

**Minutes**  
**LEGISLATIVE AUDIT COMMISSION**  
**November 12, 2014**

Members Present:

Representative Michael Beard  
Representative Sondra Erickson  
Representative Rick Hansen  
Representative Mary Liz Holberg

Senator Roger J. Reinert, Chair  
Senator Michelle Benson  
Senator Mary Kiffmeyer  
Senator Warren Limmer  
Senator James Metzen  
Senator Ann H. Rest

Members Absent:

Representative Andrew Falk  
Representative Steve Simon

Senator Roger Reinert, Chair, called the Legislative Audit Commission (LAC) meeting to order at 10:09 a.m. The purpose of the meeting was to discuss the Office of the Legislative Auditor's (OLA's) budget and the challenges facing the Financial Audit Division.

Jim Nobles, Legislative Auditor, reminded members that under the current budget process, OLA does not have an opportunity to present its budget to the LAC for approval. Additionally, OLA did not receive its funding until several weeks into the 2014-2015 biennium. This is due in part to the OLA's budget being included in the Legislative Coordinating Commission's budget appropriation. Mr. Nobles explained OLA's expenses and staffing history. He said that in Fiscal Year 2003, OLA lost 20 positions, dropping from 80 to 60 full-time-equivalent staff. Mr. Nobles' proposal for Fiscal Years 2015 and 2016 includes funding 62 positions and providing a 4 percent pool for annual performance-based salary increases. Mr. Nobles turned the meeting to a discussion of the challenges facing the Financial Audit Division. Some of the challenges include: 1) OLA's large audit jurisdiction that includes every entity and program in the state's Executive and Judicial branches, plus recent additions of the four Legacy funds, MNsure, and IT security audits; 2) increasing complexity in auditing the State's financial statements; and 3) losing experienced staff.

After some discussion among the members, Representative Hansen moved the following:

1. The Commission will make a request to legislative leadership and chairs of the Finance Committees in both the House and Senate for OLA's budget to be its own line-item, separate from the Legislative Coordinating Commission's appropriation.
2. The Commission will send a letter to the Governor requesting support of its proposal for OLA's budget.
3. The chair of the Commission will work with the Revisor of Statutes Office to make any necessary statute revisions.

Senator Kiffmeyer seconded the motion. The motion prevailed unanimously.

Senator Reinert reminded members that the membership of the LAC will be changing after the start of the new session. He said the chair will switch from the Senate to the House and there will be new members since several would not be returning to the Legislature next year. He suggested that members start recruiting to fill the vacancies. Senator Reinert thanked Representatives Beard and Holberg for their time and effort on the Commission over the past several years. He then presented each with a plaque.

With no further business, Senator Reinert adjourned the meeting at 11:53 a.m.

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Senator Roger J. Reinert, Chair

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Shelly Watterud, Recording Secretary