



Legislative Audit Committee December 11, 2023 Minutes

The Legislative Audit Committee (LAC) convened a hearing on December 11, 2023, at 9:01 a.m. in the Old Supreme Court Chambers. Senator Robert Rodriguez called the meeting to order. Roll was called with the following members present or excused:

Committee Members

Representative Gabe Evans (excused), Senator Rhonda Fields (arrived 9:08 a.m., remote and in-person), Representative William Lindstedt, Representative Matthew Martinez (LAC temporary replacement for Representative Andrew Boesenecker, remote), Senator Rod Pelton, Senator Kevin Van Winkle, Representative Lisa Frizell (Vice Chair), Senator Robert Rodriguez (Chair)

The following Office of the State Auditor (OSA) staff attended:

OSA

Kerri L. Hunter, State Auditor; Michelle Colin, Deputy State Auditor; Marisa Edwards, Deputy State Auditor; Dana Berry, Crystal Dorsey, Nina Frant, Derek Johnson, Adrien Kordas, Hudson Marsh, Chris McClain, Jenny Page, Cindi Radke, Maya Rosochacova, Kate Shiroff

Other Attendees

Colorado Board of Veterans Affairs

Colonel Sheila M. Q. Scanlon, USMC (retired), Chair

Colorado Lottery

Stanley Podolski III, Chair, Lottery Commission (Remote)

Bill Clayton, Vice Chair, Lottery Commission

Tom Seaver, Director

Jennifer Anderson, Deputy Director

Department of Military and Veterans Affairs

David Callahan, Ph.D., Director, Division of Veterans Affairs
Sarah Edwards, Chief Operating Officer
Parker White, Legislative Liaison and Public Information Officer

Department of Public Safety

Kevin Klein, Division of Homeland Security and Emergency Management Director
Tanya Olsen, Controller

Governor's Office of Information Technology

David Edinger, Chief Information Officer and Executive Director
William Chumley, Chief Customer Officer
Jill Fraser, Interim Chief Information Security Officer
Michael McReynolds, Legislative Liaison

Governor's Office of State Planning and Budgeting

Mark Ferrandino, Executive Director
Sherry Wolfe, Deputy Director for Budget

Office of Legislative Legal Services

Jacob Baus, Senior Attorney

Office of the State Controller

Robert Jaros, State Controller
Jeffrey Kahn, Director of Financial Reporting & Analysis

9:01 a.m.

Department of Revenue, Colorado Lottery, Colorado Lottery Performance Audit, November 2023

Representative Frizell made a motion to release the *Department of Revenue, Colorado Lottery, Colorado Lottery Performance Audit, November 2023*. Senator Van Winkle seconded the motion, and the motion passed unanimously.

Ms. Colin introduced self and staff.

Mr. Seaver (*Colorado Lottery*) introduced self, Lottery Commission Chair and Vice Chair, and staff. OSA Staff presented an overview of the audit.

Recommendation 1 was reviewed, discussed, and agreed to by the Lottery Commission (Commission) and the Colorado Lottery (Lottery).

Recommendation 2 was reviewed, discussed, and agreed to by the Commission and Lottery.

Discussion ensued regarding enforcement of operating policies and procedures.

Recommendation 3 was reviewed, discussed, and agreed to by the Lottery.

Discussion ensued regarding retail compliance enforcement procedures, recommendations' timeline, and personnel utilized for compliance checks.

Recommendation 4 was reviewed, discussed, and agreed to by the Lottery.

Recommendation 5 was reviewed, discussed, and agreed to by the Lottery.

Discussion ensued regarding investigations of winning claims, random distribution of lottery tickets, community perception of the ability to win any given game, and the integrity of lottery games.

Recommendation 6 was reviewed, discussed, and agreed to by the Lottery.

Discussion ensued regarding procurement procedures.

10:18 a.m.

Schedule of TABOR Revenue, Fiscal Year 2023, Performance Audit, November 2023

Representative Frizell made a motion to release the *Schedule of TABOR Revenue, Fiscal Year 2023, Performance Audit, November 2023*. Senator Van Winkle seconded the motion, and the motion passed unanimously.

Ms. Edwards introduced self and staff.

Mr. Jaros (*Office of the State Controller*) introduced self and staff.

OSA Staff presented an overview of the audit.

10:34 a.m.

State of Colorado, Cash Funds Uncommitted Reserves, Fiscal Year Ended June 30, 2023, Performance Audit, November 2023

Representative Frizell made a motion to release the *State of Colorado, Cash Funds Uncommitted Reserves, Fiscal Year Ended June 30, 2023, Performance Audit, November 2023*. Senator Van Winkle seconded the motion, and the motion passed unanimously.

Ms. Edwards introduced staff.

Ms. Dorsey presented an overview of the audit.

10:46 a.m.

Annual Report: Status of Audit Recommendations Not Fully Implemented as of June 30, 2023, Informational Report, November 2023

Representative Frizell made a motion to release the *Annual Report: Status of Audit Recommendations Not Fully Implemented as of June 30, 2023, Informational Report, November 2023*. Senator Van Winkle seconded the motion, and the motion passed unanimously.

