

**Minutes**  
**AUDIT SUBCOMMITTEE**  
**Legislative Audit Commission**  
**November 13, 2019**

Audit Subcommittee Members Present:

Senator Mary Kiffmeyer  
Senator Ann H. Rest  
Representative Sondra Erickson

Other LAC Members Present:

Senator Mark W. Koran

Audit Subcommittee Members Absent:

Senator Michelle Benson

Senator Mary Kiffmeyer called the Legislative Audit Commission (LAC) Audit Subcommittee meeting to order at 10:05 a.m. The purpose of the meeting was to discuss two Financial Audit Division (FAD) reports, (1) *Board of Architecture, Engineering, Land Surveying, Landscape Architecture, Geoscience and Interior Design*; and (2) *Minnesota Management and Budget, US Bank Stadium Reserve Account*. Senator Kiffmeyer introduced Chris Buse, Deputy Legislative Auditor for the Financial Audit Division.

Mr. Buse stated that the two audit reports being discussed were the first two of ten discretionary audits being conducted by FAD. In addition to the discretionary audits currently underway, FAD is also working on nine statute-required audits. Mr. Buse explained that the discretionary audit topics are picked with the help of legislators, complaints, and topics that the Legislative Audit Commission are interested in. The audit of the Board of Architecture, Engineering, Land Surveying, Landscape Architecture, Geoscience and Interior Design was audited as a result of a topic that an LAC member suggested.

Mr. Buse introduced Scott Tjomsland who was the audit director for this audit. Mr. Tjomsland introduced the four audit findings along with the audit recommendations disclosed in the report. Mr. Tjomsland explained that all the board's receipts go directly to the General Fund. One of the audit findings, which was noted in FAD's 2006 audit report to the board, was that the board collected fees that significantly over-recovered the costs of its operations. Senator Kiffmeyer inquired if the board's fees have stayed the same over the years. Mr. Tjomsland said that the executive director of the board would be the better person to answer that question.

Senator Kiffmeyer introduced Doreen Johnson, the executive director for the board. Ms. Johnson stated that the board has reduced its appropriations. Ms. Johnson stated that there has been an increase in licensees, currently 20,000 on a biennial basis. However, the board will no longer be getting fees from applicants for license renewals since the applicants now go directly to their respective national associations for these renewals. Senator Kiffmeyer suggested that the board may want to consider depositing funds in a special appropriations fund instead of the General Fund.

The next item on the agenda was the discussion on the Minnesota Management and Budget's (MMB) US Bank Stadium Reserve Account. Mr. Buse introduced Ryan Baker who was the audit coordinator for the audit. Mr. Buse told the committee that this audit was conducted based on a complaint. The complaint alleged that MMB inappropriately withdrew \$20 million from the reserve account. The audit found no basis for the complaint; however, Mr. Buse stated that, though MMB complied with the law, a thorough audit was needed to assist the Legislature in understanding the US Bank Stadium Reserve Account.

Mr. Buse stated that gambling tax revenue has significantly increased. Gambling tax revenues are increasing about \$7 million per year. This account balance will grow to \$193 million by 2023 if no changes are made. In regards to the account, Mr. Buse notified the subcommittee that there really is no

account set up for the US Bank Stadium Reserve. The account balances are portrayed on a paper spreadsheet managed by MMB. The audit noted that even though OLA found no errors in the spreadsheet, the audit questioned if the Legislature intended the reserve account be only portrayed on a spreadsheet.

Senator Kiffmeyer invited Myron Frans, the commissioner of MMB, to answer questions regarding this report. Mr. Frans told the Audit Subcommittee that the reserve account is unbelievably complex accounting, and MMB has no authority to withdraw money from this account without legislative approval. Senator Kiffmeyer told Commissioner Frans that she would like to meet with him in two to three weeks regarding this spreadsheet. Commissioner Frans agreed and responded that the spreadsheet will show the transparency.

Senator Kiffmeyer adjourned the meeting at 11:25 a.m.

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Senator Mary Kiffmeyer, Audit Subcommittee Chair

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Mary Moser, Recording Secretary