



LEGISLATIVE AUDIT COMMITTEE
65th Montana Legislature

Room 160 Capitol Building * P.O. Box 201705 * Helena, MT 59620-1705 * (406) 444-3122 * FAX (406) 444-9784

SENATE MEMBERS

DEE BROWN
TERRY GAUTHIER
BOB KEENAN
MARGARET MACDONALD
MARY McNALLY, Chair
GENE VUCKOVICH

HOUSE MEMBERS

KIM ABBOTT
DAN BARTEL
RANDY BRODEHL
TOM BURNETT, Vice Chair
VIRGINIA COURT, Secretary
DENISE HAYMAN

COMMITTEE STAFF

ANGUS MACIVER, Director
DEBORAH BUTLER, Legal Counsel
CANDACE RADOVICH, Admin Assistant

MINUTES LOG
October 5, 2018
Room 172, Capitol Building
Helena, Montana

Please note: This document is a Minutes Log and provides a notation 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 record 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 meeting activities. The time designation may be used to locate the referenced discussion on the audio or video recording of this meeting.

Access to an electronic copy of these minutes and the audio or video recording is provided from the Legislative Branch home page at <http://leg.mt.gov>. On the left-side menu of the home page, select Committees, then Interim. Once on the page for Interim Committees, scroll down to the appropriate committee. The written Minutes Log, along with the audio and video recordings, is listed by meeting date on the interim committee's web page. Each of the Exhibits is linked and can be viewed by clicking on the Exhibit of interest. All Exhibits are public information and may be printed.

Please contact the Legislative Audit Division at 406-444-3122 for more information.

COMMITTEE MEMBERS PRESENT

SEN. DEE BROWN
SEN. BOB KEENAN
SEN. MARGARET MACDONALD
SEN. MARY McNALLY
SEN. GENE VUCKOVICH

REP. RANDY BRODEHL
REP. TOM BURNETT
REP. VIRGINIA COURT
REP. DENISE HAYMAN

COMMITTEE MEMBERS EXCUSED

REP. KIM ABBOTT
REP. DAN BARTEL
SEN. TERRY GAUTHIER

STAFF PRESENT

ANGUS MACIVER, Director
DEBORAH BUTTLER, Legal Counsel

CANDACE RADOVICH, Administrative Assistant
JOE MURRAY, Deputy Legislative Auditor
CINDY JORGENSON, Deputy Legislative Auditor

VISITORS' LIST ([Attachment 1](#))

AGENDA ([Attachment 2](#))

CALL TO ORDER AND ROLL CALL ([Attachment 3](#))

09:01:27 The Legislative Audit Committee met October 5, 2018, in room 172 of the State Capitol Building. Chairwoman, Sen. McNally called the meeting to order at 9:01 a.m., noting the presence of a quorum.

APPROVAL OF THE MINUTES

09:02:37 Brief discussion on the previous minutes, Sen. Brown commented that she had marked all the committee requests and she was assured that Legislative Auditor Maciver would take care of them all.

Motion

09:03:12 Sen. Brown moved to approve the minutes from the June 25-26, 2018, meeting.

Vote

09:03:17 The motion passed unanimously on a voice vote.

09:03:23 Chair McNally commented on the new format and why there were questions logged but not the answers.

INTRODUCTION OF NEW STAFF

09:04:41 Ms. Jorgenson introduced two new financial-compliance auditors Leslie Lahti, and Joshua Phillips.

09:06:52 Mr. Murray introduced two new employees Chelsea Rayfield a performance auditor and Bill Hallinan an information systems auditor.

09:09:25 Sen Brown commented on the backgrounds of the new employees.

2017 STATE OF MONTANA EMPLOYEE GROUP BENEFIT CLAIM AUDIT (17C-09) ([Exhibit 1](#))

09:10:03 Legislative Auditor Maciver introduced the audit and explained the format used.

Report presented by:

Greg Rucinski, R.Ph, President, TRICAST LLC.
Vivian Hayashi, Account Executive, Claims Technologies Incorporated

Present from agency:

Department of Administration

John Lewis, Director
Amy Jenks, Interim Administrator, Health Care and Benefits Division
Amber Long-Thorvilson, Financial Manager, Health Care and Benefits Division

09:13:54 Ms. Hayashi introduced herself and used a power point presentation to walk committee members through the medical and dental audits.

