



# OFFICE OF THE STATE AUDITOR



## Legislative Audit Committee January 18, 2022 Minutes

The Legislative Audit Committee (LAC) convened a hearing on January 18, 2022, at 8:31 a.m. in the Colorado State Capitol, Old Supreme Court Chambers. Senator Jim Smallwood called the meeting to order. Roll was called with the following members present:

### Committee Members

Representative Rod Bockenfeld, Senator Julie Gonzales, Representative Colin Larson, Representative Dafna Michaelson Jenet (remote), Senator Robert Rodriguez, Representative Dylan Roberts, Senator Rob Woodward (arrived 8:36 a.m., remote), Senator Jim Smallwood (Chair)

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

### OSA

Kerri L. Hunter, State Auditor (remote); Michelle Colin, Deputy State Auditor; Marisa Edwards, Deputy State Auditor

KERRI L. HUNTER, CPA  
STATE AUDITOR

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8:32 a.m.

### **General Business**

#### **Election of Vice Chair**

Senator Gonzales made a motion to nominate Senator Rodriguez as Vice Chair. Representative Roberts seconded the motion, and the motion passed unanimously.

8:33 a.m.

#### **Reports Released Without a Hearing**

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

Ms. Edwards presented an overview of the reports.

8:35 a.m.

#### **Minutes**

Senator Rodriguez made a motion to approve the December 6 - 7, 2021, LAC hearing minutes. Senator Gonzales seconded the motion, and the motion passed unanimously.

8:35 a.m.

#### **Recess**

8:36 am.

#### **Additional Discussion**

Discussion ensued regarding an upcoming audit request of the Colorado COVID testing programs.

#### **Hearing adjourned at 8:39 a.m.**

Minutes submitted by:

Jayne Watson

Executive Assistant, Office of the State Auditor



# OFFICE OF THE STATE AUDITOR



## Legislative Audit Committee January 25, 2022 Minutes

The Legislative Audit Committee (LAC) convened a hearing on January 25, 2022, at 8:33 a.m. in the Colorado State Capitol, Old Supreme Court Chambers. Senator Jim Smallwood called the meeting to order. Roll was called with the following members present:

### Committee Members

Representative Rod Bockenfeld (arrived 8:40 a.m.), Representative Andrew Boesenecker (remote), Senator Julie Gonzales, Representative Colin Larson (arrived 9:20 a.m.), Representative Dafna Michaelson Jenet (remote), Senator Robert Rodriguez (remote), Senator Rob Woodward (remote and in-person), Senator Jim Smallwood (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 (remote); Lynn Obremski

### Other Attendees

#### Department of Agriculture

Scott Stoller, General Manager, State Fair Authority

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Governor's Office of Economic Development and International Trade

Jeff Kraft, Deputy Director of OEDIT and Director of Business Funding and Incentives Division (remote)

Sonya Guram, Deputy Director of Business Funding and Incentives Division at OEDIT (remote)

Other General Assembly Member

Donald Valdez, Colorado State Representative

Eide Bailly LLC

Kimberley Higgins, CPA, Partner

Alex Arndt, CPA, Manager

8:34 a.m.

**Colorado State Fair Authority, Financial and Compliance Audit, Fiscal Years Ended June 30, 2021 and 2020**

Senator Gonzales made a motion to release the *Colorado State Fair Authority, Financial and Compliance Audit, Fiscal Years Ended June 30, 2021 and 2020*. Senator Woodward seconded the motion, and the motion passed unanimously.

Ms. Edwards introduced self, staff, and contractor.

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

Ms. Higgins (*Eide Bailly LLC*) presented an overview of the report.

Discussion ensued regarding cash flows from non-capital financing, changes in operating expenses, and capital improvements.

8:55 a.m.

**Minutes**

Senator Gonzales made a motion to approve the January 18, 2022, LAC hearing minutes. Senator Rodriguez seconded the motion, and the motion passed unanimously.

8:55 a.m.

**Enterprise Zone Annual Report, State Fiscal Year 2021**

Mr. Kraft (*Governor's Office of Economic Development and International Trade*) introduced self and staff, and presented introductory comments.

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

Discussion ensued regarding the alignment of enterprise zones.

9:16 a.m.

### **Audit Requests**

#### **Colorado Public Utilities Commission Gas Pipeline Safety Program**

Ms. Colin presented an overview of the OSA research regarding the audit request for the *Colorado Public Utilities Commission Gas Pipeline Safety Program*.

Senator Gonzales made a motion to move forward with the audit request. Senator Rodriguez seconded the motion.

A roll call was partially conducted and the results were as follows:

Representative Bockenfeld – Yes

Representative Boesenecker – Yes

Senator Gonzales – Yes

9:20 a.m.

### **Recess**

9:20 a.m.

### **Audit Requests**

#### **Colorado Public Utilities Commission Gas Pipeline Safety Program**

The roll call vote was continued from prior to the recess, and the motion passed unanimously. The results were as follows:

Representative Larson – Yes

Representative Michaelson Jenet – Yes

Senator Woodward – Yes

Senator Rodriguez - Yes

Senator Smallwood – Yes

## **Behavioral Health Care Services Oversight**

Auditor Hunter presented an overview of the audit request.

Representative Michaelson Jenet made a motion to approve the requested preliminary research time regarding the audit request for the *Behavioral Health Care Services Oversight*. Representative Bockenfeld seconded the motion. A roll call vote was conducted, and the motion passed unanimously. The results were as follows:

Representative Bockenfeld – Yes  
Representative Boesenecker – Yes  
Senator Gonzales – Yes  
Representative Larson – Yes  
Representative Michaelson Jenet – Yes  
Senator Woodward – Yes  
Senator Rodriguez - Yes  
Senator Smallwood – Yes

## **Colorado COVID Testing Programs**

Auditor Hunter presented an overview of the audit request.

Senator Woodward discussed the details of the audit request.

Discussion ensued regarding a December presentation to the Joint Executive Committee.

Representative Bockenfeld made a motion to approve the requested preliminary research time regarding the audit request for the *Colorado COVID Testing Programs*. Representative Larson seconded the motion. A roll call vote was conducted, and the motion failed on a tie vote. The results were as follows:

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

9:31 a.m.

**Reports Released Without a Hearing**

Senator Gonzales made a motion to release the *Reports Released Without a Hearing*. Representative Michaelson Jenet seconded the motion, and the motion passed unanimously.

Ms. Edwards presented an overview of the reports.

**Hearing adjourned at 9:32 a.m.**

Minutes submitted by:

Jayne Watson

Executive Assistant, Office of the State Auditor



# OFFICE OF THE STATE AUDITOR



## Legislative Audit Committee February 8, 2022 Minutes

The Legislative Audit Committee (LAC) convened a hearing on February 8, 2022, at 7:30 a.m. in the Colorado State Capitol, Old Supreme Court Chambers. Senator Jim Smallwood called the meeting to order. Roll was called with the following members present:

### Committee Members

Representative Rod Bockenfeld, Senator Julie Gonzales, Representative Colin Larson (remote and in-person), Representative Dafna Michaelson Jenet, Representative Dylan Roberts, Senator Rob Woodward, Senator Robert Rodriguez (Vice Chair), Senator Jim Smallwood (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; Nina Frant

### Other Attendees

#### Department of Agriculture

Jordan Beezley, Legislative Liaison

KERRI L. HUNTER, CPA  
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7:31 a.m.

## **Minutes**

Senator Gonzales made a motion to approve the January 25, 2022, LAC hearing minutes. Representative Michaelson Jenet seconded the motion, and the motion passed unanimously.

7:31 a.m.

## **Legislation Discussion**

### **Office of the State Auditor Legislation Tracking**

Ms. Colin introduced staff.

Ms. Frant presented a summary of the legislation request and an overview of the bill draft.

Discussion ensued regarding the ability to track funds allocated to legislation, the differences between the bill and SMART act, prioritization of legislation review, current performance audit responsibilities of the State Auditor's Office, and funding costs.

