



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

June 07, 2021
Room 317, State Capitol Building & Remote
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 Jacobson (D)
Sen. Tom McGillvray (R)
Sen. Mary McNally (D)
Rep. Terry Moore (R)
Rep. Matt Regier (R)
Rep. Jerry Schillinger (R)
Rep. Emma Kerr-Carpenter (D)

MEMBERS EXCUSED:

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

12:33:11 The Legislative Audit Committee met in room 317 of the State Capitol Building and via zoom. Chair Hayman called the meeting to order at 12:33 p.m. noting the presence of a quorum. [\(Attachment 3\)](#)

APPROVE MINUTES

Motion

12:34:29 Sen Esp moved the committee approve the minutes from the March 9, 2020, meeting.

Vote:

12:34:29 Carried unanimously by voice vote.

NEW MEMBERS/STAFF INTRODUCTIONS

12:34:47 Rep. Jerry Schillinger, Rep. Terry Moore, and Sen. Tom McGillvray were introduced as new LAC members. Kylie Sadat and Charles Luther were introduced as Financial-Compliance Audit Interns. Tyler J. Julian was introduced as an Associate Information Systems Auditor. William Hallinan and Austin Powell were introduced as Performance Auditors.

PRIORITIZATION OF PERFORMANCE AUDITS FOR FISCAL YEAR 2022

12:47:21 Presented by William Soller, Deputy Legislative Auditor.

Committee Questions of Staff

12:56:26 Sen. McGillvray asked Mr. Soller about the fire suppression item and if prevention could be added.
12:57:39 Sen. Jacobson asked Mr. Soller how much influence committee members had on the framework of potential audits.
13:00:36 Legislative Auditor Maciver spoke about the performance audit function and how the committee had discretion.

MONTANA DEVELOPMENTAL CENTER CLOSURE AND CLIENT TRANSITION (19P-02)

13:03:20 Presented by Chelsea Rayfield, Associate Management & Program Analyst. [\(EXHIBIT 1\)](#) Power Point
Present from the Department of Public Health and Human Services:
Adam Meier, Director
Rebecca de Camara, Administrator, Development Services Division
Lindsey Carter, Bureau Chief, Developmental Disabilities Program

Committee Questions of Staff

13:27:34 Sen. Flowers asked Ms. Rayfield about the described savings from the personal services reduction.
13:28:32 Sen. Flowers asked Ms. Rayfield a follow-up question about overall savings for the department.
13:29:52 Sen. Esp asked Ms. Rayfield about the survey and survey methodology.
13:32:21 Rep. Hayman asked several questions about the individuals that declined services.

Agency Response

13:38:50 Presented by Director Meier and Ms. de Camara.

Committee Questions of Agency

- 13:48:16 Sen. Esp asked Ms. de Camara if the department tracked complaints against staff in waiver services.
- 13:53:34 Rep. Hayman asked Ms. de Camara what her thoughts were of the final waiver numbers.
- 13:57:04 Rep. Hayman asked Ms. de Camara about the Intensive Behavioral Center facility beds.
- 14:00:07 Sen. Flowers asked Ms. de Camara about her professional opinion on the success of the process.

Public Comment

None

Motion

- 14:02:00 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:

- 14:02:00 Carried unanimously by voice vote.

Break

- 14:02:48 Reconvened at 14:12:09.

MONTANA BOARD OF PUBLIC EDUCATION (20-22)

- 14:12:27 Presented by Jeane Carstensen-Garrett, CPA, Financial-Compliance Audit Manager.

Present from agency:

McCall Flynn, Executive Director

Kris Stockton, Administrative Specialist.

Committee Questions of Staff

None

Agency Response

- 14:22:43 Presented by Director Flynn.

Committee Questions of Agency

None

- 14:24:29 Rep. Kerr-Carpenter joined the meeting.

Public Comment

None

Motion

- 14:26:12 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:

- 14:26:12 Carried unanimously by voice vote.

TOURISM MARKETING AND PROMOTION (21SP-09)

- 14:26:56 Presented by David W. Singer, Associate Management & Program Analyst

Committee Questions of Staff

None

THE MONTANA PRESCRIPTION DRUG REGISTRY (21SP-01)

- 14:32:10 Presented by Hunter McClure, Associate Information Systems Auditor.

Committee Questions of Staff

- 14:38:19 Rep. Hayman asked Mr. McClure about the data collected and how protected it was.