Ms. Page introduced self and presented an overview of the report.

10:58 a.m.

Minutes

Representative Frizell made a motion to approve the October 16, 2023, LAC hearing minutes. Senator Van Winkle seconded the motion, and the motion passed unanimously.

10:59 a.m.

Department of Public Safety, Governor's Office of State Planning and Budgeting, The Disaster Emergency Fund, Performance Audit, December 2022, Status Report

Ms. Colin introduced staff.

Ms. Shiroff presented an overview of the Department of Public Safety report.

Mr. Klein (*Department of Public Safety*) introduced self, presented the status report, and introduced staff.

Ms. Shiroff presented an overview of the Governor's Office of State Planning and Budgeting report.

Mr. Ferrandino (*Governor's Office of State Planning and Budgeting*) introduced self and presented the status report.

11:05 a.m.

Veterans Services Legislation

Ms. Colin introduced staff.

Dr. Callahan (*Department of Military and Veterans Affairs*) introduced self and staff.

Ms. Frant presented an overview of the potential legislation.

Discussion ensued regarding accreditation requirements and training for Veterans Service Officers (VSO), access to veteran's benefits, and procedures to help families procure benefits.

Representative Frizell made a motion to move the bill draft to bill paper. Senator Fields seconded the motion. A roll call vote was conducted, and the motion passed 7-0, with one excused. The results were as follows:

Representative Evans – Excused

Senator Fields – Yes

Representative Lindstedt – Yes

Representative Martinez – Yes

Senator Pelton – Yes

Senator Van Winkle – Yes

Representative Frizell - Yes

Senator Rodriguez – Yes

Prime sponsors were Senator Pelton, Senator Fields, Representative Frizell, and Representative Lindstedt. Co-sponsors were Senator Rodriguez, Senator Van Winkle, and Representative Martinez.

11:25 a.m.

Department of Military and Veterans Affairs, Veterans Services (Public Report), Performance Audit, September 2022, Status Report

Ms. Colin introduced staff.

Ms. Berry presented an overview of the report.

Dr. Callahan (*Department of Military and Veterans Affairs*) presented the status report.

Colonel Scanlan (*Colorado Board of Veterans Affairs*) introduced self and presented the status report.

Discussion ensued commending the Department of Military and Veterans Affairs for its diligence in implementing the recommendations.

11:34 a.m.

Department of Military and Veterans Affairs, Veterans Services (Confidential Report), Performance Audit, September 2022, Status Report

Representative Frizell made a motion to conduct an Executive Session in accordance with Section 24-6-402(3)(a)(IV), C.R.S., to review the *Department of Military and Veterans Affairs, Veterans Services (Confidential Report), Performance Audit, September 2022, Status Report* (a discussion of implementation of specialized security arrangements to protect sensitive veteran data). Senator Pelton seconded the motion. A roll call vote was conducted, and the motion passed 7-0, with one excused. The results were as follows:

Representative Evans – Excused

Senator Fields – Yes

Representative Lindstedt – Yes

Representative Martinez – Yes

Senator Pelton – Yes

Senator Van Winkle – Yes

Representative Frizell - Yes

Senator Rodriguez – Yes

11:43 a.m.

Executive Session concluded

11:45 a.m.

Office of Information Technology, Information Technology Service Management, Performance Evaluation, February 2022, Status Report

Ms. Radke introduced self and presented an overview of the report.

Mr. Fraser (*Governor's Office of Information Technology*) introduced self and presented the status report.

Mr. Edinger (*Governor's Office of Information Technology*) introduced self.

11:50 a.m.

Colorado Office of the State Auditor, Fiscal Year 2023 Annual Report

Ms. Colin presented an overview of the report.

Auditor Hunter recognized staff.

1158 a.m.

State Employee Protection Act Report, Request for Preliminary Research

Auditor Hunter introduced the *State Employee Protection Act Report* and requested time for preliminary research. Representative Frizell made a motion to approve preliminary research. Senator Van Winkle seconded the motion, and the motion passed unanimously.

11:59 a.m.

Proposed 2024 Session Calendar

Representative Frizell made a motion to approve the *Proposed 2024 Session Calendar*. Senator Van Winkle seconded the motion, and the motion passed unanimously.

12:00 p.m.

Procedures for January Election of Vice Chair

Auditor Hunter presented the *Procedures for January Election of Vice Chair*. The next Vice Chair will be a House Democrat.

12:01 p.m.

Reports Released Without a Hearing

Representative Frizell made a motion to release the *Reports Released Without a Hearing*. Senator Pelton seconded the motion, and the motion passed unanimously

Ms. Edwards presented an overview of the reports.

12:04 p.m.

Passing of the Gavel

Senator Rodriquez, as outgoing Chair, passed the ceremonial gavel to Representative Frizell, incoming Chair.

Hearing adjourned at 12:05 p.m.

Minutes submitted by:

Jayne Watson

Executive Assistant, Office of the State Auditor