

Minutes
LEGISLATIVE AUDIT COMMISSION
May 26, 2021

Members Present:

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

Senator Michelle Benson
Senator Nick A. Frentz
Senator Mary Kiffmeyer
Senator Mark W. Koran
Senator Ann H. Rest

Member Absent:

Senator Matt D. Klein

Senator Koran, Chair, called the Legislative Audit Commission (LAC) meeting to order at 10:02 a.m. He said the purpose of the meeting was to hear a report briefing on *Department of Human Services: Behavioral Health Grants Management*, which was released in March 2021.

Senator Koran introduced Lori Leysen, Deputy Legislative Auditor, Financial Audit Division, with the Office of the Legislative Auditor. Ms. Leysen said the report being discussed was an internal controls and compliance audit of the Behavioral Health Division at the Department of Human Services (DHS), specifically related to grants management. Ms. Leysen introduced Valerie Bombach, Audit Director, to provide the details of the report.

Ms. Bombach provided background on the Behavioral Health Division (BHD) and the types of behavioral health grants that BHD awards. Ms. Bombach said the audit found that DHS did not comply with legal requirements and state policies related to grant oversight. The audit also found that internal controls over the areas in the audit scope were not adequate to ensure that DHS safeguarded assets. The report recommends that DHS should (1) conduct a required risk assessment of BHD's oversight of grants; (2) design, implement, and maintain effective internal controls to administer grants and ensure compliance with state policy and law; (3) make and preserve required documentation related to grant oversight; (4) ensure BHD staff have necessary skills and knowledge; and (5) comply with the Department of Administration's Office of Grants Management policies and procedures and legal requirements for the grant award process and oversight of grants and payments.

Senator Koran asked the clerk to take the roll; all members were present except for Senator Klein.

Jodi Harpstead, DHS Commissioner, addressed the LAC members, stating that the OLA audit confirmed many of the same conclusions that DHS had found in their own audit of BHD. She also noted appreciation of OLA for acknowledging in the report the concurrent work DHS had done. Commissioner Harpstead provided information on the current work DHS is doing to improve their processes, including process controls for their grants contracts.

After some discussion, Senator Koran adjourned the meeting at 11:25 a.m.

Senator Mark W. Koran, Chair

Shelly Gilb, Recording Secretary