Representative Michaelson Jenet made a motion to move the bill draft to bill paper. Senator Rodriguez seconded the motion. A roll call vote was conducted, and the motion failed on a tie vote. The results were as follows:

Representative Bockenfeld – No

Senator Gonzales – Yes

Representative Larson – No

Representative Michaelson Jenet – Yes

Representative Roberts – Yes

Senator Woodward – No

Senator Rodriguez - Yes

Senator Smallwood – No

### **Colorado State Fair Bill HB22-1011**

Representative Roberts presented an overview of HB22-1011.

Jordan Beezley (*Department of Agriculture*) discussed a possible amendment to HB22-1011.

Discussion ensued regarding the State Fair budget, and funding and expertise for exhibits.

The bill sponsors were tasked with drafting an amendment to be presented to the LAC at a later date.

7:56 a.m.

### **OSA Fiscal Year 2023 Proposed Budget**

Auditor Hunter presented an overview of the budget.

Senator Rodriguez made a motion to approve the *OSA Fiscal Year 2023 Budget* with authorization to make any changes as prescribed by the Executive Committee or the Joint Budget Committee. Representative Michaelson Jenet seconded the motion, and the motion passed unanimously.

8:02 a.m.

### **Reports Released Without a Hearing**

Senator Rodriguez made a motion to release the *Reports Released Without a Hearing*. Representative Michaelson Jenet seconded the motion, and the motion passed unanimously.

Ms. Edwards presented an overview of the reports.

Discussion ensued regarding the timeline for agencies to correct material deficiencies.

8:06 a.m.

### **Matters Regarding the Fraud Hotline Pursuant to Section 2-3-110.5 C.R.S.**

Senator Rodriguez made a motion to move the hearing to Executive Session pursuant to Section 24-6-402(3)(a)(III), C.R.S., to review *Matters Regarding the Fraud Hotline Pursuant to Section 2-3-110.5 C.R.S.* Representative Michaelson Jenet seconded the motion, and the motion passed unanimously.

8:47 a.m.

Executive Session concluded.

### **Hearing adjourned at 8:47 a.m.**

Minutes submitted by:

Jayne Watson

Executive Assistant, Office of the State Auditor



# OFFICE OF THE STATE AUDITOR



## Legislative Audit Committee February 22, 2022 Minutes

The Legislative Audit Committee (LAC) convened a hearing on February 22, 2022, at 8:02 a.m. in the Colorado State Capitol, Old Supreme Court Chambers. Senator Jim Smallwood called the meeting to order. Roll was called with the following members present:

### Committee Members

Representative Rod Bockenfeld (excused), Senator Julie Gonzales, Representative Colin Larson, Representative Dafna Michaelson Jenet, Representative Dylan Roberts, Senator Rob Woodward, Senator Robert Rodriguez (Vice Chair), Senator Jim Smallwood (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; Jenny Atchley, Adrien Kordas, Jenny Page

### Other Attendees

Department of Agriculture  
Jordan Beezley, Legislative Liaison

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Department of Education

Alyssa Pearson, Deputy Commissioner

Marcia Bohannon, Chief Information Officer

Danielle Ongart, Executive Director, Student Pathways Unit

Department of Human Services

Minna Castillo Cohen, Director, Office of Children, Youth and Families

Regional Transportation District

Vince Buzek, Board Chair

Debra A. Johnson, General Manager and Chief Executive Officer

Michael Ford, Chief Operations Officer

Doug MacLeod, Chief Financial Officer

8:03 a.m.

**Department of Education, Department of Human Services, Foster Care Education Initiative, Performance Audit, February 2022**

Senator Rodriguez made a motion to release the *Department of Education, Department of Human Services, Foster Care Education Initiative, Performance Audit, February 2022*. Representative Michaelson Jenet seconded the motion, and the motion passed unanimously.

Ms. Colin introduced self and staff.

Ms. Pearson (*Department of Education*) introduced self and staff.

Ms. Castillo Cohen (*Department of Human Services*) introduced self.

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

Discussion ensued regarding the overall status of the foster youth system, hiring of a foster care education coordinator, and data reporting requirements.

Recommendation 2 was reviewed, discussed, and agreed to by the Department of Education and Department of Human Services.

Discussion ensued regarding the responsibility for foster youth within the Department of Human Services, and the interaction between the databases utilized by both departments.

8:46 a.m.

### **Minutes**

Senator Rodriguez made a motion to approve the February 8, 2022, LAC hearing minutes. Representative Michaelson Jenet seconded the motion, and the motion passed unanimously.

8:47 a.m.

### **Regional Transportation District, Performance Audit, December 2020, Status Report**

Ms. Colin introduced staff.

Ms. Page presented an overview of the report, noting that one-third of the recommendations were fully implemented, while the rest were partially implemented, with plans to have them fully implemented within the next few months.

Ms. Johnson (*Regional Transportation District*) introduced the Board Chair, self, and staff, and presented the status update.

8:52 a.m.

### **Colorado State Fair Bill HB22-1022 Amendment**

Representative Roberts presented an overview of Amendments L001 and L002.

Jordan Beezley (*Department of Agriculture*) discussed the proposed amendments.

Discussion ensued regarding the amendments' language, and the funding and expertise for exhibits.

Representative Roberts made a motion to approve Amendment L002 be adopted in the House's second reading. Representative Michaelson Jenet seconded the motion. A roll call vote was conducted, and the motion passed 7 – 0, with one excused. The results were as follows:

Representative Bockenfeld – Excused

Senator Gonzales – Yes

Representative Larson – Yes

Representative Michaelson Jenet – Yes

Representative Roberts – Yes

Senator Woodward – Yes

Senator Rodriguez - Yes

Senator Smallwood – Yes

9:08 a.m.

**Reports Released Without a Hearing**

Senator Rodriguez made a motion to release the *Reports Released Without a Hearing*. Representative Michaelson Jenet seconded the motion, and the motion passed unanimously.

Ms. Edwards presented an overview of the reports.

**Hearing adjourned at 9:11 a.m.**

Minutes submitted by:

Jayne Watson

Executive Assistant, Office of the State Auditor



# OFFICE OF THE STATE AUDITOR



## Legislative Audit Committee

March 8, 2022

## Minutes

The Legislative Audit Committee (LAC) convened a hearing on March 8, 2022, at 7:30 a.m. in the Colorado State Capitol, Old Supreme Court Chambers. Senator Jim Smallwood called the meeting to order. Roll was called with the following members present:

### Committee Members

Representative Rod Bockenfeld, Senator Julie Gonzales, Representative Cathy Kipp, Representative Colin Larson (arrived 7:37 a.m.), Representative Dylan Roberts, Senator Rob Woodward, Senator Robert Rodriguez (Vice Chair), Senator Jim Smallwood (Chair)

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

### OSA

Kerri L. Hunter, State Auditor; Michelle Colin, Deputy State Auditor; Matt Devlin, Deputy State Auditor; Jenny Atchley

### Other Attendees

#### Department of Education

Alyssa Pearson, Deputy Commissioner

KERRI L. HUNTER, CPA  
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Department of Human Services

Minna Castillo Cohen, Director, Office of Children, Youth and Families

Governor's Office of Information Technology

Julia Richman, Deputy Executive Director

William Chumley, Chief Customer Officer and Interim Chief Information Security Officer

RubinBrown LLP

Rob Rudloff, Partner

Micah Wenz, Manager

7:30 a.m.

**Office of Information Technology, Information Technology Service Management, Performance Evaluation, February 2022**

Senator Rodriguez made a motion to release the *Office of Information Technology, Information Technology Service Management, Performance Evaluation, February 2022*. Representative Bockenfeld seconded the motion, and the motion passed unanimously.

Mr. Devlin introduced self, staff, and contractor.

Eide Bailley LLP staff presented an overview of the report.

Recommendation 1 was reviewed, discussed, and agreed to by the Governor's Office of Information Technology (OIT).

Ms. Richman (*Governor's Office of Information Technology*) introduced self and staff.

Discussion ensued regarding strategies and challenges in addressing issues outlined in the heat map, employee recruiting, and prior audit recommendations.

Recommendations 2 – 4 were reviewed, discussed, and agreed to by OIT.



8:09 a.m.

