



**Legislative Audit Committee**  
**June 12, 2023**  
**Minutes**

The Legislative Audit Committee (LAC) convened a hearing on June 12, 2023, at 9:03 a.m. in the Colorado State Capitol, 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 Andrew Boesenecker (excused), Representative Gabe Evans, Senator Rhonda Fields, Representative Dafna Michaelson Jenet, Senator Rod Pelton, Senator Kevin Van Winkle (remote), 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; Crystal Dorsey, Jenny Page, Cindi Radke, Keira Richards, Maya Rosochacova, Cariann Ryan, Sierra Tanner

**Other Attendees**

Auraria Higher Education Center

Zach Hermsen, Chief Financial Officer

Skip Spear, Chief Administrative Officer/General Counsel

Department of Regulatory Agencies

Ginny Brown, Deputy Executive Director

Casey Hensley, Program Manager

Governor's Office of Information Technology

Julia Richman, Deputy Executive Director

Stephen Petty, Director, Security Risk & Compliance, Office of Information Security

Michael McReynolds, Senior Manager, Government Affairs, Executive Director's Office

Joint Technology Committee

Senator Ron Weinberg (remote)

Pinnacol Assurance

Howard Carver, Chair of Risk & Audit Committee

John O'Donnell, President and CEO

Kathy Kranz, Vice President and CFO

Public Utilities Commission

Rebecca White, Director

Crowe LLP

Pete Ugo, Partner

Eide Bailly LLP

Anders Erickson, Risk Advisory Principal

Matt Solomon, Risk Advisory Manager

KPMG

Ashley Busse, Partner

Lexi Oberoi, Senior Manager

9:04 a.m.

**Department of Regulatory Agencies, Public Utilities Commission, Gas Pipeline Safety Program, Performance Audit, May 2023**

Representative Frizell made a motion to release the *Department of Regulatory Agencies, Public Utilities Commission, Gas Pipeline Safety Program, Performance Audit, May 2023*. Representative Michaelson Jenet seconded the motion, and the motion passed unanimously.

Ms. Colin introduced self and staff.

Ms. Brown (*Department of Regulatory Agencies*) introduced self and staff.

Ms. White (*Public Utilities Commission*) introduced self.

OSA Staff presented an overview of the audit.

Chapter 1 overview was presented.

Discussion ensued regarding the Aurora pipeline safety investigation, expenses related to staffing, and the time frame utilized for the audit.

Recommendation 1 was reviewed, discussed, and agreed to by the Public Utilities Commission (PUC) and Department of Regulatory Agencies (Department).

Discussion ensued regarding federal funding, the State's ranking regarding inspection compliance, standards for time required to perform inspections, definition of the term "small operator," PUC inspector staffing levels, timeline to implement recommendations, definition of the risk-based approach, and oversight of third party inspectors.

Recommendation 2 was reviewed, discussed, and agreed to by the PUC and Department.

Discussion ensued regarding compliance orders, safety standards, and incident inspections.

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

Discussion ensued regarding consistency between warnings, fines, and compliance, and the relationship between penalties and compliance.

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

Recommendation 5 was reviewed and discussed. Sections A and C-H were agreed to and Section B was partially agreed to by the PUC and Department.

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

Discussion ensued regarding state and federal training programs, and timeline for implementing training standards.

Recommendations 7 thru 12 were reviewed, discussed, and agreed to by the PUC and Department.

10:55 a.m.

**Governor's Office of Information Technology, Cybersecurity Resiliency Public Report, May 2023**

Representative Frizell made a motion to release the *Governor's Office of Information Technology, Cybersecurity Resiliency Public Report, May 2023*. Representative Michaelson Jenet seconded the motion, and the motion passed unanimously.

Ms. Radke introduced self and contractor.

Ms. Richman (*Governor's Office of Information Technology*) introduced self, and staff introduced themselves. Eide Bailly LLP staff presented an overview of the report.

Discussion ensued regarding previous unfulfilled recommendations.

