OFFICE
OF THE STATE AUDITOR

KERRI L. HUNTER, CPA

STATE AUDITOR

Legislative Audit Committee
September 27 - 28, 2021
Minutes

The Legislative Audit Committee (LAC) convened a hearing on September 27, 2021, 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 members present:

Committee Members

Representative Rod Bockenfeld, Senator Julie Gonzales (arrived 10:02 a.m.), Representative Colin Larson, Senator Robert Rodriguez (arrived 10:02 a.m.), Representative Dylan Roberts, Senator Rob Woodward, Senator Jim Smallwood (Vice Chair), Representative Dafna Michaelson Jenet (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; Crystal Dorsey, John Kelly, Lynn Obremski, Jenny Page, Laura Russell, Cariann Ryan, Stefanie Winzeler

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Other Attendees

Colorado Oil and Gas Conservation Commission
Julie Murphy, Director
Scott Cuthbertson, Deputy Director

Department of Education
Kate Bartlett, Executive Director of School District Operations

Department of Health Care Policy and Financing
Kim Bimestefer, Executive Director
Dr. Tracy Johnson, Director, Medicaid and Health Programs Office
William Heller, Director, Division of Benefits and Services (Remote)

Department of Human Services
Michelle Barnes, Executive Director
Katie McLoughlin, Chief Legal Director
Yolanda Webb, Director, Office of Adult, Aging, and Disability Services

Department of Natural Resources
Dan Gibbs, Executive Director

Hanover School District 28
Patricia Petrukitas, Director of Business Services and Human Resources

Huerfano School District RE-1
Erica Mason, Business Manager

Summit School District RE-1
Kara Drake, Chief Financial Officer

Weld RE-4 School District
Nikki Schmidt, Chief Financial Officer

10:01 a.m.

Department of Health Care Policy and Financing, Medicaid Non-Emergent Medical Transportation, Performance Audit, August 2021

Senator Smallwood made a motion to release the *Department of Health Care Policy and Financing, Medicaid Non-Emergent Medical Transportation, Performance Audit, August 2021.* Representative Bockenfeld seconded the motion, and the motion passed with no objections.

Ms. Colin introduced self and staff.
Ms. Bimestefer *(Department of Health Care Policy and Financing)* introduced self and staff.
OSA staff presented an overview of the report.

Recommendations 1 – 6 were reviewed, discussed, and agreed to by the Department of Health Care Policy and Financing.

Discussion ensued regarding on-time performance calculations, insurance coverage, incident follow-ups, and performance-related metrics.

11:34 a.m.

General Business

Minutes

Senator Smallwood made a motion to approve the August 18, 2021, LAC hearing minutes. Representative Roberts seconded the motion, and the motion passed unanimously.

Department of Human Services, Adult Protective Services, Performance Audit, May 2020, Status Report

Ms. Colin introduced staff.
Ms. Page presented an overview of the report, noting that Recommendations 2 - 6 were implemented, and Recommendation 1 will not be implemented.
Ms. Barnes *(Department of Human Services)* introduced self and staff, and staff presented the status update.

Discussion ensued regarding measuring the success of the Department of Human Services' alternatives to Recommendation 1.

11:49 a.m.
Recess

1:30 p.m.
Department of Natural Resources, Colorado Oil and Gas Conservation Commission, Oil and Gas Production Reporting, Performance Audit, August 2021

Representative Bockenfeld made a motion to release the *Department of Natural Resources, Colorado Oil and Gas Conservation Commission, Oil and Gas Production Reporting, Performance Audit, August 2021.* Representative Larson seconded the motion, and the motion passed unanimously.

Ms. Colin introduced staff.
Mr. Gibbs *(Department of Natural Resources)* introduced self and members of the Colorado Oil and Gas Conservation Commission.
OSA staff presented an overview of the report.

Recommendations 1 and 2 were reviewed, discussed, and agreed to by the Department of Natural Resources, Colorado Oil and Gas Conservation Commission.

1:52 p.m.
Colorado School Districts, Fiscal Health Analysis, Fiscal Years 2018-2020, Informational Report, August 2021

Senator Smallwood made a motion to release the *Colorado School Districts, Fiscal Health Analysis, Fiscal Years 2018-2020, Informational Report, August 2021.* Senator Gonzales seconded the motion, and the motion passed unanimously.

Ms. Edwards introduced self and staff.
Ms. Bartlett *(Department of Education)* introduced self.
OSA staff presented an overview of the report.
Ms. Petrukitas *(Hanover School District 28)* introduced self and discussed Hanover School District 28's response.
Ms. Mason *(Huerfano School District RE-1)* introduced self and discussed Huerfano School District RE-1's response.
Ms. Drake *(Summit School District RE-1)* introduced self and discussed Summit School District RE-1's response.