MONTANA UNIVERSITY SYSTEM COORDINATION OF STUDENT ENROLLMENT AND ADMINISTRATIVE SERVICES (21SP-14)

14:40:04 Presented by Alyssa Sorenson, Senior Management & Program Analyst Supervisor.

Committee Questions of Staff

- 14:46:12 Sen. Esp asked Ms. Sorenson why the Commissioner concurred with the recommendations but did not implement them.
- 14:48:39 Sen. Esp asked Legislative Auditor Maciver what the next steps were to ask about implementation of recommendations.
- 14:50:25 Sen. McGillvray wondered if OCHE had a pattern of not implementing recommendations. Legislative Auditor Maciver spoke on this.
- 14:52:54 Sen. McNally asked Ms. Sorenson the current reporting structure where the UM campus affiliates report to the Commissioner rather than the president of UM.
- 14:53:52 **Committee Request:** Chair Hayman suggested OCHE be brought back for the October meeting for updates on recommendation 3 and 4 implementation. The committee would also like to know their plans to have the UM campus report to the Commissioner of Higher Education rather than the president of UM.

Motion

14:54:41 Rep. Hayman moved the committee invite OCHE to the October meeting for updates on recommendations three and four, along with an update on plans for UM to report to the Missoula president.

Vote:

14:54:41 Carried unanimously by voice vote.

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

14:56:02 Presented by Mary Currin, Senior Financial-Compliance Auditor.
Present from DNRC: Kerry Davant, Deputy Director
Anna Miller, Deputy Administrator
Tricia Greiberis, Chief Financial Officer
Drew Bisenius, Accountant/Supervisor
Present from DEQ:
Chris Dorrington, Director
George Mathieus, Deputy Director.

Committee Questions of Staff

None

Agency Response

14:59:30 Department of Environmental Quality - presented by Director Dorrington.

Committee Questions of Agency

- 15:00:23 Sen. Ellsworth asked Director Dorrington about the AARPA infrastructure program funds impact.
- 15:03:04 Sen. Esp asked Ms. Miller about federal funds.
- 15:06:00 Sen. Ellsworth asked Ms. Miller about water issues in Whitefish and Thompson Falls, and if those particular projects were getting addressed.
- 15:07:59 Sen. McGillvray asked Ms. Miller about inflation regarding calculating funds.

Public Comment

None

Motion

15:10:45 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:

14:54:41 Carried unanimously by voice vote.

DEPARTMENT OF PUBLIC SERVICE REGULATION (20-26)

15:12:24 Presented by Jessica Curtis, CPA, Financial-Compliance Audit Supervisor.
(EXHIBIT 2) Power Point

Present from Public Service Commission:

James Brown, Chair

Jennifer Fielder, Commissioner

Randall Pinocci, Commissioner

Anthony O'Donnell, Commissioner

Present from Department of Public Service Regulation:

Angelina Hall, Financial Specialist

Luke Casey, Acting Administrator

Phillip English, Network Systems Analyst

Committee Questions of Staff

15:22:05 Sen. Ellsworth asked Ms. Curtis for details on what was referenced as missing information.

15:23:04 Sen. Ellsworth asked Ms. Curtis who the person was that was asked for documents to be falsified.

15:24:01 Sen. Ellsworth asked for clarification from Ms. Curtis on what the "unhealthy culture" statement meant.

15:25:12 Sen. Ellsworth asked Ms. Curtis for an explanation of what "tone of the top" meant.

15:27:31 Legislative Auditor Maciver directed committee members reference page four of the audit report.

15:27:49 Rep. Regier asked Ms. Curtis to clarify that it was new commission members that took a more active role in the audit process. He also asked Ms. Curtis to speak to audits in the past where members weren't as active.

15:29:46 Sen. Jacobson asked Ms. Curtis if he was correct about the inability for the audit to be concluded.

15:31:12 Sen. Ellsworth used his personal privilege to remind committee members to be careful with their words.

15:31:47 Sen. Jacobson re worded his question about why the audit couldn't be completed. He also asked Ms. Curtis for the definition difference of fraudulent versus falsified.

15:34:19 Sen. Jacobson asked Ms. Curtis if there were past falsified documents, and if any laws had been broken.

15:36:07 Legislative Auditor Maciver went over LAD's legal obligation with findings.

15:37:37 Sen. Esp asked Legislative Auditor Maciver for clarification on the circumstance of the falsified documents.

15:39:55 Sen. Esp wanted his point made that he thought the person that initiated the document be falsified be held accountable.

