

Minutes
LEGISLATIVE AUDIT COMMISSION
September 24, 2020

Members Present:

Representative Rick Hansen, Chair
Representative Connie Bernardy
Representative Sondra Erickson
Representative Tina Liebling
Representative Nels Pierson
Representative Duane Quam

Senator Mark W. Koran, Vice Chair
Senator Michelle Benson
Senator Nick A. Frentz
Senator Mary Kiffmeyer
Senator Matt D. Klein
Senator Ann H. Rest

Representative Rick Hansen, Chair, called the Legislative Audit Commission (LAC) meeting to order at 1:00 p.m. Due to the COVID-19 pandemic and the stay-at-home and social distancing guidelines in place for the state of Minnesota, this meeting was held using the Zoom conferencing web application.

Jim Nobles, Legislative Auditor, provided some opening comments. Mr. Nobles said that the Office of the Legislative Auditor (OLA) staff are mostly working remotely and are continuing to work on ongoing projects. He then briefly ran through each of the meeting material documents.

Judy Randall, Deputy Legislative Auditor for the Program Evaluation Division, gave an overview of the five program evaluations on which staff are currently working. Ms. Randall said that the work is taking longer than normal due to all staff working from home, including the agency staff that are providing data and information.

Joel Alter, Director of Special Reviews, reminded members that OLA receives daily requests to investigate reports of wrong doing. He said that there is an OLA team that meets every two weeks to discuss which ones should be investigated further. Mr. Alter briefly discussed the projects that he is currently working on and the special reviews that were issued over the last few months.

Mark Mathison, IT Audit Director, provided an overview of the information technology audits that OLA has been conducting.

Mr. Nobles explained the large audit jurisdiction that the Financial Audit Division (FAD) has. He said that FAD suffered significant losses over the recent past when Chris Buse, former Deputy Legislative Auditor, retired, along with the FAD Confidential Secretary. Mr. Nobles noted that there are also several other vacancies within the division. He said that OLA is proposing to discontinue its annual audit of the state's use of federal funds, also known as the "Single Audit." He explained how the federal Single Audit consumes approximately 35 percent of the Financial Audit Division's available staff hours. He said that if OLA stops conducting the Single Audit for the state, the Commissioner of Minnesota Management and Budget (MMB) would be responsible for hiring a private audit firm. Mr. Nobles said that MMB could request reimbursement of this cost through federal grants.

There was discussion among the members about the Single Audit. Representative Hansen asked that OLA, by the next LAC meeting on October 8, gather more information to support the proposed change regarding the Single Audit. He suggested that OLA put together options for language that could be presented during the next Legislative session.

Representative Hansen jumped ahead to the last agenda item, the Legislative Auditor Performance Evaluation Policy, 2019-PR(004), adopted by the LAC on November 15, 2019. Representative Hansen requested that the Executive Subcommittee meet prior to the October 8 LAC meeting to initiate the

performance assessment process. The subcommittee will decide the work plan and timeline to guide the performance evaluations of the Legislative Auditor and Deputy Legislative Auditor.

The meeting turned to the last agenda item, which was a discussion of possible budget options for FY 2022. Ms. Randall discussed the five options that OLA put together and explained the impacts each would have on the office. The options ranged from showing a 10 and 5 percent reduction to adding additional staff in two areas—special reviews and IT audits—where there is large legislative demand.

Representative Hansen thanked members for their thoughtful discussion during the meeting. He added that this meeting provided good information for members to think about over the next few weeks, and he was looking forward to the ongoing discussions at future meetings. Hansen adjourned the meeting at 2:30 p.m.

Representative Rick Hansen, Chair

Shelly Gilb, Recording Secretary