home, (but) while they're in custody in Kansas, children are safe by all measurements."

Sen. Laura Kelly, D-Topeka, disagreed.

“I have to take exception with ‘children are not in maltreatment,’ ” Kelly said, citing a Topeka case in which a child was being abused.

“You need to be very careful making those blanket statements that are not true.”

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# Federal Audit Slams Kansas Child Welfare System

*Youth in group homes exposed to hazards, report finds*

BY [THE IMPRINT STAFF REPORTS](#)

Federal auditors recently faulted Kansas' Department for Children and Families for allowing residents of its foster care group homes to be chronically exposed to potentially hazardous conditions, even though the state regularly inspected the facilities.

The audit uncovered rodent droppings near dishes and under a kitchen sink, bare electrical wires in closets, a heater plugged in dangerously close to a child's bed, boarded windows, trashed playgrounds, nails protruding from wooden fence gates, noncompliant fire extinguishers and other violations of state and federal licensing requirements.



Only a small fraction of the more than 7,000 children in foster care in Kansas live in group settings, which are often filled with older youth that agencies struggle to place with foster parents. But negative group home experiences were a common theme among the

plaintiffs in a [class action lawsuit](#) that was filed in 2018 against the state system – the state [last month agreed](#) to a settlement in that case.

In one instance, auditors uncovered “a gas heater that was hooked up with an exposed natural gas line that ran through a foster child's room, an electric heater that was plugged in next to another child's bed, and old, exposed electrical wiring. The exposed natural gas lines in a child's bedroom constituted serious hazards to the children's health and safety.”

The audit, released last week by the inspector general of the U.S. Department of Health and Human Services (HHS), followed inspections in 2018 and 2019. It covered the 31 group homes licensed to care for between five and 24 people in foster care.

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Nearly all of the problems were found in more than one group home, and in some cases, they indicated “an extended period of substandard maintenance,” the audit found.

The inspector general faulted the state’s Department for Children’s and Family Services for a lack of adequate oversight of the privately run homes. It said Kansas inspected the facilities regularly but sometimes did not ensure that operators had fixed problems identified in the state’s own inspections.

In the larger picture, the HHS inspector general found that 24 of the 31 foster care group homes inspected did not comply with at least one environmental requirement.

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Another major finding was that 29 of the 31 homes didn’t comply with background record check requirements for some employees. While it did not contend that no criminal and sexual abuse background checks had been run, but rather the homes’ operators were not able to show that the records were up to date and timely, and faulted the state agency for inadequate controls.

In its response, the state agency disagreed with some of the inspector general’s findings and noted that in many cases it had already taken steps to correct violations before the report came out.

HHS modified some of its findings as a result of the response but did not alter the recommendations it made for the state to improve its procedures. It also noted that foster care group homes are “highly susceptible” to environmental damage. It noted, as well, that many states have had similar problems in their group homes.

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POLITICS + GOVERNMENT

# Kansas senator disappointed by inaction on foster care audits

BY: **SHERMAN SMITH** - NOVEMBER 3, 2021 1:48 PM



📷 Sen. Richard Hilderbrand, R-Galena, questions a state auditor during a hearing Wednesday of a joint child welfare oversight committee. (Sherman Smith/Kansas Reflector)

TOPEKA – Sen. Richard Hilderbrand expressed frustration Wednesday with the failure to translate audits findings about the foster care system into corrective actions.

The chairman of the joint foster care oversight committee was responding to an overview of a decade’s worth of audits that were presented to his panel.

“As a legislator, we see audits all the time,” Hilderbrand said. “One of the things probably that, disappointing for me, is once we see an audit, it seems like they’re more used for talking points and gotcha moments instead of action items.”

Justin Stowe, of the Legislative Division of Post Audit, told Hilderbrand, a Galena Republican, that state auditors don’t track legislation.