15:40:24 Sen. McNally asked Legislative Auditor Maciver how unusual the audit really was.

15:41:55 Cindy Jorgenson, Deputy Legislative Auditor took the podium.

15:44:01 Sen. Flowers asked Ms. Curtis for clarification on which staff were referenced with "tone of the top."

15:45:03 Sen. Flowers asked Ms. Curtis if lack of understanding was the culprit or if it was willful disregard.

15:46:46 Rep. Regier asked Ms. Curtis for clarification on procurement cards.

15:47:57 Rep. Moore asked Ms. Curtis if she had reason to go beyond internal controls to investigate further.

15:50:39 Rep. Hayman noted the potential performance audit of this agency, and asked Ms. Curtis what she thought about that.

- 15:52:48 Legislative Auditor Maciver took the podium to address Rep. Hayman's question.
- 15:53:13 Sen. Flowers asked Mr. Maciver if he understood correctly that members could broaden the scope of the potential performance audit.

Agency Response

- 15:55:02 Presented by Chair Brown. For the record the entire commission was invited to participate at the hearing. Also noted for the record Chair Brown accepted the resignation of Mandi Hinman, Administrator, Centralized Services Division. (EXHIBIT 3) (EXHIBIT 4)

Committee Questions of Agency

- 16:17:50 Sen. McGillvray gave his appreciation for Chair Brown's response and asked about the commission member who had abused travel.
- 16:21:38 Sen. McGillvray asked if that commissioner's pro card was taken away.
- 16:25:13 Rep. Hayman recognized Chair Brown's commitment but raised concern about the future of PSC when he was no longer there.
- 16:28:24 Sen. Esp suggested the October meeting for more follow-up.
- 16:29:31 Sen. Ellsworth asked Chair Brown if the October meeting was enough time for him to come back. Thanks were given to the commissioners that showed up in person.
- 16:35:57 Sen. McNally noted her concern was more than just fiscal. Sen. McNally asked Chair Brown if there was a plan for paying the state back.
- 16:38:25 Sen. McGillvray asked Chair Brown if there were members not on board with moving forward.
- 16:41:12 Sen. Jacobson asked Chair Brown which member was cited for the travel issues. Sen Jacobson commended Chair Brown for his determination to correct things. Sen Jacobson asked Legislative Auditor Maciver if LAD could perform a follow-up.
- 16:47:00 Sen. Esp noted other options during or between session to investigate issues further.
- 16:47:32 Commissioner Fielder took the podium. (EXHIBIT 5) Power Point

Public Comment

- 16:57:45 Greg Jergeson.

Motion

- 17:00:05 Sen. McGillvray moved the committee delay acceptance of the audit, and have PSC return in October and re-motion at that time.

Vote:

- 17:00:05 Carried unanimously by voice vote.

MONTANA SCHOOL FOR THE DEAF AND BLIND (20-29)

- 17:02:17 Presented by Mary V. Yurewitch, Senior Financial-Compliance Auditor.
Present from the agency:
 Paul Furthmyre, Interim Superintendent
 Donna Schmidt, Business Manager

Committee Questions of Staff

None

Agency Response

- 17:09:44 Presented by Ms. Schmidt.

Committee Questions of Agency

- 17:13:40 Sen. McNally asked Ms. Schmidt to elaborate on comments about how the agency handled Covid. The question was deferred to Interim Superintendent Furthmyre.

Public Comment

None

Motion

17:16:20 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:

17:16:23 Carried unanimously by voice vote.

OFFICE OF THE COMISSIONER OF POLITICAL PRACTICES (20-21)

17:17:26 Presented by Shandell VanDonsel, CPA, Financial-Compliance Audit Supervisor
(EXHIBIT 6)

Present from agency:

Jeffrey A. Managan, Commissioner

Kym Trujillo, Compliance Supervisor.

Committee Questions of Staff

17:24:49 Rep. Moore asked Ms. VanDonsel about materiality standards.

Agency Response

17:27:22 Presented by Commissioner Mangan.

Committee Questions of Agency

None

Public Comment

None

Motion

17:33:10 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:

17:33:12 Carried unanimously by voice vote.

OTHER BUSINESS

17:33:46 Chair Hayman noted that the performance and information systems scopes & objectives agenda item would be heard the next day.

17:34:46 Legislative Auditor Maciver asked members to look at the committee education piece before the following days discussion.

ADJOURNMENT

17:36:12 With there being no further business, Chair Hayman recessed the meeting until June 8, 2021, at 8:30 a.m.

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