



LEGISLATIVE AUDIT COMMITTEE 67th Montana Legislature

SENATE MEMBERS

Jason Ellsworth
John Esp
Pat Flowers
Tom Jacobson
Tom McGillvray
Mary McNally

HOUSE MEMBERS

Kim Abbott
Denise Hayman
Emma Kerr-Carpenter
Terry Moore
Matt Regier
Jerry Schillinger

COMMITTEE STAFF

Deb Butler - Attorney
Angus Maciver - Legislative Auditor
Candace Radovich - Secretary

MINUTES LOG

June 08, 2021
Room 317
Helena, Montana

Please note: This document is a Minutes Log and provides annotation of the time elapsed between the beginning of the meeting and the time at which the item was presented or discussed, a motion was made, or a vote was taken. The narrative presented here is provided only as a guide to the audio or video recording of the meeting. The official discussion, motion, or vote is available on the audio or video archive of this meeting. The Legislature does not prepare a transcript of the meeting activities. The time designation may be used to locate the referenced discussion on the audio or video recording of this meeting.

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MEMBERS PRESENT:

Rep. Denise Hayman, Chair (D)
Sen. Jason Ellsworth, Vice Chair (R)
Rep. Kim Abbott (D)
Sen. John Esp (R)
Sen. Pat Flowers (D)
Sen. Tom Jacobson (D)
Rep. Emma Kerr-Carpenter (D)
Sen. Tom McGillvray (R)
Sen. Mary McNally (D)
Rep. Terry Moore (R)
Rep. Matt Regier (R)
Rep. Jerry Schillinger (R)

MEMBERS EXCUSED:

MEMBERS ABSENT:

STAFF PRESENT:

Deb Butler, Attorney
Angus Maciver, Legislative Auditor
Candace Radovich, Secretary

VISITORS' LIST n/a
n/a

CALL TO ORDER

08:34:58 Chair Hayman called day two of the meeting to order at 8:34 a.m. noting the presence of a quorum.

LAD OPERATING PLAN APPROVAL

08:35:34 Presented by Legislative Auditor Maciver ([EXHIBIT 7](#))

Committee Questions of Staff

08:42:08 Rep. Moore asked Legislative Auditor Maciver to address the appropriations related to AARPA.

08:45:03 Rep. Moore asked Legislative Auditor Maciver how many FTE the division had.

08:46:47 Sen. McNally asked Legislative Auditor Maciver about AARPA commissions.

08:48:10 Sen. Ellsworth pointed out some broken links on LAD's recruitment page.

Motion

08:49:11 Sen. Flowers moved the committee accept the LAD operating plan for the 2021 biennium

Vote:

08:49:11 Carried unanimously by voice vote.

08:49:40 Legislative Auditor Maciver briefed committee members on the LAD specialist Reserve Account.

Motion

08:53:22 Rep. Schillinger moved the committee transfer remaining FY21 Carry Forward funds to the LAD Specialist Reserve Account.

Vote:

08:53:22 Carried unanimously by voice vote.

COMMITTEE EDUCATION

08:54:09 Presented by Deborah F. Butler, Legal Counsel ([EXHIBIT 8](#))

Committee Questions of Staff

09:04:14 Sen. McNally thanked Ms. Butler and noted the information was interesting.

09:04:38 Rep. Hayman asked Ms. Butler about the transition of the State Auditor to Legislative Auditor. Legislative Auditor Maciver also added to the conversation.

09:08:17 Sen. McGillvray inquired of Ms. butler about changing the name of the State Auditor's Office.

09:10:57 Sen. Ellsworth reminded the committee to always go through the chair.

09:11:49 Sen. Esp asked Ms. Butler about law library transcripts.

09:23:56 Sen. Ellsworth asked Ms. Butler about the committee receiving reports before audit hearings.

09:25:40 Sen. Ellsworth addressed committee members regarding discussion of audits prior to audit hearings.

