

Minutes
LEGISLATIVE AUDIT COMMISSION
October 8, 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 Ann H. Rest

Member Absent:

Senator Matt D. Klein

Representative Rick Hansen, Chair, called the Legislative Audit Commission (LAC) meeting to order at 10:02 a.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.

Representative Hansen asked Judy Randall, Deputy Legislative Auditor for the Program Evaluation Division, to provide information on the remaining 2020 LAC meetings. Ms. Randall said there would be a meeting around November 15 to finalize the performance reviews of the Legislative Auditor and Deputy Legislative Auditor; to consider approval of Mr. Nobles' appointment of the Deputy Legislative Auditor for the Financial Audit Division; and to continue discussion on an OLA housekeeping bill, the Single Audit proposal, and OLA budget options. She said there would be another meeting in December for the LAC to take action on the OLA housekeeping bill, Single Audit proposal, and OLA budget recommendations.

Representative Hansen asked Greg Hubinger, Legislative Coordinating Commission Director, to provide comments on his upcoming retirement. Mr. Hubinger shared his gratitude for the work of the commission and the Office of the Legislative Auditor (OLA), and specifically to Jim Nobles, Legislative Auditor, with whom he has worked for many years. Mr. Nobles and Representative Hansen both thanked Mr. Hubinger for his great work over his many years of service.

The meeting then turned to an update from Senator Mark W. Koran, Chair of the Executive Subcommittee, on the work plan and timetable for the performance reviews of the Legislative Auditor and Deputy Legislative Auditor. Senator Koran said that the new LCC Director, Michelle Weber, would facilitate the administrative aspects of the reviews in order to preserve the privacy of the performance reviews. He said the subcommittee requested that Mr. Nobles complete a self-assessment by October 9 and his review of the Deputy Legislative Auditor Judy Randall by October 16. Senator Koran said that he and Representative Hansen were looking for one republican and one DFL LAC member to volunteer to conduct the interviews of OLA senior staff. He added if there were no volunteers, he and Representative Hansen would conduct them. Senator Mary Kiffmeyer volunteered as the GOP member.

Next on the agenda were updates from OLA. Mr. Nobles introduced Lori Leysen as his selection as the Deputy of the Financial Audit Division (FAD). He said that the work of the FAD deputy is very challenging and that he is grateful Ms. Leysen is willing to take on the challenge. Ms. Leysen provided a brief overview of her work history and said that she appreciates the opportunity to be the new deputy. Mr. Nobles said that he intends for Ms. Leysen to reach out to each member over the next month to provide an opportunity to get to know her. Mr. Nobles said that he would be requesting approval of his appointment of Ms. Leysen at the November LAC meeting.

The discussion turned to the proposal for OLA to discontinue its annual audit of the state's use of federal funds, also known as the "Single Audit." Mr. Nobles said that there is nothing in state law that requires the Single Audit to be conducted by OLA and that the federal funding to conduct the audit stays within the Executive Branch since it goes into the General Fund and not directly to OLA. Mr. Nobles said that OLA will spend more than 19,000 hours on the Single Audit during Fiscal Year 2021. Ms. Leysen explained that some of the FAD staff begin Single Audit work as early as August and continue until February or March, and all FAD staff focus on Single Audit work from January through March. Mr. Nobles said that Minnesota Management and Budget (MMB) Commissioner James Schowalter agreed to take on trying to find an independent audit firm to complete some of the Single Audit work.

There was discussion among the members about the Single Audit. Mr. Nobles said that even if OLA stops conducting the Single Audit, OLA would still have jurisdiction to audit federal funds from a state perspective. Further discussion led to Senator Ann H. Rest providing a motion to direct Mr. Nobles to continue to discuss moving the responsibility of completing the Single Audit to MMB and to invite Commissioner Schowalter or his designee to the November LAC meeting for further discussion on the proposal. Since the meeting was being held via Zoom conferencing web application, a verbal roll call vote was taken by the recording secretary. The motion passed unanimously.

The meeting turned to a brief discussion of possible budget options for FY 2022. It was agreed that decisions regarding the budget will largely depend on what ultimately happens with the proposal for OLA to discontinue the Single Audit work and the state's budget forecast. Thus, the commission chose to hold off on further budget discussion until the next meeting.

With no further business, Representative Hansen adjourned the meeting at 11:23 a.m.

Representative Rick Hansen, Chair

Shelly Gilb, Recording Secretary