### **Minutes**

Senator Rodriguez made a motion to approve the February 22, 2022, LAC hearing minutes. Representative Kipp seconded the motion, and the motion passed 7 – 0, with one abstention.

8:10 a.m.

### **Audit Request**

#### **Behavioral Health Care Services**

Ms. Colin presented an overview of the OSA research regarding two possible options for an audit request of the *Behavioral Health Care Services*.

Discussion ensued regarding the time frame and potential costs regarding option 2 – an audit of the Department of Human Services and Department of Health Care Policy & Financing, as well as the community mental health centers (CMHC) and regional accountable entities (RAE) – which would require legislation to provide the State Auditor with authority to audit the CMHCs and RAEs.

Senator Rodriguez made a motion to move forward with option 2 for the audit request. Representative Larson seconded the motion. A roll call vote was conducted, and the motion passed unanimously. The results were as follows:

Representative Bockenfeld – Yes

Senator Gonzales – Yes

Representative Kipp – Yes

Representative Larson – Yes

Representative Roberts - Yes

Senator Woodward – Yes

Senator Rodriguez - Yes

Senator Smallwood – Yes

8:19 a.m.

## Legislation Discussion

### Behavioral Health Care Services

Ms. Colin presented an overview of a request for proposed legislation related to an audit of the community mental health centers and the regional accountable entities that provide or coordinate Behavioral Health Care Services.

Senator Gonzales made a motion to request a bill draft. Senator Rodriguez seconded the motion. A roll call vote was conducted, and the motion passed unanimously. The results were as follows:

Representative Bockenfeld – Yes

Senator Gonzales – Yes

Representative Kipp – Yes

Representative Larson – Yes

Representative Roberts - Yes

Senator Woodward – Yes

Senator Rodriguez - Yes

Senator Smallwood – Yes

### Foster Care Student Education

Ms. Colin introduced staff.

Ms. Atchley presented a summary of the audit finding and recommendations related to the proposed legislation.

Ms. Pearson (*Department of Education*) and Ms. Castillo Cohen (*Department of Human Services*) were introduced.

Discussion ensued regarding data collection and analysis, and costs related to the potential legislation.

Senator Rodriguez made a motion requesting staff work with Legislative Legal Services to prepare a bill draft. Representative Kipp seconded the motion. A roll call vote was conducted, and the motion passed unanimously. The results were as follows:

Representative Bockenfeld – Yes

Senator Gonzales – Yes

Representative Kipp – Yes

Representative Larson – Yes

Representative Roberts - Yes

Senator Woodward – Yes

Senator Rodriguez - Yes

Senator Smallwood – Yes

8:42 a.m.

### **Proposed 2022 LAC Interim Calendar**

The Committee was asked to review the Proposed 2022 LAC Interim Calendar and submit any changes prior to the March 22, 2022, LAC hearing.

### **Hearing adjourned at 8:45 a.m.**

Minutes submitted by:

Jayne Watson

Executive Assistant, Office of the State Auditor



# OFFICE OF THE STATE AUDITOR



## Legislative Audit Committee March 22, 2022 Minutes

The Legislative Audit Committee (LAC) convened a hearing on March 22, 2022, at 7:02 a.m. in the Colorado State Capitol, Old Supreme Court Chambers. Senator Jim Smallwood called the meeting to order. Roll was called with the following members present:

### Committee Members

Representative Rod Bockenfeld, Representative Colin Larson, Senator Pete Lee (LAC temporary replacement for Senator Julie Gonzales), Representative Dafna Michaelson Jenet, Representative Dylan Roberts, Senator Rob Woodward, Senator Robert Rodriguez (Vice Chair), Senator Jim Smallwood (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; Jenny Atchley, Ferminia Hebert, Jenny Page, Maya Rosochacova, Pooja Tulsian

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## Other Attendees

### Department of Labor and Employment

Daniel Chase, Chief of Staff

Darcy Kennedy, Deputy Executive Director / Chief Financial Officer

Paulina Delora, Controller

### Office of Legislative Legal Services

Bob Lackner, Managing Senior Attorney

Chelsea Princell, Staff Attorney

### Office of the State Controller

Robert Jaros, CPA, MBA, JD, State Controller

Jeffrey Kahn, Director, Financial Reporting & Analysis

7:03 a.m.

### **State of Colorado, Statewide Financial Audit, Fiscal Year Ended June 30, 2021**

Senator Rodriguez made a motion to release the *State of Colorado, Statewide Financial Audit, Fiscal Year Ended June 30, 2021*. Representative Michaelson Jenet seconded the motion, and the motion passed unanimously.

Ms. Edwards introduced self and staff.

Mr. Jaros (*Office of the State Controller*) introduced self and staff.

Ms. Edwards presented opening comments.

Ms. Tulsian presented an overview of the *Statewide Financial Audit*.

7:20 a.m.

### **State of Colorado, Annual Comprehensive Financial Report, For the Fiscal Year Ended June 30, 2021**

Mr. Jaros presented opening comments and an overview of the *Annual Comprehensive Financial Report*.

Discussion ensued regarding unemployment overpayments and the reconciliation of monies in the unemployment fund.

7:35 a.m.

**State of Colorado, Statewide Financial Audit, Fiscal Year Ended June 30, 2021,  
Office of the State Controller Recommendation**

Recommendation 2021-029 was reviewed, discussed, and agreed to by the Office of the State Controller.

Discussion ensued regarding the labor allocation system, costs and savings related to updating the system, and repeat concerns with obtaining timely reports from departments.

8:05 a.m.

**State of Colorado, Statewide Financial Audit, Fiscal Year Ended June 30, 2021,  
Department of Labor and Employment Recommendation**

Recommendation 2021-021 was reviewed, discussed, and agreed to by the Department of Labor and Employment.

8:16 a.m.

**State of Colorado. Statewide Financial Audit, Fiscal Year Ended June 30, 2021,  
Confidential IT Finding**

Senator Rodriguez made a motion to conduct an Executive Session in accordance with Section 24-6-402(3)(a)(IV), C.R.S., to review the *State of Colorado. Statewide Financial Audit, Fiscal Year Ended June 30, 2021, Confidential IT Finding*. Representative Michaelson Jenet seconded the motion, and the motion passed unanimously.

8:33 a.m.

**Executive Session concluded**

8:33 a.m.

**Additional Discussion**

Discussion ensued regarding the Department of Labor and Employment's percentage of unemployment benefits overpayments as it related to total unemployment payments.

8:36 a.m.

## General Business

### Minutes

Senator Rodriguez made a motion to approve the March 8, 2022, LAC hearing minutes. Representative Bockenfeld seconded the motion, and the motion passed unanimously.

8:36 a.m.

## Legislation Discussion

### Behavioral Health Care Services Legislation

Ms. Colin introduced self, and presented a summary of the legislation related to the behavioral health audit request and an overview of the bill draft.

Mr. Lackner (*Office of Legislative Legal Services*) introduced self, staff, and discussed the timeline of a safety clause versus petition clause.

Discussion ensued regarding additional language for the audit request.

Senator Rodriguez made a motion to move the un-amended bill draft to bill paper. Representative Michaelson Jenet seconded the motion. A roll call vote was conducted, and the motion passed unanimously. The results were as follows:

Representative Bockenfeld – Yes

Representative Larson – Yes

Senator Lee - Yes

Representative Michaelson Jenet – Yes

Representative Roberts – Yes

Senator Woodward – Yes

Senator Rodriguez - Yes

Senator Smallwood – Yes

Prime sponsors: Representative Larson, Representative Michaelson Jenet, Senator Rodriguez, and Senator Woodward. Co-sponsors: Representative Bockenfeld, Representative Roberts, Senator Lee, and Senator Smallwood.

## **Foster Care Education Legislation**

Ms. Colin introduced staff.

Ms. Atchley presented a summary of the audit finding, recommendations related to the proposed legislation, and an overview of the bill draft.

Discussion ensued regarding potential costs related to the legislation and whether legislation should be under the purview of the LAC.

