



OFFICE OF THE STATE AUDITOR



Legislative Audit Committee February 2, 2021 Minutes

February 2, 2021

A meeting of the Legislative Audit Committee (LAC) convened on February 2, 2021, at 9:01 a.m. remotely and in the Legislative Services Building, Audit Hearing Room B. Representative Dafna Michaelson Jenet called the meeting to order. Roll was called with the following results:

Committee Members (Remote)

Representative Rod Bockenfeld, Senator Julie Gonzales, Representative Colin Larson, Representative Dylan Roberts, Senator Robert Rodriguez, 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 (Remote)

Dianne E. Ray, State Auditor; Michelle Colin, Deputy State Auditor; Kerri Hunter, Deputy State Auditor; Lynn Obremski, Jenny Page

DIANNE E. RAY, CPA
—
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Other Attendees

Colorado State Fair Authority (Remote)

Scott Stoller, General Manager

Governor's Office of Economic Development and International Trade (Remote)

Betsy Markey, Executive Director

Sonya Guram, Deputy Director Tax Credit Programs, Division of Business Funding and Incentives

Leslie Hylton, Director of Government Affairs

Jeff Kraft, Division Director of Business Funding and Incentives

Wall, Smith, Bateman, Inc. (Remote)

Kimberley Temple, Partner

10:02 a.m.

Colorado State Fair Authority, Financial and Compliance Audit, Fiscal Years Ended June 30, 2020 and 2019

Representative Roberts made a motion to release the *Colorado State Fair Authority, Financial and Compliance Audit, Fiscal Years Ended June 30, 2020 and 2019*. Senator Rodriguez seconded the motion, and the motion passed unanimously.

Ms. Hunter introduced self, staff, and contractor.

Mr. Stoller (*Colorado State Fair Authority*) introduced self.

Ms. Temple (*Wall, Smith, Bateman, Inc.*) presented an overview of the report.

10:21 a.m.

General Business

Minutes

Representative Larson made a motion to approve the January 21, 2021, LAC hearing minutes. Senator Woodward seconded the motion, and the motion passed unanimously.

10:21 a.m.

**Department of Agriculture, Colorado State Fair Authority Performance Audit,
October 2019, Status Report**

Ms. Colin introduced self and staff.

Ms. Page presented an overview of the report.

Mr. Stoller (*Colorado State Fair Authority*) provided a status update.

Questions arose in regard to legislation relating to Recommendation 1D and the rental contract relating to Recommendation 5C.

10:38 a.m.

Enterprise Zone Annual Report, State Fiscal Year 2020

Ms. Markey (*Governor's Office of Economic Development and International Trade*) introduced self and staff.

Ms. Markey and Ms. Guram (*Governor's Office of Economic Development and International Trade*) presented an overview of the report.

Auditor Ray added that the tax expenditure team performed an analysis of the tax expenditures related to enterprise zones and those documents were available on the website under the tax expenditures tab.

11:01 a.m.

Preliminary Investigation Report on State Employee Protection Act Report

Ms. Colin presented the results of the preliminary investigation on State Employee Protection Act complaint.

Senator Smallwood made a motion to request a status report on the implementation of audit recommendations from the Gaming Administrative Expenses Performance Audit. Representative Bockenfeld seconded the motion, and the motion passed unanimously.

11:05 a.m.

Audit Request

Extraordinary Session – Administration of Pandemic Funds

Ms. Colin presented an overview of the OSA research regarding the audit request for *Extraordinary Session – Administration of Pandemic Funds*.

Senator Woodward made a motion to move forward with the audit request. Senator Rodriguez seconded the motion. A roll call vote was conducted, and the motion passed unanimously.

11:08 a.m.

Legislation

Ms. Colin presented background to indicate that the LAC will no longer need to move forward on a bill draft regarding suicide prevention legislation per Representative Michaelson Jenet's prior discussions with the Office of Suicide Prevention.

11:10 a.m.

Legislative Audit Committee Rule Change

Auditor Ray presented an overview of proposed changes to the Legislative Audit Committee rules under Rule 1 – Meetings and Rule 14 – Requesting Audits. Discussion arose regarding voting on each rule change separately, the possible need to act on emergency audit requests, and the checks and balances in place for the Committee.

Senator Smallwood made a motion on the first rule change to remove the authority of the chair to unilaterally call a special meeting without the input and vote of the body. Representative Roberts seconded the motion. A roll call vote was conducted, and the motion passed 7 – 1. The results were as follows:

Representative Bockenfeld - Yes

Senator Gonzales - Yes

Representative Larson - Yes

Representative Roberts - Yes

Senator Rodriguez - Yes

Senator Woodward - No

Senator Smallwood - Yes

Representative Michaelson Jenet - Yes

Senator Smallwood made a motion on the second rule change clarifying that an audit request would need to be submitted prior to a hearing. This change would provide time for review and study so that the Committee could make a fiscally responsible decision on whether or not to move forward on an audit. Senator Rodriguez seconded the motion. A roll call vote was conducted, and the motion passed 6 – 2. The results were as follows:

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

11:22 a.m.

Proposed Revised 2021 Session Calendar

Auditor Ray proposed changes to the *2021 Session Calendar*, eliminating the February 16, 2021, hearing and adding a hearing on March 9, 2021, to review state auditor applications. A voice vote was conducted. There were no objections. The changes to the calendar were adopted.

Auditor Ray was asked to assist with the process for selecting the new state auditor.

Ms. Colin presented an update on the state auditor hiring process timeline. The Committee agreed to have Ms. Colin provide questions for members to use during the interview process.

11:29 a.m.

Reports Released Without a Hearing

Representative Larson made a motion to release the *Reports Released Without a Hearing*. Representative Bockenfeld seconded the motion, and the motion passed unanimously.

Ms. Hunter presented an overview of the reports.

Hearing adjourned at 11:31 a.m.

Minutes submitted by:

Jayne Watson

Executive Assistant, Office of the State Auditor