Bipartisan interest in addressing longstanding problems within the foster care system galvanized when Democratic Gov. Laura Kelly took office in 2019. The Legislature has made investments in family preservation services and other areas of the child welfare system, but longstanding problems remain with case loads for social workers, capacity to support 6,800 kids in the foster care system, and missing children.



📷 Justin Stowe, of the Legislative Division of Post Audit, provides an overview of audits of the foster care system dating to 2011. (Sherman Smith/Kansas Reflector)

Stowe reviewed findings from a half-dozen state audits of the privatized foster care system administered by the Department for Children and Families. The audits date to 2011, when the agency was called Social and Rehabilitation Services.

“One of the recurring themes we often see is DCF, going all the way

back to actually when it was SRS, has somewhat taken a hands-off approach to the oversight of its contractors,” Stowe said.

The agency has good policies and procedures to guide contractors, Stowe said, but doesn’t enforce them.

A three-part audit in 2016 found problems with background checks for individuals in foster homes; a failure to ensure monthly in-person visits by social workers are actually happening; inadequate sleeping space for children; contractors unable to hire enough case managers, who then had high case loads; unqualified family support workers; children not receiving physical and mental health services; and incomplete data collected on children and foster homes.

Limited-scope audits in 2017 and 2020 pointed to mixed opinions on whether sexual orientation affected child placements and inconsistent services provided by child placement contractors.

Earlier this year, auditors concluded age, race and ethnicity had an effect on whether children were reunited with biological parents. Black and American Indian children were less likely to be reunited, in part because their parents may be held to a different standard than other parents.

Another audit examining concerns with missing children is expected to be released by February.



Rep. Jarrod Ousley, D-Merriam, expressed concern about audit recommendations sitting on the shelf. (Sherman Smith/Kansas Reflector)

Rep. Jarrod Ousley, a Merriam Democrat, said it was concerning that so many recommendations for improvements, including those made by a child welfare task force in 2018, “sat on the shelf” instead of receiving legislative action.

“One of the first recommendations out of that was to expand Medicaid, and here we are as a state and we’re still not taking up

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additional oversight of the foster care system. Last month, the panel issued preliminary recommendations that include legislation to keep child death information confidential and require a pediatric physician to examine a child after an allegation of neglect. Other initiatives ask for improved communication between DCF and lawmakers, a report from DCF on child-to-child sexual assault, and an information-sharing agreement between DCF and law enforcement.





**SHERMAN SMITH**  

Sherman Smith is the Kansas Press Association’s journalist of the year. He has written award-winning news stories about the instability of the Kansas foster care system, misconduct by government officials, sexual abuse, technology, education, and the Legislature. He previously spent 16 years at the Topeka Capital-Journal. A lifelong Kansan, he graduated from Emporia State University in 2004 as a Shepherd Scholar with a degree in English.

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POLITICS + GOVERNMENT

## Audit of Kansas foster care provider scrutinizes financial controls, IT costs, CEO travel, PPP loan

Saint Francis Ministries asks state for \$4.6 million to cover 2019 losses

BY: **SHERMAN SMITH** - DECEMBER 23, 2021 8:01 AM



 An investigation by a Kansas City, Kansas, attorney substantiated claims of financial misconduct by Saint Francis Ministries CEO Robert Smith, leading to his departure from the organization in November 2020. (Sherman Smith/Kansas Reflector)

TOPEKA – Former Saint Francis Ministries CEO Robert Smith exploited a lack of financial controls and board oversight to drain the nonprofit’s resources on an IT project and escalating management expenses that included use of taxpayer funds for

personal travel, liquor and entertainment.

[A new audit released by the Kansas Department for Children and Families](#) details how close the foster care provider came to financial ruin while serving 10,000 children and families across six states.

By June 30, 2019, the nonprofit was down to just \$10,816 in cash and approaching its \$10 million borrowing limit from Intrust Bank. Smith kept the organization afloat with a separate \$10 million loan from the Paycheck Protection Program in April 2020, even though the nonprofit wasn't eligible for the federal pandemic relief with its nine-figure budget and 1,600 employees.