Committee Questions of Claims Technologies Incorporated

- 09:20:29 Rep. Brodehl asked Ms. Hayashi about how they established the numbers used in the samples. Rep. Brodehl also asked if Claims Technologies chose the number of samples or if that was a contract perimeter.
- 09:21:26 Sen. Brown asked Ms. Hayashi if the DOA required the root cause analysis.
- 09:22:18 President Rucinski was introduced by Ms. Hayashi and he used a power point to explain the pharmacy audits.
- 09:28:56 Sen. Brown asked Legislative Auditor Maciver why Allegiance declined to provide reports of appeals handled for the plans participants during the audit period. Legislative Auditor Maciver directed the question to Claims Technologies.
- 09:30:59 Sen. Brown Asked if the DOA could provide that information to committee members for her previously asked question.

Department of Administration Response

- 09:31:30 Director Lewis introduced himself and discussed the group claim audit.
- 09:33:12 Sen. Brown asked Director Lewis about root cause analysis to prevent errors and wanted to be assured the department was going to follow through with those suggestions.
- 09:34:02 **Committee Request:** Sen. Brown asked Director Lewis to provide the committee with a response on the report of appeals handled by the plans participants.
Committee Request: Sen. Brown also asked Director Lewis for the Health Care and Benefits payments made to the top five Montana hospitals.
- 09:34:53 Sen. McNally asked Ms. Hayashi if the back and forth between Claim Technologies and Allegiance was typical.

Public Comment

None

Motion:

- 09:35:59 Report received, reviewed, filed, and copies distributed in accordance with law. Motion by Sen. Brown; **motion carried.**

Vote:

- 09:36:05 The motion passed unanimously on a voice vote.
- 09:36:29 Sen. Brown made a comment that the department had made good choices.

PERFORMANCE AND INFORMATION SYSTEMS AUDIT SCOPE & OBJECTIVES (Exhibit 2)

- 09:36:55 Legislative Auditor Maciver introduced the three performance audits in the field work stages.
- 09:37:39 **Office of the Commissioner of Higher Education**
Presented by: Alyssa Sorenson, Performance Auditor
- 09:40:26 Rep. Hayman asked Ms. Sorenson if the ability of transferring credits would be looked at in the audit. Rep. Hayman also asked if the curriculum would be looked at as to why credits were not transferred. Rep. Hayman noted she had heard a lot of concern on the issue.
- 09:42:37 Sen. Brown commented on certain schools not transferring credits and that LAD had looked at this before.
- 00:43:26 Legislative Auditor Maciver commented on transferability and pointed out that this audit was a good opportunity to quantify or look at any remaining issues still out there.
- 09:44:31 Rep. Burnett asked Ms. Sorenson if the community colleges would be included in the audit.

- 09:45:14 Rep. Burnett asked Ms. Sorenson if the staff would be included in the surveys sent out to students.
- 09:45:55 Sen. McNally made a comment about being a retired/former professor and stated she looked forward to the audit.
- 09:46:48 **State Agency Purchasing Card Use**
Presented by: Margaret Wallace, Performance Auditor
- 00:46:59 Rep. Burnett asked Ms. Wallace if each agency had a coordinator for pro cards and could there be some centralization.
- 09:48:26 **Nonprofit Drug Treatment Programs**
Presented by: John Harrington, Performance Senior Auditor
- 09:51:50 Sen. MacDonald asked Mr. Harrington if the audit would review contract monitoring policies including looking at independence of evaluations.
- 09:52:24 Rep. Brodehl asked Mr. Harrington about the weight of the audit as far as the quality of product being provided by the nonprofit, or provided by how the agency monitors outcomes.
- 09:54:13 Rep. Hayman asked Mr. Harrington if the scope of the audit would look at people's welfare with re-entry into civilian life.
- 09:56:18 Rep. Court asked Mr. Harrington if the audit would consider how often re-offenders returned to the system.
- 09:57:11 Rep. Tom Burnett asked Mr. Harrington if the data would be presented in a way that non-profit could be compared with state provided institution successes.
- 09:57:49 Rep. Brodehl referred to Rep. Burnett's question and commented that, that type of comparison would be a good idea.
- 09:58:20 Sen. MacDonald asked what data wouldn't be available as far as access, the state's or non-profit contractors data.

