



LEGISLATIVE AUDIT COMMITTEE 67th Montana Legislature

SENATE MEMBERS

Jason Ellsworth
John Esp
Pat Flowers
Tom Jacobson
Tom McGillvray
Mary McNally

HOUSE MEMBERS

Kim Abbott
Denise Hayman
Emma Kerr-Carpenter
Terry Moore
Matt Regier
Jerry Schillinger

COMMITTEE STAFF

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

MINUTES LOG

April 25, 2022
Room 317
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:

Rep. Denise Hayman, Chair (D)
Sen. Jason Ellsworth, Vice Chair (R)
Rep. Kim Abbott (D)
Sen. John Esp (R)
Sen. Pat Flowers (D)
Sen. Tom McGillvray (R)
Sen. Mary McNally (D)
Rep. Terry Moore (R)
Rep. Matt Regier (R)
Rep. Jerry Schillinger (R)

MEMBERS EXCUSED:

Sen. Tom Jacobson (D)
Rep. Emma Kerr-Carpenter (D)

MEMBERS ABSENT:

STAFF PRESENT:

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

AGENDA (Attachment 1)
VISITORS' LIST (Attachment 2)

CALL TO ORDER/ROLL CALL

13:03:20 The Legislative Audit Committee met in room 317 of the State Capitol Building and via zoom. Chair Hayman called the meeting to order at 1:03 p.m. noting the presence of a quorum. The committee secretary took roll. [\(Attachment 3\)](#) Sen. Ellsworth was excused and left his proxy with Sen. McGillvray. [\(Attachment 4\)](#) Rep. Kerr-Carpenter was excused and left her proxy with Rep. Hayman. [\(Attachment 5\)](#) Rep. Moore was excused and left his proxy with Sen. McGillvray. [\(Attachment 6\)](#) Sen. Jacobson was excused and left his proxy with Rep. Hayman. [\(Attachment 7\)](#)

APPROVE MINUTES

Motion

13:04:52 Sen. Ellsworth moved the committee approve the minutes from February 8, 2022.

Vote:

13:04:51 Carried unanimously by voice vote.

13:04:56 Sen. Flowers noted the error on members present versus absent. The error was fixed.

FLATHEAD VALLEY COMMUNITY COLLEGE

13:05:54 Presented by Barry Weber, Senior Manager, Eide Bailly LLP [\(EXHBIT 1\)](#) power point
Present from College:
Jane Karas, President
Beckie Christiaens, VP, Administration and Finance

Committee Questions of Staff

None

Agency Response

13:17:20 Presented by President Karas.

Committee Questions of Agency

13:18:05 Sen. Esp asked President Karas about their decrease in enrollment.

13:19:21 Sen. Esp asked President Karas about adjusting offered classes.

13:21:06 Sen. McGillvray asked President Karas about graduation rates and average cost per student.

13:22:08 Sen. McGillvray asked President Karas about the graduation rate that was posted on their website.

13:23:34 Sen. McGillvray asked President Karas about cost per student considering state money. President Karas stated she'd be happy to have a phone conversation with Sen. McGillvray to go over the numbers.

13:25:57 **Committee Request:** Sen. Ellsworth asked President Karas for a written analysis of what the state contributes, what the local community contributes per student, and what a graduate actually earns. President Karas stated she would provide that to the committee secretary to be distributed. (the committee was provided an email from President Karas 5/24/22)

13:27:22 Mr. Weber wanted to point out that it had been a pleasure to work with FVCC.

13:28:00 Rep. Hayman requested for future audits that there be a summary page included in the audit.

Public Comment

None

Motion

13:30:35 Sen. McNally 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:

13:30:34 Carried unanimously by voice vote.

FINANCIAL STATEMENT OVERVIEW

13:31:42 Legislative Auditor Maciver introduced the overview.

13:33:30 Presented by Karen E. Simpson, CPA, Financial-Compliance Audit Manager. [\(EXHIBIT 2\)](#) power point [\(EXHIBIT 3\)](#)

Committee Questions of Staff

13:45:20 Sen. McNally requested the power point presentation by Ms. Simpson be linked to the website.

