



## 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

Deb Butler - Attorney  
Angus Maciver - Legislative Auditor  
Candace Radovich - Secretary

# MINUTES LOG

June 08, 2023  
Room 172, State Capitol Building  
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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#### **MEMBERS PRESENT:**

Sen. Denise Hayman, Chair (D)  
Sen. Jason Ellsworth, Vice Chair (R)  
Sen. Pat Flowers (D)  
Sen. Chris Friedel (R)  
Rep. Lyn Hellegaard (R)  
Rep. SJ Howell (D)  
Sen. Kathy Kelker (D)  
Rep. Emma Kerr-Carpenter (D)  
Sen. Forrest Mandeville (R)  
Rep. Fiona Nave (R)  
Rep. Laura Smith (D)

#### **MEMBERS EXCUSED:**

Rep. Jerry Schillinger (R)

#### **STAFF PRESENT:**

Deb Butler, Attorney  
Angus Maciver, Legislative Auditor  
Candace Radovich, Secretary

**CALL TO ORDER/ROLL CALL**

9:03:00 Chair Hayman called the meeting to order at 9:03 a.m. noting the presence of a quorum.

**PERFORMANCE AUDIT PRIORITIZATION**

9:03:45 Presented by William Soller, Deputy Legislative Auditor. **(EXHIBIT 10)**  
9:12:05 Sen. Ellsworth asked Mr. Soller for details on the state market analysis topic.  
9:13:20 Rep. Smith asked Mr. Soller for details on the scoring.  
9:14:19 Sen. Ellsworth discussed priorities amongst caucus members.  
9:9:48 Scoring due by July 14, 2023, as requested by Mr. Soller.  
9:12:24 Legislative Auditor Maciver touched on additional requests. **(EXHIBIT 11)**  
**(EXHIBIT 12)**  
9:3:26 Rep. Nave brought up the school funding formula and wanted to know how that was different than what Sen. Molnar was trying to accomplish.  
9:22:42 Rep. Kerr-Carpenter asked Legislative Auditor Maciver about active projects going on at DOR.

**COST AND MANAGEMENT OF THE STATE MOTOR POOL (23SP-08)**

9:25:57 Presented by Amber Robbins, Management & Program Analyst Supervisor  
Present from MDT:  
Walt Kertula, Equipment Bureau Chief, Maintenance Division

**Agency Response**

9:29:37 Presented by Mr. Kertula.

**Committee Questions of Agency**

9:30:50 Sen. Ellsworth asked Mr. Kertula about their internal audit function. Sen. Ellsworth requested an answer from Director Long.  
9:32:28 Sen. Kelker asked Mr. Kertula about efficiencies.  
9:34:32 Sen. Hayman asked Mr. Kertula about electric vehicles via the Motor Pool.  
9:36:10 Sen. Friedel asked Mr. Kertula about collaboration of motor pools.  
9:38:28 Rep. Hellegaard asked Mr. Kertula about procurement of new vehicles.  
9:39:43 Sen. Ellsworth asked Mr. Kertula for details on fleet size.

**Public Comment**

none

**Motion**

9:42:28 Rep. Howell 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.

**Vote:**

9:42:28 Carried unanimously by voice vote.

**OFFICE OF THE COMMISSIONER OF HIGHER EDUCATION 22-06**

9:42:42 Presented by Courtney P. Johnson, CPA, Financial-Compliance Audit Supervisor **(EXHIBIT 13)** power point

**Committee Questions of Staff**

9:46:06 Sen. Ellsworth asked Ms. Johnson for clarity on the amount of money audited.

**Agency Response**

9:47:10 Presented by Commissioner Christian.

**Committee Questions of Agency**

- 9:49:44 Sen. Ellsworth commended the office on completing prior audit recommendations.  
9:50:52 Sen. Hayman asked Commissioner Clayton about the college savings plan.

**Public Comment**

none

**Motion**

- 9:52:56 Rep. Howell 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.

**Vote:**

- 9:54:45 Carried unanimously by voice vote.

**MILES CITY COMMUNITY COLLEGE**

- 9:54:57 Presented by Tony Gerharz, CPA, Audit Senior Manager, Wipfli LLP

**Agency Response**

- 9:58:17 Presented by President Slinger.

