# OFFICE
# OF THE STATE AUDITOR

KERRI L. HUNTER, CPA

STATE AUDITOR

## LEGISLATIVE AUDIT COMMITTEE
## OCTOBER 25, 2021
## MINUTES

The Legislative Audit Committee (LAC) convened a hearing on October 25, 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, Representative Colin Larson (arrived 10:01 a.m.), 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; Marisa Edwards, Deputy State Auditor; Madeline Beasley, Crystal Dorsey, Gina Faulkner, Nina Frant, Greg Fugate, Sammy Gomez, Jr., Derek Johnson, Jenny Page, Heidi Wagner, Brad Walcher

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**Other Attendees**

Colorado Lottery
Tom Seaver, Director
Lorri Dugan, Dept. of Revenue CFO

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

Department of Health Care Policy and Financing
Kim Bimestefer, Executive Director
Ralph Choate, Chief Operating Officer and Medicaid Operations Office Director

Department of Human Services
Michelle Barnes, Executive Director
Yolanda Webb, Director, Office of Adult, Aging, and Disability Services
Dr. Renee Marquardt, Chief Medical Officer
Elizabeth Mullins, Division Director, Veterans Community Living Centers

Department of Local Affairs, Division of Housing
Alison George, Director
Wendy Hawthorne, Deputy Director
Bruce Eisenhauer, Legislative Liaison

Department of Public Health and Environment
Sarah Brummett, Office of Suicide Prevention Director

Great Outdoors Colorado
Charles Garcia, Finance Committee Chair
Jackie Miller, Executive Director
Christy Reeves, Controller

Office of the State Controller
Robert Jaros, State Controller
Jeffrey Kahn, Director of Financial Reporting & Analysis

Other General Assembly Member
Senator Ray Scott

Eide Bailly, LLP
Jeffrey Burch, Audit Senior Manager (Remote)

10:01 a.m.

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

Senator Smallwood made a motion to release the *Department of Local Affairs, Division of Housing, Pandemic Housing Relief - Property Owner Preservation Program, Performance Audit, October 2021.* Senator Gonzales seconded the motion, and the motion passed unanimously.

Ms. Colin introduced self and staff.
Ms. George *(Department of Local Affairs, Division of Housing)* introduced self and staff.
OSA staff presented an overview of the report.

Recommendations 1 and 2 were reviewed, discussed, and agreed to by the Department of Local Affairs, Division of Housing.

Discussion ensued regarding the status of application payments, geographic distribution of payments, use of artificial intelligence to perform first level screening of ledgers, number of landlord applications statewide, time between application and payment, ability to audit nonprofits that received state funds, and average payment amounts.

10:40 a.m.

**Department of Human Services, COVID-19 Infection Prevention at the Veterans Community Living Centers, Performance Audit, October 2021**

Senator Gonzales made a motion to release the *Department of Human Services, COVID-19 Infection Prevention at the Veterans Community Living Centers, Performance Audit, October 2021.* Senator Smallwood seconded the motion, and the motion passed unanimously.

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

Legislators expressed appreciation for the work performed by the facilities and their employees, as well as the timeline of events provided by the Office of the State Auditor.

11:09 a.m.
**General Business**

**Minutes**

Senator Smallwood made a motion to approve the September 27-28, 2021, LAC hearing minutes. Senator Gonzales seconded the motion, and the motion passed unanimously.

11:10 a.m.
**Status Reports**

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

Ms. Colin introduced staff.
Mr. Fugate presented an overview of the report, noting that three subparts of two recommendations had been fully implemented, and one subpart had not yet been fully implemented.
Ms. Bimestefer *(Department of Health Care Policy and Financing)* introduced self and staff, and presented a status update.

Discussion ensued regarding the correlation between correspondence improvements and decreased phone congestion.

**Department of Public Health and Environment, Suicide Prevention, Performance Audit, November 2020, Status Report**

Ms. Colin introduced staff.
Ms. Frant presented an overview of the report.
Ms. Brummett *(Department of Public Health and Environment)* introduced self and presented a status update.

11:24 a.m.

**Division of Gaming Whistleblower Follow-Up**

Ms. Colin introduced staff.
Ms. Frant presented an overview of the Whistleblower case. The Committee agreed with the recommended next step of providing written notification of the findings to the Governor, the Chair of the Senate Finance Committee, and the Chair of the House Finance Committee as provided by Section 2-3-101(3)(e), C.R.S.