Smith left the organization in November 2020, after a newly hired chief financial officer [notified the board of financial irregularities](#).

Based on the new audit findings, DCF is asking Saint Francis to repay \$22,913 for Smith's personal expenses that were charged to the state. New Saint Francis CEO William Clark responded by asking the state to provide an additional \$4.6 million to pay for services that weren't accounted for in 2019.

DCF balked at the request, and it isn't clear how the financial dispute will be resolved.

"We do not discuss private communications that occur with our state partners," said Morgan Rothenberger, spokeswoman for Saint Francis. "Child welfare reimbursement is a complex system, and, as with any contract in the states in which we operate, there are many factors to consider as we work with our partners to provide quality care."

### Smith's spending

DCF commissioned the Topeka-based BT and Co. accounting firm to evaluate the financial stability of Saint Francis and allegations of reckless spending that surfaced in an anonymous whistleblower's letter to DCF in November 2019.

The firm began the audit in January 2020 and examined spending

between July 1, 2018, and Sept. 30, 2019.

“I recognize that new leadership is making progress in many of the areas identified in the audit report, including taking steps to address their financial position, implementing effective internal controls and improved board involvement in financial management and key decisions,” DCF secretary Laura Howard said in a statement for this story. “DCF will continue to foster an enhanced monitoring and reporting relationship to ensure ongoing concerns are addressed. Saint Francis remains a valued partner in our work to improve the Kansas child welfare system.”

The audit details a severe decline in Saint Francis’ assets during a three-year period under Smith’s leadership.

In June 2016, the nonprofit held \$7.3 million in cash and had just \$21,000 drawn on its line of credit. Total assets were valued at \$29.7 million. Three years later, with little cash and rising debt, assets were down to \$16.7 million.

Still, in the summer of 2019, Smith entered into [a severely underbid contract to expand child placement services into Nebraska](#), knowing it would cost Saint Francis millions. When staff objected, according to [an investigator’s report](#), Smith said, “God will provide.”

Smith arrived at Saint Francis in 2014 as a priest ordained by the Episcopal Diocese of Chicago. The church has [disciplined Smith for using poor judgment](#) while running Saint Francis, and it reinstated his priesthood earlier this month in part because no new allegations were expected to surface in the DCF audit.

BT and Co. reviewed a sample of more than 200 expenditures totaling \$934,210 from the fiscal year that ended June 30, 2019 – out of \$103,234,435 in total expenses. Auditors discovered there was no approval or review of Smith’s expenses, and every statement of his was missing receipts.

“There were travel costs and hotel charges in nearly every month viewed in the sample, many of these seeming excessive for very nice hotels, first class flights, and several charges for meals and

entertainment,” the audit report said.

Saint Francis didn’t employ a chief financial officer or financial controller between January 2018 and September 2020, which the audit identified as a mistake. The audit found no evidence that the board of directors ever reviewed Smith’s credit card purchases or expense reimbursements. Policies requiring approval of \$1,000 purchases and dual signatures for \$5,000 expenses were not always followed.

Smith’s travel expenses included trips with no business purpose to Oregon, London, Dublin and Florida. A trip to Chicago, which coincided with a board meeting, included limousine services, Chicago Cubs tickets and expenses at the University Club of Chicago.

Smith also used his American Express card issued through Saint Francis to pay for Sirius XM subscription fees, Salina Community Theatre tickets, alcohol from Brooks Liquor Store in Salina, Apple iTunes charges and Amazon purchases. There were more than \$21,000 in charges for NFL and MLB tickets.

Smith arranged a deal on Sept. 9, 2019, to wire \$65,000 to an unnamed “third-party agent” to [purchase Chicago Cubs playoff tickets](#) – four seats and reserved parking passes in the Maker’s Mark and 1914 Club sections, a total of eight tickets. Under the agreement, Saint Francis authorized the agent to resell the tickets and split the profits equally. Because of the lack of Saint Francis documentation, auditors were uncertain whether the money was ever advanced to the agent, but the funds would have been returned to Saint Francis when the mediocre Cubs failed to make the playoffs.