AUDIT REPORTS

LOTTERY SECURITY (18DP-02) (Exhibit 3)

09:59:11 **Report presented by:**
Miki Cestnik, Information Systems Senior Auditor

Present from the agency:

Montana State Lottery
Angela Wong, Director
Phil Charpentier, Information Technology Director
Bryan Costigan, Security Director

Committee Questions of LAD Staff

- 10:16:24 Sen. Brown asked Ms. Cestnik about reviews being every two years and wondered if it needed to be more often than that.
- 10:17:08 Sen. Brown asked Ms. Cestnik if the agency response covered most of the issues brought up in the recommendations.
- 10:18:15 Rep. Hayman asked Ms. Cestnik what the biggest concern was in the audit.
- 10:20:10 Rep. Burnett asked Ms. Cestnik if the security issues found were common knowledge, suggesting agencies should have been aware of these issues prior to an audit.

Agency Response

10:22:18 Director Wong introduced herself and staff members that accompanied her Mr. Charpentier, and Mr. Costigan. Director Wong thanked the LAD specifically Ms. Cestnik and spoke on the audit, noting her agency agreed with all the recommendations made.

Committee Questions of Montana State Lottery

10:26:14 Rep. Brodehl brought attention to the corrective action plan by the Lottery and commented that he appreciated the thoroughness and hoped other agencies would follow suit.

10:27:07 Sen. Brown referred to page 20 of the audit report and commented if two more columns were added as to who and when the recommendation was completed, it would have been easier for her to read.

10:27:58 **Committee Request:** Rep. Hayman thanked Director Wong for taking the audit seriously and asked if there could be an update at the June 2019 meeting.

10:28:46 Sen. McNally asked Director Wong about the Criminal Investigator position.

10:29:10 Sen. McNally asked Director Wong about reducing conflicts within different agencies.

10:31:49 Rep. Brodehl asked about an audit on cabinet structure and Legislative Auditor Maciver stated that LAD had not approached that type of project from that perspective. He noted it was an interesting question and stated members of the committee could ask for a broader structure.

10:33:34 Rep. Brodehl stated for future that he thought cabinet structure needed to be looked at.

10:34:38 Legislative Auditor Maciver noted this cycle of the audit was different from past versions and agreed with Lottery it would be a good idea to follow-up each year, but that auditing biannually was appropriate and adequate.

10:37:43 Director Wong agreed with Legislative Auditor Maciver about checking in each year as a follow-up.

10:38:39 Sen. McNally thanked the Lottery and Ms. Cestnik for a good audit.

Public Comment

None

Motion

10:39:29 Report received, reviewed, filed, and copies distributed in accordance with law. Motion by Sen MacDonald; **motion carried.**

Vote

10:39:45 The motion passed unanimously on a voice vote.

BREAK

10:40:04

WATER POLLUTANT DISCHARGE PERMITTING AND INSPECTING PROCESSES (17P-05)

(Exhibit 4)

11:03:49 **Presented by:** Sarah A. Carlson, Performance Senior Auditor

Present from agency:

Department of Environmental Quality

George Mathieus, Acting Director

Tim Davis, Administrator, Water Quality Division

Committee Questions of LAD Staff

11:20:25 Sen Brown asked Ms. Carlson for clarification on permit fees versus renewal fees.

11:22:25 Sen. Brown asked Ms. Carlson about the documentation of site selection processes.

- 11:23:16 Rep. Hayman inquired of Ms. Carlson about the time frame of operating permits and discharge of pollutants.
- 11:25:43 Rep. Hayman asked Ms. Carlson about new pollutants that might be introduced into water.
- 11:27:28 Sen. Vuckovich asked Ms. Carlson about natural occurring arsenic and who would be responsible. Ms. Carlson stated that would be a question for the agency.

