MINUTES LOG
February 08, 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. Kim Abbott (D)
Sen. Jason Ellsworth (R)
Sen. John Esp (R)
Sen. Pat Flowers (D)
Rep. Denise Hayman (D)
Sen. Tom Jacobson (D)
Rep. Emma Kerr-Carpenter (D)
Sen. Tom McGillvray (D)
Sen. Mary McNally (D)
Rep. Terry Moore (R)
Rep. Matt Regier (R)
Rep. Jerry Schillinger (R)

STAFF PRESENT:
Deb Butler, Attorney
Angus Maciver, Legislative Auditor
Candace Radovich, Secretary
AGENDA (Attachment 1)

VISITORS’ LIST (Attachment 2)

CALL TO ORDER/ROLL CALL
09:32:58 The Legislative Audit Committee met in room 317 of the State Capitol Building and via zoom. Chair Hayman called the meeting to order at 9:31 a.m. noting the presence of a quorum. The committee secretary took role. (Attachment 3)

APPROVE MINUTES
Motion
09:33:11 Sen. Ellsworth moved the committee accept the October 20, 2021, minutes.
Vote:
09:33:12 Carried unanimously by voice vote.

KIDS IN CARE: ANALYSIS OF POPULATION TRENDS AND MANAGEMENT PROCESSES IN MONTANA’S FOSTER CARE SYSTEM (19P-01)
09:34:00 Presented by Jeremy Verhasselt, Management & Program Supervisor (EXHIBIT 1 power point)

Present from agency: Adam Meier, Director
Erica Johnston, Economic Security Services Executive Director
Nicole Grossberg, Acting Child and Families Services Division Administrator

Committee Questions of Staff
09:56:33 Rep. Schillinger asked a Mr. Verhasselt several questions regarding training, child interviews, and implementation of SAMS.
10:00:39 Committee Request: Sen. McGillvray asked Mr. Verhasselt for the data regarding removals, and what the other factors were. (emailed Rep. McGillvray 2/10/22)
10:02:07 Rep. Kerr-Carpenter asked Mr. Verhasselt for the amount of time kids spent in care, per the audit. She also asked about the rise in percentage of removals and several other follow-up questions. Committee Request: Rep. Kerr-Carpenter asked for the data that covered the entire audit period. (emailed Rep. Kerr-Carpenter 2/22/22)
10:09:39 Legislative Auditor Maciver took the podium and weighed in on data and trends.
10:11:05 Rep. Regier asked Mr. Verhasselt a few questions regarding switching vendors, fidelity reviews, issues with case management, and regional data comparisons.
10:17:14 Sen. Flowers asked Mr. Verhasselt about the criteria regarding differences in referral rate and higher investigation rate. Committee Request: Sen. Flowers requested the difference between referral and investigation be described. (emailed Sen. Flowers 2/10/22)
10:21:06 Rep. Abbott asked Mr. Verhasselt about case load/staffing levels, and turnover. She also asked about legal landscape regarding length in care.
10:25:48 Committee Request: Sen. Ellsworth asked Mr. Verhasselt for information on how we compare to states with similar demographics. Sen. Ellsworth also reminded the committee of their expected decorum. (emailed Sen. Ellsworth 2/10/22)
10:29:39 Rep. Hayman asked Mr. Verhasselt about extension of children's time in care, if staff turnover played a role.
10:33:21 Sen. Jacobson asked Mr. Verhasselt if anyone had looked at the number of judges per region to keep up with caseloads. Is there a way to summarize the top mitigating factors to help with future legislation?

10:38:02 Rep. Kerr-Carpenter asked Mr. Verhasselt why the division used survey data from staff at CFSD not data they collect on actual cases. She also asked about implementation of SAMS, and who the stakeholders were that received interviews. Comment about quality of the report leading up to key points.

**Agency Response**

10:41:53 Presented by Director Meier and Ms. Grossberg. *(EXHIBIT 2)*

**Committee Questions of Agency**

10:53:28 Sen. Esp asked Director Meier if their department agreed with the methodology and outcome of the audit.

10:55:32 Sen. Esp asked Ms. Grossberg about increase of kids removed from homes for drug and alcohol since the audit was finished.

10:56:24 Sen. Flowers asked Director Meier about the department's response to recommendation number four.


11:03:40 Sen. McNally asked Director Meier about their internal evaluation of the SAMS Model, she also asked who oversaw that. **Committee Request:** Provide the committee a copy of that internal evaluation upon completion.

**Public Comment**

11:07:50 Joshua Butterfly *(EXHIBIT 3)*

11:12:37 Representative Dennis Lenz

11:16:12 Denise Johnson (inaudible) *(EXHIBIT 4)*

**Motion**

11:17:24 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:**

11:17:24 Carried unanimously by voice vote.

**NEW STAFF INTRODUCTIONS**

11:19:08 Rich Campbell and Brenda Keller were introduced as new Financial-Compliance Associate Auditors. Jemma Hazen as the new Associate Information Systems Auditor, and Tina Chamberlain the new Associate Management and Program Analyst.

