

Minutes
LEGISLATIVE AUDIT COMMISSION
October 7, 2019

Members Present:

Representative Rick Hansen
Representative Tina Liebling
Representative Duane Quam
Senator Michelle Benson
Senator Nick A. Frentz
Senator Mary Kiffmeyer
Senator Matt D. Klein
Senator Mark W. Koran
Senator Ann H. Rest

Members Absent:

Representative Connie Bernardy
Representative Sondra Erickson
Representative Nels Pierson

Representative Hansen, Chair, called the Legislative Audit Commission (LAC) meeting to order at 1:00 p.m. The purpose of the meeting was to hear an overview on the Office of the Legislative Auditor's (OLA's) authority; functions; budget; staffing; and pending audits, evaluations, and special reviews.

Representative Hansen began the meeting by stating that a quorum was present. He then thanked OLA staff for their hard work. He then turned to Jim Nobles, Legislative Auditor, to begin the presentation. Mr. Nobles provided an overview of the history, mission, jurisdiction, responsibilities, and budget of the Office of the Legislative Auditor. He also explained how OLA must be independent, both as an office and individually as staff members, in order to maintain credibility. Mr. Nobles also said how crucial it is that OLA has authority to access all documents and data, regardless of classification, in order for OLA to perform its work.

Mr. Nobles turned the presentation over to Christopher Buse, Deputy Legislative Auditor for the Financial Audit Division. Mr. Buse said that two-thirds of the work done by the division is required by law, and the other one-third is discretionary. He explained that the discretionary audit work assesses fiscal controls and compliance with finance-related legal requirements, and the topics are selected by OLA with input from policymakers. He added that the goals of the division are to (1) produce reports that have more understandable conclusions, increased use of visuals, and topics important to legislators; (2) have increased subject matter expertise among staff; and (3) produce more IT audit reports.

The presentation was turned over to Judy Randall, Deputy Legislative Auditor for the Program Evaluation Division. Ms. Randall said that the division has 16 staff, who are subject matter generalists, and the division produces five to seven evaluations per year. She explained the process of how the topics are selected and the criteria the Evaluation Subcommittee uses to make those selections. Ms. Randall described the process the division follows to conduct evaluations. She explained how being able to offer confidentiality during the interview process is critical to their work. She also said that their highly detailed and tedious process of sourcing and verifying every sentence of an evaluation is critical to the accuracy of the final reports.

The presentation turned to an overview of special reviews and investigations by Joel Alter, Special Review Director. Mr. Alter said that OLA has limited staff dedicated to special reviews and investigations, and they involve himself and other available staff as needed and as time permits. He explained that reviews are initiated by OLA in response to specific concerns and are not part of the regular work schedule. Mr. Alter added that OLA received more than 200 allegations and other reports thus far in 2019. He said that after receiving a complaint, OLA conducts a "preliminary assessment" to determine (1) if OLA has jurisdiction, (2) if there is evidence of wrongdoing, and (3) the importance of the allegation. Based on the preliminary assessment, OLA may begin a special review, refer the issue to another agency or OLA division, or close the complaint or assign it low priority.

After Mr. Nobles provided a closing statement on the presentation, the meeting turned to a discussion of balance among the members of the Executive Subcommittee and Evaluation Subcommittee. It was determined that another Republican senator needed to be added to the Executive and Evaluation subcommittees for them to be evenly balanced. Senator Kiffmeyer made a motion to appoint Senator Benson to the Executive Subcommittee, remove “ex officio” from Representative Hansen’s title so there is no confusion, and to appoint herself to the Evaluation Subcommittee. The motion prevailed.

Representative Hansen explained the letter he had sent LAC members the previous week. He said that it is the responsibility of the commission to establish processes for the commission and OLA, and to choose whether to re-appoint Auditor Nobles. He said he wants the commission to be more active and to create appropriate processes.

Representative Hansen asked Mr. Nobles for an update on when to expect any upcoming reports. Mr. Nobles said to expect the release of the special review of the Department of Human Services opioid addiction treatment payments to be released by late October.

With no further business, Representative Hansen adjourned the meeting at 3:08 p.m.

Representative Rick Hansen, Chair

Shelly Gilb, Recording Secretary