OFFICE
OF THE STATE AUDITOR

DIANNE E. RAY, CPA

STATE AUDITOR

Legislative Audit Committee
September 21 - 22, 2020
Minutes

Day 1 – September 21 2020

A meeting of the Legislative Audit Committee (LAC) convened on September 21, 2020, at 10:00 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 Mark Baisley (arrived 10:10 a.m.), Representative Rod Bockenfeld, Senator Rhonda Fields (arrived 10:25 a.m.), Representative Tracy Kraft-Tharp, Senator Paul Lundeen, Senator Jim Smallwood, Senator Nancy Todd, Representative Dafna Michaelson Jenet (Chair)

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

OSA

Dianne E. Ray, State Auditor; Michelle Colin, Deputy State Auditor; Kerri Hunter, Deputy State Auditor; Jenny Atchley, Jacquelyn Combellick, Ferminia Hebert, Vickie Heller, John Kelly, Jenny Page, Trey Standley, James Taurman, Stefanie Winzeler

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Other Attendees

Colorado State Fair Authority
Scott Stoller, General Manager

Department of Human Services
Michelle Barnes, Executive Director
Jeremy Hill, Deputy Executive Director for Administrative Solutions
Yolanda Webb, Director, Office of Adult, Aging, and Disability Services

Department of the Treasury
David L. Young, State Treasurer

Department of the Treasury, Division of Unclaimed Property
David L. Young, State Treasurer
Bianca Gardelli, Unclaimed Property Director

Department of Transportation
Shoshanna Lew, Executive Director
Karen Stuart, Colorado Transportation Commission Chair
Jeff Sudmeier, Chief Financial Officer

Office of the State Controller
Robert Jaros, Colorado State Controller

10:00 a.m.
Department of Human Services, Adult Protective Services Performance Audit, May 2020

Senator Lundeen made a motion to release the *Department of Human Services, Adult Protective Services Performance Audit, May 2020.* Representative Bockenfeld seconded the motion, and the motion passed unanimously.

Ms. Colin introduced self and staff.
Ms. Barnes *(Department of Human Services)* introduced self and staff.
OSA staff presented an overview of the report.

Recommendation 1 was reviewed, discussed, and partially agreed to by the Department of Human Services (Department).

OSA staff presented five areas where the Committee may want to take legislation action to improve protections for at-risk adults through the CAPS checks process. Discussion ensued regarding the value of the Department having statutory authority to notify licensing bodies if a perpetrator had been substantiated. Additional discussion ensued regarding protocols in place for vulnerable populations.

Recommendation 2 was reviewed and discussed. The Department agreed to 2A – 2E, disagreed with 2F, and partially agreed to 2G. Discussion ensued regarding the process for expunging records and intent.

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

Recommendation 4 was reviewed and discussed. The Department agreed to 4A – 4C and disagreed with 4D. Discussion ensued regarding training procedures, as well as how the Department works with its county partners on oversight.

Recommendations 5 and 6 were reviewed, discussed, and agreed to by the Department.

12:17 p.m.
Recess

1:30 p.m.
Tax Expenditures Compilation Report, September 2020

Ms. Colin introduced staff.
OSA staff presented an overview of the report.

Discussion ensued regarding policy considerations and providing a range of options to the General Assembly.

2:21 p.m.
General Business

Minutes

Representative Bockenfeld made a motion to approve the July 27 - 28, 2020, LAC hearing minutes. Senator Todd seconded the motion, and the motion passed unanimously.

2:22 p.m.

Colorado Department of the Treasury's, Investment Management Performance Audit, October 2019, Status Report

Ms. Colin introduced staff.
Ms. Heller presented an overview of the report, noting that all recommendations were implemented.
Treasurer Young *(Department of the Treasury)* introduced self and provided a status update.

2:24 p.m.

Department of the Treasury, Division of Unclaimed Property Performance Audit, July 2019, Status Report

Ms. Hunter introduced self and staff.
Ms. Hebert presented an overview of the report, noting that eight recommendations were fully implemented, two were partially implemented, and five were not yet implemented.
Treasurer Young *(Department of the Treasury)* introduced self, staff, and provided a status update.

