



OFFICE OF THE STATE AUDITOR



Legislative Audit Committee March 16, 2021 Minutes

March 16, 2021

The Legislative Audit Committee (LAC) convened a hearing on March 16, 2021, at 7:09 a.m. in the Colorado State Capitol, Old Supreme Court Chambers. Representative Dafna Michaelson Jenet called the meeting to order. Roll was called with the following results:

Committee Members

Representative Rod Bockenfeld, Senator Julie Gonzales (arrived 7:15 a.m.), Representative Colin Larson, Representative Dylan Roberts, Senator Robert Rodriguez, Senator Rob Woodward, Senator Jim Smallwood (Vice Chair) (arrived 7:15 a.m.), Representative Dafna Michaelson Jenet (Chair)

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

OSA

Dianne E. Ray, State Auditor; Kerri Hunter, Deputy State Auditor; Crystal Dorsey

DIANNE E. RAY, CPA
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STATE AUDITOR

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Other Attendees

Department of Labor and Employment

Daniel Chase, Chief of Staff

Darcy Kennedy, Deputy Executive Director, Chief Financial Officer (Remote)

Paulina Delora, Controller (Remote)

Phill Spesshardt, Acting Unemployment Insurance Director (Remote)

Kiersten Howard, Deputy Unemployment Insurance Director (Remote)

Office of the State Controller

Robert Jaros, CPA, MBA, JD, State Controller

Tammy Nelson, Deputy State Controller (Remote)

Jeffrey Kahn, Director, Financial Reporting & Analysis (Remote)

BDO, USA, LLP

Randy Watkins, Partner (Remote)

Tyra Litzau, Director

7:10 a.m.

State of Colorado, Statewide Financial Audit, Fiscal Year Ended June 30, 2020

Senator Rodriguez made a motion to release the *State of Colorado Statewide Financial Audit. Fiscal Year Ended June 30, 2020*. Representative Roberts seconded the motion, and the motion passed unanimously.

Ms. Hunter introduced self and staff.

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

Ms. Hunter presented opening comments.

Ms. Dorsey presented an overview of the Statewide Financial Audit.

7:25 a.m.

State of Colorado, Comprehensive Annual Financial Report For the Fiscal Year Ended June 30, 2020

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

8:01 a.m.

**State of Colorado, Statewide Financial Audit, Fiscal Year Ended June 30, 2020,
Office of the State Controller Recommendation**

Ms. Dorsey presented the finding and Recommendation 2020-028. The recommendation was discussed and agreed to by the Office of the State Controller.

Questions arose in regard to the repeat concern with obtaining up-to-date exhibits and accurate reports from departments, the potential impact of the modified opinion, and internal controls implemented by the Office of the State Controller to ensure accuracy of reported information.

7:35 a.m.

Department of Labor and Employment Recommendations

Mr. Chase (*Department of Labor and Employment*) introduced self, staff, and presented opening comments.

Ms. Hunter introduced contractor staff.

Ms. Litzau (*BDO, USA, LLP*) presented findings and Recommendations 2020-023 and 2020-024. The recommendations were discussed and agreed to by the Department of Labor and Employment (Department).

Questions arose in regard to the overpayment of claims due to claimants reporting gross vs. net income, the unemployment form utilized by the Department, the Department's ability to process the large influx of unemployment requests, and tools implemented to address fraudulent claims.

8:49 a.m.

General Business

Minutes

Senator Gonzales made a motion to approve the March 2, 2021, LAC hearing minutes. Representative Bockenfeld seconded the motion, and the motion passed unanimously.

Senator Gonzales made a motion to approve the March 9, 2021, LAC hearing minutes. Senator Smallwood seconded the motion, and the motion passed unanimously.

8:50 a.m.

Legislation

Auditor Ray presented an overview of the bill draft for the Repeal of the Statutory Audits of Gaming Cities.

Senator Smallwood made a motion to request to move the bill draft to bill paper. Representative Roberts seconded the motion. A roll call vote was conducted, and the motion passed 7 – 1. The results were as follows:

Representative Bockenfeld – No
Senator Gonzales – Yes
Representative Larson – Yes
Senator Rodriguez - Yes
Representative Roberts – Yes
Senator Woodward – Yes
Senator Smallwood – Yes
Representative Michaelson Jenet – Yes

Prime sponsors: Representative Roberts, Representative Michaelson Jenet, Senator Smallwood, and Senator Rodriguez.

8:52 a.m.

Proposed 2021 Interim Calendar

Representative Larson made a motion to approve the Proposed 2021 Interim Calendar. Senator Smallwood seconded the motion, and the motion passed unanimously.

8:53 a.m.

Report Released Without a Hearing

Senator Gonzales made a motion to release the Report Released Without a Hearing. Senator Smallwood seconded the motion, and the motion passed unanimously.

Ms. Hunter presented an overview of the report.

Hearing adjourned at 8:54 a.m.

Minutes submitted by:

Jayne Watson

Executive Assistant, Office of the State Auditor