09:28:17 Sen. McNally asked Ms. Butler for the link to the constitutional convention transcripts.

09:28:41 Legislative Auditor Maciver reminded members to leave their committee education binders so they could continue to be filled.

MONTANA STATE UNIVERSITY (19-11B)

09:30:08 Presented by Alexa O'Dell, CPA, Financial-Compliance Audit Manager.
Present from university:
Dr. Waded Cruzado, President

Terry Leist, VP, Administration & Finance
Janelle Booth, Director, Government Affairs
Aaron Mitchell, Assistant VP, Financial Services.

Committee Questions of Staff

09:33:34 Rep. Moore asked Ms. O'Dell about the university's compensated absences.

09:36:09 Sen. McGillvray asked about the Game Wardens' and Peace Officers' Retirement System. The question was deferred to the university.

Agency Response

09:37:59 Presented by President Cruzado.

Committee Questions of Agency

09:40:42 Sen. McGillvray asked President Cruzado about the additional building need for the Gallatin college.

09:44:54 Sen. McGillvray asked President Cruzado what programs were offered.

09:48:34 Sen. Flowers spoke on the hospitality program.

Public Comment

None

Motion

09:49:29 Sen. Flowers moved the Committee acknowledge receipt of the audit report, that it was reviewed by the Committee, filed, and that copies of the audit report be distributed in accordance with law.

UNIVERSITY OF MONTANA (19-10B)

09:50:43 Presented by Jeane Carstensen-Garrett, CPA, Financial-Compliance Audit Supervisor.

Present from university:

Seth Bodnar, President

Paul Lasiter, VP. Operations & Finance

Anta Coulibaly, Director, Internal Audit & Enterprise Risk

Committee Questions of Staff

None

Agency Response

09:55:00 Presented by President Bodnar.

Committee Questions of Agency

09:56:31 Rep. Hayman asked President Bodnar about the Missoula college.

10:03:23 Sen. Esp asked President Bodnar about the new building for the Missoula college.

10:05:12 **Committee Request:** Sen. Esp asked President Bodnar to provide the committee in writing what their capacity to grow by enrollment in the Missoula building in the next 8 years would be. (committee members received an email 6/29/21)

10:05:42 Sen. McGillvray asked President Bodnar about the potential new forestry building and was interested in the fire science.

Public Comment

None

Motion

10:11:33 Sen. McNally moved the Committee acknowledge receipt of the audit report, that it was reviewed by the Committee, filed, and that copies of the audit report be distributed in accordance with law.

Vote:

10:11:33 Carried unanimously by voice vote.

Break

Reconvened at 10:24:26.

MONTANA FACILITY FINANCE AUTHORITY (20-12)

10:24:46 Presented by Courtney P. Johnson, CPA, Financial-Compliance Audit Supervisor.
Present from agency: Adam Gill, Executive Director

Committee Questions of Staff

10:29:41 Rep. Moore asked Ms. Johnson about loans and outstanding bonds.

Agency Response

10:30:50 Presented by Director Gill.

Committee Questions of Agency

10:31:53 Sen. Flowers asked Director Gill about the emergency loan interest rates.

Public Comment

None

Motion

10:33:21 Sen. Esp moved the Committee acknowledge receipt of the audit report, that it was reviewed by the Committee, filed, and that copies of the audit report be distributed in accordance with law.

Vote:

10:33:25 Carried unanimously by voice vote.

JUDICIAL BRANCH (20-27)

10:34:11 Presented by Courtney P. Johnson, CPA, Financial-Compliance Audit Supervisor.
Present from agency: Beth McLaughlin, Court Administrator

Committee Questions of Staff

10:38:46 Sen. Esp asked Ms. Johnson how many FTE were IT related.

10:39:28 Rep. Moore asked Ms. Johnson about unspent budget authority.

10:42:53 Rep. Moore noted that this subject would be good to add to the committee education.