**MONTANA BOARD OF HOUSING (21-07A)**

11:23:01 Presented by Mary V. Yurewitch, Senior Financial-Compliance Auditor

Present from agency: Cheryl Cohen, Executive Director

Ginger Pfankuch, Accounting & Finance Manager

Vicki Bauer, Homeownership Program Manager

Nicole McKeith, Multifamily Program Manager.

**Committee Questions of Staff**


**Agency Response**
11:31:04  Presented by Director Cohen.

Committee Questions of Agency
11:34:00  Sen. Ellsworth asked Director Cohen about the forbearance issue, and internal loans.
11:36:32  Sen. Ellsworth asked Director Cohen about down payment assistance programs.
11:37:52  Rep. Moore asked Director Cohen about cash positions. The question was deferred to Ms. Pfankuch.
11:40:07  Sen. Jacobson asked Director Cohen about cash flow projection impact and operating net income loss. The question was deferred to Ms. Pfankuch.
11:47:17  Several back and forth between Sen. Jacobson and BOH staff.
11:50:37  Sen. Ellsworth asked Ms. Pfankuch about decline in asset value.
11:57:11  Legislative Auditor Maciver took the podium.

Public Comment
None

Motion
12:03:59  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:
12:03:59  Carried unanimously by voice vote.

Break
12:05:03  Legislative Auditor Maciver took the podium to announce a quick break and that lunch was delivered.
12:05:40  Reconvened at 12:23 p.m.

COMMITTEE EDUCATION
12:23:51  Presented by Alexa O'Dell, CPA, Financial-Compliance Audit Manager; William Soller, Deputy Legislative Auditor; Miki Cestnik, Information Systems Audit Manager. (EXHIBIT 5)

Committee Questions of Staff
12:37:35  Committee Request: Rep. Emma Kerr-Carpenter asked for Ms. O'Dell to provide a written version of her presentation regarding quantitative materiality information.
12:38:47  Sen. McNally asked if there was a threshold for discussion regarding materiality.
Rep. Kerr-Carpenter asked Ms. O'Dell about testing for risk, and if there was a list available.

Rep. Kerr-Carpenter asked Mr. Soller about scope of audits.

Committee Questions of Staff

Sen. McGillvray asked Mr. Soller about risk assessment and Legislative Auditor Maciver helped answer the question.

Rep. Kerr-Carpenter asked Mr. Soller about internal conversations regarding scope and objectives.

Rep. Moore asked Mr. Soller about comparable offering.

Committee Questions of Staff

None

Public Comment

None

MONTANA DEPARTMENT OF TRANSPORTATION (21-17)

Presented by Courtney P. Johnson, CPA, Financial-Compliance Audit Supervisor

Present from agency:

Julie Brown, Deputy Director
Matt Wagner, Chief Accountant
Larry Flynn, Administrator, Administration Division
Natalie Gibson, Audit Services, Chief Auditor
Dustin Rouse, Acting Highways & Engineering Administration
Adam Kraft, Transit Supervisor
Brenda Crawford, External Audit Manager
David Jacobs, Grant Bureau Chief.

Committee Questions of Staff


Sen. Ellsworth asked Ms. Johnson how big the internal audit function was within MDT.

Agency Response

Presented by Deputy Director Brown.

Committee Questions of Agency

Sen. Ellsworth asked Ms. Brown how many FTE their internal audit function had. The question was deferred to Ms. Gibson.

Sen. Ellsworth asked Ms. Gibson for clarification regarding 8 of the 76 grantees reviewed in August 2021, including only one of the six grants receiving a grant after a no fund recommendation.

Sen. Ellsworth asked Ms. Gibson if grants were deemed unallowable do those funds get recovered. Committee Request: Sen Ellsworth asked Ms. Gibson what recourse there was for unreceived funds. (emailed Sen. Ellsworth 3/23/22)

Sen. McNally asked Ms. Gibson about unsupported cost.

Rep. Hayman asked MDT to please contact her regarding a potential traffic light problem in Bozeman.

Sen. McNally asked Ms. Brown why MDT was awarded the live entertainment venue grant.

Public Comment

None

Motion
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:**

**Motion**
13:59:07 Sen. Ellsworth moved the committee invite MDT to come back to next meeting, so the director could be present. Motion failed 6-6

**Vote:**
13:59:07 Tied 6 - 6 by voice vote

**COST AND MANAGEMENT OF THE STATE MOTOR POOL (21P-03)**
14:01:39 Presented by Amber Robbins, Management & Program Analyst Supervisor
(EXHIBIT 6 power point)
Present from agency:
Jon Swartz, Administrator, Maintenance Division

**Committee Questions of Staff**
14:19:43 Rep. Moore asked Ms. Robbins several questions about how motor pool vehicles were procured, maintained, and funded.
14:23:19 Legislative Auditor Maciver took the podium.
14:31:51 Sen. Esp asked Ms. Robbins if she recalled the average day rate for 2019.

