MINUTES LOG
March 09, 2021
Room 303, State Capitol Building & Remotely

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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
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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:
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 Jacobson (D)
Rep. Emma Kerr-Carpenter (D)
Sen. Tom McGillvray (R)
Sen. Mary McNally (D)
Rep. Terry Moore (R)

MEMBERS EXCUSED:
Rep. Dan Bartel (R)
Rep. Matt Regier (R)

STAFF PRESENT:
Deb Butler, Attorney
Angus Maciver, Legislative Auditor
Candace Radovich, Secretary
The Legislative Audit Committee met in room 303 of the State Capitol Building and remotely. Chair Hayman called the meeting to order at 2:59 p.m. noting the presence of a quorum. The committee secretary took roll and Rep. Regier and Rep. Bartel were excused.

Sen. Ellsworth moved the committee approve the minutes from December 9, 2020, LAC meeting.

Vote:
Carried unanimously by voice vote.

Presented by Nolan Preeshl, Senior Financial-Compliance Auditor

Present from agency:
Cheryl Cohen, Director
Ginger Pfankuch, Accounting and Finance Manager

Sen. Ellsworth asked Mr. Preeshl for clarity on page A22 regarding the balances. It was noted there was an error on Note 7. of the Board of Housing’s financial statements.

Sen. Ellsworth asked Mr. Preeshl about a previous program’s financials. The question was deferred to the board.

Sen. McGillvray asked Mr. Preeshl about the forbearance loans on page A7. The question was deferred to the Board.

Presented by Director Cohen.

Director Cohen answered the question that Sen. McGillvray asked earlier regarding forbearance loans.

Sen. Ellsworth asked Director Cohen further about forbearance loans.

Committee Request: Sen. Ellsworth asked Director Cohen several questions regarding the down payment assistance program, single family program, mortgage portfolio composition, and mortgage forbearance requests. Director Cohen provided a letter to the committee on March 10, 2021, and that email was provided to all committee members.

None

Sen. McNally 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:
Carried unanimously by voice vote.

Presented by Kelly Zwang, CPA, Financial-Compliance Audit Supervisor
Present from agency:
Shawn Graham, Director
Nolan Brilz, Accounting and Fiscal Manager
Present from Bartel Associates
Mary Beth Redding, FSA, Vice President

**Committee Questions of Staff**
15:26:12 Sen. McNally asked Ms. Zwang for clarification on the note disclosure.
15:28:32 Legislative Auditor Maciver took the podium and asked that Cindy Jorgenson, Financial-Compliance Deputy Legislative Auditor, to speak to Sen. McNally's question.
15:34:09 Sen. Ellsworth asked Ms. Jorgenson about page A46, specifically general wage growth, investment rate of return, and several other questions. The question was deferred to Ms. Redding.

**Agency Response**
15:40:43 Presented by Director Graham.
15:43:50 Sen. Ellsworth referenced page A37 and asked Director Graham to explain the significant fluctuation of the market rate of return.

**Public Comment**
None
15:59:49 Sen. Ellsworth 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:**
15:59:49 Carried unanimously by voice vote.

**PUBLIC EMPLOYEES' RETIREMENT (20-08A)**
16:00:10 Presented by Kelly Zwang, CPA, Financial-Compliance Audit Supervisor

Present from agency:
Dore Schwinden, Executive Director
Hollie Resler, Fiscal Services Bureau Chief.

**Committee Questions of Staff**

**Agency Response**
16:11:03 Presented by Director Schwinden.
16:14:39 Rep. Moore asked Director Schwinden about the 30-year obligation and where it was built into.
16:17:33 Sen. McGillvray asked Director Schwinden if there was a conversation with the governor when he spoke to the legislature.
16:19:33 Sen. Ellsworth spoke about being actuarially sound and rate of returns.
16:21:41 Legislative Auditor Maciver took the podium and spoke about GASB 67 & 68.
Public Comment
None

Motion
16:24:18 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:
16:24:20 Carried unanimously by voice vote.

MONTANA BOARD OF INVESTMENTS (20-04A)
16:25:14 Presented by Jessica Curtis, CPA, Financial-Compliance Audit Supervisor

Present from agency:
Dan Villa, Executive Director

Committee Questions of Staff
None

Agency Response
16:29:25 Presented by Director Villa.

Committee Questions of Agency
16:31:02 Sen. McGillvray asked Director Villa about how much of the board’s CARES act money remained. Sen. McGillvray was provided an email with that information on March 10, 2021.

Public Comment
None

OFFICE OF THE COMMISSIONER OF HIGHER EDUCATION (20-06)
16:34:17 Sen. Ellsworth 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:
16:34:22 Carried unanimously by voice vote.

