



LEGISLATIVE AUDIT COMMITTEE

68th Montana Legislature

SENATE MEMBERS

Jason Ellsworth
Pat Flowers
Chris Friedel
Denise Hayman
Kathy Kelker
Forrest Mandeville

HOUSE MEMBERS

Lyn Hellegaard
SJ Howell
Emma Kerr-Carpenter
Fiona Nave
Jerry Schillinger
Laura Smith

COMMITTEE STAFF

Kenneth E. Varns - Attorney
Angus Maciver - Legislative Auditor
Candace Radovich - Secretary

MINUTES LOG

January 24, 2024
Room 172
Helena, Montana

Please note: This document is a Minutes Log and provides annotation of the time elapsed between the beginning of the meeting and the time at which the item was presented or discussed, a motion was made, or a vote was taken. The narrative presented here is provided only as a guide to the audio or video recording of the meeting. The official discussion, motion, or vote is available on the audio or video archive of this meeting. The Legislature does not prepare a transcript of the meeting activities. The time designation may be used to locate the referenced discussion on the audio or video recording of this meeting.

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STAFF PRESENT:

Kenneth E. Varns, Attorney
Angus Maciver, Legislative Auditor
Candace Radovich, Secretary

CALL TO ORDER

09:01:47 Chair Ellsworth called the meeting to order at 9:01 a.m.

DEPARTMENT OF CORRECTIONS (22-15)

09:02:20 Presented by Jessica Curtis, CPA, Financial-Compliance Audit Supervisor
(EXHIBIT 7) power point

Agency Response

09:05:39 Presented by Director Gootkin

Motion

09:06:40 Rep. Hellegaard moved the Committee acknowledge receipt of the audit report, that it was reviewed by the Committee, filed, and that copies of the audit report be distributed in accordance with law.

09:06:47 **Vote:** Carried unanimously by voice vote

Public Comment

none

INMATE WELFARE FUND (24SP-01)

09:07:33 Presented by Kenneth Noddings, Associate Management & Program Analyst

09:07:35 Present from the agency:
Brian Gootkin, Director
Natalie Smitham, Chief Financial Officer

Committee Questions of Staff

09:11:28 Sen. Kelker asked Mr. Noddings about inmate funds.

09:13:55 Chair Ellsworth asked Mr. Noddings about reimbursement.

09:14:39 Agency Response

09:14:51 Presented by Ms. Smitham

09:15:22 **Committee Request:** Rep. Nave asked Ms. Smitham what percentage of the inmate population is indigent. (request received)

09:16:12 Rep. Howell asked Ms. Smitham what percent of the fund came from inmate telephone usage and canteen sale fees.

09:17:32 Rep. Smith asked Ms. Smitham about miscodes via staff.

Public Comment

None

ENSURING MONTANA'S CHILD CARE IS AFFORDABLE, ACCESSIBLE, AND SAFE: DISTRIBUTION OF THE CHILD CARE AND DEVELOPMENT FUND (24SP-08)

09:19:12 Presented by Sarah. A Carlson, Senior Management & Program Analyst

09:22:50 Present from agency:
Tracy Moseman, Administrator, Earlier Childhood and Family Support Division;
Jody Lehman, Chief, Early Childhood Services Bureau

Committee Questions of Staff

09:27:38 Rep. Nave asked Ms. Carlson about measuring efficiencies.

09:32:26 Chair Ellsworth elaborated.

09:34:38 Legislative Auditor summarized the follow-up process.

09:34:45 Sen. Kelker spoke on measuring.

09:35:58 Rep. Smith asked Ms. Carlson about time period the original audit covered.

Agency Response

09:37:13 Presented by Tracy Moseman

Committee Questions of Agency

09:43:47 Rep. Smith asked Ms. Moseman about training for staff. The question was deferred to Ms. Lehman.

09:45:50 Rep. Smith asked Mr. Lehman about mandatory reporter training.