Sampling indicated \$21,913.25 of Smith’s costs were charged to Kansas but not allowed under the agreement with DCF. Of that amount, Saint Francis says it has provided documentation for \$5,923.60 in valid expenses.

## Accounting problems

Auditors flagged a contract between Saint Francis and WMK Research for its extraordinary cost and the security risk of outsourcing all IT controls.

The IT company's owner, Bill Whymark, charged \$10.3 million to Saint Francis for his IT services between December 2017 and June 2020. Many of the invoices weren't approved before they were paid, and the rest were approved by Smith by email within minutes of receiving them. They included charges for iPhones, OtterBox cases, and travel for Whymark and his support team. Sequential invoice numbers indicated to auditors that Saint Francis was one of the company's only customers.

Smith, in statements released after leaving Saint Francis, has tried to distance himself from Whymark by denying the two were ever business partners. Auditors describe Whymark as "a related party" to Smith.

When the IT system crashed in 2019, it wiped out financial records for a six-month period. Saint Francis has worked with five consultants to restore the data and ended its relationship with Whymark earlier this year.

Auditors also flagged accounting problems with the spreadsheet Saint Francis used to track service fees. The auditors found numbers hard keyed over formulas to make debits and credits balance. The accounting was prepared and reviewed by the same person, an "improper segregation of duties," the audit report said.

BT and Co applied several metrics to assess nonprofit finances. The cost of services provided by Saint Francis slipped from 87% of total costs in 2016 to 83% by 2019. The goal is to be above 85%. Meanwhile, management expenses increased from 12% of total costs in 2016 to 16% in 2019. For nonprofits, management expenses should stay below 12.5%.

Rothenberger, the spokeswoman for Saint Francis, said the organization has "closed this chapter" and is focused on progress made under current leadership.



“We are pleased with the BT and Co. report, as the report shows that state and federal dollars have been used as intended,” Rothenberger said. “The final report provides assurance to DCF and our external stakeholders that Saint Francis is properly spending and accounting for state and federal funds.”

## Unresolved issues

Howard, the DCF secretary, formally notified Saint Francis of the audit findings in a letter dated Oct. 8.

She asked for confirmation that the organization had addressed problems identified in the audit.

“DCF acknowledges the progress made in several organizational and financial areas, including addressing financial stability of the organization,” Howard said. “Continued progress in these areas, specifically regarding timely and accurate monthly financial reports and related documents, will be important in our continued partnership.”

Clark, the current CEO of Saint Francis, responded in an Oct. 14 letter that said the organization has a three-year plan to regain financial sustainability. He attached an independent assessment by Connor Consulting Corp. as evidence that proper controls were in place.

“Saint Francis has taken numerous steps over the past year to address both the financial position of the organization and overall management,” Clark wrote. “We have worked diligently to ensure more effective controls, processes, procedures and oversight are in place.”

However, he refused Howard’s request to repay nearly \$22,000 for Smith’s personal expenses. Instead, Saint Francis expects to be paid \$4.6 million for services provided in 2019, he said.

“Given the large financial loss, we do not intend to provide any form of reimbursement to the state,” Clark wrote.

Mike Deines, a spokesman for DCF, said the agency doesn't owe additional funds to Saint Francis and no other contractor has made a similar request.

The status of a [\\$10 million PPP loan used by Saint Francis early in the COVID-19 pandemic](#) is unclear.

Most business can expect the U.S. Small Business Administration to forgive PPP loans, but the program was restricted to businesses with fewer than 500 employees, or those with a net worth of less than \$15 million and net income of less than \$5 million.

The audit report said Saint Francis consulted with an attorney who indicated the organization wasn't eligible for the loan and would have to return the money.

Rothenberger said the loan is "considered paid in full," but a [database maintained by ProPublica](#) shows the SBA has forgiven the loan, including \$151,667 in interest.