Representative Michaelson Jenet made a motion to move the un-amended bill draft to bill paper. Representative Roberts seconded the motion. A roll call vote was conducted, and the motion failed on a tie vote. The results were as follows:

Representative Bockenfeld – No

Representative Larson – No

Senator Lee - Yes

Representative Michaelson Jenet – Yes

Representative Roberts – Yes

Senator Woodward – No

Senator Rodriguez - Yes

Senator Smallwood – No

## **Prescription Drug Monitoring Program SB22-027 Amendment**

Representative Roberts presented an overview of an amendment to SB22-027.

Discussion ensued regarding approval of the amendment.

8:58 a.m.

## **Proposed 2022 Interim Calendar**

Representative Larson made a motion to approve the Proposed 2022 Interim Calendar.

Representative Michaelson Jenet seconded the motion, and the motion passed unanimously.



8:59 a.m.

### **Special Meeting Request**

Senator Smallwood discussed scheduling an LAC hearing for March 23, 2022, to discuss outstanding recommendations from the Governor's Office of Information Technology.

Senator Rodriguez made a motion to approve a hearing for March 23, 2022. Representative Michaelson Jenet seconded the motion, and the motion passed unanimously.

9:01 a.m.

### **Report Released Without a Hearing**

Senator Rodriguez made a motion to release the *Reports Released Without a Hearing*. Representative Roberts seconded the motion, and the motion passed unanimously.

Ms. Edwards presented an overview of the report.

### **Hearing adjourned at 9:02 a.m.**

Minutes submitted by:

Jayne Watson

Executive Assistant, Office of the State Auditor



# OFFICE OF THE STATE AUDITOR



## Legislative Audit Committee March 23, 2022 Minutes

The Legislative Audit Committee (LAC) convened a hearing on March 23, 2022, at 8:06 a.m. in the Colorado State Capitol, Old Supreme Court Chambers. Senator Jim Smallwood 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 8:10 a.m.), Representative Dafna Michaelson Jenet (remote), Representative Dylan Roberts (remote), Senator Rob Woodward (arrived remotely 8:11 a.m.), Senator Robert Rodriguez (Vice Chair), Senator Jim Smallwood (Chair)

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

### OSA

Kerri L. Hunter, State Auditor; Matt Devlin, Deputy State Auditor; Cindi Radke

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## Other Attendees

### Governor's Office of Information Technology

Julie Richman, Deputy Executive Director

Jane Rosenthal, Interim Director, Security Risk & Compliance

Michael McReynolds, Legislative Liaison

### Joint Technology Committee

Senator Jeff Bridges, Chair (remote)

Representative Brianna Titone, Vice Chair

Representative Mark Baisley (remote)

Representative Tracey Bernett

Senator Kevin Priola (remote)

8:08 a.m.

### **Discussion on Governor's Office of Information Technology Long-Outstanding Audit Recommendations**

Senator Rodriguez made a motion to conduct an Executive Session in accordance with Section 24-6-402(3)(a)(IV), C.R.S., to discuss the Governor's Office of Information Technology Long-Outstanding Audit Recommendations. Representative Bockenfeld seconded the motion, and the motion passed unanimously.

9:05 a.m.

### **Executive Session concluded**

### **Hearing adjourned at 9:05 a.m.**

Minutes submitted by:

Jayne Watson

Executive Assistant, Office of the State Auditor



**Legislative Audit Committee**  
**June 13, 2022**  
**Minutes**

The Legislative Audit Committee (LAC) convened a hearing on June 13, 2022, at 9:30 a.m. in the Colorado State Capitol, Old Supreme Court Chambers. Senator Jim Smallwood called the meeting to order. Roll was called with the following members present:

**Committee Members**

Representative Rod Bockenfeld (remote), Senator Jeff Bridges, Representative Cathy Kipp (LAC temporary replacement for Representative Dafna Michaelson Jenet), Representative Colin Larson, Representative Dylan Roberts (remote), Senator Rob Woodward (in-person and remote), Senator Robert Rodriguez (Vice Chair), Senator Jim Smallwood (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; Jenny Atchley, Nina Frant, Selome Negassa, Monica Power (remote), Robert Regan (remote), Cariann Ryan, Annalisa Triola, Pooja Tulsian

**Other Attendees**

Colorado Parks and Wildlife

Heather Dugan, Acting Director

Department of Health Care Policy and Financing

Kim Bimestefer, Executive Director

Ralph Choate, Medicaid Operations Office Director (remote)

Marivel Klueckman, Eligibility Division Director (remote)

Bettina Schneider, Chief Financial Officer (remote)

Department of Human Services

Michelle Barnes, Executive Director

Dr. Ki'i Powell, Director, Office of Economic Security

Andrea Eurich, Controller

Department of Local Affairs – Division of Housing

Alison George, Housing Director

Department of Natural Resources

Dan Gibbs, Executive Director

Windi Padia, Chief Operating Officer

Department of Revenue

Mark Ferrandino, Executive Director

Division of Gaming

Daniel Hartman, Director

Richard Nathan, Chair, Colorado Limited Gaming Control Commission

CliftonLarsonAllen LLP

Allison Slife, Principal

9:31 a.m.

**Department of Revenue, Sports Betting, Performance Audit, April 2022**

Senator Rodriguez made a motion to release the *Department of Revenue, Sports Betting, Performance Audit, April 2022*. Representative Larson seconded the motion, and the motion passed unanimously.

Ms. Colin introduced self and staff.

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

Mr. Hartman (*Division of Gaming*) introduced self and Chair.

OSA staff presented an overview of the report.

Recommendation 1 was reviewed, discussed, and agreed to by the Division of Gaming.

Discussion ensued regarding temporary licenses, fees, department staffing, and timing of the audit follow-up.

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

Discussion ensued regarding free bet credits and net operating losses.

A policy consideration was discussed regarding free bet credits, net sports betting revenue, and carry forward of net operating losses. These issues were addressed with HB22-1402, and no legislation was requested by the LAC.

10:39 a.m.

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

Senator Rodriguez made a motion to release the *Department of Natural Resources, State Park Campsite Reservations, Performance Audit, May 2022*. Representative Kipp seconded the motion, and the motion passed unanimously.

Ms. Colin introduced staff.

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

Ms. Ryan presented an overview of the report.

Recommendation 1 was reviewed, discussed, and agreed to by the Department of Natural Resources, Colorado Parks and Wildlife.

Discussion ensued regarding campsite closure documentation, staff training, fee discounts, and the Integrated Parks and Wildlife System (IPAWS) reservation structure.

11:17 a.m.

**State of Colorado, Statewide Single Audit, Fiscal Year Ended June 30, 2021**

Senator Rodriguez made a motion to release *State of Colorado, Statewide Single Audit, Fiscal Year Ended June 30, 2021*. Representative Larson seconded the motion, and the motion passed unanimously.

Ms. Edwards introduced self and staff, and presented opening comments.

Ms. Tulsian presented an overview of the Statewide Single Audit.

11:29 a.m.

**Department of Health Care Policy and Financing Recommendations**

Ms. Edwards introduced staff.

Ms. Bimestefer (*Department of Health Care Policy and Financing*) introduced self and staff.

OSA staff presented the recommendations.

Recommendation 2021-041 was reviewed and discussed. The Department of Health Care Policy and Financing (HCPF) disagreed with sub-part A and agreed with sub-parts B and C.

Discussion ensued regarding payments to Medicaid members, validity of claims, and the federal error rate.

Recommendation 2021-042 was reviewed, discussed, and agreed to by HCPF.

12:06 p.m.

**Department of Human Services Recommendations**

Ms. Edwards introduced staff and contractor.

Ms. Barnes (*Department of Human Services*) introduced self and staff.

Ms. Slife (*CliftonLarsonAllen LLP*) presented the recommendations.

Recommendations 2021-059 and 2021-060 were reviewed, discussed, and agreed to by the Department of Human Services.

12:21 p.m.

**Minutes**

Senator Rodriguez made a motion to approve the March 22, 2022, LAC hearing minutes. Representative Larson seconded the motion, and the motion passed unanimously.

Senator Rodriguez made a motion to approve the March 23, 2022, LAC hearing minutes. Representative Larson seconded the motion, and the motion passed unanimously.

12:22 p.m.

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

Ms. Colin introduced staff.

Ms. Frant presented an overview of the report.