TEACHERS' RETIREMENT BOARD (20-09B)

13:46:34 Presented by Kelly Zwang, CPA, Financial-Compliance Supervisor. [\(EXHIBIT 4\)](#)

Present from agency:

Shawn Graham, Executive Director

Mary Elizabeth Redding, FSA, Vice President, Bartel Associates, LLC

Committee Questions of Staff

None

Agency Response

13:58:35 Presented by Director Graham.

Committee Questions of Agency

14:01:03 Sen. McGillvray asked Director Graham what the board thought of inflation.

14:02:18 **Committee Request:** Sen. McGillvray requested the experience study results once it has been published to the website on May 13. (emailed Sen. McGillvray 5/17/22)

14:03:35 Sen. Esp asked Director Graham how often their board received value of portfolio.

14:04:37 Sen. Flowers asked Director Graham for long term rate of return.

14:05:14 Rep. Hayman asked Director Graham if there was an increase in teacher retirements during the covid era.

Public Comment

None

Motion

14:06:28 Sen. Esp 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:

14:06:28 Carried unanimously by voice vote.

PUBLIC EMPLOYEES' RETIREMENT BOARD (20-08B)

14:07:49 Presented by Kelly Zwang, CPA, Financial-Compliance Supervisor [\(EXHIBIT 5\)](#)

Present from agency:

Dore Schwinden, Executive Director
Mary Elizabeth Redding, FSA, Vice President, Bartel Associates, LLC

Committee Questions of Staff

14:16:53 Sen. McNally asked Ms. Zwang about the cross over test and how common that was.

Agency Response

14:17:53 Presented by Director Schwinden.

Committee Questions of Agency

14:20:56 Sen. Flowers asked Director Schwinden about long term rate of return.

14:21:53 Sen. McGillvray asked Director Schwinden about projection of the Board of Investments.

14:22:41 Sen. McGillvray spoke about the Board of Investments and their long-term rate of return and asked Director Schwinden how that compared to PERB.

14:24:40 Rep. Schillinger asked Director Schwinden for a breakout of percentages of where the funds were invested, domestic and international.

14:27:22 Legislative Auditor directed Rep. Schillinger to the BOI website for his questions.

Public Comment

None

Motion

14:28:17 Sen. Flowers 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:

14:28:17 Carried unanimously by voice vote.

STATUS UPDATE - DEPARTMENT OF CORRECTIONS (21SP-20 & 21SP-26)

14:29:30 Legislative Auditor Maciver recalled from the February meeting that members had requested the Department of Corrections provide updated information regarding follow-up reports.

Break

14:31:58 Reconvened at 14:47:56

STATUS UPDATE - DEPARTMENT OF CORRECTIONS (21SP-20 & 21SP-26)

14:48:27 Presented by Megan Coy, Program and Facilities Bureau Chief.

14:52:15 Brian Gootkin, Director, briefly addressed the committee before handing the podium back to Ms. Coy.

14:56:13 Legislative Auditor Maciver took the podium and noted that recommendation #2 from the "A Comparative Evaluation of State-Operated and Contracted Men's Prisons (21SP-26)" follow-up regarding OMIS tied into the next agenda item.

MONTANA'S PROBATION AND PAROLE PRACTICES: SUPERVISING ACCORDING TO RISK (20P-05)

14:59:32 Presented by Alyssa Sorenson, Senior Management & Program Analyst.
[\(EXHIBIT 6\)](#) power point
Present from the agency:
Brian Gootkin, Director
Jim Anderson, Chief Executive Officer, Public Safety
John Daugherty, Central Services Chief Executive.

Committee Questions of Staff

15:18:23 Sen. Ellsworth asked Ms. Sorenson about number of offenders per officer.

- 15:19:57 Sen. Ellsworth asked Ms. Sorenson for the "incentives" noted in the report.
- 15:21:32 Sen. Ellsworth asked for clarification on utilized incentives.
- 15:23:37 Sen. Flowers asked Ms. Sorenson if the audit covered cost per incentive.
- 15:24:06 Sen. McGillvray noted page 18 and asked Ms. Sorenson about conclusion versus recommendation.
- 15:25:33 Sen. McGillvray asked Ms. Sorenson if she had a good guess as to what the main issues were.
- 15:26:35 Sen. Esp asked Ms. Sorenson about high-risk offenders.