**Agency Response**
14:33:19 Presented by Mr. Swartz.

**Committee Questions of Agency**
14:35:56 Rep. Kerr-Carpenter asked Mr. Swartz about flexibility regarding downsizing vehicles.

**Public Comment**
None

**Motion**
14:37:47 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:**
14:37:47 Carried unanimously by voice vote.

**LAD STRATEGIC PLANNING**
14:39:20 Presented by Legislative Auditor Maciver; Miki Cestnik, Information Systems Audit Manager; Amber Robbins, Management & Program Analyst Supervisor; Jennifer Erdahl, CPA, Financial-Compliance Audit Manager; Alyssa Sorenson, Senior Management & Program Analyst & Deborah F. Butler, Legal Counsel.
(EXHIBIT 7)
14:58:38 Legislative Auditor Maciver took the podium.
15:09:59 Rep. Abbott asked Ms. Butler about criminal penalties for agencies withholding information and asked the committee to be kept appraised of the process.
15:12:07 Legislative Auditor Maciver touched on surveys. (EXHIBIT 8) (EXHIBIT 9)

Public Comment
None

EFFECTIVENESS OF CONTRACTED COMMUNITY CORRECTIONS PROGRAMS IN REDUCING RECIDIVISM (21SP-20)
15:15:12 Presented by Amber Robbins, Management & Program Analyst Supervisor

Committee Questions of Staff
15:21:42 Rep. Hayman asked Ms. Robbins if Corrections was developing a program in terms of tracking. Rep. Hayman asked the committee to be kept informed.
15:23:36 Sen. Flowers asked Ms. Robbins for a refresher on rationale for the department not reviewing contracts regarding empty bed space. He also asked for a comparison with other states.

A COMPARITIVE EVALUATION OF STATE-OPERATED AND CONTRACTED MEN'S PRISONS (21SP-26)
15:27:03 Presented by Julia Connelley, Associate Management & Program Analyst

Committee Questions of Staff
15:32:39 Legislative Auditor Maciver took the podium and explained the implementation language.
15:33:39 Rep. Hayman thought follow-up audits would be a good committee discussion and asked that it be an agenda item and the next committee meeting.
  Committee Request: Invite Corrections to the April meeting and be available for questions.
15:34:40 Rep. Abbott asked Legislative Auditor Maciver about the process of requesting agencies coming back to a future meeting.

STATE EMPLOYEE SETTLEMENTS: TRENDS, TRANSPARENCY, AND ADMINISTRATION (21SP-27)
15:36:01 Presented by Chelsea Rayfield, Senior Management & Program Analyst.

Committee Questions of Staff
15:40:14 Sen. Esp asked Ms. Rayfield about reporting to the state website.

Break
MONTANA BOARD OF INVESTMENTS (20-04B)
Present from agency:
Dan Villa, Executive Director

Committee Questions of Staff
16:00:35  Rep. Moore asked Ms. Curtis about the reserve account.

Agency Response
16:03:03  Presented by Director Villa
16:05:12  Sen. Ellsworth asked Director Villa about the assumptions.

Public Comment
None

Motion
16:15:38  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:
16:15:37  Carried unanimously by voice vote.

REAL PROPERTY TAX EXEMPTIONS
16:16:14  Presented by David W. Singer, Associate Management & Program Analyst (EXHIBIT 10)

Committee Questions of Staff
16:20:06  Rep. Kerr-Carpenter asked Mr. Singer about intent to answer the question regarding exemptions.

EGOVERNMENT SERVICES
16:21:43  Presented by Miki Cestnik, Information Systems Audit Manager (EXHIBIT 11)

Committee Questions of Staff
None

Public Comment
None

OTHER BUSINESS
16:24:42  Rep. Hayman refreshed committee members on statute for the Director's re-appointment that is coming up in June.

FINANCIAL AUDIT STATUS UPDATE
16:26:07  Presented by Cindy Jorgenson, CPA, Deputy Legislative Auditor (EXHIBIT 12)

Committee Questions of Staff
None

PERFORMANCE AND INFORMATION SYSTEMS AUDIT STATUS UPDATE
16:31:29  Presented by William Soller, Deputy Legislative Auditor (EXHIBIT 13)

Committee Questions of Staff
None
PREVIOUS COMMITTEE REQUEST
16:34:42 Presented by William Soller, Deputy Legislative Auditor (EXHIBIT 14) Petro Board Update
16:35:39 Sen. Esp asked Mr. Soller if there was potential legislation.

Public Comment
16:37:29 Legislative Auditor Maciver brought attention to the turnover rate for LAD. (EXHIBIT 15)
16:39:01 Sen. Flowers commended Legislative Auditor Maciver on his efforts with recruitment and retention.

ADJOURNMENT
16:39:43 With there being no further business, the meeting was adjourned at 4:39 p.m.

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