Discussion ensued regarding communication with property owners, funding for mailing notices, and the process for returning funds to other state agencies.

2:46 p.m.

Legislation

State Fair Proposed Legislation Discussion

Ms. Colin introduced staff.
Ms. Page presented an overview of the bill draft.
Mr. Stoller *(Colorado State Fair Authority)* introduced self.

Senator Lundeen made a motion to move the bill draft to bill paper. Representative Baisley seconded the motion. A roll call vote was conducted, and the motion passed unanimously. Prime sponsors were Representative Bockenfeld, Representative Michaelson Jenet, Senator Smallwood, and Senator Fields. Co-sponsor was Senator Lundeen.

Colorado Department of Transportation Proposed Legislation Discussion

Ms. Colin introduced staff.
Mr. Standley presented an overview of the bill draft.

Senator Todd made a motion to move the bill draft to bill paper. Senator Lundeen seconded the motion. A roll call vote was conducted, and the motion passed 7 – 0. Senator Fields was excused. The results were as follows:

Representative Baisley – Pass, then Yes
Representative Bockenfled – Yes
Senator Fields – Excused
Representative Kraft-Tharp – Yes
Senator Lundeen – Yes
Senator Smallwood - Yes
Senator Todd – Yes
Representative Michaelson Jenet - Yes

Prime sponsors were Representative Michaelson Jenet, Representative Bockenfeld, Senator Smallwood, and Senator Lundeen. There were no co-sponsors.

3:01 p.m.
Additional Discussion

Discussion arose in regard to potential legislation related to the *Department of Human Services, Adult Protective Services Performance Audit, May 2020.* Ms. Page provided an overview of the policy considerations.

Senator Todd made a motion to request a bill draft. Representative Bockenfeld seconded the motion, and the motion passed unanimously.

3:08 p.m.
Proposed 2021 Session Calendar

The Committee was asked to review the proposed 2021 LAC session calendar and submit any changes prior to the December 7, 2020, LAC hearing.

3:09 p.m.
Recess

Day 2 – September 22, 2020

A meeting of the Legislative Audit Committee (LAC) convened on September 22, 2020, at 9:02 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 Mark Baisley (arrived 9:13 a.m.), Representative Rod Bockenfeld, Senator Rhonda Fields (arrived 9:20 a.m.), Representative Tracy Kraft-Tharp, Senator Paul Lundeen, Senator Jim Smallwood (arrived 9:03 a.m.), Senator Nancy Todd, Representative Dafna Michaelson Jenet (Chair)

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

OSA

Dianne E. Ray, State Auditor; Michelle Colin, Deputy State Auditor; Kerri Hunter, Deputy State Auditor; Matt Devlin, Deputy State Auditor; Crystal Dorsey, Nina Frant, Derek Johnson, Lynn Obremski, Cindi Radke

Other Attendees

Colorado Department of Education
Dr. Katy Anthes, Commissioner of Education
Marcia Bohannon, Chief Information Officer
Corey Kispert, Information Security Officer
Jennifer Okes, Chief Operating Officer, School Finance Division

Department of Health Care Policy and Financing
Kim Bimestefer, Executive Director
Ralph Choate, Chief Operations Officer, Medicaid Operations Office
Marivel Klueckman, Eligibility Division Director, Medicaid Operations Office
Antoinette Taranto, Chief Client Officer, Medicaid Operations Office

Department of Natural Resources
Dan Gibbs, Executive Director, Department of Natural Resources
Julie Murphy, Director, Colorado Oil and Gas Conservation Commission
Ginny Brannon, Director, Department of Reclamation, Mining, and Safety

Department of Natural Resources, Division of Water Resources
Kevin Rein, State Engineer
Matthew Sares, Chief, Hydrogeology Section

Department of Regulatory Agencies, Division of Insurance
Michael Conway, Commissioner of Insurance

Department of Revenue
Brendon Reese, Senior Director, Division of Taxation
Nathan Halladay, Mineral Audit Manager

Littleton Public Schools
Donna Villamor, Chief Financial Officer
Jonathan Levesque, Director of Finance

Salida School District R-32
David Blackburn, Superintendent

Sjoberg Evashenk Consulting, Inc.
George Skiles, Principal

9:03 a.m.

