



# OFFICE OF THE STATE AUDITOR



## Legislative Audit Committee

January 26, 2016

### Minutes

A meeting of the Legislative Audit Committee (LAC) was convened on January 26, 2016, at 7:02 a.m., in Hearing Room B (Audit Hearing Room), Legislative Services Building. Chair Nordberg called the meeting to order. The roll was called with the following result:

**PRESENT:** Senator Carroll, Senator Holbert, Senator Jahn, Senator Neville, Representative Nordberg, Representative Primavera (arrived 7:06 a.m.), Representative Ryden, Representative Saine

The following legislator, Office of the State Auditor (OSA) staff, and agency staff were in attendance:

**OTHER LEGISLATOR PRESENT:** Representative Tracy Kraft-Tharp

**OSA STAFF PRESENT:** Dianne E. Ray, State Auditor; Monica Bowers, Matt Devlin, Kerri Hunter, Deputy State Auditors; Nina Frant, Kara Trim, Michelle Colin, Andrew Knauer

**AGENCY STAFF PRESENT:** Dr. Larry Wolk, Rachel Herlihy, Colorado Department of Public Health and Environment; Jason Gelender, Esther van Mourik, Office of Legislative Legal Services

DIANNE E. RAY, CPA  
STATE AUDITOR

**7:02 a.m. – Immunization Program – Use of Tobacco Settlement Funds**  
**7:57 a.m. Department of Public Health and Environment**  
**Performance Audit, January 2016**

A motion was made by Representative Saine and seconded by Senator Holbert to release the *Immunization Program – Use of Tobacco Settlement Funds, Department of Public Health and Environment, Performance Audit* (January 2016). The motion passed by a vote of 7-0.

Following introductions and opening remarks, Monica Bowers, Nina Frant, and Kara Trim provided an overview of the audit.

**7:06 a.m.** Representative Primavera arrived.

Recommendation 1 was reviewed, discussed, and agreed to by staff from the Colorado Department of Public Health and Environment (CDPHE). Further discussion ensued regarding the three CDPHE staff who served on the Board of Directors of the nonprofit immunization coalition which CDPHE contracts with, creating conflicts of interest, and steps CDPHE has taken to address this issue and ensure similar issues do not occur throughout the Department.

Recommendation 2 was reviewed, discussed, and agreed to by staff from CDPHE. Further discussion ensued regarding the CDPHE procurement process, review of department contracts by the Office of the State Controller, and amendments to the vendor contract that increased the financial obligation of the State from \$235,000 to \$1.1 million.

Recommendation 3 was reviewed, discussed, and agreed to by staff from CDPHE. CDPHE assured the Committee that the necessary actions were taken to address the conflicts of interest discussed in the audit.

Ms. Trim reviewed the policy considerations from the audit. CDPHE stated that it is currently seeking legislation to “clean up” statute regarding the school entry immunization requirements and the role of CDPHE.

**7:57 a.m. GENERAL BUSINESS**

### **Minutes**

A motion was made by Senator Holbert and seconded by Representative Saine to approve the Minutes from January 12, 2016. The motion passed by a vote of 8-0.

## 2016 SMART Government Act Audit Plan

Ms. Bowers provided an overview of the 2016 SMART Government Act Audit Plan. A motion was made by Senator Holbert and seconded by Representative Ryden to adopt the Audit Plan. The motion passed by a vote of 8-0.

## Legislation Discussion

Matt Devlin, Michelle Colin, and Jason Gelender, Senior Attorney, Office of Legislative Legal Services, provided an overview of the revised Bill Draft LLS No. 16-0239.01, *Concerning the Reestablishment of a Standing Efficiency and Accountability Committee (EAC) by the State Transportation Commission, and, in Connection Therewith, Expanding the Membership and Responsibilities of the Committee*. Further discussion ensued regarding how the EAC would ensure there are no conflicts of interest.

A motion was made by Representative Saine and seconded by Senator Holbert to move the revised Bill Draft to Bill Paper. The motion passed by a vote of 8-0.

The Bill will start in the House.

Sponsors:                   Representatives Saine and Primavera  
                                      Senators Holbert and Neville

Co-Sponsors:           Representatives Nordberg and Ryden  
                                      Senators Carroll and Jahn

Ms. Bowers and Andrew Knauer provided an overview of the proposed amendments to Bill Draft LLS No. 16-0453.01., *Concerning the Administration of the Property Tax Exemptions for Qualifying Seniors and Disabled Veterans*:

- (1) Specify that information sharing between the Property Tax Administrator (Administrator) and CDPHE will be for the purposes of identifying any individuals who have died since they last received the tax exemption;
- (2) Clarify the information sharing role of the Department of Revenue (DOR) by explaining that the Administrator will request information from DOR pertaining only to those individuals who have applied for the tax exemption, and that DOR will only share certain information regarding those individuals with the Administrator;

- (3) Delay the changes to certain application and notification deadlines associated with the Senior and Disabled Veteran Property Tax Exemption Program until 2017 to ensure that the deadlines contained in the property tax notices mailed to property owners for the current tax year remain in effect;
- (4) Include the requirement for county clerks and recorders to give notice of County Board of Equalization hearings for property tax exemption denials in the changes to deadlines that will take effect in 2017.

A motion was made by Representative Primavera and seconded by Representative Ryden to adopt the amendments. The motion passed by a vote of 8-0. The Bill Draft was previously moved to Bill Paper at the December 8, 2015, LAC hearing: there were no changes to the sponsorship of the Bill.

Esther van Mourik, Senior Attorney, Office of Legislative Legal Services, provided an overview of two proposed amendments to Senate Bill 16-050, *Concerning a Hold Harmless Provision for Retailers Liable for any Money Payable as a Result of an Incorrect Location Code Assigned by the Department of Revenue*:

- (1) Amend the requirement for business addresses to conform to the United States Postal Service's address database, and instead require that "retailers provide an address that correctly indicates the location of the business".
- (2) Clarify that this bill will apply to the current and "any successor system used by DOR to identify the local sales taxes that a retailer is required to collect and remit based on the business location".

The Committee consented to the amendments.

#### **Other Business**

State Auditor Dianne E. Ray stated that the initial research for the audit request on Connect for Health Colorado (C4HC), as approved at the January 12, 2016, LAC hearing, will be ready and presented at the February 9, 2016, LAC hearing. Further, she stated that the OSA will post information about the audit request on the OSA website.