Present from agency:
Clayton Christian, Commissioner
Tyler Trevor, Deputy Commissioner
Lindsey Mueller, Accounting and Student Assistance Analyst

Committee Questions of Staff
None

Agency Response

Committee Questions of Agency
16:44:29 Committee Request: Rep. Hayman requested that the committee be notified when recommendation #1 was implemented.

Public Comment
None

Motion
16:45:28 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:
16:45:39 Carried unanimously by voice vote.
Present from Department of Administration:
Misty Ann Giles, Director
Cody Pearce, CPA, State Accountant
Cheryl Grey, CPA, Administrator, State Financial Services Division.

Present from Governor's Office of Budget and Program Planning:
Kurt Alme, Director
Sonia Powell, CPA, Single Audit Coordinator
Amy Sassano, Deputy Budget Director.

Present from Department of Public Health and Human Services:
Adam Meier, Director
Erica Johnston, Operations Services Branch Manager
David Crowson, Chief Information Officer.

Committee Questions of Staff
16:57:03 Sen. Ellsworth asked Ms. Simpson when the next financial Department of Public Health and Human Services audit would be published.
16:57:50 Sen. Ellsworth asked about increased sample size in the next Department of Public Health and Human Services audit. The question was deferred to Legislative Auditor Maciver.
17:00:07 Sen. Jacobson asked Ms. Simpson if the committee had received an answer for final resolution from the federal government.
17:01:54 Sen. Jacobson asked if the same set of criteria would be used for the future financial Department of Public Health and Human Services audit.
17:02:55 Committee Request: Sen. Jacobson asked that the committee be provided the compliance supplements - outlining the federal government program requirements and what compliance they want the state to test.
17:03:37 Sen. McNally referenced page three of the audit report and asked Legislative Auditor Maciver for clarification on changes in compliance requirements.

Governor's Office of Budget and Program Planning Response
17:06:08 Presented by Director Alme.

Committee Questions of Agency
None
17:08:43 Sen. Ellsworth thanked Director Alme.

Department of Administration Response
17:09:52 Presented by Director Giles.

Committee Questions of Agency
None

Department of Public Health and Human Services Response
17:12:58 Presented by Director Meier.

Committee Questions of Agency
17:15:16 Sen. Ellsworth thanked Director Meier.
17:16:02 Sen. Esp asked Director Meier about strengthening their internal audit division.

Motion
17:17:49 Sen. Jacobson 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:
CHILD CARE UNDER THE BIG SKY (CCUBS) SYSTEM MODERNIZATION AND SECURITY (19DP-04)

17:18:02 Carried unanimously by voice vote.

Presented by Hunter McClure, Associate Information Systems Auditor

[EXHIBIT 3]

Present from the Department of Health and Human Services:
Adam Meier, Director
Erica Johnston, Operations Services Branch Manager
David Crowson, Chief Information Officer

Committee Questions of Staff
17:33:25 Sen. McNally asked Mr. McClure for details regarding his measurement and model used for the audit.
17:34:40 Sen. McNally asked Mr. McClure about comparisons with other states’ research.

Agency Response
17:35:57 Presented by Director Meier and Mr. Crowson.

Public Comment
None

Motion
17:40:29 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:
17:40:38 Carried unanimously by voice vote.

PROFESSIONAL DEVELOPMENT CENTER (20P-02)

17:41:10 Presented by Amber Robbins, Management Program Analyst

[EXHIBIT 4]

Present from the Department of Administration:
Misty Ann Giles, Director
Mark Bruno, Finance Manager
Anjenette Schafer, Administrator, State Human Resources Division

Committee Questions of Staff
17:56:07 Sen. Flowers asked Ms. Robbins about the fixed cost recommendation. The question was deferred to Legislative Auditor Maciver.

Agency Response
17:58:54 Presented by Director Giles.

Committee Questions of Agency
18:01:22 Sen. McNally commented about the low pay scale relative to other sources.
18:01:57 Sen. Esp asked Director Giles if their agency had done any work in the first half of session regarding the fixed cost model.

Public Comment
None

Motion
18:03:24 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:
18:03:24 Carried unanimously by voice vote.
FINANCIAL AUDIT STATUS UPDATE
18:04:12 Presented by Cindy Jorgenson, CPA, Deputy Legislative Auditor. (EXHIBIT 5)

PERFORMANCE AND INFORMATION SYSTEMS AUDIT STATUS UPDATE
18:07:25 Presented by William Soller, Deputy Legislative Auditor. (EXHIBIT 6)

OTHER BUSINESS
18:10:34 Legislative Auditor Maciver brought attention to a previous committee request regarding the Department of Revenue. (EXHIBIT 7)
18:11:18 Legislative Auditor Maciver thanked our committee members and touched on missed opportunities gathering with people. John Fine will be retiring in April and thanks was given to him for everything he did for LAD and the State of Montana.

Public Comment
None


ADJOURNMENT
18:15:22 With there being no further business Chair Hayman adjourned the meeting.

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