Department of Health Care Policy and Financing, Medicaid Client Correspondence Performance Audit, September 2020

Senator Lundeen made a motion to release the *Department of Health Care Policy and Financing, Medicaid Client Correspondence Performance Audit, September 2020.* Representative Kraft-Tharp seconded the motion, and the motion passed unanimously.

Ms. Colin introduced self and contractor.
Ms. Bimestefer *(Department of Health Care Policy and Financing)* introduced self and staff.
Mr. Skiles *(Sjoberg Evashenk Consulting, Inc.)* presented an overview of the report.

Recommendations were reviewed, discussed, and agreed to by the Department of Human Services (Department).

Discussion ensued regarding error rate of notices, templates utilized by the Department, eligibility verification processes, and proposed quality improvements.

10:05 a.m.

Colorado School Districts, Fiscal Health Analysis Informational Report, Fiscal Years 2017-2019, August 2020

Senator Todd made a motion to release the *Colorado School Districts, Fiscal Health Analysis Informational Report, Fiscal Years 2017-2019, August 2020.* Senator Lundeen seconded the motion, and the motion passed unanimously.

Ms. Hunter introduced self and staff.
Ms. Okes *(Colorado Department of Education)* introduced self.
Mr. Blackburn *(Salida School District R-32)* introduced self.
Ms. Villamor and Mr. Levesque *(Littleton Public Schools)* introduced themselves.
Ms. Dorsey and Ms. Obremski presented an overview of the report.

Discussion ensued regarding special education costs, changes in per pupil revenue related to an aging population, budgeting issues, consequences of missing benchmarks, financial challenges for school districts, and the use of CARES Act funds.

11:11 a.m.

General Business

Department of Natural Resources, Division of Water Resources, Water Well Inspection Program Performance Audit, May 2019, Status Report

Ms. Colin introduced staff.
Ms. Frant provided an overview of the report, noting that nine recommendations were fully implemented and three recommendations were to be implemented in March. There were three recommendations related to advance notice that the Division did not plan to fully implement.

Mr Rein *(Department of Natural Resources, Division of Water Resources)* introduced self and staff, and provided a status update.

Discussion ensued regarding inspection requirements for contractors and homeowners, and the Division's responsiveness in implementing recommendations. It was requested that the Division return in December to address the recommendations the Division no longer plans to fully implement.

11:41 a.m.

Department of Regulatory Agencies, Title Insurance Regulation Performance Audit, September 2018, Status Report

Ms. Colin introduced staff.
Ms. Frant presented an overview of the report, noting that all of the recommendations were fully implemented.
Mr. Conway *(Department of Regulatory Agencies, Division of Insurance)* introduced self and provided a status update.

11:43 a.m.

Department of Natural Resources, Department of Revenue, Severance Taxes Performance Audit, January 2020, Status Report

Ms. Colin introduced staff.
Mr. Johnson presented an overview of the report.
Mr. Gibbs *(Department of Natural Resources)* introduced self and staff, and provided a status update, noting that all recommendations were fully implemented.
Mr. Reese *(Department of Revenue)* introduced self and staff, and provided a status update, noting one recommendation was fully implemented and one was partially implemented.

11:49 a.m.

Colorado Department of Education, Information Technology Audit of a Mission Critical System (Confidential Report), November 2019, Status Report

Required Communication to Those Charged with Governance

Senator Lundeen made a motion to conduct an Executive Session in accordance with Section 24-6-402(3)(a)(III) and (IV), C.R.S., to review both the *Status Report for the Information Technology Audit of a Mission Critical System at the Colorado Department of Education (Confidential Report), November 2019* and the *Required Communications with Those Charged with Governance.* Senator Todd seconded the motion, and the motion passed unanimously.

12:11 p.m.
Executive Session concluded.

Hearing adjourned at 12:12 p.m.

Minutes submitted by:

Jayne Watson
Executive Assistant, Office of the State Auditor