Ms. George (*Department of Local Affairs, Division of Housing*) introduced self and presented the status report.

12:27 p.m.

### **Marijuana Enforcement Division Audit Request**

Auditor Hunter presented an overview of the audit request.

Representative Larson made a motion to approve the requested preliminary research time for the Marijuana Enforcement Division audit request. Senator Rodriguez seconded the motion. A roll call vote was conducted, and the motion passed unanimously. The results were as follows:

Representative Bockenfeld – Yes

Senator Bridges – Yes

Representative Kipp – Yes

Representative Larson – Yes

Representative Roberts – Yes

Senator Woodward – Yes

Senator Rodriguez - Yes

Senator Smallwood – Yes

12:29 p.m.

### **Behavioral Health Care Services Audit Request**

Ms. Colin presented an overview of the previously approved audit request to review the Department of Human Services and Health Care Policy and Finance's oversight of the community mental health centers and the regional accountable agencies, as well as the records and processes.

Discussion ensued regarding the audit request options, prior legislation approved by the LAC, and payment distributions. The Committee chose to continue with the audit.

12:43 p.m.

### **Reports Released Without a Hearing**

Senator Rodriguez made a motion to release the Reports Released Without a Hearing. Representative Kipp seconded the motion, and the motion passed unanimously.

Ms. Edwards presented an overview of the reports.

### **Hearing adjourned at 12:45 p.m.**

Minutes submitted by:

Jayne Watson

Executive Assistant, Office of the State Auditor





**Legislative Audit Committee**  
**August 9, 2022**  
**Minutes**

The Legislative Audit Committee (LAC) convened a hearing on August 9, 2022, at 9:30 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 Rod Bockenfeld, Senator Jeff Bridges (excused), Representative Colin Larson (remote), Representative Dafna Michaelson Jenet (remote), Representative Dylan Roberts, Senator Rob Woodward (in-person and remote), Senator Robert Rodriguez (Vice Chair), Senator Jim Smallwood (Chair) (arrived 9:30 a.m.)

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, Derek Johnson, Jenny Page, Cariann Ryan

**Other Attendees**

Department of Natural Resources

Dan Gibbs, Executive Director

Windi Padia, Chief Operating Officer

Colorado Oil and Gas Conservation Commission

Scott Cuthbertson, Deputy Director

Office of Legislative Legal Services

Ed DeCecco, Senior Attorney for Special Projects

Megan Waples, Senior Attorney (remote)

Pinnacol Assurance

Howard Carver, Chair of Risk & Audit Committee

John O'Donnell, CEO

Kathy Kranz, Vice President and CFO

Public Employees' Retirement Association of Colorado

Marcus Pennell, Chair, Board of Trustees (remote)

Ron Baker, Executive Director (remote)

Amy C. McGarrity, Chief Investment Officer/Chief Operating Officer

Public Utilities Commission

Doug Dean, Director

Gene Camp, Deputy Director, Fixed Utilities

Segal

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

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

Melissa Krumholz, FSA, MAAA; Senior Consultant and Actuary

CliftonLarsonAllen LLP

Sean Walker, Principal

Brittany Smith, Manager

KPMG

Ashley Busse, Partner

Lexi Oberoi, Senior Manager

9:37 a.m.

**Pinnacol Assurance, Statutory-Basis Financial Statements and Supplemental Schedules of Investment and Reinsurance Information, December 31, 2021 and 2020**

Representative Bockenfeld made a motion to release the *Pinnacol Assurance, Statutory-Basis Financial Statements and Supplemental Schedules of Investment and Reinsurance Information, December 31, 2021 and 2020*.

Representative Roberts seconded the motion, and the motion passed unanimously.

Ms. Edwards introduced self, staff, and contractor.

Mr. Carver (*Pinnacol Assurance*) introduced self, CEO, and staff.

Ms. Busse and Ms. Oberoi (*KPMG*) presented an overview of the report.

Discussion ensued regarding related-party transactions.

10:07 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, 2021**
- **Public Employees' Retirement Association of Colorado, Financial Audit, Year Ended December 31, 2021**

Senator Rodriguez made a motion to release the *Public Employees' Retirement Association of Colorado, Financial Audit, Year Ended December 31, 2021*. Representative Bockenfeld seconded the motion, and the motion passed unanimously.

Ms. Edwards introduced the contractor.

Mr. Baker (*Colorado Public Employees' Retirement Association*) introduced the Chair, self, staff, and actuaries.

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

Discussion ensued regarding investments and investment strategies, and delegation of proxies.

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

Discussion ensued regarding equity markets and their effect on broad market results, and healthcare for individuals choosing early retirement.

11:46 a.m.

**Public Utilities Commission, Consideration of Best Value Employment Metrics in Electric Utility Resource Acquisitions, Performance Audit, July 2022**

Senator Rodriguez made a motion to release the *Public Utilities Commission, Consideration of Best Value Employment Metrics in Electric Utility Resource Acquisitions, Performance Audit, July 2022*. Representative Bockenfeld seconded the motion, and the motion passed unanimously.

Ms. Colin introduced self and staff.

Mr. Dean (*Public Utilities Commission*) introduced self and staff.

OSA Staff presented an overview of the report.

Recommendation 1 was reviewed, discussed, and agreed to by the Public Utilities Commission (PUC).

Discussion ensued regarding the audit schedule, and inclusion of employment-based metrics as a part of the bid process.

A policy consideration was reviewed and discussed regarding the PUC's regulatory and enforcement authority. The LAC indicated that it may be interested in legislation, and asked the OSA and PUC to return in September with options.

12:24 p.m.

**Minutes**

Senator Rodriguez made a motion to approve the June 13, 2022, LAC hearing minutes. Representative Roberts seconded the motion, and the motion passed unanimously.

12:25 p.m.

**Department of Natural Resources, Colorado Oil and Gas Conservation Commission, Oil and Gas Production Reporting, Performance Audit, August 2021, Status Report**

Ms. Colin introduced staff.

Ms. Ryan presented an overview of the report.

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

Mr. Cuthbertson (*Colorado Oil and Gas Conservation Commission*) introduced self and presented the status report, noting that recommendations 1a and 1b were partially implemented, and recommendations 2a and 2b were fully implemented.

12:32 p.m.

### **Marijuana Enforcement Division Audit Request, Research Memo**

Ms. Colin presented an overview of the OSA research regarding the audit request of the *Marijuana Enforcement Division*.

Senator Rodriguez made a motion to move forward with the audit request. Representative Roberts seconded the motion. A roll call vote was conducted, and the motion passed 7 – 0, with one excused.

The results were as follows:

Representative Bockenfeld – Yes

Senator Bridges – Excused

Representative Larson – Yes

Representative Michaelson Jenet - Yes

Representative Roberts – Yes

Senator Woodward – Yes

Senator Rodriguez - Yes

Senator Smallwood – Yes

12:38 p.m.

### **State Employee Protection Act Report, Request for Preliminary Research**

Auditor Hunter introduced the *State Employee Protection Act Report* and requested time for preliminary research. Senator Woodward made a motion to approve preliminary research. Representative Roberts seconded the motion, and the motion passed unanimously.

12:39 p.m.

### **Legislation**

Ms. Colin introduced Office of Legislative Legal Services staff, and presented an overview of legislation related to prior audits.

Discussion ensued regarding the Behavioral Health Care legislation previously approved by the LAC but not introduced during the last session.

Senator Rodriguez made a motion to request an updated bill draft of the proposed Behavioral Health Care legislation. Representative Larson seconded the motion. A roll call vote was conducted, and the motion passed 7 – 0, with one excused.

The results were as follows:

Representative Bockenfeld – Yes

Senator Bridges – Excused

Representative Larson – Yes

Representative Michaelson Jenet - Yes

Representative Roberts – Yes

Senator Woodward – Yes

Senator Rodriguez - Yes

Senator Smallwood – Yes

12:49 p.m.

**Reports Released Without a Hearing**

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

Ms. Edwards presented an overview of the reports.