11:34 a.m.

**Proposed 2022 Session Calendar**

The Committee was asked to review the Proposed 2022 LAC Session Calendar and submit any changes prior to the December LAC hearing.

11:35 a.m.

**Legislation Discussion**

**Office of the State Auditor Legislation Tracking**

An overview of a request for proposed legislation regarding tracking and evaluation by the Office of the State Auditor of the implementation of new legislation was presented.

Discussion ensued regarding how the proposed legislation would differ from department accountability, for example, during the SMART hearings, and why this would be a specific LAC bill rather than a general piece of legislation.

Representative Michaelson Jenet made a motion to request a bill draft. Senator Smallwood 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
Representative Roberts – Yes
Senator Rodriguez – Yes
Senator Woodward – Yes
Senator Smallwood – Yes
Representative Michaelson Jenet – Yes

11:44 a.m.
*Recess*

1:31 p.m.
**State Board of the Great Outdoors Colorado Trust Fund, Financial and Compliance Audit, For the Years June 30, 2021 and 2020**

Senator Smallwood made a motion to release the *State Board of the Great Outdoors Colorado Trust Fund, Financial and Compliance Audit, For the Years June 30, 2021 and 2020.* Representative Larson seconded the motion, and the motion passed unanimously.

Ms. Edwards introduced self, staff, and contractor.
Ms. Miller *(Great Outdoors Colorado)* introduced self, Finance Committee Chair, and staff.
Mr. Burch *(Eide Bailly, LLP)* presented an overview of the report.

1:49 p.m.
**Colorado Lottery, Financial and Compliance Audit, June 30, 2021 and 2020**

Senator Smallwood made a motion to release the *Colorado Lottery, Financial and Compliance Audit, June 30, 2021 and 2020.* Representative Bockenfeld seconded the motion, and the motion passed unanimously.

Ms. Edwards introduced staff.
Mr. Seaver *(Colorado Lottery)* introduced self and staff
Mr. Burch *(Eide Bailly, LLP)* presented an overview of the report.

Discussion ensued regarding the online option for lottery sales.

2:10 p.m.
**Additional Discussion**

Discussion ensued regarding a possible change to LAC rules to allow remote participation for future LAC hearings.

2:11 p.m.

**Schedule of TABOR Revenue, Fiscal Year 2021, Performance Audit, October 2021**

Senator Smallwood made a motion to release the *Schedule of TABOR Revenue, Fiscal Year 2021, Performance Audit, October 2021.* Representative Bockenfeld seconded the motion, and the motion passed unanimously.

Ms. Edwards introduced staff.
Mr. Jaros *(Office of the State Controller)* introduced self and staff.
OSA Staff presented an overview of the report.

Discussion ensued regarding the decrease in the severance tax line item in the report.

2:27 p.m.

**Higher Education TABOR Enterprise Status for Fiscal Year 2021 with Projections for Fiscal Year 2022**

Senator Smallwood made a motion to release the *Higher Education TABOR Enterprise Status for Fiscal Year 2021 with Projections for Fiscal Year 2022.* Representative Roberts seconded the motion, and the motion passed unanimously.

Ms. Edwards introduced staff.
Ms. Dorsey presented an overview of the report.

2:31 p.m.

**Audit Requests**

**Colorado COVID Testing Programs**

Senator Woodward withdrew his request.

**Colorado Department of Transportation Contracting Process**

Senator Scott presented an overview of the audit request.

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

3:22 p.m.

**Legislation Discussion**

**State Fair**

Ms. Colin introduced staff.
Ms. Page presented a summary of the audit finding, recommendation related to the proposed legislation, and an overview of the bill draft.
Mr. Stoller introduced self and indicated the State Fair's agreement with the bill draft.

Discussion ensued regarding the funding and presentation of non-agricultural displays, interagency expertise and cooperation in development of displays, clarification of the draft language, and interpretation of State Fair Board decision authority.

Proposed draft updates will be presented at a later hearing.

**Prescription Drug Monitoring Program (PDMP)**

Ms. Page indicated that there should be a PDMP bill draft available for discussion during the December LAC hearing.

**Hearing adjourned at 3:52 p.m.**

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