Agency Response

10:43:27 Presented by Ms. McLaughlin

Committee Questions of Agency

10:44:18 Sen. Esp asked Ms. McLaughlin how many FTE were dedicated to IT/Records Management.

Public Comment

None

Motion

10:45:13 Sen. Flowers moved the Committee acknowledge receipt of the audit report, that it was reviewed by the Committee, filed, and that copies of the audit report be distributed in accordance with law.

Vote:

10:45:13 Carried unanimously by voice vote.

STATE AUDITOR'S OFFICE (20-20)

10:46:03 Presented by Delsi Osmanson, Financial-Compliance Audit Supervisor. Present from agency: Troy Downing, Commissioner of Securities and Insurance;

Committee Questions of Staff

10:50:06 Sen. McGillvray asked Ms. Osmanson for clarification on the local assistance money. He had a follow-up question regarding statutory requirements for pensions. Legislative Auditor Maciver suggested the question be deferred to Ms. Jorgenson.

Agency Response

10:55:45 Presented by Commissioner Downing.

Committee Questions of Agency

10:58:17 Ms. Litschauer took the podium to answer Sen. McGillvray's previous question about local assistance money. Sen. McGillvray stated he could follow-up possibly on the phone with the agency to make sure he understood.

10:59:33 Committee Request: Sen. McGillvray asked Ms. Litschauer about major tax revenue. Chair Hayman requested the information be distributed to the entire committee. (committee was emailed 6/2/21)

Public Comment

None

Motion

11:01:16 Sen. McGillvray moved the Committee acknowledge receipt of the audit report, that it was reviewed by the Committee, filed, and that copies of the audit report be distributed in accordance with law.

Vote:

11:01:22 Carried unanimously by voice vote.

Break

Reconvened at 11:11:36

PERFORMANCE AND INFORMATION SYSTEMS SCOPES & OBJECTIVES (EXHIBIT 9)

PROBATION AND PAROLE DIVISION

11:14:49 Presented by Alyssa Sorenson, Senior Management & Program Analyst.

Committee Questions of Staff

None

EGOVERNMENT SERVICES

11:15:58 Presented by Hunter McClure, Associate Information Systems Auditor.

Committee Questions of Staff

11:17:43 Rep. Moore asked when the report would be completed.

LOTTERY SECURITY

11:18:27 Presented by Tyler J. Julian, Associate Information Systems Auditor.

Committee Questions of Staff

None

UNIVERSITY SECURITY

11:22:35 Presented by Amanda Sayler, Senior Information Systems Auditor.

Committee Questions of Staff

11:23:57 Sen. Flowers asked Ms. Sayler when the last data security audit was done.

11:24:24 **Committee Request:** Sen. Flowers for a comparison of the university systems security versus the rest of state government security. Once the audit was complete.

DEPARTMENT OF JUSTICE (20-18)

11:31:37 Presented by Leslie Lahti, Associate Financial-Compliance Auditor.

Present from agency:

Austin Knudsen, Attorney General

Natacha Bird, Fiscal Bureau Chief

Stephanie Cote, Administrator, Central Services

Committee Questions of Staff

None

Agency Response

11:37:09 Presented by Attorney General Knudsen.

Committee Questions of Agency

11:38:27 Sen. Esp asked Attorney General Knudsen why the Motor Vehicle Division was part of the Department of Justice and if there was any thought for legislation to change that.

Public Comment

None

Motion

11:42:03 Sen. Flowers moved the Committee acknowledge receipt of the audit report, that it was reviewed by the Committee, filed, and that copies of the audit report be distributed in accordance with law.

Vote:

11:42:05 Carried unanimously by voice vote.

MONTANA STATE LOTTERY (19-30B)

11:42:54 Presented by Leslie Lahti, Associate Financial-Compliance Auditor.

Present from agency: Scott Sales, Director
Armond Sergeant, Director of Accounting
Bryan Costigan, Director of Security.