"The fact that it is settled is as much as we are open to discussing," Rothenberger said in response to a question seeking clarity on the issue.

*After this story was published, Saint Francis provided the following statement about the PPP loan:*

*"Saint Francis Ministries, in partnership with our lender, followed the prescribed process for PPP forgiveness. Eligibility was reviewed during the forgiveness process and Saint Francis received approval. We qualified for the PPP based on the alternative size standard."*



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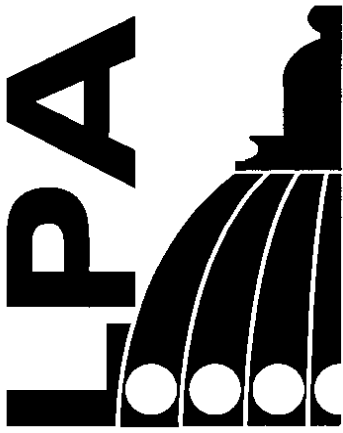
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# Legislative Post Audit Financial Audit Report Highlights

Highlights

State of Kansas: Federal Compliance (A-133)  
Audit of Fiscal Year 2014

## Report Highlights

March 2015 • R-15-003

### Summary of Legal Requirements

*The federal government requires organizations that receive a significant amount of federal funding to undergo a "single audit" in accordance with OMB Circular A-133.*

*The Single Audit combines the audit of the state's financial statements with an organization-wide audit of compliance with federal regulations and award agreements. The Single Audit is presented in two parts. The first part was the audit of the state's basic financial statements for fiscal year 2014 (R-14-018 released in December 2014). This second part is the report on state agencies' compliance with federal awards requirements.*

### Background Information

*CliftonLarsonAllen, a CPA firm under contract with the Legislative Division of Post Audit, conducted this audit.*

*Reported federal expenditures for fiscal year 2014 were \$5.1 billion.*

**AUDIT OBJECTIVES:** The federal A-133 audit has three major objectives: (1) evaluate state agencies' compliance with federal laws, regulations, contracts, and other requirements; (2) evaluate agencies' internal controls over compliance; and (3) identify any questioned costs associated with non-compliance.

- **The auditors reported that the state was in material compliance with the applicable requirements for all but one of the 20 federal programs audited.** The auditors found material non-compliance existed with the Foster Care program administered by the Department for Children and Families. The auditors found that the department had misclassified two subrecipients in the Foster Care program as contractors. As a result, the department applied its monitoring program for contractors, but did not comply with all requirements regarding subrecipient monitoring.
- **The auditors reported a total of 27 problem findings related to the federal awards including five material weaknesses** (the most significant type of problem finding).
  - The **Department for Children and Families** did not have adequate support documentation from the subrecipient for some of their claims (Foster Care), did not adequately monitor the subrecipients (Foster Care, this is the basis for the qualification above), and did not document and/or meet all eligibility requirements for some beneficiary payments tested (Adoption Assistance).
  - The cash draw reports submitted by the **Department of Health and Environment** did not agree with the Medicaid Management Information Systems reports in two instances (Medicaid).
  - The **Department of Labor** overstated the amount of federal funds spent to the Department of Administration by \$30 million (Unemployment Insurance).
  - All 27 problem findings are listed in the separate document, Summary of Problem Findings from the FY 2014 OMB Circular A-133 Audit.
  - Of the 27 problem findings noted above, five are repeat findings from prior years.
- **The auditors estimated questioned costs as a result of some of the findings at just under \$300,000.** Although the auditors initially identify the questioned costs, the applicable federal agency ultimately decides if the state will have to reimburse the federal government and how much. The questioned costs are listed in the separate document, Summary of Problem Findings from the FY 2014 OMB Circular A-133 Audit.

## **SUMMARY OF RECOMMENDATIONS:**

- The auditors made recommendations to address the problem findings identified.

## **AGENCY RESPONSE:**

- Each agency responded to its respective findings with a corrective action plan.
- The Department for Children and Families provided an additional response addressing some concerns about Finding 2014-008. This additional response should not be considered part of the audit report.