09:46:48 Sen. Hayman asked Ms. Moseman about the process related to available childcare slots.

09:51:12 Rep. Nave asked Ms. Moseman about ARPA funds and what caused facilities to close.

09:53:25 Sen. Ellsworth asked Mr. Lehman about income requirements.

ADMINISTRATION OF THE PETROLEUM TANK CLEANUP FUND (23SP-12)

09:54:27 Presented by David W. Singer, Associate Management & Program Analyst
09:55:08 Present from agency:
Terry Wadsworth, Executive Director, PTRCB
John Monahan, Board Chair, PTRCB
Chris Dorrington, Director, DEQ
Amy Steinmetz, Division Administrator, DEQ

Committee Questions of Staff

09:59:49 Sen. Kelker asked Mr. Singer to explain the relationship between the board and agency.
10:05:29 Rep. Kerr-Carpenter asked Mr. Singer about effort via the board and agency.
10:07:43 Further follow-up requested by Rep. Kerr-Carpenter.
10:07:53 Sen. Mandeville asked Mr. Singer to give more background on SB334.
10:10:13 Sen. Mandeville asked Mr. Singer about administrative need via the legislature.
10:10:47 Sen. Hayman asked Mr. Singer if the board members were paid.
10:11:19 Sen. Flowers asked Mr. Singer for clarification on the consultant process.
10:15:24 Sen. Hayman asked Mr. Singer for the percent of time the board takes to obligate work.

DEQ Response

10:18:22 Presented by Ms. Steinmetz

Board Response

10:25:55 Presented by Chair Monahans (**EXHIBIT 8**)
10:26:21 Sen. Kelker asked Mr. Monahans about the role of the board via cost.
10:32:07 Sen. Mandeville asked Mr. Monahans to clarify the boards response to recommendation 2, the question was deferred to Mr. Wadsworth
10:35:37 Sen. Mandeville referred to statute 75-11-309 and asked Mr. Wadsworth for his understanding.
10:39:01 Sen. Mandeville asked Ms. Steinmetz about the plan that DEQ approves.
10:42:15 Sen. Hayman asked Ms. Steinmatz if the board was needed.
10:42:53 Sen. Flowers asked Ms. Steinmatz for assurance on July 1 due date for their report.
10:44:58 Sen. Flowers discussed disagreements between DEQ and the PTRCB. The question was if Mr. Monahans and Mr. Dorrington could settle this without the legislature.
10:49:45 Legislative Auditor Maciver noted the September meeting would be a good time to revisit this subject. As well as attention to sunset law, the bill Sen. McGillvray had brought last session.

REINFORCING ORGANIZATIONAL IMPROVEMENTS IN PUBLIC SERVICE REGULATION (22P-01) (EXHIBIT 9**) power point**

10:51:34 Presented by Alyssa Sorenson, Management & Program Analyst Supervisor
10:54:02 Present from agency:
James Brown, President
Julie Feldman, Commissioner

Committee Questions of Staff

11:08:12 Sen. Kelker asked Ms. Sorenson about code of conduct.

- 11:10:52 Sen. Hayman asked Ms. Sorenson what areas were not addressed in the agencies code of conduct blue book. The question was deferred to Ms. Connelley.
- 11:13:27 Sen. Hayman asked Ms. Connelley who was responsible for courses of action against breaking code of conduct or ethics.
- 11:15:01 Rep. Smith noted Arizona's code of conduct and asked Ms. Sorenson a few questions about their process.
- 11:16:24 Chair Ellsworth referenced the role of the commissioner of political practices.
- 11:16:51 Sen. Flowers thought Rep. Smiths question was acceptable.
- 11:18:33 Rep. Smith asked Ms. Sorenson to clarify what parameters via contributions.
- 11:20:05 Rep. Kerr-Carpenter asked Ms. Sorenson about staffing structure within the PSC.
- 11:21:15 Rep. Kerr-Carpenter asked Ms. Sorenson how common it was across state government to have a high number of exempt positions.