Recommendation 1 was reviewed and discussed. Sections C-E and H were agreed to, Sections B and F-G were partially agreed to, and Section A was disagreed to by the Governor's Office of Information Technology (OIT).

Recommendation 2 was reviewed, discussed, and partially agreed to by OIT.

Discussion ensued regarding role-based training.

11:25 a.m.

**Recess**

11:34 a.m.

**Governor's Office of Information Technology, Cybersecurity Resiliency Confidential Report, May 2023**

Representative Michaelson Jenet made a motion to conduct an Executive Session in accordance with Section 24-6-402(3)(a)(IV), C.R.S., to review the *Governor's Office of Information Technology, Cybersecurity Resiliency Confidential Report, May 2023*. Representative Frizell seconded the motion, and the motion passed unanimously.

12:46 p.m.

**Executive Session Ended**

12:47 p.m.

**Pinnacol Assurance, Statutory-Basis Financial Statements and Supplemental Schedules of Investment and Reinsurance Information, December 31, 2022 and 2021, (With Independent Auditors' Report Thereon)**

Representative Frizell made a motion to release the *Pinnacol Assurance, Statutory-Basis Financial Statements and Supplemental Schedules of Investment and Reinsurance Information, December 31, 2022 and 2021*. Representative Michaelson Jenet seconded the motion, and the motion passed unanimously.

Ms. Edwards introduced self, staff, and contractor.

Mr. Carver (*Pinnacol Assurance*) introduced self, and Pinnacol Assurance CEO and CFO.

KPMG staff presented an overview of the report.

1:02 p.m.

**Auraria Higher Education Center, Financial and Compliance Audit, Fiscal Years ended June 30, 2022 and 2021**

Representative Frizell made a motion to release the *Auraria Higher Education Center, Financial and Compliance Audit, Fiscal Years ended June 30, 2022 and 2021*. Representative Evans seconded the motion, and the motion passed unanimously.

Ms. Edwards introduced staff and contractor.

Mr. Spear (*Auraria Higher Education Center*) introduced self and staff.

Crowe LLP staff presented an overview of the audit.

Recommendations 1 and 2 were reviewed, discussed, and agreed to by the Auraria Higher Education Center.

1:15 p.m.

### **Minutes**

Representative Frizell made a motion to approve the April 4, 2023, LAC hearing minutes. Senator Fields seconded the motion, and the motion passed unanimously.

### **Statewide Internet Portal Authority Required Reporting**

Ms. Edwards presented the required overview of the Statewide Internet Portal Authority financial statements.

1:17 p.m.

### **Member Request to Discontinue Approved Audit Request of the Department of Corrections Victim Notification Program**

Auditor Hunter presented an overview of the request to discontinue the previously approved audit request.

Senator Fields presented additional background on the request.

Discussion ensued regarding legislation addressing issues raised in the original audit request.

Representative Frizell made a motion to approve the discontinuation of the audit request of the Department of Corrections Victim Notification Program. Senator Fields seconded the motion. A roll call vote was conducted, and the motion passed 5 - 0, with three excused. The results were as follows:

Representative Boesenecker – Excused

Representative Evans – Yes

Senator Fields – Yes

Representative Michaelson Jenet – Excused

Senator Pelton – Yes

Senator Van Winkle – Excused

Representative Frizell – Yes

Senator Rodriguez – Yes

1:20 p.m.

### **Colorado Department of Public Health and Environment's Colorado EnviroScreen Audit Request**

Auditor Hunter presented an overview of the audit request.

Representative Evans presented additional background on the request.

Representative Frizell made a motion to approve the requested preliminary research time. Representative Evans seconded the motion. A roll call vote was conducted, and the motion passed 7 - 0, with one excused. The results were as follows:

Representative Boesenecker - Excused

Representative Evans – Yes

Senator Fields – Yes

Representative Michaelson Jenet – Yes

Senator Pelton – Yes

Senator Van Winkle – Yes

Representative Frizell – Yes

Senator Rodriguez – Yes

**Hearing adjourned at 1:25 p.m.**

Minutes submitted by:

Jayne Watson

Executive Assistant, Office of the State Auditor