Agency Response

- 11:28:53 Interim Acting Director Mathieus introduced himself and noted that the former Director Livers had taken another position. He also thanked Legislative Auditor Maciver, Mr. Murray and the LAD staff.

Committee Question of Department of Environmental Quality

- 11:33:20 Sen. Brown welcomed Interim Acting Director Mathieus and asked if there was a specific person that informed staff of the federal changes in pollutant rules.
- 11:35:14 Sen. Brown asked Mr. Mathieus about using an excel spreadsheet for renewing permit processes.
- 11:35:19 Sen. Brown asked Mr. Davis about what the process would look like going forward versus where it had been.
- 11:36:46 Sen. Brown asked Mr. Davis about the process of how dispatchers were dispatched.
- 11:41:09 Rep. Hayman referred to EPA rolled back standards for the clean water act, and asked Mr. Mathieus how the state of Montana was equipped to respond.
- 11:42:31 Rep. Brodehl asked Mr. Mathieus about difference in fee amounts.
- 11:43:58 Rep. Brodehl asked Mr. Mathieus about feed lot permitting.
- 11:44:31 Rep. Burnett asked Mr. Davis if the standards were from EPA and what kind of relief could be afforded.
- 11:48:54 Sen. McNally commented the audit was interesting but scary in terms of time lines and asked Mr. Mathieus about improvement in that area with implementation of their new management system. **Committee Request:** Sen. McNally asked if the agency could provide updates and or examples to committee members regarding their new systems. Mr. Mathieus stated he would be happy to do that.

Public Comment

None

Motion

- 11:52:59 Report received, reviewed, filed, and copies distributed in accordance with law. Motion by Rep. Court; **motion carried.**

Vote

- 11:53:28 The motion passed unanimously on a voice vote.

PERFORMANCE AUDIT FOLLOW-UP

- Oversight of Crossroads Correctional Center (18SP-07)**
Presented by: William Soller, Performance Audit Manger
- 11:54:04
- 11:58:19 Rep. Brodehl referred to recommendations one and three and asked Mr. Soller if the agency was on course as far as their corrective action plan.
- 11:59:07 Sen. Brown asked Mr. Soller about health services data and what the next step would be.
- 11:59:47 Sen. Brown inquired of Mr. Soller about the department's ability to strong arm in terms of the contract.

- 12:00:38 Rep. Hayman referred to the health care partial implementation and asked Mr. Soller about substance abuse, mental issues, and asked about the diets of inmates.
- 12:03:15 Rep. Hayman asked Mr. Soller about future use of fresh fruits and vegetables for the inmates.
- 12:03:52 Rep. Brodehl asked Mr. Soller about contractual requirements for accreditations.
- 12:04:48 Rep. Brodehl asked Mr. Soller about contract renewals.

Oversight of Discretionary Pay Changes for State Employees (18SP-10)

- 12:05:50 **Presented by:** Crystal Armstrong, Performance Auditor
- 12:11:10 Sen. Brown asked Ms. Armstrong about the \$9.5 million in discretionary pay changes, the question was deferred to Legislative Auditor Maciver.

LUNCH

12:12:28

ACCOUNTABILITY, COMPLIANCE, AND TRANSPARENCY – REPORTING AND RESOLVING ALLEGATIONS OF FRAUD, WASTE, AND ABUSE IN MONTANA STATE GOVERNMENT (18 ACT Hotline)