Agency Response

- 11:23:34 Presented by President Brown **(EXHIBIT 10) (EXHIBIT 11)**

Committee Questions of Agency

- 11:29:42 Sen. Kelker asked President Brown about HR staff.
- 11:37:24 Chair Ellsworth clarified Sen. Kelkers question for President Brown.
- 11:39:57 Legislative Auditor Maciver clarified the disagreement between the PSC and LAD.
- 11:41:40 Sen. Hayman asked President Brown about code of ethics enforcement.
- 11:48:50 Sen. Kelker asked President Brown several questions about energy and available staff to do the job.
- 11:52:40 Sen. Flowers appreciated President Brown's response to the audit and asked Mr. Brown about vacancy savings.
- 11:57:27 Committee Request: Sen. Flowers asked President Brown for the average percentage via rate of vacancy for the PSC. Chair Ellsworth noted that being provided to the entire committee.
- 11:58:38 Sen. Flowers referenced recommendation 1 and asked why the commission partially agreed.
- 12:01:36 Sen. Flowers asked President Brown why the PSC doesn't follow the model of the Governor's Office.
- 12:05:13 Chair Ellsworth commented on direction of the meeting.

Public Comment

- 12:08:16 Brad Tschida via zoom

Motion

- 12:18:04 Rep. Hellegaard moved the Committee acknowledge receipt of the audit report, that it was reviewed by the Committee, filed, and that copies of the audit report be distributed in accordance with law.
- 12:18:04 **Vote:** Carried unanimously by voice vote.

DAWSON COUNTY COMMUNITY COLLEGE 2021

- 12:18:53 Presented by Theresa Flanner, Senior Manager, WIPFLI, LLP

Committee Questions of Agency

- 12:20:11 none

Agency Response

- 12:24:53 Presented by President Villmer.
12:25:49 Present from college: Justin M. Villmer, President

Committee Questions of Agency

- 12:26:16 Sen. Hayman asked President Villmer about enrollment numbers.
12:30:22 Committee Request: Sen. Hayman asked President Villmer for a written document via enrollment numbers. (received 3/15/24)
12:30:47 Sen. Kelker asked President Villmer about end of account balances.
12:31:12 Sen. Friedel asked Mr. Villmer to explain the decrease in enrollment and why, and in relation to the pandemic.

Public Comment

none

Motion

- 12:39:34 Rep. Hellegaard moved the Committee acknowledge receipt of the audit report, that it was reviewed by the Committee, filed, and that copies of the audit report be distributed in accordance with law.
12:39:34 **Vote:** Carried unanimously by voice vote.

12:39:55 **Lunch**

FINANCIAL AUDIT MODEL REFORM

- 13:04:58 Presented by Jennifer Erdahl, CPA, CFE, Financial-Compliance Audit Manager
[\(EXHIBIT 12\)](#)
13:08:53 Presented by Karen E. Cohlhepp, CPA, Financial-Compliance Audit Manager
[\(EXHIBIT 13\)](#)

Committee Questions of Staff

- 13:14:07 Rep. Smith asked Ms. Cohlhepp how the four agencies were chosen.
13:15:07 Rep. Smith asked Legislative Auditor Maciver if there would be any substantive loss via HB132.
13:21:00 Sen. Hayman spoke about approaching audits.
13:23:03 Sen. Flowers asked Legislative Auditor Maciver about agencies handled annually in regard to high risk.
13:26:00 Sen. Flowers asked Legislative Auditor Maciver about proprietary funds.
13:27:21 Rep. Nave asked Legislative Auditor Maciver about members ability to request audits.