### **HOW DO I REQUEST AN AUDIT?**

By law, individual legislators, legislative committees, or the Governor may request an audit, but any audit work conducted by the division must be directed by the Legislative Post Audit Committee. Any legislator who would like to request an audit should contact the division directly at (785) 296-3792.

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Legislative Post Auditor

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**Summary of Problem Findings  
from the  
OMB Circular A-133 Audit  
Year Ended June 30, 2014**

## DEPARTMENT FOR CHILDREN AND FAMILIES

Description of Problem Findings	Classification	Questioned Costs	Year Originally Reported	Summary of Recommendation
<b>US Department of Health and Human Services (Child Care and Development Fund)</b>				
Did not have adequate documentation for the family share deduction in two of the 60 files tested.	Significant Deficiency	\$ -	2014	Improve the internal control design to include better supporting documentation and a verification process of amounts paid to program participants.
Did not have adequate support documentation for eligibility or benefits in three of the 60 cases tested.	Significant Deficiency	2,060	2014	Expand the internal control design to include a review process and/or computerized edit checks to mitigate data entry errors.
<b>US Department of Health and Human Services (Foster Care)</b>				
Did not have adequate support documentation from the contractor (subrecipient) for three of 40 claims tested.	Material Weakness	1,047	2014	Emphasize documentation requirements to the contractor and develop an oversight program to monitor the contractors' compliance.
The A-133 report from the subrecipient that was available during the audit period did not contain the federal funds passed to the subrecipient from the State of Kansas and therefore had not been subject to audit.	Material Weakness	-	2014	Incorporate the subrecipient monitoring framework that is in place for other DCF programs.
Two subrecipients did not submit Federal Funding Accountability and Transparency Act (FFATA) reports.	Significant Deficiency	-	2014	Incorporate FFATA reporting requirements and information in the subrecipient agreements, and consider monitor procedures to ensure compliance with FFATA reporting.
<b>US Department of Health and Human Services (Adoption Assistance)</b>				
Did not document and/or meet all eligibility requirements in four of the 40 beneficiary payments tested.	Material Weakness	11,330	2014	Design additional internal controls that monitor the workflow of adoption processing and maintain documentation, and provide training to staff.
<b>Department of Education (Vocational Rehabilitation)</b>				
Did not determine eligibility within 60 days in three of the 40 cases tested.	Significant Deficiency	-	2014	Develop a more robust internal control to monitor the workflow of application processing.
Did not verify that contractors were not suspended or debarred for one of the 11 contracts examined.	Significant Deficiency	-	2014	Develop a more robust internal control that monitors the tracking of all purchases and related suspension and debarment verification.
Total Questioned Costs		\$ 14,437		

## DEPARTMENT OF COMMERCE

Description of Problem Findings	Classification	Questioned Costs	Year Originally Reported	Summary of Recommendation
<b>US Department of Health and Human Services (Program of Competitive grants for Worker Training and Placement in High Growth and Emerging Industry Sectors)</b>				
Did not adequately monitor the subrecipients. (Repeat finding)	Significant Deficiency	\$ -	2012	Continue to use the process and related controls to effectively monitor subrecipients.
Did not provide identifying award information at the time of award to any of the four subrecipients tested. (Repeat finding)	Significant Deficiency	-	2013	Continue to use the process and related controls to effectively monitor subrecipients.
Total Questioned Costs		\$ -		

**DEPARTMENT OF EDUCATION**

Description of Problem Findings	Classification	Questioned Costs	Year Originally Reported	Summary of Recommendation
<b>US Department of Education (School Improvement Grants Cluster)</b>				
Did not submit the Federal Funding Accountability and Transparency Act (FFATA) report timely. (Repeat finding)	Significant Deficiency	\$ -	2013	Implement processes and controls to ensure that all required FFATA reports are submitted timely.
Total Questioned Costs		\$ -		