- 13:03:41 **Presented by:** Deborah F. Butler, Legal Counsel
- 13:19:17 Sen. McNally asked Ms. Butler for clarification on substantiated cases.
- 13:20:16 Sen. Brown asked Ms. Butler if publicly owned laptops could have tracking devices to prevent theft.
- 13:21:29 Sen. Brown inquired of Ms. Butler about legislative changes on page 18 of the report.
- 13:22:40 Sen. Brown referred to page 18 again and urged the LAC to take a close look at the bulleted items.
- 113:24:17 Rep. Hayman looked for clarification from Ms. Butler about working for a contractor as far as legislators being included.
- 13:24:43 Sen. Brown made a comment about procurement versus legislators.
- 13:25:49 Sen. McNally commended the report having all the information in one place.
- 13:26:20 Sen. Brown asked how word could be spread about the Hotline to the public, Legislative Auditor spoke on the future of the website.
- 13:28:25 Sen. Brown asked Legislative Auditor Maciver about the URL address for the fraud hotline.
- 13:31:01 Rep. Court asked Legislative Auditor Maciver about allegations that didn't necessarily fall under fraud, waste or abuse.
- 13:33:39 Legislative Auditor spoke on why the report didn't need a standard motion.
- 13:35:35 Sen. McNally asked Legislative Auditor Maciver If the report was available online and if it would be available to the public.

Public Comment

None

REVIEW OF POTENTIAL LEGISLATION RESULTING FROM AUDIT REPORTS/FINDINGS (Exhibit 5)

- 13:36:10 **Presented by:** Deborah F. Butler, Legal Counsel & Angus Maciver, Legislative Auditor
- State Efforts to Mitigate, Fraud, Waste, and Abuse in the Montana Medicaid Program (17P-02)*
- 13:41:45 Sen. Brown commented on situations where an agency didn't pursue their recommendations and that the committee should act on that.
- 13:42:47 Rep. Hayman commented on all the committee members either being in or out of agreeance about possible committee bills, and that she preferred it be individual pursuits.

- 13:43:50 Rep. Burnett commented that there could be agreement between all committee members, and that would be the time to come together as a committee and pursue legislation.
- 13:44:27 Sen. Brown agreed with Rep. Burnett stating there could be committee wide agreeance and commented on agreeance with recommendations.
- 13:45:48 Legislative Auditor Maciver spoke on the LAD's responsibilities and gave a historical background and perspective on the process of possible legislation.
- 13:48:28 Rep. Brodehl commented on Brucellosis Management in the State of Montana and Review of Child Abuse and Neglect Investigations being high profile issues with a lot of visibility, suggested the LAC should do something with a committee bill.
- 13:49:35 She. McNally talked about the standard motion only acknowledging receipt of the report but not concurrence with the audit findings, further stating that all committee members may not agree on findings.
- 13:54:06 Sen. Brown had interest and wished to move forward on this topic along with Rep. Burnett.
- 13:54:29 Rep. Burnett stated that this audit would be a good opportunity to propose legislation and bring back some ability for auditors to do the work that was necessary.
- 13:55:30 Sen. McNally noted that Sen. Brown, Rep. Burnett, and herself would be interested in working on these as individual legislators.

Tax Increment Financing Administration and Impact (17P-03)

- 13:56:25 Sen. Brown talked about the Government Interim Committee suggesting someone in that committee may be interested, and asked Sen. MacDonald if she had any knowledge on that. Sen. MacDonald stated no legislation was pursued by any interim committees but that she would work with the department and other members and would follow up.

Management of Montana State Parks (17P-01)

- 13:57:18 Sen. MacDonald recalled a study commission regarding these issues, stated she would be reluctant to weigh in knowing work is being done per the director.
- 13:57:58 Legislative Auditor Maciver noted that FWP thought more time for the parks and focus group, indicating this was not something they would act on during this session.

Oversight of Discretionary Pay for State Employees (15P-05)

- 14:00:06 Sen. Brown suggested passing out the blue books to those interested, and if anyone had questions they could ask the LAD.

Department of Labor and Industry (17-15)

- 14:01:47 Ms. Butler noted that there was a bill drafted for this specific recommendation number 3.

State Real Property Management (14P-07)

- 14:04:07 Sen. Brown asked if the DOA could handle the recommendations since they oversee most state government, Sen. Brown wondered about who would be best fit.
- 14:04:37 Legislative Auditor Maciver noted the DOA did have some responsibilities in the area but it was fragmented, the issue seemed to of been left behind.
- 14:05:31 Rep. Burnett thought this was an area that needed professionalism and attention, and that the committee should go together.
- 14:05:56 Sen. McNally noted that Rep. Burnett and Sen. Brown had interest in pursuing the issue.