Public Comment

none

MONTANA BOARD OF INVESTMENTS (23-04)

- 13:41:19 Presented by Shandell VanDonsel, CPA, Financial-Compliance Audit Supervisor
[\(EXHIBIT 14\)](#) power point

Agency Response

- 13:45:55 Presented by Director Villa

Committee Questions of Agency

- 13:46:14 Rep. Hellegaard asked Director Villa about gold and silver return rates.
13:47:03 Rep. Hellegaard commented on diversity for the board.

- 13:47:58 Sen. Hayman asked Director Villa for information on the investment rate of return.
- 13:52:53 Rep. Smith asked Director Villa about real-estate.
- 13:58:16 Chair Ellsworth referenced REIT.

Public Comment

none

Motion

- 13:59:31 Rep. Hellegaard moved the Committee acknowledge receipt of the audit report, that it was reviewed by the Committee, filed, and that copies of the audit report be distributed in accordance with law.
- 13:59:31 **Vote:** Carried unanimously by voice vote.

LOTTERY SECURITY (23DP-02)

- 13:59:55 Presented by Tyler J. Julian, Associate Information Technology Auditor [\(EXHIBIT 15\)](#) power point
- 14:04:27 Present from agency: Scott Sales, Director and Phil Charpentier, IT Services Director; Bryan Costigan Security Director.

Committee Questions of Staff

- 14:13:44 Sen. Hayman asked Mr. Julian about Artificial Intelligence.
- 14:16:04 Sen. Hayman commented on vulnerability.
- 14:17:39 Legislative Auditor Maciver spoke on secure systems and processes.

Agency Response

- 14:20:01 Presented by Director Sales

Committee Questions of Agency

- 14:25:25 Rep. Smith asked Mr. Charpentier if they established a methodology to identify the unknown risks.
- 14:27:41 Rep. Smith asked Director Sales about security of IT security contractors.
- 14:30:26 Rep. Nave commented on risk management and needed education for staff.

Motion

- 14:33:03 Rep. Hellegaard moved the Committee acknowledge receipt of the audit report, that it was reviewed by the Committee, filed, and that copies of the audit report be distributed in accordance with law.
- 14:33:03 **Vote:** Carried unanimously by voice vote.

INFORMATION TECHNOLOGY AUDIT AND ANALYTICS SCHEDULE

- 14:33:35 Presented by Miki Cestnik, CISA, CRISC, Deputy Legislative Auditor [\(EXHIBIT 16\)](#) power point
[\(EXHIBIT 17\)](#)
[\(EXHIBIT 18\)](#)
- 14:46:13 Legislative Auditor Maciver noted the new deputy level leadership and how that incorporated HB132.

LAD STRATEGIC PLANNING

- 14:50:35 Presented by Legislative Auditor Maciver [\(EXHIBIT 19\)](#)

Committee Questions of Staff

- 15:03:23 Rep. Nave asked Legislative Auditor Maciver about direct hours.

15:05:38 Rep. Nave asked Legislative Auditor Maciver about measuring value.
15:08:16 Rep. Nave asked Legislative Auditor Maciver what percentage of projects the value measure would apply to.

FINANCIAL AUDIT STATUS UPDATE

15:10:58 Presented by Cindy Jorgenson, CPA, Deputy Legislative Auditor ([EXHIBIT 20](#))

PERFORMANCE AUDIT STATUS UPDATE

15:15:38 Presented by William Soller, Deputy Legislative Auditor ([EXHIBIT 21](#))

Committee Questions of Staff

15:18:00 Rep. Nave asked Mr. Soller for the definition of medical assistance programs.

PREVIOUS COMMITTEE REQUESTS

15:18:46 Presented by Legislative Auditor Maciver ([EXHIBIT 22](#))

[\(EXHIBIT 23\)](#)

[\(EXHIBIT 24\)](#)

Public Comment

15:23:46 Sen. Dunwell via zoom

15:28:00 Discussion

ADJOURNMENT

15:36:07 With there being no further business, the meeting was adjourned at 3:36 p.m.

Secretary:


Sen. Chris Friedel