Ms. Schmidt *(Weld RE-4 School District)* introduced self and discussed Weld RE-4 School District's response.

2:31 p.m.
Audit Requests

Colorado Department of Transportation Public-Private Initiatives Act

Senator Rodriguez made a motion to approve the requested preliminary research time. Representative Larson seconded the motion. A roll call vote was conducted, and the motion passed unanimously.

Additional audit request

Senator Woodward withdrew his audit request.

2:46 p.m.
Required Communication to Those Charged with Governance

Senator Smallwood made a motion to conduct an Executive Session in accordance with Section 24-6-402(3)(a)(III), C.R.S., to review the *Required Communications with Those Charged with Governance*. Senator Gonzales seconded the motion, and the motion passed unanimously.

2:52 p.m.
Recess

Day 2 – September 28, 2021

The Legislative Audit Committee (LAC) convened a hearing on September 28, 2021, at 9:07 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 members present:

Committee Members

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

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

OSA

Kerri L. Hunter, State Auditor; Michelle Colin, Deputy State Auditor; Dana Berry, Nina Frant

Other Attendees

Colorado State Fair Authority
Scott Stoller, General Manager (Remote)

Department of Education
Jennifer Okes, Chief Operating Officer, Division of School Finance and Operations

Department of Human Services
Clint Woodruff, Deputy Executive Director of Financial Services and Chief Financial Officer

Department of Local Affairs
Dionne Williams, Deputy Executive Director

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

Department of Regulatory Agencies
Ronne Hines, Director of the Division of Professions and Occupations
Michael Nicoletti, Legislative Liaison

Department of Revenue
Dan Hartman, Director, Division of Gaming

Governor's Office of Economic Development and International Trade (OEDIT)
Jeff Kraft, Deputy Director, and Director of Business Funding and Incentives

Judicial Department
Steven Vasconcellos, State Court Administrator

9:07 a.m.

Pandemic Relief Programs Administrative Expenses Performance Audit, September 2021

Senator Smallwood made a motion to release the *Pandemic Relief Programs Administrative Expenses Performance Audit, September 2021.* Senator Gonzales seconded the motion, and the motion passed unanimously.

Ms. Colin introduced self and staff.
Ms. Okes *(Department of Education)* introduced self.
Mr. Woodruff *(Department of Human Services)* introduced self.
Ms. Williams *(Department of Local Affairs)* introduced self.
Mr. Vasconcellos *(Judicial Department)* introduced self.
Mr. Kraft (*Governor's Office of Economic Development and International Trade)* introduced self.
OSA staff presented an overview of the report.

Discussion ensued regarding the distribution of funds for the Eviction Legal Defense Funds Program, Childcare Sustainability Grant Program, and childcare funding from the American Rescue Program.

9:51 a.m.

Legislation

State Fair Proposed Legislation Discussion

Ms. Colin introduced staff.
Ms. Page presented a summary of the audit finding and recommendations related to the proposed legislation.

Mr. Stoller *(Colorado State Fair Authority)* introduced self and presented an overview of the requested legislation.

Senator Smallwood made a motion to request a bill draft. Representative Michaelson Jenet seconded the motion. A roll call vote was conducted, and the motion passed 5 - 3. The results were as follows:

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

Prescription Drug Monitoring Program Proposed Legislation Discussion

Ms. Colin introduced staff.
Ms. Page presented a summary of the audit finding and recommendations related to the proposed legislation.
Mr. Nicoletti *(Department of Regulatory Agencies)* introduced self and staff.
Ms. Hines *(Department of Regulatory Agencies)* presented an overview of the proposed legislation.

Discussion ensued regarding the query system functionality and licensing renewal process.

Senator Smallwood made a motion to request a bill draft. Representative Roberts seconded the motion. A roll call vote was conducted, and the motion passed unanimously.

10:14 a.m.
Status Reports

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

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

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

Division of Gaming, Gaming Administrative Expenses Performance Audit, June 2018, Status Report

Ms. Colin introduced staff.
Ms. Frant presented an overview of the report.
Mr. Hartman introduced self and presented the status update.

Discussion ensued regarding the whistleblower violation, the cost and timeframe of a special audit or management study noted in the related statute, and the merits of a management study.

Hearing adjourned at 10:45 a.m.

Minutes submitted by:
Jayne Watson
Executive Assistant, Office of the State Auditor