**Hearing adjourned at 12:50 p.m.**

Minutes submitted by:

Jayne Watson

Executive Assistant, Office of the State Auditor



## Legislative Audit Committee September 28, 2022 Minutes

The Legislative Audit Committee (LAC) convened a hearing on September 28, 2022, at 9:06 a.m. in the Legislative Services Building, Audit Hearing Room B. Senator Jim Smallwood called the meeting to order. Roll was called with the following members present:

### Committee Members

Representative Rod Bockenfeld, Senator Jeff Bridges, Representative Hugh McKean (LAC temporary replacement for Representative Colin Larson), Representative Dafna Michaelson Jenet, Representative Dylan Roberts, Senator Rob Woodward, Senator Robert Rodriguez (Vice Chair), Senator Jim Smallwood (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; Dana Berry, Monica Bowers, Crystal Dorsey, Nina Frant, Greg Fugate, Lynn Obremski, Christian Olaya, Jenny Page

### Other Attendees

#### Behavioral Health Administration

Summer Gathercole, Deputy Commissioner of Operations  
Andrew Rauch, BHA Chief of Staff

#### Brush School District RE-2(J)

Dr. Bill Wilson, Superintendent

#### Colorado Department of Education

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

Department of Health Care Policy and Financing

Kim Bimestefer, Executive Director

Cristen Bates, Director, Office of Medicaid & CHP+ Behavioral Health Initiatives and Coverage

Department of Human Services

Michelle Barnes, Executive Director

Office of Legislative Legal Services

Ed DeCecco, Senior Attorney for Special Projects

Chelsea Princell, Staff Attorney (remote)

Department of Military and Veterans Affairs, Division of Veterans Affairs

Brigadier General Laura L. Clellan, The Adjutant General of Colorado and Executive Director,  
Department of Military and Veterans Affairs

David Callahan, Director, Division of Veterans Affairs

Patricia Hammon, Chair, Colorado Board of Veterans Affairs

Department of Regulatory Agencies

Gene Camp, Deputy Director, Fixed Utilities, Public Utilities Commission

Michael Nicoletti, Legislative Director, Department of Regulatory Agencies (remote)

Department of Revenue

Mark Ferrandino, Executive Director

West Grand School District 1-JT

Elizabeth Bauer, Superintendent

Martha Schake (Shockey), Director of Finance and Human Resources

9:07 a.m.

**Department of Military and Veterans Affairs, Veterans Services (Public Report). Performance Audit, September 2022**

Representative Michaelson Jenet made a motion to release the *Department of Military and Veterans Affairs, Veterans Services (Public Report). Performance Audit, September 2022*. Senator Rodriguez seconded the motion, and the motion passed unanimously.

Ms. Colin introduced self and staff.

Brigadier General Clellan (*Department of Military and Veterans Affairs*) 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 Military and Veterans Affairs, Division of Veterans Services (Division).

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



Discussion ensued regarding the selection process for county veterans service officers (VSOs).

Recommendation 5 was reviewed, discussed, and agreed to by the Division.

Discussion ensued regarding additional county services available to veterans, demand for services, uniformity of payments, cost of living adjustments, state and county contributions towards services, and allocation of resources.

Recommendation 6 was reviewed, discussed, and agreed to by the Division.

Discussion ensued regarding resource allocation, accreditation of VSOs, volunteer organization partnerships, and OSA tools available to encourage counties to provide requested data.

Recommendation 7 was reviewed, discussed, and agreed to by the Division.

Recommendation 8 was reviewed, discussed, and agreed to by the Colorado Board of Veterans Affairs.

Recommendation 4 was reviewed, discussed, and agreed to by the Division.

10:29 a.m.

**Department of Military and Veterans Affairs, Veterans Services (Confidential Report), Performance Audit, September 2022**

Senator Rodriguez made a motion to conduct an Executive Session in accordance with Section 24-6-402(3)(a)(IV), C.R.S., to review *Department of Military and Veterans Affairs, Veterans Services (Confidential Report), Performance Audit, September 2022*. Representative McKean seconded the motion, and the motion passed unanimously.

10:41 a.m.

**Executive Session concluded**

10:43 a.m.

**Department of Revenue, Division of Motor Vehicles, Driver License Services, Performance Audit, August 2022**

Representative Michaelson Jenet made a motion to release the *Department of Revenue, Division of Motor Vehicles, Driver License Services, Performance Audit, August 2022*. Senator Rodriguez seconded the motion, and the motion passed unanimously.

Ms. Colin introduced staff.

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

OSA Staff presented an overview of the report.

Recommendations 1 and 2 were reviewed, discussed, and agreed to by the Department of Revenue.

Discussion ensued regarding security of personal data collected via online services, usage of the myColorado app, and the Division of Motor Vehicles approval rating.

11:16 a.m.

**Colorado Department of Education, Colorado School Districts, Fiscal Health Analysis, Fiscal Years 2019-2021, Informational Report, September 2022**

Representative Michaelson Jenet made a motion to release the *Colorado Department of Education, Colorado School Districts, Fiscal Health Analysis, Fiscal Years 2019-2021, Informational Report, September 2022*. Representative McKean seconded the motion, and the motion passed unanimously.

Ms. Edwards introduced self and staff.

Dr. Wilson (*Brush School District RE-2(J)*) introduced self.

Ms. Okes (*Colorado Department of Education*) introduced self.

Ms. Bauer and Ms. Schake (*West Grand School District 1-JT*) introduced themselves.

OSA staff presented an overview of the report.

Brush School District RE-2(J) discussed their response.

West Grand School District 1-JT discussed their response.

Discussion ensued regard West Grand School District's grant revocation, and staff retention through the passage of the mil levy override.

12:01 p.m.

**Minutes**

Senator Rodriguez made a motion to approve the August 9, 2022, LAC hearing minutes. Representative McKean seconded the motion, and the motion passed unanimously.

12:01 p.m.

**Public Utilities Commission's Oversight of Best Value Employment Metrics Legislation**

Ms. Colin introduced staff.

Ms. Page presented a summary of the audit finding, recommendations related to the proposed legislation, and an overview of the proposed legislation.

Mr. Camp (*Public Utilities Commission*) introduced self and staff.

Representative Roberts made a motion to have staff work with Legislative Legal Services to prepare 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 Bridges – Yes

Representative McKean – No

Representative Michaelson Jenet – Yes

Senator Roberts – Yes

Senator Woodward – No  
Senator Rodriguez – Yes  
Senator Smallwood – Yes

12:08 p.m.

### **Follow-Up Discussion Regarding Behavioral Health Audit**

Ms. Bimestefer (*Department of Health Care Policy and Financing*), Ms. Barnes (*Department of Human Services*), and Ms. Gathercole (*Behavioral Health Administration*) were introduced.

Auditor Hunter presented an overview of the previously approved Behavioral Health Care Audit request.

Ms. Bimestefer presented an overview of the letter presented to the Committee.

Representative Michaelson Jenet made a motion to delay the audit. Representative McKean seconded the motion. A roll call vote was conducted, and the motion passed 6 - 2. The results were as follows:

Representative Bockenfeld – Yes  
Senator Bridges – Yes  
Representative McKean – Yes  
Representative Michaelson Jenet – Yes  
Senator Roberts – No  
Senator Woodward – Yes  
Senator Rodriguez – No  
Senator Smallwood – Yes

12:24 p.m.

### **Behavioral Health Care Services Legislation**

Ms. Colin presented an overview of the legislation request and an overview of the bill draft.

Ms. Bimestefer (*Department of Health Care Policy and Financing*) introduced staff.

Discussion ensued regarding the Office of the State Auditor's authority to audit private entities, information received from regional accountable entities (RAEs), data available to the OSA from the Department of Health Care Policy and Financing (HCPF), and tracking of HCPF funding.

Senator Rodriguez made a motion to move the bill draft to bill paper. As there was no second, the motion was no longer considered to be before the Committee.

12:46 p.m.

**Office of the Governor Audit Request**

Auditor Hunter presented an overview of the audit request.

Representative Bockenfeld made a motion to approve the requested preliminary research time. Representative McKean seconded the motion. A roll call vote was conducted, and the motion failed on a tie vote. The results were as follow:

Representative Bockenfeld – Yes

Senator Bridges – No

Representative McKean – Yes

Representative Michaelson Jenet – No

Senator Roberts – No

Senator Woodward – Yes

Senator Rodriguez – No

Senator Smallwood – Yes

1:03 p.m.