## DEPARTMENT OF HEALTH AND ENVIRONMENT

Description of Problem Findings	Classification	Questioned Costs	Year Originally Reported	Summary of Recommendation
<b>US Department of Health and Human Services (Medicaid Cluster)</b>				
The cash draws submitted for two of the 14 reports tested did not agree with the Medicaid Management Information Systems reports.	Material Weakness	\$ -	2014	Strengthen the preparation and review process over cash draws.
Did not document review of either of the two financial reports tested for the State Survey and Certification of Health Care Providers and Suppliers program.	Significant Deficiency	-	2014	Continue to develop cross-training.
Did not submit either of the two quarterly expense reports tested timely.	Significant Deficiency	-	2014	Get written approval from the federal granting agency for any delays in submission of reports.
One of 60 files tested did not contain an application.	Significant Deficiency	-	2014	Provide training and consider additional cross-checks for documentation in case files.
<b>US Department of Health and Human Services (State Grants to Promote Health Information Technology)</b>				
Did not provide identifying award information at the time of award and did not receive a copy of the subrecipient's A-133 audit. (Repeat finding)	Significant Deficiency	-	2013	Continue to use the process and controls to monitor all subrecipients of federal grants.
Total Questioned Costs		\$ -		

## DEPARTMENT OF LABOR

Description of Problem Findings	Classification	Questioned Costs	Year Originally Reported	Summary of Recommendation
<b>US Department of Labor (Unemployment Insurance)</b>				
The amount of federal funds spent reported to the Department of Administration was overstated by \$30 million.	Material Weakness	\$ -	2014	Conduct additional training for the agencies involved with the federal expenditure reporting process.
Did not obtain approval from the US Department of Labor for some purchases and contractor payments.	Significant Deficiency	275,404	2014	Strengthen control process over disbursements to ensure that costs incurred are allowed by the federal awarding agency.
Did not document review of two of the five cash draws tested.	Significant Deficiency	-	2014	Continue to develop cross-training.
Seven of the 40 cases tested were not reviewed by the Benefits Accuracy Measurement program within the required timeframe.	Significant Deficiency	-	2014	Conduct training for all investigators, and include compliance with deadline requirements in the investigators' evaluation.
Did not properly classify three of the 40 overpayments tested.	Significant Deficiency	-	2014	Provide additional training and develop a checklist for all situations to consider.
Did not include payroll expenditures payable in four of the seven program and administrative expenditures reports.	Significant Deficiency	-	2014	Provide additional training and consider cross-training.
The amounts reported on both of the State Workforce Agency activity reports did not agree with underlying support.	Significant Deficiency	-	2014	Develop system generated information to reduce the time involved to manually generate the fields that were incorrect.
Did not document review of one of the two Contribution Operations reports tested.	Significant Deficiency	-	2014	Continue to develop cross-training.
Total Questioned Costs		\$ 275,404		

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Description of Problem Findings	Classification	Questioned Costs	Year Originally Reported	Summary of Recommendation
<b>US Department of Education (Statewide Data Systems Cluster)</b>				
Implemented a process to include a statement to certify that the contracted vendor is not suspended or debarred, but did not award any new contracts. (Repeat finding)	Significant Deficiency	\$ -	2013	Continue to use the process and controls to ensure compliance.
<b>US Department of Education (Student Financial Assistance Cluster)</b>				
One service provider did not comply with the Third-Party Eligibility Compliance Requirement.	Significant Deficiency	\$ -	2015	Review all service contracts to verify they comply with rules and regulations.
Total Questioned Costs		\$ -		

**PITTSBURG STATE UNIVERSITY**

Description of Problem Findings	Classification	Questioned Costs	Year Originally Reported	Summary of Recommendation
<b>US Department of Health and Human Services (Research and Development Cluster)</b>				
Did not use effort reports or time sheets to support charges to the grant for staff salaries.	Significant Deficiency	\$ 5,920	2014	Institute a policy requiring signed effort reports for time worked on projects funded by federal grants.
Total Questioned Costs		\$ 5,920		