



Legislative Audit Committee
June 13, 2022
Minutes

The Legislative Audit Committee (LAC) convened a hearing on June 13, 2022, at 9:30 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 (remote), Senator Jeff Bridges, Representative Cathy Kipp (LAC temporary replacement for Representative Dafna Michaelson Jenet), Representative Colin Larson, Representative Dylan Roberts (remote), Senator Rob Woodward (in-person and remote), 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, Nina Frant, Selome Negassa, Monica Power (remote), Robert Regan (remote), Cariann Ryan, Annalisa Triola, Pooja Tulsian

Other Attendees

Colorado Parks and Wildlife

Heather Dugan, Acting Director

Department of Health Care Policy and Financing

Kim Bimestefer, Executive Director

Ralph Choate, Medicaid Operations Office Director (remote)

Marivel Klueckman, Eligibility Division Director (remote)

Bettina Schneider, Chief Financial Officer (remote)

Department of Human Services

Michelle Barnes, Executive Director

Dr. Ki'i Powell, Director, Office of Economic Security

Andrea Eurich, Controller

Department of Local Affairs – Division of Housing

Alison George, Housing Director

Department of Natural Resources

Dan Gibbs, Executive Director

Windi Padia, Chief Operating Officer

Department of Revenue

Mark Ferrandino, Executive Director

Division of Gaming

Daniel Hartman, Director

Richard Nathan, Chair, Colorado Limited Gaming Control Commission

CliftonLarsonAllen LLP

Allison Slife, Principal

9:31 a.m.

Department of Revenue, Sports Betting, Performance Audit, April 2022

Senator Rodriguez made a motion to release the *Department of Revenue, Sports Betting, Performance Audit, April 2022*. Representative Larson seconded the motion, and the motion passed unanimously.

Ms. Colin introduced self and staff.

Mr. Ferrandino (*Department of Revenue*) introduced self.

Mr. Hartman (*Division of Gaming*) introduced self and Chair.

OSA staff presented an overview of the report.

Recommendation 1 was reviewed, discussed, and agreed to by the Division of Gaming.

Discussion ensued regarding temporary licenses, fees, department staffing, and timing of the audit follow-up.

Recommendation 2 was reviewed, discussed, and agreed to by the Division of Gaming.

Discussion ensued regarding free bet credits and net operating losses.

A policy consideration was discussed regarding free bet credits, net sports betting revenue, and carry forward of net operating losses. These issues were addressed with HB22-1402, and no legislation was requested by the LAC.

10:39 a.m.

Department of Natural Resources, State Park Campsite Reservations, Performance Audit, May 2022

Senator Rodriguez made a motion to release the *Department of Natural Resources, State Park Campsite Reservations, Performance Audit, May 2022*. Representative Kipp seconded the motion, and the motion passed unanimously.

Ms. Colin introduced staff.

Mr. Gibbs (*Department of Natural Resources*) introduced self and staff.

Ms. Ryan presented an overview of the report.

Recommendation 1 was reviewed, discussed, and agreed to by the Department of Natural Resources, Colorado Parks and Wildlife.

Discussion ensued regarding campsite closure documentation, staff training, fee discounts, and the Integrated Parks and Wildlife System (IPAWS) reservation structure.

11:17 a.m.

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

Senator Rodriguez made a motion to release *State of Colorado, Statewide Single Audit, Fiscal Year Ended June 30, 2021*. Representative Larson seconded the motion, and the motion passed unanimously.

Ms. Edwards introduced self and staff, and presented opening comments.

Ms. Tulsian presented an overview of the Statewide Single Audit.

11:29 a.m.

Department of Health Care Policy and Financing Recommendations

Ms. Edwards introduced staff.

Ms. Bimestefer (*Department of Health Care Policy and Financing*) introduced self and staff.

OSA staff presented the recommendations.

Recommendation 2021-041 was reviewed and discussed. The Department of Health Care Policy and Financing (HCPF) disagreed with sub-part A and agreed with sub-parts B and C.

Discussion ensued regarding payments to Medicaid members, validity of claims, and the federal error rate.

Recommendation 2021-042 was reviewed, discussed, and agreed to by HCPF.

12:06 p.m.

Department of Human Services Recommendations

Ms. Edwards introduced staff and contractor.

Ms. Barnes (*Department of Human Services*) introduced self and staff.

Ms. Slife (*CliftonLarsonAllen LLP*) presented the recommendations.

Recommendations 2021-059 and 2021-060 were reviewed, discussed, and agreed to by the Department of Human Services.

12:21 p.m.

Minutes

Senator Rodriguez made a motion to approve the March 22, 2022, LAC hearing minutes. Representative Larson seconded the motion, and the motion passed unanimously.

Senator Rodriguez made a motion to approve the March 23, 2022, LAC hearing minutes. Representative Larson seconded the motion, and the motion passed unanimously.

12:22 p.m.

Department of Local Affairs, Division of Housing, Pandemic Housing Relief - Property Owner Preservation Program, Performance Audit, October 2021, Status Report

Ms. Colin introduced staff.

Ms. Frant presented an overview of the report.

Ms. George (*Department of Local Affairs, Division of Housing*) introduced self and presented the status report.

12:27 p.m.

Marijuana Enforcement Division Audit Request

Auditor Hunter presented an overview of the audit request.

Representative Larson made a motion to approve the requested preliminary research time for the Marijuana Enforcement Division audit request. Senator Rodriguez seconded the motion. A roll call vote was conducted, and the motion passed unanimously. The results were as follows:

Representative Bockenfeld – Yes

Senator Bridges – Yes

Representative Kipp – Yes

Representative Larson – Yes

Representative Roberts – Yes

Senator Woodward – Yes

Senator Rodriguez - Yes

Senator Smallwood – Yes

12:29 p.m.

Behavioral Health Care Services Audit Request

Ms. Colin presented an overview of the previously approved audit request to review the Department of Human Services and Health Care Policy and Finance's oversight of the community mental health centers and the regional accountable agencies, as well as the records and processes.

Discussion ensued regarding the audit request options, prior legislation approved by the LAC, and payment distributions. The Committee chose to continue with the audit.

12:43 p.m.

Reports Released Without a Hearing

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

Ms. Edwards presented an overview of the reports.

Hearing adjourned at 12:45 p.m.

Minutes submitted by:

Jayne Watson

Executive Assistant, Office of the State Auditor