Railroad Safety (14P-13)

- 14:07:46 Rep. Hayman introduced a bill last session and said she was inclined to introduce a study bill, she believed it would take a coordinated effort.

Administration of Montana's Drug Courts (13P-08)

- 14:11:20 Sen. MacDonald asked Ms. Butler about accountability and metrics.
14:11:37 Legislative Auditor Maciver commented on national authority and statutory requirements.
14:13:19 Rep. Brodehl commented on grant status and state funds and stated determining specific parameters would be difficult not being under state appropriations.

State Investment Management and Governance Practices (12P-10)

- 14:15:30 Rep. Burnett suggested the issue should be looked at next session.
14:15:51 Rep. Court spoke of the governor's comments on the bill she had introduced.
14:17:04 Sen. Brown thought working with the governor on the issue would be a good thing.
14:17:40 Rep. Hayman volunteered to move forward with a group effort, along with Sen. Keenan, Rep. Burnett and Sen. Brown.

Brucellosis Management in the State of Montana (16P-06)

- 14:21:13 Sen. Brown d to a friend she had in livestock and hoped they would be involved along with other ranchers.
14:21:56 Rep. Hayman commented on complexity of the issue, and lack of communication. Rep. Hayman thought chronic wasting disease should be added to the issue as there is no management plan. She was unclear how to move forward but stated something needed to be done and expressed frustration at both agencies.
14:24:00 Rep. Court commented on impact with budget and where the funds would come from, she felt the agency needed to handle the issue and that they should get an opportunity to do so.
14:24:40 Sen. McNally commented the issue wouldn't be going away but didn't know how the committee would weigh in.

Department of Public Health and Human Services (17-14)

- 14:28:28 Sen. Brown thought the committee should address the issue as the public trust.
14:29:25 Legislative Auditor Maciver specified the issue as definitions, he spoke on the broad nature with provided exemptions.
14:30:12 Sen. McNally noted that Sen. Keenan, Rep. Burnett and Sen. Brown showed interest.
14:30:28 Rep. Burnett asked Legislative Auditor Maciver about contracted providers and exemption.

University of Montana (17-12)

- 14:34:06 **Committee Request:** Rep. Court asked Ms. Butler if the University had ever got back to the committee regarding clarification on how many people had gym memberships.
14:34:29 Rep. Burnett recalled the scope discussing present problems but not potential problems with all the people who didn't avail themselves as services.
14:35:26 Sen. McNally noted the question would be the number people who aren't included currently, the affiliates, retirees, and spouses would be the ones not in state law now.
14:36:10 Sen. McNally discussed the possibility of looking for that number later, but no movement on the issue today.

Department of Corrections

- 14:36:52 Sen. McNally asked Ms. Butler if HB 438 would have reconciled the issue of not placing youth offenders in facilities with adults.
14:37:12 Sen. Brown recalled thinking that the department was going to act on the issue.
14:37:29 Legislative Auditor Maciver noted committee members would want to monitor the issue but that it may resolve itself.
14:38:20 Sen. MacDonald was happy to see the department was working on the issue and making sure there was separation in age groups.

14:38:40 Rep. Brodehl didn't think the issue was fit for prime time or a committee bill but that the conflicting laws could be corrected.

14:39:14 Rep. Court asked Sen. MacDonald what the food was like at the facility she visited.

Licensing Real Estate Professionals (15P-01)

14:43:54 Rep. Hayman stated she was unhappy with the board and that she would seriously consider a study bill to fine tune what should happen with the board.

14:45:43 Rep. Court commented there was some changes being made but it was happening slowly and agreed that a study bill would be a good idea.

Review of Child Abuse and Neglect Investigations (14P-11)

14:38:31 Sen. McNally recalled there being a lot going on with the audit and thought it would be worthwhile to pursue something but didn't see it as a committee bill. She also stated that she preferred someone who had experience consider the issue.

14:49:22 Sen. MacDonald commented the Children, Families, Health and Human Services Committee had spent a great deal of time on the issue.

14:49:55 Sen. Brown noted that November elections would hold people passionate about the topic, and that it's the LAC's job to promote and inform the issue.