**Committee Questions of Agency**

- 9:59:02 Sen. Flowers asked President Slinger about federal grants and personal services increase.  
10:01:28 Sen. Hayman asked President Slinger about partnerships with other colleges and expansion.  
10:04:04 Sen. Mandeville asked about the title of the college.

**Public Comment**

none

**Motion**

- 10:05:29 Rep. Nave 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.

**Vote:**

- 10:05:35 Carried unanimously by voice vote.

**MONTANA STATE LOTTERY 22-30**

- 10:06:52 Presented by Brenda Keller, Associate Financial-Compliance Auditor  
(Exhibit 14) power point

**Committee Questions of Staff**

- 10:09:58 Rep. Nave asked Ms. Keller for the statutory distribution of funds.  
10:11:31 Rep. Nave asked Ms. Keller about increases.  
10:12:03 Legislative Auditor Maciver referenced statute in the report notes.

**Agency Response**

- 10:13:50 Presented by Director Sales  
10:14:16 Sen. Ellsworth asked Director Sales about FTE need.

**Public Comment**

none

**Motion**

- 10:10:18 Rep. Nave 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.

**Vote:**

- 10:10:18 Carried unanimously by voice vote.

**Break**

10:11:11

**DEPARTMENT OF ADMINISTRATION 22-13**

10:31:46 Presented by Katie Majerus, Financial-Compliance Audit Supervisor  
(Exhibit 15) power point

**Committee Questions of Staff**

none

**Agency Response**

10:43:44 Presented by Director Giles.

**Committee Questions of Agency**

10:45:31 Rep. Smith asked Director Giles for details regarding governance of long-range IT spending. The question was deferred to Ms. Grady.

10:47:13 Rep. Smith asked Ms. Gray about recommendation two.

10:47:58 Sen. Hayman asked Director Giles about their partially concurred recommendation. The question was deferred to Ms. Reynolds.

10:49:40 Ms. Majerus also provided an explanation.

10:51:18 Sen. Kelker asked Ms. Gray for details on recommendation two.

10:54:48 Sen. Kelker referenced recommendation four specifically cash closing entries. The question was deferred to Ms. Thompson.

10:57:09 **Committee Request:** Kelker wants the policy. (received 6/9/23 and emailed to LAC members)

**Public Comment**

none

**Motion**

10:57:39 Rep. Kerr-Carpenter 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.

**Vote:**

10:58:00 Carried unanimously by voice vote.

10:58:13 Legislative Auditor Maciver drew committee member attention to the DOA podcast.

11:01:37 Rep. Kerr-Carpenter asked for a separate email for podcast release.

**STATE OF MONTANA 22-01**

11:03:26 Presented by Jessica Curtis, CPA, Financial-Compliance Audit Supervisor  
(EXHIBIT 16) power point

**Committee Questions of Staff**

11:12:46 Sen. Kelker asked Ms. Curtis about recommendation five and asked for more details.

**Agency Response**

11:2:58 Department of Administration - Presented by Director Giles.

**Agency Response**

11:23:12 Governor's Office of Budget and Program Planning – Presented by Amy Sassano, Deputy Budget Director.

**Committee Questions of OBPP**

11:23:52 Sen. Kelker asked her previous question about the SNAP program.

11:24:46 Sen. Hayman commented on the Budget Director not being present from OBPP.

**Agency Response**

11:25:19 Department of Natural Resources and Conservation - Presented by Kerry Davant, Deputy Director.

**Agency Response**

11:27:24 Department of Labor and Industry - Presented by Erin Weisgerber, Administrator

**Committee Questions of DOLI**

11:28:47 Sen. Flowers asked Ms. Weisgerber what documentation was not maintained that resulted in a recommendation.

11:30:27 Sen. Flowers asked Ms. Weisgerber if the federal reimbursement was affected.

**Agency Response**

11:31:11 Department of Corrections - Presented by Cynthia Wolken, Deputy Director.

**Agency Response**

11:32:05 Department of Public Health & Human Services - Presented by Corrine Kyler, Administrator.

**Committee Questions of PHHS**

11:33:00 Sen. Kelker asked Ms. Kyler for details on the SNAP program.

**Public Comment**

none

**Motion**

11:36:25 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.

**Vote:** Carried unanimously by voice vote.

11:36:55 Legislative Auditor Maciver spoke on the ACFR.

11:42:31 Sen. Flowers asked Legislative Auditor Maciver about other states standards.

