



OFFICE OF THE STATE AUDITOR



Legislative Audit Committee March 22, 2022 Minutes

The Legislative Audit Committee (LAC) convened a hearing on March 22, 2022, at 7:02 a.m. in the Colorado State Capitol, Old Supreme Court Chambers. Senator Jim Smallwood called the meeting to order. Roll was called with the following members present:

Committee Members

Representative Rod Bockenfeld, Representative Colin Larson, Senator Pete Lee (LAC temporary replacement for Senator Julie Gonzales), Representative Dafna Michaelson Jenet, Representative Dylan Roberts, Senator Rob Woodward, Senator Robert Rodriguez (Vice Chair), Senator Jim Smallwood (Chair)

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

OSA

Kerri L. Hunter, State Auditor; Michelle Colin, Deputy State Auditor; Marisa Edwards, Deputy State Auditor; Jenny Atchley, Ferminia Hebert, Jenny Page, Maya Rosochacova, Pooja Tulsian

KERRI L. HUNTER, CPA
STATE AUDITOR

OFFICE OF THE STATE AUDITOR
1525 SHERMAN STREET
7TH FLOOR
DENVER, COLORADO
80203

303.869.2800

Other Attendees

Department of Labor and Employment

Daniel Chase, Chief of Staff

Darcy Kennedy, Deputy Executive Director / Chief Financial Officer

Paulina Delora, Controller

Office of Legislative Legal Services

Bob Lackner, Managing Senior Attorney

Chelsea Princell, Staff Attorney

Office of the State Controller

Robert Jaros, CPA, MBA, JD, State Controller

Jeffrey Kahn, Director, Financial Reporting & Analysis

7:03 a.m.

State of Colorado, Statewide Financial Audit, Fiscal Year Ended June 30, 2021

Senator Rodriguez made a motion to release the *State of Colorado, Statewide Financial Audit, Fiscal Year Ended June 30, 2021*. Representative Michaelson Jenet 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.

Ms. Edwards presented opening comments.

Ms. Tulsian presented an overview of the *Statewide Financial Audit*.

7:20 a.m.

State of Colorado, Annual Comprehensive Financial Report, For the Fiscal Year Ended June 30, 2021

Mr. Jaros presented opening comments and an overview of the *Annual Comprehensive Financial Report*.

Discussion ensued regarding unemployment overpayments and the reconciliation of monies in the unemployment fund.

7:35 a.m.

**State of Colorado, Statewide Financial Audit, Fiscal Year Ended June 30, 2021,
Office of the State Controller Recommendation**

Recommendation 2021-029 was reviewed, discussed, and agreed to by the Office of the State Controller.

Discussion ensued regarding the labor allocation system, costs and savings related to updating the system, and repeat concerns with obtaining timely reports from departments.

8:05 a.m.

**State of Colorado, Statewide Financial Audit, Fiscal Year Ended June 30, 2021,
Department of Labor and Employment Recommendation**

Recommendation 2021-021 was reviewed, discussed, and agreed to by the Department of Labor and Employment.

8:16 a.m.

**State of Colorado. Statewide Financial Audit, Fiscal Year Ended June 30, 2021,
Confidential IT Finding**

Senator Rodriguez made a motion to conduct an Executive Session in accordance with Section 24-6-402(3)(a)(IV), C.R.S., to review the *State of Colorado. Statewide Financial Audit, Fiscal Year Ended June 30, 2021, Confidential IT Finding*. Representative Michaelson Jenet seconded the motion, and the motion passed unanimously.

8:33 a.m.

Executive Session concluded

8:33 a.m.

Additional Discussion

Discussion ensued regarding the Department of Labor and Employment's percentage of unemployment benefits overpayments as it related to total unemployment payments.

8:36 a.m.

General Business

Minutes

Senator Rodriguez made a motion to approve the March 8, 2022, LAC hearing minutes. Representative Bockenfeld seconded the motion, and the motion passed unanimously.

8:36 a.m.

Legislation Discussion

Behavioral Health Care Services Legislation

Ms. Colin introduced self, and presented a summary of the legislation related to the behavioral health audit request and an overview of the bill draft.

Mr. Lackner (*Office of Legislative Legal Services*) introduced self, staff, and discussed the timeline of a safety clause versus petition clause.

Discussion ensued regarding additional language for the audit request.

Senator Rodriguez made a motion to move the un-amended bill draft to bill paper. Representative Michaelson Jenet seconded the motion. A roll call vote was conducted, and the motion passed unanimously. The results were as follows:

Representative Bockenfeld – Yes

Representative Larson – Yes

Senator Lee - Yes

Representative Michaelson Jenet – Yes

Representative Roberts – Yes

Senator Woodward – Yes

Senator Rodriguez - Yes

Senator Smallwood – Yes

Prime sponsors: Representative Larson, Representative Michaelson Jenet, Senator Rodriguez, and Senator Woodward. Co-sponsors: Representative Bockenfeld, Representative Roberts, Senator Lee, and Senator Smallwood.

Foster Care Education Legislation

Ms. Colin introduced staff.

Ms. Atchley presented a summary of the audit finding, recommendations related to the proposed legislation, and an overview of the bill draft.

Discussion ensued regarding potential costs related to the legislation and whether legislation should be under the purview of the LAC.

Representative Michaelson Jenet made a motion to move the un-amended bill draft to bill paper. Representative Roberts seconded the motion. A roll call vote was conducted, and the motion failed on a tie vote. The results were as follows:

Representative Bockenfeld – No

Representative Larson – No

Senator Lee - Yes

Representative Michaelson Jenet – Yes

Representative Roberts – Yes

Senator Woodward – No

Senator Rodriguez - Yes

Senator Smallwood – No

Prescription Drug Monitoring Program SB22-027 Amendment

Representative Roberts presented an overview of an amendment to SB22-027.

Discussion ensued regarding approval of the amendment.

8:58 a.m.

Proposed 2022 Interim Calendar

Representative Larson made a motion to approve the Proposed 2022 Interim Calendar.

Representative Michaelson Jenet seconded the motion, and the motion passed unanimously.

8:59 a.m.

Special Meeting Request

Senator Smallwood discussed scheduling an LAC hearing for March 23, 2022, to discuss outstanding recommendations from the Governor's Office of Information Technology.

Senator Rodriguez made a motion to approve a hearing for March 23, 2022. Representative Michaelson Jenet seconded the motion, and the motion passed unanimously.

9:01 a.m.

Report Released Without a Hearing

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

Ms. Edwards presented an overview of the report.

Hearing adjourned at 9:02 a.m.

Minutes submitted by:

Jayne Watson

Executive Assistant, Office of the State Auditor