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LEGISLATIVE AUDIT COMMITTEE
67th Montana Legislature

SENATE MEMBERS

Dee Brown
Jason Ellsworth
John Esp
Pat Flowers
Tom Jacobson
Mary McNally

HOUSE MEMBERS

Kim Abbott
Dan Bartel
Tom Burnett
Denise Hayman
Emma Kerr-Carpenter
Matt Regier

COMMITTEE STAFF

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

MINUTES LOG

May 20, 2020

1:00 PM

Online Remote Meeting

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.

Access to an electronic copy of these minutes and the audio or video recording is provided from the Legislative Branch home page at <https://leg.mt.gov>. From the home page, select the "Committees" drop down menu at the top, then select Administrative or Interim, and the appropriate committee. The written minutes log can be located by expanding the accordion menu for the date of the meeting. Links to the audio/video files can be located by selecting the Video/Audio button on the same page, then the "past/current recordings" button. From there, use the calendar to select the date of the meeting you wish to view/listen to. The written Minutes Log, along with links to 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.

Members Present:

Sen. Dee Brown, Chair (R)
Rep. Denise Hayman, Vice Chair (D)
Rep. Kim Abbott (D)
Rep. Dan Bartel (R)
Rep. Tom Burnett (R)
Sen. Jason Ellsworth (R)

Sen. John Esp (R)
Sen. Pat Flowers (D)
Sen. Tom Jacobson (D)
Rep. Emma Kerr-Carpenter (D)
Sen. Mary McNally (D)
Rep. Matt Regier (R)

Members Excused:

Members Absent:

Staff Present:

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

Visitor's List (n/a)

Agenda (ATTACHMENT 1)

ROLL CALL/CALL TO ORDER (ATTACHMENT 2)

13:01:58 The Legislative Audit Committee met remotely via Zoom. Chair Brown called the meeting to order noting the presence of a quorum. The secretary took role and all members were present.

APPROVE MINUTES

13:07:10 No discussion.

Motion

13:07:22 Sen. Esp moved the committee approve the minutes from January 13-14, 2020.

Vote:

13:08:09 Carried unanimously by voice vote

MONTANA STATE UNIVERSITY (19-11A)

13:08:35 Presented by Karen. E. Simpson
Present from agency:
Dr. Waded Cruzado, President
Terry Leist, V.P., Administration & Finance
Aaron Mitchell, Assistant VP, Financial Services
Diedra Murray, MUS Internal Auditor, OCHE

Committee Questions of LAD Staff

None

Agency Response

13:12:28 Presented by Terry Leist, V.P., Financial services for President Cruzado who wasn't able to attend.

Committee Questions of the Agency

13:13:14 Rep. Burnett asked Mr. Leist about enrollment patterns affected by the virus and asked what type of plans the University had.

13:15:50 Rep. Hayman asked Mr. Leist about program and student plans at this point forward.

13:17:44 Chair Brown noted she was glad decisions were made to start school early and get out early, and spoke on physical presence being important for school.

Public Comment

None

Motion

13:19:09 Rep. Hayman moved the committee acknowledge receipt of the report, that it was reviewed by the committee, filed, and that copies of the audit report be distributed in accordance with law.

Vote:

13:20:14 Carried unanimously by voice vote.

THE UNIVERSITY OF MONTANA (19-10A)

13:20:26 Presented by Jennifer Erdahl, CPA, Financial-Compliance Audit Manager
Present from agency:
Seth Bodnar, President
Paul Lasiter, Director, Internal Audit
Anta Coulibaly, Director of Internal Audit

Committee Questions of LAD Staff

None

Agency Response

13:24:34 Presented by President Bodnar.

Committee Questions of the Agency

13:25:16 Sen. Brown asked President Bodnar several questions about funding for FY19 and Covid.

13:31:58 Rep. Burnett asked President Bodnar what the projection for revenue would be regarding Covid.

13:34:19 Sen. Ellsworth asked President Bodnar if he had any analytics of pass/failure rates with students in light of Covid.