**Lunch**

11:45:30

**BIENNIAL SCHEDULE**

12:30:40 Presented by Legislative Auditor Maciver. [\(EXHIBIT 17\)](#)

12:34:26 Sen. Mandeville noted a conflict with IBC on December 11.

**FINANCIAL-COMPLIANCE AUDIT STATUS UPDATE**

12:38:55 Presented by Ms. Jorgenson [\(EXHIBIT 18\)](#) [\(EXHIBIT 19\)](#)

12:44:31 Several questions from Rep. Kerr-Carpenter for Ms. Jorgenson about high-risk audits.

12:48:25 Rep. Nave asked Ms. Jorgenson a few questions regarding what determined risk and for the difference between Type A and Type B risk.

12:56:05 Legislative Auditor Maciver touched on federal testing.

**PERFORMANCE AND INFORMATION SYSTEMS AUDIT STATUS UPDATE**

12:59:41 Presented by Mr. Soller [\(EXHIBIT 20\)](#)

**PREVIOUS COMMITTEE REQUEST**

13:04:03 Letter from the Department of Natural Resources and Conservation regarding an update to (21P-01) *Data Quality in the Water Rights Information System*. [\(EXHIBIT 21\)](#)

**HOUSE BILL 132**

13:06:27 Presented by Ms. Jorgenson [\(EXHIBIT 22\)](#)

13:3:04 Rep. Smith asked Ms. Jorgenson about consulting work.

13:23:28 Rep. Smith asked Ms. Jorgenson about suspended audits.

13:25:06 Sen. Flowers acknowledged the significant change the team was undergoing.

13:26:14 Sen. Hayman asked Ms. Jorgenson about year versus two-year audit schedules.

13:28:15 Legislative Auditor Maciver discussed the risk-based model.

13:31:56 Presented by Mary Currin, Financial-Compliance Audit Supervisor (**EXHIBIT 23**)

13:34:10 Legislative Auditor Maciver gave a summary for new members.

13:37:12 Sen. Mandeville asked Legislative Auditor Maciver what other options were available.

13:38:39 Rep. Smith asked Ms. Currin about large increase in audit fees.

13:39:39 Sen. Kelker asked Ms. Currin about a less cost focused audit.

13:42:10 Sen. Flowers spoke on perception.

13:43:31 Rep. Nave spoke about length of time to get contracts in place.

13:46:20 Sen. Friedel asked about internal cost.

13:49:07 Rep. Hellegaard asked Mr. Maciver about separation of powers.

13:49:57 Sen. Friedel asked about other states auditing the branch.

13:51:56 Rep. Smith asked if the division had a counteroffer.

13:52:09 Sen. Hayman suggested more information for the committee before the next meeting.

**Public Comment**

none

**MONTANA BOARD OF INVESTMENTS 22-04**

13:54:39 Presented by Shandell VanDonsel, CPA, Financial-Compliance Audit Supervisor (**EXHIBIT 24**) power point

**Agency Response**

13:58:13 Presented by Mr. Villa.

**Committee Questions of Agency**

13:58:35 Sen. Ellsworth asked Mr. Villa for a rate of return.

14:00:32 Sen. Kelker asked Mr. Villa about Russia.

14:02:03 Sen. Mandeville asked Mr. Villa about liabilities and risk exposure regarding China.

14:04:20 **Committee Request:** Sen. Flowers asked Director Villa about longer term performance of BOI funds, in addition to Sen. Ellsworth request for performance of various BOI funds. (received 6/9/2023)

**Public Comment**

None

**Motion**

14:05:09 Rep. Nave 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.

**Vote:**

14:58:00 Carried unanimously by voice vote.

**ANALYZING BONUS POINT ACCURACY 23P-01**

14:06:33 Presented by Sarah A. Carlson, Senior Management & Program Analyst  
(EXHIBIT 25) power point  
Present from FWP:  
Dustin Temple, Director  
Emily Cooper, Acting Operations & Financial Services Division Administrator  
Kevin Rechhoff, Agency Legal Counsel

**Committee Questions of Staff**

14:24:35 Sen. Flowers asked Ms. Carlson about statistical rationale for assigning random numbers.  
14:27:57 Sen. Ellsworth asked for additional statistics. The question was deferred to Mr. Powell.  
14:29:35 Rep. Nave asked Ms. Carlson about code.  
14:31:50 Rep. Nave asked Ms. Carlson what manual adjustments would be needed.  
14:33:18 Sen. Ellsworth wanted to clarify comment fields.  
14:35:04 Rep. Nave asked Ms. Carlson about reporting for manual adjustments.

