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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

January 14, 2020
9:00 AM

Room 102, State Capitol Building

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. 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:

Rep. Dan Bartel
Sen. Tom Jacobson

Staff Present:

Deb Butler, Attorney
Angus Maciver, Legislative Auditor
Candace Radovich, Secretary
Joe Murray, Deputy
Cindy Jorgenson, Deputy

Visitor's List ([Attachment 4](#))

CALL TO ORDER

09:01:52 Chair Brown called day two of the Legislative Audit Committee to order at 9:01 a.m. noting the presence of a quorum.

09:02:50 Chair Brown encouraged Legislators to use one expense voucher for all committees.

PRIORITIZATION OF INFORMATION SYSTEMS AUDITS FOR CALENDAR YEAR 2020

09:04:12 Mr. Murray, Deputy Legislative Auditor introduced the agenda item and then turned it over to Miki Cestnik, Information Systems Audit Manager. ([Exhibit 3](#))

09:14:07 Sen. Brown asked about audit priority.

09:19:11 Sen. Brown asked Ms. Cestnik what the Information Systems Auditors were up to this past year.

09:20:43 Sen. Brown asked Ms. Cestnik what audits were completed in the last year.

09:21:19 Legislative Auditor Maciver noted Information Systems audits done in the past few years: Prescription Drug, Lottery Security, Unmanned Aerial Systems, SABHRS, Governance process, TREADS, IJIS Broker and STAARS.

09:28:15 Sen. Brown spoke about the importance of weighing in on audit scoring in a timely manner.

- 09:28:59 Sen. Ellsworth asked Legislative Auditor Maciver about E Government Services, the history of the contract and inner agency workings.
- 09:33:09 Rep. Hayman asked Legislative Auditor Maciver to explain some specific audit topics and how they were assigned their category/color.
- 09:38:31 Legislative Auditor Maciver noted the red categories didn't necessarily mean there were a lot of issues with those topics.
- 09:40:28 Sen. Flowers commented on the FWP information systems audit topic but noted it seemed like a level of bureaucracy. He asked Legislative Auditor Maciver what steps would be taken as oversight and development.
- 09:43:04 Legislative Auditor Maciver added comments about development projects.

STATE OF MONTANA LEGISLATIVE BRANCH (19C-11)

- 09:44:48 Presented by Dawn Wrigg, Partner, Rudd & Company
Present from Legislative Services Division: Susan Fox, Executive Director, Legislative Services Division
Angie Carter, Budget & Financial Services Manager, Legislative Services Division
Jennifer Simmons, Budget & Finance Specialist, Legislative Services Division
- 09:46:12 Legislative Auditor Maciver explained the contract audit process.

STATE OF MONTANA CONSUMER COUNSEL (19C-11)

- 09:47:59 Presented by Dawn Wrigg, Partner, Rudd & Company
Present from agency: Robert A. Nelson, Consumer
Suzanne Snow, Officer Manager

Agency Response

- 9:49:13 Legislative Branch presented by Director Fox.
- 09:49:58 Rep. Hayman thanked Director Fox and her staff for all the hard work during legislative week.

Agency Response

- 09:50:58 Consumer Counsel presented by Mr. Nelson.

Public Comment

None

Motion

- 09:51:47 Sen. Ellsworth 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:

- 09:51:47 Carried unanimously by voice vote.

UPDATE ON AUDIT ISSUES ADDRESSED IN LEGISLATION PASSED DURING THE 2019 SESSION - SENATE BILL 310 AND HOUSE BILL 658

- 09:52:18 Senate Bill 310 presented by Legislative Auditor Maciver.

- 09:55:57 Sen. Ellsworth asked Legislative Maciver for details as to what would change from the audit perspective if there were a year-round session, in terms of SB310.
- 09:59:50 Sen. Brown asked Legislative Auditor Maciver if the June meeting was a similar situation with timing issues.
- 10:01:51 Sen. Ellsworth asked for clarification from Legislative Auditor Maciver if there would be a larger work load.
- 10:03:05 Sen. Esp commented on annual budgets and biannual schedules and how the Legislative Audit Division would adapt.
- 10:06:10 Rep. Abbott noted how she was on the sub-committee and how it would be helpful if this committee could direct the LAD with potential impacts.
- 10:08:32 Legislative Auditor Maciver noted that staff would provide the necessary support for the process before the April meeting.
- 10:09:17 House Bill 658 Presented by Legislative Auditor Maciver
- 10:10:47 Sen. Brown asked about the enrollment being unconstitutional in other states.
- 10:10:54 Rep. Abbott noted that were major court cases working through the topic that there was no resolution.
- 10:11:07 Legislative Auditor Maciver echoed Rep. Abbott that there was federal court action pending. Assumption that this calendar year needed to start with bidding on contracts. LAD will wait for parameters and rules before going out for bid.
- 10:13:36 Rep. Abbott asked about an update on the waiver process as one hadn't been approved to her knowledge. .

BREAK

- 10:14:26 Reconvened at 10:33:31.
- 10:33:31 Chair Brown called the committee back to order.

PRIOR MEETING FOLLOW-UP

- 10:33:58 Legislative Auditor Maciver went over a committee request from the October meeting regarding the financial-compliance audit of Military Affairs (18-25). **(Exhibit 4)**
- 10:37:33 Rep. Burnett asked for the hard copies of all MA documents.
- 10:38:05 Joe Koleman, Director, Legislative Environmental Policy Office, went over a legislator survey that was sent out to legislators consisting of interim committees and introduced a brochure. **(Exhibit 5)**

MONTANA STATE UNIVERSITY (19-13)

- 10:49:09 Presented by Shandell VanDonsel, CPA, Financial-Compliance Senior Auditor
Present from the agency: Dr. Waded Cruzado, President

Daniel Adams, Director of Audit Services
Terry Leist, Vice President, Administration & Finance
Aaron Mitchell, Assistant Vice President, Financial Services
Diedra Murray, MUS Internal Auditor, Office of the Commissioner of
Higher Education

Committee Questions of LAD Staff

- 10:55:30 Sen. Brown addressed the Museum of the Rockies non-compliance and asked Ms. VanDonsel what assurance there was from the university that things would be fixed in the future.
- 10:57:30 Sen. Brown commented on mileage rates for hotel rooms and asked Ms. VanDonsel if staff was ever asked to reimburse the state.

Agency Response

- 10:58:00 Presented by Dr. Waded Cruzado and she noted Commissioner Clayton's absence.

Committee Questions of Agency

- 10:58:43 Sen. Brown asked President Cruzado to address the question she had just previously asked Ms. VanDonsel.
- 11:03:31 Sen. Esp commented about viewing the Museum of Rockies in person.
- 11:04:28 Rep. Burnett asked President Cruzado about fleet usage and light duty vehicles having real time monitoring. The question was deferred to Mr. Leist.
- 11:05:48 Sen. Brown asked Mr. Leist how the decision was made to contract out Enterprise versus owning their own fleet.
- 11:07:20 Rep. Hayman noted that MSU Bozeman went to private vehicles for cost savings.

Public Comment

None

Motion

- 11:08:27 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:

- 11:08:27 Carried unanimously by voice vote.

FINANCIAL STATUS UPDATE

- 11:09:16 Presented by Cindy Jorgenson, CPA, Deputy Legislative Auditor ([Exhibit 6](#))
- 11:12:20 Sen. Brown commended the financial staff for their hard work.

Public Comment

None

ADJOURNMENT

