

Minutes
LEGISLATIVE AUDIT COMMISSION
November 13, 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 Nick A. Frentz
Senator Mary Kiffmeyer
Senator Matt D. Klein
Senator Ann H. Rest

Member Absent:

Senator Michelle Benson

Representative Rick Hansen, Chair, called the Legislative Audit Commission (LAC) meeting to order at 1:09 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.

Representative Hansen said the first meeting item was to finalize the performance reviews of the Legislative Auditor and Deputy Legislative Auditor. He asked Michelle Weber, LCC Executive Director, to describe the process. Ms. Weber said that she was asked by the commission to work with Tom Bottern from the Senate and Patrick McCormack from the House to develop a process for conducting the performance review of Jim Nobles, Legislative Auditor. She said they developed a timeline for having the review done by November 15 in order to have it completed by Mr. Nobles' anniversary date of November 17. The review included a self-assessment by Mr. Nobles; a review of Judy Randall, Deputy Legislative Auditor, by Mr. Nobles; and interviews that were conducted by Senator Kiffmeyer and Representative Liebling of key Office of the Legislative Auditor (OLA) staff and an agency that had received both a Program Evaluation and a Financial Audit during the previous year. Ms. Weber said in addition, Representative Hansen and Senator Koran completed a template review of Mr. Nobles that was based on multiple criteria and factors.

Senator Koran was asked to provide a summary of the review. He thanked Ms. Weber for providing a process for conducting the reviews since this was the first time the commission had done one. He also thanked Senator Kiffmeyer and Representative Liebling for volunteering to conduct the personnel and agency interviews. Senator Koran said that the outcome of the review was that Mr. Nobles exceeds expectations and is doing a good job running the office.

Representative Hansen asked Mr. Nobles to provide a summary of the review of Ms. Randall as Deputy Legislative Auditor for the Program Evaluation Division. Mr. Nobles said that the deputies are important to carrying out the functions of the divisions. He said that he really appreciates the work of Ms. Randall, and that she has been with OLA for a long time and has worked her way up. Mr. Nobles said that Ms. Randall excels in all areas of her work, and he thanked her for that. Ms. Randall thanked the commission for the opportunity to continue in her position.

Next on the agenda was to consider approval of Mr. Nobles' appointment of Lori Leysen as the Deputy Legislative Auditor for the Financial Audit Division (FAD). Mr. Nobles said that FAD has been without a deputy for several months and that he is grateful that Ms. Leysen is willing to take on this difficult and challenging job. He provided a brief summary of Ms. Leysen's work history and stated that she is a CPA.

Senator Rest moved to approve the appointment of Lori Leysen as FAD Deputy Legislative Auditor. Ms. Leysen thanked Mr. Nobles for appointing her to the position, and then gave a brief statement of her plans for the division moving forward. A verbal roll call vote was taken by the recording secretary. The motion passed unanimously.

Representative Hansen moved to the next item on the agenda, which was to hear from Minnesota Management and Budget (MMB) regarding OLA's proposal for the Single Audit. He called on Cindy Farrell, MMB Assistant Commissioner, and Eric Hallstrom, MMB Deputy Commissioner, to address the members. Mr. Hallstrom said that the state is required to have a Single Audit, but it is not required to be conducted by OLA. He said that there are a mix of different ways other states approach conducting the Single Audit, and there is no magic answer. He said that changing who conducts the Single Audit would mean redirecting where the funds go. Ms. Farrell provided an explanation of how the funding works and what might need to happen if OLA does not conduct it. There was a great deal of discussion among the members regarding the Single Audit. Mr. Hallstrom stated that MMB does not have a position on the proposed Single Audit change, and he understands why the suggested change has been proposed. Representative Hansen thanked the MMB commissioners for their time and explanations. He said the information provided today would help in the commission's ongoing discussions on the subject.

The meeting turned to a discussion of possible OLA budget options for FY 2022. Mr. Nobles said that even though there could be budget cuts in the future, he needs to be an advocate for OLA and is asking for the LAC's guidance on how to approach the budget request. It was noted that OLA's final budget proposal will largely depend on the outcome of the Single Audit proposal. Representative Hansen confirmed that the commission would need to submit a proposal before the Governor submits his budget by the end of January.

Representative Hansen moved to the final agenda item, which was a discussion on the OLA housekeeping bill. Mr. Nobles outlined each proposed change to OLA's statutes. It was determined that since some items will move more quickly than others through the legislative process, they should be separated so that the more controversial housekeeping items can stand alone and not hold up the other items that would likely move more quickly. Mr. Nobles said that he would write the preliminary draft bill language and separate the items appropriately.

With no further business, Representative Hansen adjourned the meeting at 3:07 p.m.

Representative Rick Hansen, Chair

Shelly Gilb, Recording Secretary