

Minutes
LEGISLATIVE AUDIT COMMISSION
October 17, 2017

Members Present:

Representative Connie Bernardy
Representative Rick Hansen
Representative Tina Liebling
Representative Nels Pierson
Representative Duane Quam
Senator Michelle Benson
Senator Mary Kiffmeyer
Senator Warren Limmer
Senator Ann H. Rest

Members Absent:

Representative Sondra Erickson
Senator Nick A. Frentz
Senator Matt D. Klein

Other Legislators Present:

Representative Jerry Hertaus

Senator Kiffmeyer, Chair, called the Legislative Audit Commission (LAC) meeting to order at 10:04 a.m. The purpose of the meeting was to discuss three recently completed reviews by the Office of the Legislative Auditor (OLA), hear an update on what OLA is currently working on, and discuss the topic selection process.

Jim Nobles, Legislative Auditor, gave a brief overview of the *Metropolitan Airports Commission: Conflict of Interest Policies* review. Mr. Nobles said that OLA conducted this review to address questions raised by a legislator about how conflict of interest laws and policies apply to members of the Metropolitan Airports Commission (MAC). He said OLA concluded that MAC's existing conflict of interest policies are adequate and no evidence was found to substantiate the specific concern about one commissioner who is also a lobbyist.

In response to a question from Representative Liebling, Mr. Nobles said that he follows guidelines when deciding to conduct a special review. He said that an issue brought up by a legislator carries some weight in his decision-making. More importantly, he said an issue takes precedence if it involves a public entity or official and raises public concerns that need to be addressed by someone independent and nonpartisan.

The meeting turned to a discussion about the *Transit Financial Activity Review*. Judy Randall, Deputy Legislative Auditor, Program Evaluation Division, said that this review is the result of new legislation. She said the review found that the Counties Transportation Improvement Board (CTIB) is in sound financial condition and there were no findings regarding CTIB. Ms. Randall said the Metropolitan Council had no significant problems with its historic balance sheets; however, in its internal forecasts the Council projects budget shortfalls starting in Fiscal Year 2020. The review also found that in its reports to federal officials, the Council has made financial projections that differ significantly from those it provided to the Legislature.

Senator Kiffmeyer invited representatives from the Metropolitan Council to address the commission: Wes Kooistra, Regional Administrator, and Mary Bogie, Chief Financial Officer. Mr. Kooistra explained that the projections were different because they were answering distinctively different questions; the report to the Legislature is limited to current law funding, but the federal report is not. Several members expressed concerns about the differences in the projection reports.

The meeting turned to the *Minnesota Licensing and Registration System (MNLARS)* review. Jim Nobles said that this review was done in response to a legislative request due to project delays and inadequate communication with legislators and others, which created a lack of confidence in the project. Judy Randall said this was a preliminary review that focused on the security and management controls that should be in place when developing a large information system. She said the security and

management controls appeared to be adequate. However, since the system rollout in July, deputy registrars have experienced significant problems, and OLA has been continuing to monitor the situation. Ms. Randall said that OLA plans to audit the MNLARS system's financial transactions next year to ensure the reconciliation processes are working as they should.

Jim Nobles said that OLA is currently conducting seven evaluations that will be released during the 2018 legislative session. He said that interviews are currently being conducted to fill the vacant position of the Deputy Legislative Auditor for the Financial Audit Division. He reminded members that he will bring his choice for deputy to them for approval, as required by law.

The discussion then turned to the next agenda item about the topic selection process. Judy Randall provided an overview of the challenges of the process. She said the commission faced two challenges last year: (1) the timing of the topic selection process conflicted with legislative deadlines, and (2) OLA staff determined that a semi-finalist topic that received strong legislative interest was not feasible due to limited data availability. Ms. Randall said there are several schedule options to consider for the topic selection process, and each has pros and cons. After some discussion, members favored soliciting topic suggestions prior to the beginning of session. It was decided that OLA would put together a schedule based on the comments and concerns of members and propose it to members at a follow-up meeting in mid-November. At that time, members will either accept, reject, or change the proposed topic selection schedule.

With no further business, Senator Kiffmeyer adjourned the meeting at 12:36 p.m.

Senator Mary Kiffmeyer, Chair

Shelly Gilb, Recording Secretary