**Colorado Office of the State Auditor, Fiscal Year 2022 Annual Report**

Mr. Fugate introduced self and presented an overview of the report.

1:06 p.m.

**Required Communication to Those Charged with Governance**

Representative Michaelson Jenet 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 Communication to Those Charged with Governance*. Senator Bridges seconded the motion, and the motion passed unanimously.

1:11 p.m.

**Executive Session concluded**

**Hearing adjourned at 1:12 p.m.**

Minutes submitted by:

Jayne Watson

Executive Assistant, Office of the State Auditor



## **Legislative Audit Committee November 14, 2022 Minutes**

The Legislative Audit Committee (LAC) convened a hearing on November 14, 2022, at 9:32 a.m. in the Colorado State Capitol, Old Supreme Court Chambers. Senator Jim Smallwood called the meeting to order. Roll was called with the following members present:

### **Committee Members**

Representative Judy Amabile (LAC temporary replacement for Representative Dylan Roberts) (remote), Representative Rod Bockenfeld (excused), Senator Rhonda Fields (LAC temporary replacement for Senator Jeff Bridges), Representative Colin Larson (remote), Representative Susan Lontine (LAC temporary replacement for Representative Dafna Michaelson Jenet) (remote), Senator Kevin Priola (LAC temporary replacement for Senator Robert Rodriguez, Vice Chair) (remote), Senator Rob Woodward (remote), Jim Smallwood (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, Gina Faulkner, Greg Fugate, Derek Johnson, Chris McClain, Jenny Page, Scott Reid, Maya Rosochacova

### **Other Attendees**

#### Colorado Lottery

Jennifer Anderson, Deputy Director  
Nancy Bartosz, Controller

#### Department of Health Care Policy & Financing

Adela Flores-Brennan, Medicaid Director, Health Policy Office Director (remote)

Department of Personnel & Administration

Tony Gherardini, Executive Director and State Personnel Director

Brandy Malatesta, Division of Human Resources, Total Compensation Deputy Director

Department of Regulatory Affairs

Karen McGovern, Deputy Division Director of Legal Affairs

Dmitry Kunin, Senior Director, Clinical Programs

Michael Niccoletti, Legislative Director

Great Outdoors Colorado

Jackie Miller, Executive Director

Charles Garcia, GOCO Board Member

Christy Reeves, Controller

Office of the State Controller

Robert Jaros, CPA, MBA, JD, State Controller

Mark Davis, Indirect Cost and Federal Reporting Manager

Public Utilities Commission

Doug Dean, Director

Michael Niccoletti, Legislative Director

Eide Bailly LLP

Paul Kane, CPA, Partner

9:33 a.m.

**Colorado Lottery, Financial and Compliance Audit, June 30, 2022 and 2021**

Senator Fields made a motion to release the *Colorado Lottery, Financial and Compliance Audit, June 30, 2022 and 2021*. Senator Priola seconded the motion, and the motion passed unanimously.

Ms. Edwards introduced self, staff, and contractor.

Ms. Anderson (*Colorado Lottery*) introduced self and staff.

Mr. Kane (*Eide Bailly LLP*) presented an overview of the report.

Discussion ensued regarding Government Accounting Standards Board (GASB) rule changes, the reported negative net position, and the Colorado Lottery's relationship with the Multi State Lottery Association (MSLA).

10:00 a.m.

**State Board of the Great Outdoors Colorado Trust Fund, Financial and Compliance Audit, For the Years June 30, 2022 and 2021**

Senator Fields made a motion to release the *State Board of the Great Outdoors Colorado Trust Fund, Financial and Compliance Audit, For the Years June 30, 2022 and 2021*. Representative Amabile seconded the motion, and the motion passed unanimously.

Ms. Edwards introduced staff and contractor.

Ms. Miller (*Great Outdoors Colorado*) introduced self and staff.

Mr. Kane (*Eide Bailly LLP*) presented an overview of the report.

10:18 a.m.

**Schedule of TABOR Revenue, Fiscal Year 2022, Performance Audit, October 2022**

Senator Priola made a motion to release the *Schedule of TABOR Revenue, Fiscal Year 2022, Performance Audit, October 2022*. Representative Amabile 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 computation of spending limitations versus state revenue caps, percentage change in severance taxes, and enterprise status for higher education.

10:42 a.m.

**State of Colorado, Cash Funds Uncommitted Reserves, Fiscal Year Ended June 30, 2022, Performance Audit, October 2022**

Senator Fields made a motion to release the *State of Colorado, Cash Funds Uncommitted Reserves, Fiscal Year Ended June 30, 2022, Performance Audit, October 2022*. Representative Amabile seconded the motion, and the motion passed unanimously.

Ms. Edwards introduced staff, and recognized the Office of the State Controller staff.

Ms. Dorsey presented an overview of the report.

11:00 a.m.

**Minutes**

Senator Fields made a motion to approve the August 9, 2022, LAC hearing minutes. Representative Lontine seconded the motion, and the motion passed unanimously.

11:02 a.m.

**Department of Personnel & Administration, Evaluation of the Colorado Department of Personnel & Administration's Annual Compensation Survey, June 2021, Status Report**

Ms. Colin introduced self and staff.

Mr. Fugate presented an overview of the report, noting that of the nine recommendation subparts in Recommendation 1, six were fully implemented, two were partially implemented, and one was not yet implemented, and Recommendation 2 was fully implemented.

Mr. Gherardini (*Department of Personnel and Administration*) introduced self and staff.

Ms. Malatesta (*Department of Personnel and Administration*) presented the status report.

11:06 a.m.

**Department of Regulatory Agencies, Colorado Prescription Drug Monitoring Program, Performance Audit, March 2021, Status Report**

Ms. Colin introduced staff.

Ms. Page presented an overview of the report, noting that eleven recommendations were fully implemented, two were partially implemented, and two will no longer be implemented.

Ms. McGovern (*Department of Regulatory Affairs*) introduced self, staff, and presented the status report.

Discussion ensued regarding potentially conducting another status report.

11:16 a.m.

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

Ms. Colin introduced staff.

Ms. Page presented an overview of the report, noting that two-thirds of the recommendations were implemented.

Ms. Flores-Brennan presented the status report.

11:23 a.m.

**Public Utilities Commission's Oversight of Best Value Employment Metrics Potential Legislation**

Ms. Colin introduced staff.

Mr. Johnson presented a summary of the audit finding, recommendations related to the proposed legislation, and an overview of the proposed legislation.

Mr. Nicoletti (*Department of Regulatory Affairs*) introduced self and staff, and discussed the legislation.

The Committee requested to move the vote on the bill draft to the next hearing scheduled for December 12, 2022.



11:31 a.m.

**Proposed 2023 Session Calendar**

The Committee was asked to review the Proposed 2023 LAC Session Calendar and submit any changes prior to the December LAC hearing.

**Hearing adjourned at 11:32 a.m.**

Minutes submitted by:

Jayne Watson

Executive Assistant, Office of the State Auditor



**Legislative Audit Committee  
December 12, 2022  
Minutes**

The Legislative Audit Committee (LAC) convened a hearing on December 12, 2022, at 9:01 a.m. in the Colorado State Capitol, Old Supreme Court Chambers. Senator Jim Smallwood called the meeting to order. Roll was called with the following members present:

**Committee Members**

Senator Rhonda Fields (arrived 9:02 a.m.), Representative Colin Larson, Representative Dafna Michaelson Jenet, Representative Kim Ransom, Representative Dylan Roberts, Senator Rob Woodward, Senator Robert Rodriguez (Vice Chair) (arrived 10:51 a.m.), Jim Smallwood (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; Greg Fugate, Derek Johnson, Jenny Page, Kate Shiroff, Riley Staples, Heidi Wagner

**Other Attendees**

Colorado Department of Education

Katy Anthes, Ph.D., Commissioner of Education  
Alyssa Pearson, Deputy Commissioner

Colorado Department of Public Health and Environment

Trisha Oeth, Director of Environmental Health and Protection  
Steve McCannon, Mobile Sources Program Director, Air Pollution Control Division

Department of Labor & Employment

Daniel Chase, Chief of Staff

Phil Spesshardt, Director, Division of Unemployment Insurance

Department of Public Safety

Stan Hilkey, Executive Director

Kevin Klein, Division of Homeland Security & Emergency Management Director

Mike Morgan, Division of Fire Prevention & Control Director

Office of Legislative Legal Services

Ed DeCecco, Senior Attorney for Special Projects

Office of State Planning and Budgeting

Lauren Larson, Executive Director

Sherry Wolfe, Deputy Director of Programs

Jonathan Bray, Controller, Office of the Governor

Public Utilities Commission

Gene Camp, Deputy Director for Fixed Utilities

de la Torre Klausmeier Consulting (dKC)

Rob Klausmeier, Owner

Human Resources Research Organization (HumRRO)

Harold Doran, Ed.D., Vice President

Monica Gribben, Ph.D., Senior Staff Scientist and Project Director

Arthur Thacker, Ph.D., Principal Scientist

Trinity Consulting

James Lyons, Principal Consultant

9:02 a.m.

