



MEMORANDUM

Legislative Post Audit

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To: Legislative Post Audit Committee
From: Matt Etzel, Principal Auditor
Date: March 10, 2021
Subject: **Results of LPA Data Mining Work in 2020**

Background

State law (K.S.A. 46-1106) requires that we conduct work at each state agency at least once every three years. One way we meet this requirement is through our data mining work.

2020 Data Mining Results

Our review of DCF credit card transactions revealed some control weaknesses but no evidence of any fraud, waste, or abuse.

- Our 2019 review of state credit card transactions flagged a few suspicious purchases within the Department for Children and Families (DCF). This included purchasing \$100,000 in Walmart gift cards and purchases for what appeared to be personal items (e.g., groceries, car repairs, etc.).
- Last year we followed up with DCF staff and reviewed supporting documents to determine if these purchases were appropriate. We did not find evidence of any new potential fraud, waste, or abuse. We did identify a few areas where DCF could improve their controls. We made recommendations to DCF to address those issues. Below is a summary of our main findings.
 - In July 2017, DCF purchased \$100,000 in Walmart gift cards to ensure clients received benefits during a system upgrade. Spreadsheets used to track the gift cards were incomplete, but officials told us all gift cards were given to clients by 2019. DCF officials provided supporting documents for 306 of the 1,000 gift cards. We reviewed those documents and did not identify any problems. Officials told us they had supporting documentation for all 1,000 gift cards, but we did not have time to review them all. We also could not confirm clients' eligibility or whether they received their gift cards.
 - DCF staff occasionally purchase personal items to support clients' needs. DCF policy requires staff to fill out a specific form for these purchases. Only half of the 12 client transactions we reviewed had the proper form. DCF

also did not have a way to verify clients received their goods or services. We recommended DCF use its process to document all purchases and develop a process to verify clients received their good or services, as appropriate.

2021 Data Mining Results

Our review of all state P-Card transactions for fiscal year 2020 revealed some irregularities we plan to follow up on.

- Earlier this year we used analytical tools to review fiscal year 2020 state credit card transactions at 76 state agencies or entities. Transactions with suspicious or atypical characteristics were flagged as high-risk for potential fraud, waste, or abuse. The data mining team used professional judgement to select state agencies and transactions it felt warranted additional review.
- Based on our review, we decided to follow up on transactions at the Osawatomie State Hospital and the State Treasures' Office for fiscal year 2020. We plan to follow up on these this year, as time permits. We also still plan to follow up with the Department of Commerce on travel expenses from fiscal years 2018 and 2019.