Committee Questions of Staff

None

11:49:41 Sen. Esp looked for clarification from Ms. Lahti on term lengths for the director position during the period the audit took place.

Agency Response

11:50:38 Presented by Director Sales.

Committee Questions of Agency

11:51:20 Sen. McGillvray asked Director Sales about unclaimed tickets. The question was deferred to Mr. Sergeant.

11:52:56 Sen. McGillvray asked Ms. Sergeant if the Lottery was able to track who the people were that did not collect.

Public Comment

None

Motion

11:54:16 Sen. Esp moved the Committee acknowledge receipt of the audit report, that it was reviewed by the Committee, filed, and that copies of the audit report be distributed in accordance with law.

Vote:

11:54:22 Carried unanimously by voice vote.

11:54:54 Sen. Esp asked Legislative Auditor Maciver if LAC members were allowed to play the lottery.

Lunch

11:57:58 Reconvened at 12:49:50

OFFICE OF THE GOVERNOR AND LIEUTENANT GOVERNOR (20-23)

12:50:02 Presented by Mary Currin, Senior Financial-Compliance Auditor.

Present from agency:
Kurt Alme, Director
Errolyn Lantz, Centralized Services Administrator
Sonia Powell, Senior Budget Analyst.

12:50:50 Sen. Jacobson left the meeting.

Committee Questions of Staff

None

Agency Response

12:54:42 Presented by Director Alme.

Committee Questions of Agency

12:55:57 Sen. McGillvray asked Director Alme about the Public Service Commission appropriations. The question was deferred to Ms. Lantz.

12:58:27 Sen. McGillvray asked Ms. Lantz about the unspent budget authority.

Public Comment

None

Motion

12:59:49 Rep. Moore moved the Committee acknowledge receipt of the audit report, that it was reviewed by the Committee, filed, and that copies of the audit report be distributed in accordance with law.

Vote:

12:59:49 Carried unanimously by voice vote.

INFORMATION SYSTEMS PRIORITIZATION RESULTS CY2021

13:00:44 Presented by Miki Cestnik, Information Systems Audit Manager. (EXHIBIT 10)

Committee Questions of Staff

13:09:36 Sen. Esp asked Ms. Cestnik to keep the committee apprised of MERLIN issues.

13:10:37 Rep. Hayman asked Ms. Cestnik if any of the systems discussed talked to each other.

13:11:47 Legislative Auditor Maciver commented on the Department of Justice audit topic.

PERFORMANCE AND INFORMATION SYSTEMS AUDIT STATUS UPDATE

13:14:13 Presented by William Soller, Deputy Legislative Auditor. (EXHIBIT 11)

Committee Questions of Staff

13:17:51 **Committee Request:** Sen. Flowers asked Mr. Soller to explain table 2 in the sage grouse memo. (Mr. Soller walked Sen. Flowers through the table)

13:19:19 Mr. Soller went over the memo regarding the Gambling Control Division memo that addressed why there would be no performance audit. (EXHIBIT 12)

Committee Questions of Staff

13:20:23 Rep. Hayman asked Mr. Soller to explain what he meant by the program was regulated well. The question was deferred to Amber Robbins, Management and Program Analyst Supervisor.

DEPARTMENT OF MILITARY AFFAIRS (20-25)

13:22:32 Presented by Jennifer Erdahl, CPA, Financial-Compliance Audit Manager. (EXHIBIT 13)

Present from agency:

Major General J. Hronek, Adjutant General

Jennifer Garber, Chief Financial Officer

Sundi West, Deputy Director

Leslie White, Construction Facility Management Officer

Delila Bruno, Disaster and Emergency Services Division Administrator

Committee Questions of Staff

13:31:28 Sen. Flowers asked Ms. Erdahl about the annual time certification form.

13:32:06 Rep. Hayman asked Ms. Erdahl about the services EMT's provided to the community.

Agency Response

13:33:26 Presented by Major General J. Peter Hronek.