**Evaluation of Colorado's K–12 Education Accountability System, November 2022**

Representative Michaelson Jenet made a motion to release the *Evaluation of Colorado's K–12 Education Accountability System, November 2022*. Representative Larson seconded the motion, and the motion passed unanimously.

Ms. Colin introduced self, staff, and contractor.

Dr. Anthes (*Colorado Department of Education*) introduced self and staff.

Human Resources Research Organization (HumRRO) staff presented an overview of the evaluation.

Discussion ensued regarding evaluation of students with disabilities, free and reduced meal programs, graduation rates, educator use of data for student level instruction, school district response levels to survey and the limitations of voluntary participation, and factors affecting student achievement levels.

10:45 a.m.

**Department of Public Safety, Governor's Office of State Planning and Budgeting, The Disaster Emergency Fund, Performance Audit, December 2022**

Representative Michaelson Jenet made a motion to release the *Department of Public Safety, Governor's Office of State Planning and Budgeting, The Disaster Emergency Fund, Performance Audit, December 2022*. Representative Larson seconded the motion, and the motion passed unanimously.

Ms. Colin introduced self and staff.

Mr. Hilkey (*Department of Public Safety*) introduced self and staff.

Ms. Larson (*Office of State Planning and Budgeting*) introduced self and staff.

OSA Staff presented an overview of the audit.

Recommendation 1 was reviewed, discussed, and agreed to by the Department of Public Safety.

Discussion ensued regarding disaster funding timetables.

Recommendation 2 was reviewed, discussed, and agreed to by the Office of State Planning and Budgeting.

Discussion ensued regarding disaster funding forecasts, reporting relationship with JBC, and quality control processes.

11:37 a.m.

**Department of Public Health and Environment, Automobile Inspection and Readjustment Program, Performance Evaluation, November 2022**

Senator Rodriguez made a motion to release the *Department of Public Health and Environment, Automobile Inspection and Readjustment Program, Performance Evaluation, November 2022*. Representative Michaelson Jenet seconded the motion, and the motion passed unanimously.

Ms. Colin introduced staff and contractors.

Ms. Oeth (*Colorado Department of Public Health*) introduced self and staff.

de la Torre Klausmeier Consulting (dKC) and Trinity Consulting Staff presented an overview of the evaluation.

Recommendation 1 was reviewed, discussed, and agreed to by the Colorado Department of Public Health (Department).

Discussion ensued regarding the differences between pre- and post-pandemic testing, including time requirements and costs of tests.

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

Discussion ensued regarding expanding the program to El Paso County, and the timeline for implementing recommendation.

12:17 p.m.

**Annual Report: Status of Audit Recommendations Not Fully Implemented, as of June 30, 2022, Informational Report, November 2022**

Representative Michaelson Jenet made a motion to release the *Annual Report: Status of Audit Recommendations Not Fully Implemented, as of June 30, 2022, Informational Report, November 2022*. Senator Rodriguez seconded the motion, and the motion passed unanimously.

Ms. Page introduced self and presented an overview of the report.

Discussion ensued regarding average number of recommendations not implemented over the last twelve years, and inclusion of departments' plans for addressing material deficiencies.

12:31 p.m.

**Minutes**

Senator Rodriguez made a motion to approve the November 14, 2022, LAC hearing minutes. Representative Michaelson Jenet seconded the motion, and the motion passed unanimously.

12:32 p.m.

**Preliminary Investigation Results on State Employee Protection Act Report**

Ms. Colin introduced staff.

Mr. Johnson presented an overview of the investigation.

12:35 p.m.

**Public Utilities Commission's Oversight of Best Value Employment Metrics Potential Legislation**

Ms. Colin introduced staff.

Mr. Camp (*Public Utilities Commission*) introduced self.

Mr. Johnson presented a summary of the audit finding, recommendations related to the proposed legislation, and an overview of the proposed legislation.

Senator Rodriguez made a motion to move the bill draft to bill paper. Representative Michaelson Jenet seconded the motion. A roll call vote was conducted, and the motion passed unanimously. The results were as follows:

Senator Fields – Yes

Representative Larson - Yes

Representative Michaelson Jenet – Yes

Representative Ransom – Yes

Representative Roberts - Yes

Senator Woodward – Yes

Senator Rodriguez – Yes

Senator Smallwood – Yes

Prime sponsor was Senator Rodriguez. Additional sponsors and co-sponsors will be discussed at the January 17, 2023, LAC hearing.

12:44 p.m.

**Department of Labor and Employment, Unemployment Insurance Benefits (Public Report), Performance Audit, November 2021, Status Report**

Ms. Colin introduced staff.

Ms. Page presented an overview of the report, noting that seven recommendations were fully implemented, one was no longer applicable, and the Department of Labor and Employment (Department) was working to implement the other six.

Mr. Chase (*Department of Labor and Employment*) introduced self, staff, and presented the status report.

Discussion ensued regarding referrals for prosecution in instances of fraud.

12:54 p.m.

**Department of Labor and Employment, Unemployment Insurance Benefits (Confidential Report), Performance Audit, November 2021, Status Report**

Representative Michaelson Jenet made a motion to conduct an Executive Session in accordance with Section 24-6-402(3)(a)(IV), C.R.S., to review the *Department of Labor and Employment, Unemployment Insurance Benefits (Confidential Report), Performance Audit, November 2021, Status Report*. Senator Rodriguez seconded the motion, and the motion passed unanimously.

1:12 p.m.

**Executive Session concluded**

1:13 p.m.

**Colorado Department of Corrections Victim Services Unit Audit Request**

Auditor Hunter presented an overview of the audit request.

Senator Fields presented additional background on the audit request.

Senator Fields made a motion to approve the requested preliminary research time. Senator Rodriguez seconded the motion. A roll call vote was conducted, and the motion passed 6 - 0, with two excused.

The results were as follow:

Senator Fields – Yes

Representative Larson - Yes  
Representative Michaelson Jenet – Excused  
Representative Ransom – Yes  
Representative Roberts - Yes  
Senator Woodward – Excused  
Senator Rodriguez – Yes  
Senator Smallwood - Yes

1:17 p.m.

**Proposed 2023 Session Calendar**

Senator Rodriguez made a motion to approve the *Proposed 2023 Session Calendar*. Representative Larson seconded the motion, and the motion passed unanimously.

1:18 p.m.

**Procedures for January Election of Vice Chair**

Auditor Hunter presented the *Procedures for January Election of Vice Chair*. The next Vice Chair will be a House Republican.

Discussion ensued regarding delaying the vote for the Vice Chair, and contacting the Minority Leader in regard to the LAC rules.

1:21 p.m.

**Reports Released Without a Hearing**

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

Ms. Edwards presented an overview of the reports.

1:24 p.m.

**Passing of the Gavel**

Senator Smallwood, as outgoing Chair, passed the ceremonial gavel to Senator Rodriguez, incoming Chair.

**Hearing adjourned at 1:26 p.m.**

Minutes submitted by:

Jayne Watson

Executive Assistant, Office of the State Auditor