

Minutes
LEGISLATIVE AUDIT COMMISSION
March 4, 2019

Members Present:

Representative Connie Bernardy
Representative Sondra Erickson
Representative Rick Hansen
Representative Tina Liebling
Representative Nels Pierson
Senator Nick A. Frentz
Senator Mary Kiffmeyer
Senator Matt D. Klein
Senator Mark W. Koran
Senator Ann H. Rest

Members Absent:

Representative Duane Quam
Senator Michelle Benson

Representative Hansen, Chair, called the Legislative Audit Commission (LAC) meeting to order at 1:32 p.m. The purpose of the meeting was to (1) announce subcommittee appointments, (2) discuss two Office of the Legislative Auditor (OLA) bills, and (3) release the evaluation, *Debt Service Equalization for School Facilities*.

Judy Randall, Deputy Legislative Auditor for the Program Evaluation Division, read the subcommittee appointments as given to her by Representative Hansen, which were as follows:

Audit Subcommittee

Senator Kiffmeyer, Chair
Senator Benson
Senator Rest
Representative Erickson

Evaluation Subcommittee

Representative Bernardy, Chair
Representative Hansen
Representative Quam
Senator Frentz
Senator Koran

Executive Subcommittee

Senator Koran, Chair
Senator Klein
Representative Hansen, Ex Officio
Representative Liebling
Representative Pierson

At 1:40 p.m., Representative Hansen noted that a quorum was present and the meeting moved to a discussion on the two OLA bills. Jim Nobles, Legislative Auditor, explained that the first bill, 19-3736, was a technical housekeeping bill that would repeal *Minnesota Statutes*, 3.9735, which requires a yearly evaluation of an economic development incentive program. The bill also broadens the language regarding the audits of the Department of Human Services (DHS). Senator Rest was supportive of repealing the requirement to evaluate an economic development incentive program on a yearly basis. Senator Kiffmeyer and Representative Liebling both expressed concern about the language changes regarding DHS audits; however, both were willing to discuss specific wording changes later as the bill moves through the committees.

The discussion turned to the second OLA bill, 19-3737, which would provide money to OLA to conduct information technology audits. Chris Buse, Deputy Legislative Auditor for the Financial Audit Division, explained that this bill appropriates money from the data security account from the Office of Minnesota IT Services (MNIT) revolving fund to OLA to conduct information technology audits as required in statute. Representative Liebling expressed concern that this process of transferring money was not transparent and thought there was a better way to appropriate the money. After some discussion about this bill, the commission members decided not to move the IT audit bill forward at that time.

Representative Bernardy made a motion that the LAC move the first housekeeping bill (19-3736) to the appropriate committees. Hearing no objections, the motion prevailed.

The meeting turned to the release of the OLA evaluation, *Debt Service Equalization for School Facilities*. Ms. Randall gave a brief introduction of the report, and introduced Jody Hauer, Evaluation Manager, to provide a presentation on the key findings and recommendations. Ms. Hauer answered members' questions. After some discussion, Tom Melcher, School Finance Director for the Minnesota Department of Education (MDE), provided the agency's response to the report. Mr. Melcher said that MDE agrees with the recommendations and looks forward to working with policymakers to address the issues outlined in the report.

Representative Hansen asked OLA to add an update on OLA's accessibility efforts to the agenda for the upcoming LAC meeting on Wednesday. With no further business, he adjourned the meeting at 2:43 p.m.

Representative Rick Hansen, Chair

Shelly Gilb, Recording Secretary