



Legislative Audit Committee
August 7, 2023
Minutes

The Legislative Audit Committee (LAC) convened a hearing on August 7, 2023, at 9:02 a.m. in the Legislative Services Building, Audit Hearing Room B. Senator Robert Rodriguez called the meeting to order. Roll was called with the following members present or excused:

Committee Members

Representative Andrew Boesenecker, Representative Gabe Evans, Senator Rhonda Fields (remote), 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; Jenny Atchley, Dana Berry, Ferminia Hebert, Zach Robertson, Laura Russell, Xiuqing Skeates, Trey Standley, Annalisa Triola,

Other Attendees

Colorado Parks and Wildlife

Danielle Isenhardt, License, Reservations and Customer Operations Manager
Kelly Kaemerer, Assistant Director, Information & Education

Colorado Public Employees' Retirement Association (PERA)

Amy C. McGarrity, Interim Executive Director/Chief Investment Officer (Remote)
Michael Steppat, Public & Government Affairs Manager

Department of Human Services

Mollie Bradlee, Deputy Director, Office of Children, Youth, and Families

Department of Natural Resources

Dan Gibbs, Executive Director

Department of Revenue

Mark Ferrandino, Executive Director (through July 31, 2023)

Michael Phibbs, Senior Director, Specialized Business Group

Division of Gaming

Christopher Schroeder, Director, Division of Gaming

Brett Buckingham, Agent in Charge, Sports Betting and Fantasy Sports

Marijuana Enforcement Division

Dominique Mendiola, Senior Director

Kyle Lambert, Deputy Senior Director

Other General Assembly Member

Eliza Hamrick, Colorado State Representative

Segal

Brad Ramirez, FSA, MSAA, EA; Vice President and Actuary

Matt Strom, FSA, MAAA, EA; Senior Vice President and Actuary

Melissa Krumholz, FSA, MAAA; Vice President, Health Actuary

CliftonLarsonAllen LLP

Sean Walker, Principal

Brittany Smith, Manager

9:03 a.m.

Department of Revenue, Marijuana Enforcement Division, Performance Audit, July 2023

Representative Frizell made a motion to release the *Department of Revenue, Marijuana Enforcement Division, Performance Audit, July 2023*. Representative Michaelson Jenet seconded the motion, and the motion passed unanimously.

Ms. Colin introduced self and staff.

Mr. Ferrandino (*Department of Revenue*) introduced self.

Marijuana Enforcement Division staff introduced themselves.

OSA Staff presented an overview of the audit.

Recommendation 1 was reviewed, discussed, and agreed to by the Marijuana Enforcement Division (Division).

Discussion ensued regarding the use of MyLO and METRC to capture high risk policies, an overview of the METRC system, and timeline for implementation of an updated system.

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

Discussion ensued regarding differences between liquor and marijuana regulations, consistency of enforcement actions, Division's ability to query mitigating factors, analysis of enforcement actions for community and retail locations, and identification and enforcement actions surrounding the use of fraudulent IDs.

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

10:22 a.m.

Department of Human Services, Division of Youth Services Reporting, Performance Audit, July 2023

Representative Michaelson Jenet made a motion to release the *Department of Human Services, Division of Youth Services Reporting, Performance Audit, July 2023*. Senator Pelton seconded the motion, and the motion passed unanimously.

Ms. Colin introduced staff.

Ms. Bradlee (*Department of Human Services*) introduced self.

OSA Staff presented an overview of the audit.

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

Discussion ensued regarding recognition of the Department of Human Services' efforts in reducing recidivism rates.

10:38 a.m.

Colorado Public Employees' Retirement Association (PERA) Reports:

- **Public Employees' Retirement Association of Colorado, Annual Comprehensive Financial Report, For the Year Ended December 31, 2022**
- **Public Employees' Retirement Association of Colorado, Financial Audit, Year Ended December 31, 2022**

Representative Frizell made a motion to release the *Public Employees' Retirement Association of Colorado, Financial Audit, Year Ended December 31, 2022*. Representative Michaelson Jenet seconded the motion, and the motion passed unanimously.

