

Minutes
EXECUTIVE SUBCOMMITTEE
Legislative Audit Commission
July 31, 2013

Members Present:

Representative Michael Beard, Chair
Representative Rick Hansen
Representative Mary Liz Holberg

Senator Warren Limmer
Senator Roger J. Reinert
Senator Ann H. Rest

Other Legislators Present:

Senator Mary Kiffmeyer

Representative Beard, Chair, called the meeting of the Executive Subcommittee of the Legislative Audit Commission (LAC) to order at 2:05 p.m. The purpose of the meeting was to hear a presentation on the Office of the Legislative Auditor's (OLA) budget.

Representative Beard called on Jim Nobles, Legislative Auditor. Mr. Nobles explained that several years ago OLA had been an organization of 80 employees and now has only 60 employees. He said OLA is not trying to recoup the 20 positions it lost but is only trying to maintain 60 employees and fund salary increases. He said the budget process for OLA was difficult this year because it did not receive the final budget information from the Legislative Coordinating Commission (LCC) until June 28; two days prior to the beginning of the new fiscal year. Mr. Nobles said that some of OLA's challenges are audit mandates, audit coverage, and staff turnover. About half of the office's resources is used to complete the Comprehensive Annual Financial Report (CAFR) for the Minnesota Department of Management and Budget every year. He said that OLA needs to evaluate whether it is the best choice for OLA to continue doing the CAFR because it leaves only about four months in the year for the office to audit the rest of the agencies, Legacy Funds, and the Health Care Exchange.

Mr. Nobles said that the current budget process creates several issues. First, it diminishes OLA's relationship with the LAC. The LAC appoints and reappoints the Legislative Auditor so it should have some involvement in OLA's budget allocation. Second, it diminishes direct participation of the Legislative Auditor in OLA's budget. The LCC has no relationship with the Legislative Auditor; therefore, it should not make budget decisions for the OLA. Thirdly, OLA is not given a line-item appropriation. The Legislative Auditor has no opportunity to give a presentation to provide information on OLA's budget needs. Lastly, OLA received its budget allocation from the LCC late in the fiscal year. Mr. Nobles made two recommendations to resolve these budget issues: 1) the Legislative Auditor should present OLA's budget to the Legislative Audit Commission, and 2) the Legislature should provide OLA with a line-item appropriation.

Representative Beard called Greg Hubinger, Director of the Legislative Coordinating Commission, to speak on how OLA's budget got moved from a line-item appropriation to being part of the LCC's appropriation. Mr. Hubinger said that it was not a change in law; rather, about six years earlier, the State Government Finance Committee gave the function to the LCC. Representative Beard said that during the upcoming legislative session, members of the LAC will move this suggestion through the process to get it changed.

With no further business, Representative Beard adjourned the meeting at 2:32 p.m.

Representative Michael Beard, Chair

Shelly Watterud, Recording Secretary