14:50:24 Legislative Auditor Maciver went over disclosure/awareness Issues with the Montana State Lottery, the Office of the Governor and Lieutenant, and the Public Employees' Retirement Board.

RESULTS OF FY 2019 PERFORMANCE AUDIT PRIORITIZATION (Exhibit 6)

14:52:24 **Presented by:** Joe Murray, Deputy Legislative Auditor & William Soller, Performance Audit Manager

14:59:15 Rep. Hayman had a suggested audit to add to the list, she stated Joe Walsh was in the audience and could be asked questions. The issue brought forward was monetary amounts taken from veteran's license plates revenues to care for homeless veterans. Mr. Walsh didn't believe the money was being well spent and there were no details as far as how that money was actually spent. Rep. Hayman also commented it could be an opportunity for possible legislation.

15:01:09 Sen. Brown stated she thought this would be a good audit and would be handled easily by the audit staff. She stated it would be a simple calculation, how was the money being collected and how was it being used. Sen. Brown commented that she thought this should be on the audit prioritization list.

15:01:51 Legislative Auditor Maciver noted that any committee member could bring up issues for potential audits, he also spoke on how to add an audit that wasn't on the prioritization list. Legislative Auditor Maciver stated after the process was started to gather information, the issue could be brought back up at the December meeting as to where it would fall on the priority list.

Public Comment

15:03:52 Mr. Walsh took to the podium to speak about why he thought the money taken from veteran license plates wasn't being properly used for homeless vets as it should. Mr. Walsh gave a background on the homeless veteran's crisis and the spirit of where the law and spirit came from in the first place.

15:05:43 Sen. McNally thanked Mr. Walsh and commented that this would be something the committee would work on that he had good advocates.

LEGISLATIVE AUDIT DIVISION BUDGET PROPOSAL FOR THE 2020-2021 BIENNIUM (Exhibit 7)

15:06:17 **Presented by:** Angus Maciver, Legislative Auditor & Cindy Jorgenson, CPA, Deputy Legislative Auditor, noting the presence of a quorum.

Motion

15:17:23 Sen. MacDonald called for a motion on the Legislative Audit Division Budget Proposal for the 2020-2021 Biennium. Chair McNally asked for a second on the motion and Rep. Court did so.

Discussion on the motion

None

Question called

15:18:12 Rep. Court called the question.

Vote

15:18:17 The motion passed unanimously on a voice vote.

15:19:18 Ms. Jorgenson used a power point to go over audit appropriations. ([Exhibit 8](#)) ([Exhibit 9](#))

15:36:47 Rep. Burnett asked Ms. Jorgenson how they bill agencies as far as per minutes or hours.

15:37:21 Rep. Burnett asked Ms. Jorgenson how auditors kept track of their daily hours spent with an agency.

PERFORMANCE AND INFORMATION SYSTEMS AUDIT UPDATE ([Exhibit 10](#))

15:38:58 **Presented by:** Joe Murray, Deputy Legislative Auditor

FINANCIAL AUDIT STATUS UPDATE ([Exhibit 11](#))

15:42:19 **Presented by:** Cindy Jorgenson, CPA, Deputy Legislative Auditor

15:42:38 Ms. Jorgenson went over a committee request from the June committee regarding OPEB. Rep. Burnett had asked about OPEB whether part time employees received a reduced benefit at retirement or if the associated OPEB liability calculated for the employee was reduced and Ms. Jorgenson stated the answer was no.

OTHER BUSINESS

15:45:20 Legislative Auditor Maciver directed committee members to the last few handouts in their packets which covered administrative cost information in the Montana Medicaid Program ([Exhibit 12](#)), updates on maintenance statistics from the Department of Transportation ([Exhibit 13](#)), and a previous request the committee had made for the Department of Health and Human Services and the Department of Transportation regarding staffing levels ([Exhibit 14](#)). Legislative Auditor Maciver noted that the next committee meeting would be December 6-7, 2018, and that it would be likely be a morning and afternoon schedule.

ADJOURN

15:46:42

There being no further business, the meeting was adjourned at 3:46 p.m.

Signed: _____
Virginia Court, Secretary