Ms. Edwards introduced self and contractor.

Ms. McGarrity (*Colorado Public Employees' Retirement Association*) introduced self, staff, and actuaries.

CliftonLarsonAllen LLP staff presented an overview of the PERA Annual Comprehensive Financial Report and PERA Financial Audit.

Segal staff presented an overview of the actuarial report on the retirement and health plans.

Discussion ensued regarding the effect of increases in salaries and contributions on actuarial projections, PERA's historical performance, and structure of PERA's real estate investments.

11:57 a.m.

State of Colorado Higher Education Institutions, Athletic Programs Financial Compilation, Informational Report, July 2023

Representative Frizell made a motion to release the *State of Colorado Higher Education Institutions, Athletic Programs Financial Compilation, Informational Report, July 2023*. Representative Michaelson Jenet seconded the motion, and the motion passed unanimously.

Ms. Edwards introduced staff.

OSA Staff presented an overview of the audit.

12:22 p.m.

Minutes

Representative Frizell made a motion to approve the June 12, 2023, LAC hearing minutes. Representative Michaelson Jenet seconded the motion, and the motion passed unanimously.

Department of Revenue, Sports Betting, Performance Audit, April 2022, Status Report

Ms. Colin introduced staff.

Ms. Atchley presented an overview of the report.

Mr. Phibbs (*Department of Revenue*) introduced self.

Mr. Schroeder (*Division of Gaming*) introduced self and staff.

Division of Gaming staff presented the status report.

Discussion ensued regarding the current status for completion of partially implemented recommendations.

12:33 p.m.

Department of Natural Resources, State Park Campsite Reservations, Performance Audit, May 2022, Status Report

Ms. Colin introduced staff.

Ms. Atchley presented an overview of the report.

Mr. Gibbs (*Department of Natural Resources*) introduced self and staff of Colorado Parks and Wildlife.

Colorado Parks and Wildlife staff presented the status report.

12:40 p.m.

State of Colorado Higher Education Institutions, Athletic Programs Financial Compilation, Informational Report, July 2023

Discussion ensued regarding correlation of financial aid for student athletes to race and graduation rates for Division 1 and 2 schools.

12:41 p.m.

State of Colorado's System for Transferring College Credits Audit Request

Auditor Hunter presented an overview of the audit request for the State of Colorado's system for transferring college credits.

Senator Rodriguez presented additional background on the request.

Discussion ensued regarding concurrent enrollment credits.

Representative Frizell made a motion to approve the requested preliminary research time. Representative Michaelson 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 - Yes

Representative Evans – Yes

Senator Fields – Yes

Representative Michaelson Jenet – Yes

Senator Pelton – Yes

Senator Van Winkle – Excused

Representative Frizell – Yes

Senator Rodriguez – Yes

12:44 p.m.

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

Ms. Colin presented an overview of the OSA research regarding the audit request for the Colorado Department of Public Health and Environment's Colorado EnviroScreen.

Representative Evans presented additional background on the request.

Discussion ensued regarding EnviroScreen version 1.0 and the development of version 2.0, and methodologies utilized by the EnviroScreen tool.

Representative Evans made a motion to approve the audit request. Representative Frizell seconded the motion. A roll call vote was conducted, and the motion failed with 3 ayes, 4 nays, with one excused.

The results were as follows:

Representative Boesenecker - No

Representative Evans – Yes

Senator Fields – No

Representative Michaelson Jenet – No

Senator Pelton – Yes

Senator Van Winkle – Excused

Representative Frizell – Yes

Senator Rodriguez – No

12:58 p.m.

Report Released Without a Hearing

Representative Frizell made a motion to release the *Report Released Without a Hearing*. Representative Michaelson Jenet seconded the motion, and the motion passed unanimously.

Ms. Edwards presented an overview of the report.

Hearing adjourned at 1:00 p.m.

Minutes submitted by:

Jayne Watson

Executive Assistant, Office of the State Auditor