Public Comment

None

Motion

13:38:59 Rep. Abbott moved the committee acknowledge receipt of the report, that it was reviewed by the committee, filed, and that copies of the audit report be distributed in accordance with law.

Vote:

13:39:16 Carried Unanimously by voice vote.

THE UNIVERSITY OF MONTANA (19-12)

13:39:29 Presented by Katie Majerus, CPA, Financial-Compliance Senior Auditor
Present from agency:
Seth Bodnar, President
Paul Lasiter, Director, Internal Audit
Anta Coulibaly, Director of Internal Audit

Committee Questions of LAD Staff

None

Agency Response

13:44:32 Presented by President Bodnar.

Committee Questions of the Agency

13:46:27 Chair brown expressed her thanks to the agency for concurrence with agency recommendations and asked that the LAC be notified when all were completed.

13:47:01 Mr. Lasiter briefly went over recommendation #4.

13:48:01 Chair Brown commented on tracking of assets with barcodes.

Public Comment

None

Motion

13:48:41 Rep. Hayman moved the committee acknowledge receipt of the report, that it was reviewed by the committee, filed, and that copies of the audit report be distributed in accordance with law.

Vote:

13:49:00 Carried Unanimously by voice vote.

FLATHEAD VALLEY COMMUNITY COLLEGE (19C-07)

13:49:59 Legislative Auditor Maciver took the podium to explain the contract audit and addressed Mr. Weber's absence.

13:50:54 Presented by Jodi Daugherty, Partner, Eide Bailly LLP

Committee Questions of Eide Bailly LLP

13:54:13 Chair Brown asked Ms. Daughtery what page of the report she could find the pensions on.

Agency Response

13:55:29 Presented by President Karas.

Committee Questions of the Agency

None

Public Comment

None

Motion

13:56:54 Rep. Hayman moved the committee acknowledge receipt of the report, that it was reviewed by the committee, filed, and that copies of the audit report be distributed in accordance with law.

Vote:

13:56:54 Carried unanimously by voice vote.

MILES CITY COMMUNITY COLLEGE (19C-08)

13:57:29 Presented by Anthony Gerharz, Manager, Wipfli LLP

Agency Response

13:58:45 Presented by President Slinger.

Committee Questions of the Agency

13:59:20 Sen. Esp asked President Slinger if the college was open for classes.

Public Comment

None

Motion

14:01:49 Rep. Hayman moved the committee acknowledge receipt of the report, that it was reviewed by the committee, filed, and that copies of the audit report be distributed in accordance with law.

Vote:

14:02:17 Carried unanimously by voice vote.

BREAK

14:02:39 Reconvened at 14:21:29

MANAGEMENT OF MONTANA'S STATE PARKS (19SP-20)

14:21:41 Presented by John Harrington, Performance Senior Auditor

Committee Questions of LAD Staff

14:30:46 **Committee Request:** Sen. Brown referenced page 3 of the follow-up and asked Mr. Harrington for a time frame for when the website homepage would be completed. Mr. Harrington will follow-up with the agency and get that information to the committee.

14:31:46 Sen. Brown asked Mr. Harrington about what happened with the 10 million dollars how was that calculated.

14:33:16 Sen. Brown asked Mr. Harrington about pages 4&5, the monetary amounts.

14:35:38 Rep. Abbott commented on the frequency of hearing about IT products not working within state agencies related to the current procurement process.

14:37:03 Legislative Auditor Maciver weighed in on Rep. Abbott's comment.

14:38:32 Sen. Brown asked Legislative Auditor Maciver about the procurement process at the enterprise level being improved.

14:40:47 **Committee Request:** Rep. Burnett asked Legislative Auditor Maciver if there could be a tally compiled for little used software packages on state agency shelves. Legislative Auditor Maciver said LAD would work on that.

Public Comment

None

Motion

14:41:50 Rep. Hayman moved the committee acknowledge receipt of the report, that it was reviewed by the committee, filed, and that copies of the audit report be distributed in accordance with law.

