

Minutes
AUDIT SUBCOMMITTEE
Legislative Audit Commission
February 9, 2018

Members Present:

Representative Sondra Erickson
Representative Tina Liebling (via phone)
Senator Michelle Benson
Senator Ann H. Rest

Other Members Present:

Representative Rick Hansen

Senator Ann Rest called the Legislative Audit Commission (LAC) Audit Subcommittee meeting to order at 12:02 p.m. The purpose of the meeting was to introduce the new Deputy Legislative Auditor for the Financial Audit Division (FAD) and to hear presentations on two FAD reports. Senator Rest noted that Representative Tina Liebling was joining the meeting via speakerphone.

Jim Nobles, Legislative Auditor, gave a brief introduction of Chris Buse, the new FAD Deputy Legislative Auditor. Mr. Nobles said that Mr. Buse had been in the office for about eight weeks, and that he was doing a good job. He said that at a recent staff meeting, Mr. Buse had laid out his plans for the division. Mr. Nobles said that FAD has very talented yet limited staff and a vast jurisdiction for completing audit work. Therefore, he appreciates Senator Rest holding the meeting and providing input.

Chris Buse explained what he did during his first weeks at the Office of the Legislative Auditor. He said that he talked to LAC members to find out what they are interested in to help him decide the direction of the division. Mr. Buse explained that 62 percent of the division's work is required by law, which leaves 38 percent of their work as discretionary. He also said that FAD staff need to be specialists rather than generalists and that he was in the process of reorganizing the division by lines of business. Mr. Buse said that the division struggles with having only one IT person currently on staff, and addressing the onslaught of special requests.

Mr. Buse turned to a presentation of the *Information Technology Change Management Controls* audit. He said that MNIT had generally adequate controls over IT change management, but that there were several systemic issues. Mr. Buse said that the Office of the Legislative Auditor (OLA) recommended that MNIT (1) more closely integrate disparate change management processes and software products, and (2) deploy specialized software to improve the ability to detect unauthorized changes. The following three representatives from MNIT addressed the subcommittee and answered questions: Aaron Call, Assistant Commissioner and CISO; John Hoenigschmit, Director; and Jon Eichten, Legislative Liaison.

Mr. Buse moved on to a brief presentation of *Professional/Technical Contract Expenditures* audit at the Department of Administration. He said that the department had generally adequate controls over PT contracts and provided adequate oversight. However, several internal control and compliance issues existed. Mr. Buse said that OLA recommended the following: (1) the Pollution Control Agency (PCA) should review all rates for additional overpayments, recover money inappropriately paid, and obtain documentation to substantiate charges; (2) the departments of Corrections, Human Services, and PCA should comply with retainage requirements to protect state interests; and (3) the departments of Corrections, Education, Human Services, Transportation, and PCA should submit required contract reports, and the Department of Administration should more proactively monitor compliance with contract reporting statutes. Senator Rest said that the subcommittee did not need to hear from the department because she could see from their response in the report that they had already initiated correcting the issues.

Mr. Nobles thanked the subcommittee for holding the meeting. With no further business, Senator Rest adjourned the meeting at 1:15 p.m.

Senator Ann H. Rest, Audit Subcommittee Chair

Shelly Gilb, Recording Secretary