Agency Response

- 15:28:49 Presented by Director Gootkin.

Committee Questions of Agency

- 15:36:12 Rep. Hayman asked Mr. Gootkin about staff and the risk assessment tool.
- 15:37:41 Sen. McNally asked Director Gootkin about decreasing caseloads.
- 15:38:56 Sen. McNally referenced the state of Arkansas and asked Director Gootkin about easier ways to fix our offender management system.
- 15:40:23 Sen. McNally thanked Director Gootkin but let him know she really preferred timeline information for recommendation implementation.
- 15:41:00 Sen. Flowers asked Director Gootkin about cost assessment on incentives versus intervention.
- 15:43:42 Rep. Hayman asked Director Gootkin about individuals on probation that leave the state.

Public Comment

- 15:44:54 Richard Shreves.
- 15:44:56 Nicole Downs via zoom (inaudible) ([EXHIBIT 7](#))

Motion

- 15:49:41 Sen. McGillvray 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:

- 15:49:41 Carried unanimously by voice vote.

COMMITTEE EDUCATION

- 15:51:49 Presented by William Soller, Deputy Legislative Auditor ([EXHIBIT 8](#))
- 16:03:40 Presented by Shandell VanDonsel, CPA, Financial-Compliance Audit Supervisor.
- 16:13:48 Presented by Amber Robbins, Management & Program Analyst Supervisor

Committee Questions of Staff

- 16:20:34 Sen. Flowers asked Ms. Robbins about the non-statistical sampling.
- 16:23:25 Sen. Ellsworth mentioned how bias was removed from the audit function.
- 16:24:24 Sen. Flowers noted his comment wasn't just political bias but personal experiences as well.
- 16:24:56 Legislative Auditor Maciver spoke on federal compliance testing.
- 16:28:48 Rep. Abbott asked Ms. Robbins about non statistical samples.
- 16:29:33 Continued presentation by Miki Cestnik, CISA, Information Systems Audit Manager.
- 16:37:39 Rep. Hayman asked Ms. Cestnik if state IT systems were able to work in sync.

Public Comment

None

UNMANNED AIRCRAFT SYSTEMS DEPLOYMENT AND OVERSIGHT (21SP-10)

16:39:27 Presented by Hunter McClure, Senior Information Systems Auditor

Committee Questions of Staff

16:44:13 Sen. Flowers asked Mr. McClure if the makeup of the counsel changed with the administration change.

16:44:32 Sen. Flowers was puzzled that there were no updates for the last two years from the agency.

16:45:42 **Committee Request:** Rep. Hayman suggested the counsel come before the committee to provide updated information. (LAD invited the counsel to the June meeting)

16:47:00 Sen. Ellsworth supported the Chair in requesting the counsel come before the committee with updates.

SECURITY AND MAINTENANCE OF MONTANA ELECTION SYSTEMS (22SP-03)

16:47:42 Presented by Tyler J. Julian, Associate Information Systems Auditor

Committee Questions of Staff

16:54:22 Sen. Ellsworth asked Mr. Julian about HB 530.

16:55:43 Sen. Ellsworth asked Mr. Julian about anticipated dates of completion.

16:56:16 **Committee Request:** Rep. Hayman requested a list of the funds, where they were dispersed to, and how they were being spent. In terms of the HAVA money. (not received)

SHORT-TERM LODGING AND RENTAL VEHICLE TAXES: KEEPING PACE WITH AN EVOLVING MARKETPLACE (21SP-28)

16:57:01 Presented by John Harrington, Management & Program Analyst Supervisor

Committee Questions of Staff

17:01:22 Rep. Regier asked Mr. Harrington if the state had addresses for those taxes.

17:03:02 Sen. Ellsworth asked Mr. Harrington about potential legislation.

Public Comment

None

RECESS

17:06:12 With no further business the meeting was recessed until Tuesday, April 26, 2022 at 9 a.m.

Secretary: */s/ Rep. Emma Kerr-Carpenter*
Rep. Emma Kerr-Carpenter