Vote:

14:41:54 Carried unanimously by voice vote.

CHILD CARE UNDER THE BIG SKY (EXHIBIT 1)

14:42:27 Presented by Hunter McClure, Information Systems Auditor

Committee Questions of LAD Staff

14:44:50 Rep. Kerr-Carpenter asked Mr. McClure what criteria would be used for return on investment.

14:46:40 Rep. Hayman asked Mr. McClure about Covid effect on Cares money.

MONTANA ELECTION SYSTEMS (EXHIBIT 2)

14:47:46 Presented by Amanda Saylor, Information Systems Senior Auditor

Committee Questions of LAD Staff

None

OFFICE OF THE PUBLIC DEFENDER WORKFORCE MANAGEMENT (EXHIBIT 3)

14:49:37 Presented by Alyssa Sorenson, Performance Auditor

Comittee Questions of LAD Staff

14:51:40 Rep. Kerr-Carpenter asked Ms. Sorenson if best practices used in other states would be part of the audit.

14:52:28 Rep. Hayman asked Ms. Sorenson questions that echoed Rep. Kerr-Carpenters question.

14:53:21 Rep. Regier asked Ms. Sorenson when the expected completion date for the report would be.

FOSTER CARE (EXHIBIT 4)

14:54:59 Presented by William Soller, Performance Audit Manager

Committee Questions of LAD Staff

14:57:19 Sen. Flowers asked Mr. Soller about causation.

14:58:05 Rep. Kerr-Carpenter was concerned about the audit objective and asked where that came from.

14:59:36 Rep. Kerr-Carpenter asked Mr. Soller if rate of reunification, number of deaths in the system, adoption types of metrics would also be looked at in the audit.

15:00:34 **Committee Request:** Rep. Burnett requested of Mr. Soller what the numbers were for foster care 2010-2020. Chair Brown requested that information be emailed.

15:01:10 Rep. Hayman asked Mr. Soller about caseloads per employees evaluating those children.

15:02:15 Sen. McNally also commented on case load and turnover for employees.

DEPARTMENT OF COMMERCE (19-16)

15:03:50 Presented by Chris G. Darragh, Financial-Compliance Senior Auditor
Present from agency:
Tara Rice, Director
Heidi Sampson, Fiscal and Accounting Manager

Committee Questions of LAD Staff

None

Agency Response

15:06:33 Presented by Director Rice.

15:06:59 Chair Brown commended the agency on completing all previous recommendations.

Committee Questions of the Agency

15:07:29 Sen. Brown asked Director Rice about expended funds.

15:09:09 Sen. Brown asked Director Rice to go over their website covidrelief.mt.gov.

15:11:01 Sen. Ellsworth asked Director Rice about the visualization program.

15:12:29 Sen. Ellsworth asked Legislative Auditor Maciver about the LAC's role.

PUBLIC COMMENT

None

Motion

15:15:25 Rep. Hayman moved the committee acknowledge receipt of the report, that it was reviewed by the committee, filed, and that copies of the audit report be distributed in accordance with law.

Vote:

15:15:27 Carried unanimously by voice vote.

BREAK

Reconvened at 15:24:00

MONTANA WATER POLLUTION CONTROL AND DRINKING WATER STATE REVOLVING FUND PROGRAMS (19-25A)

15:24:04 Presented by Mary Currin, Financial-Compliance Senior Auditor
Present from agency:
Department of Environmental Quality
Shaun McGrath, Director
Kevin Smith, Bureau Chief, Engineering Bureau
Department of Natural Resources and Conservation
John E. Tubbs, Director
Mark Bostrom, Administrator, Conservation & Resource Development Division
Anna Miller, Deputy Administrator, Conservation & Resource Development Division
Tricia Greberis, Chief Financial Officer
Drew Bisenius, SRF Accountant/Supervisor

Committee Questions of LAD Staff

15:26:52 Rep. Regier asked Ms. Currin when the program actually began.