**Agency Response**

14:36:07 Presented by Mr. Temple.

**Committee Questions of Agency**

14:39:53 Sen. Ellsworth welcomed Director Temple.  
14:40:58 Sen. Flowers asked Mr. Temple about the most recent human error of recording permits.  
14:44:26 Rep. Smith asked Director Temple about statewide outreach strategy.  
14:47:23 **Committee Request:** Rep. Smith requested a communication plan in regard to public outreach efforts.

**Public Comment**

14:51:16 Tim Griffiths - via zoom unable to hear written testimony submitted.  
(EXHIBIT 26)

**Motion**

14:53:03 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.

**Vote:**

14:53:03 Carried unanimously by voice vote.

**MONTANA BOARD OF HOUSING (22-07)**

14:53:15 Presented by Steven Althoff, Senior Financial-Compliance Auditor  
(EXHIBIT 27) power point  
Present from BOH:  
Dan Villa, Executive Director

**Committee Questions of Staff**

none

**Agency Response**

15:01:41 Presented by Director Cohen.

**Committee Questions of Agency**

none

**Public Comment**

none

**Motion**

15:05:27 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.

**Vote:**

15:05:27 Carried unanimously by voice vote.

**LOTTERY SECURITY SCOPE AND OBJECTIVES**

15:05:58 Presented by Deborah Stratman (**EXHIBIT 28**)

**Committee Questions of Staff**

none

**JUDICIAL STANDARDS COMMISSION SCOPE AND OBJECTIVES**

15:10:13 Presented by John Harrington, Management & Program Analyst Manager (**EXHIBIT 29**)

**Committee Questions of Staff**

15:13:45 Rep. Howell asked Mr. Harrington if the commission had ever been audited before and asked about authority over recommendations.

15:9:58 Sen. Hayman asked Mr. Harrington what fell under the scope.

15:10:50 Rep. Smith asked Mr. Harrington for details on the contracted service.

**REVIEW OF MEDICAL ASSISTANCE PROGRAMS SCOPE AND OBJECTIVES**

15:11:53 Presented by Chelsea Rayfield, Senior Management & Program Analyst (**EXHIBIT 30**)

**Committee Questions of Staff**

15:2:48 Sen. Ellsworth asked Ms. Rayfield about marijuana.

15:3:48 Rep. Howell asked for scope clarification.

15:25:36 Sen. Hayman asked Ms. Rayfield for details on scope.

**ADDRESSING AFFORDABLE RENTAL HOUSING NEED BY BOARD OF HOUSING**

15:28:04 Presented by Amber Robbins, Management & Program Analyst Supervisor (**EXHIBIT 31**)

**Committee Questions of Staff**

15:30:18 Sen. Flowers asked Ms. Robbins about potential to expand the scope. The question was deferred to Legislative Auditor Maciver.

**ELECTION OF OFFICERS**

15:33:55 Presented by Legislative Auditor Maciver.

15:36:20 Sen. Mandeville clarified chair and vice chair need to come from different chambers.

15:37:21 Rep. Schillinger nominated Sen. Ellsworth to be chair.

**Vote:**

15:37:21 Carried unanimously by voice vote.

15:38:13 Rep. Howell nominated Rep. Smith as Vice Chair.

**Vote:**

15:38:13 Carried unanimously by voice vote.

15:38:43 Sen. Ellsworth nominated Sen. Friedel for Secretary.

**Vote:**

15:38:43 Carried unanimously by voice vote.



15:39:22 Legislative Auditor Maciver outlined the Management Advisory Work Group.  
15:40:45 Management Advisory Work Group. Rep. Schillinger, Sen. Hayman, Sen.  
Ellsworth, and Rep. Smith.  
15:42:10 Sen. Flowers thanked Sen. Hayman for her service.

**Public Comment**

15:43:01 Tim Griffiths provided public comment via zoom.

**ADJOURNMENT**

15:53:28 With there being no further business, the committee was adjourned at 3:53 p.m.

Secretary: */s/ Sen. Chris Friedel*  
Sen. Chris Friedel