Agency Response

15:28:23 Presented by Director McGrath of the Department of Environmental Quality.

Committee Questions of DEQ

15:30:19 Rep. Hayman asked about reservation lands.

15:30:59 Sen. Brown referenced the chart on page six and asked Director McGrath how bills were paid by the small towns.

Agency Response

15:32:47 Presented by Director Tubbs of the Department of Natural Resources and Conservation. Director Tubbs answered earlier questions asked for the agency.

Committee Questions of the DNRC

15:39:33 Rep. Regier asked Director Tubbs several questions about HB8 6, 7, and 8. Question was deferred to Ms. Miller.

15:43:19 Rep. Hayman asked Director Tubbs if any projects mentioned were on tribal land.

Public Comment

None

Motion

15:44:50 Rep. Hayman moved the committee acknowledge receipt of the report, that it was reviewed by the committee, filed, and that copies of the audit report be distributed in accordance with law.

Vote:

15:44:56 Carried unanimously by voice vote.

MONTANA STATE LOTTERY (19-30A)

15:45:59 Presented by Jessica Curtis, CPA, Financial-Compliance Senior Auditor
Present from agency:
Angela Wong, Director
Armond Sergeant, Director of Financial Services

Committee Questions of LAD Staff

None

Agency Response

15:49:25 Presented by Director Wong.

Committee Questions of the Agency

15:51:07 **Committee Request:** Rep. Burnett asked Director Wong how much the recession of 2008 affected distribution to the state. Director Wong stated she could get that info.

15:53:09 Sen. Brown asked Director Wong to comment on sports wagering.

15:54:17 Rep. Bartel asked Director Wong about pension expense. Ms. Curtis and Legislative Auditor Maciver commented.

PUBLIC COMMENT

None

Motion

15:58:30

Rep. Hayman moved the committee acknowledge receipt of the report, that it was reviewed by the committee, filed, and that copies of the audit report be distributed in accordance with law.

Vote:

15:58:31

Carried unanimously by voice vote.

AUDIT PRIORITIZATION FY2020 & 2021 - INCLUDING DISCUSSION OF POTENTIAL AUDITS RELATING TO COVID-19 PANDEMIC

15:59:28

Presented by Angus Maciver, Legislative Auditor (**EXHIBIT 5**)

16:09:29

Sen. Ellsworth asked Legislative Auditor Maciver what role the LAC had.

16:12:19

Rep. Burnett asked Legislative Auditor Maciver if there was a place to see grantees and amounts as they occurred.

16:13:35

Rep. Abbott asked Legislative Auditor about relief funding being audited and commented about her preferences on performance audits.

16:17:05

Rep. Jacobson asked Legislative Auditor Maciver how to move forward.

16:20:19

Sen. Flowers commented about being mid crisis and best practice.

16:21:42

Sen. Esp commented about working from home efficacy as a whole.

16:23:57

Sen. Brown also commented on remote work and asked about IT related issues. The question was deferred to Ms. Cestnik.

16:26:39

Sen. McNally agreed we are mid crisis but that some things do need addressed sooner rather than later. Concern was expressed about taking on more audits that weren't financial.

16:30:30

Sen. Ellsworth stated he agreed with Rep. Jacobson and would like to make a motion for a survey to be sent out for a ranking.

16:32:09

Legislative Auditor Maciver weighed in on Sen. Ellsworth's idea at the request of Sen. Brown.

16:33:53

Sen. Brown asked Legislative Auditor Maciver if members could submit requests for performance audits.

16:34:51

Sen. Esp spoke on K-12 education.

16:35:58

Rep. Burnett wanted to know how the motion from Sen. Ellsworth would be handled. The motion was withdrawn.

16:36:39

Mr. Murray noted there was good conversation and gave a brief presentation.

NEW STAFF INTRODUCTIONS

16:38:01

Mr. Murray introduced David Singer and Joe Tschida two new performance auditors.

