****OFFICE

OF THE STATE AUDITOR

Legislative Audit Committee

March 7, 2017

Minutes

A meeting of the Legislative Audit Committee (LAC) was convened on March 7, 2017 at 8:00 a.m. in the Legislative Services Building, Hearing Room B (Audit Hearing Room). Chair Kraft-Tharp called the meeting to order. The roll was called with the following result:

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| **PRESENT:** | Senator Donovan, Senator Jahn, Representative Kraft-Tharp, Senator Neville, Representative Nordberg, Representative Saine, Senator Smallwood (arrived at 8:02 a.m.), Representative Winter |
| The following legislator, Office of the State Auditor (OSA) staff, and agency staff were in attendance: |
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| **OTHER LEGISLATOR PRESENT:** | Representative Kimmi Lewis |
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| **OSA STAFF PRESENT:** | Dianne E. Ray, State Auditor; Monica Bowers, Deputy State Auditor; Nina Frant, Jenny Page, Trey Standley |
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| **ALSO PRESENT:** | Matthew Scott, Eric Meyers, Department of Revenue; Robert Jaros, Office of the State Controller |

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| **8:00 a.m. – 8:47 a.m.** | **GENERAL BUSINESS** |
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| **Approval of Minutes from February 21, 2017** |
| A motion was made by Representative Saine and seconded by Representative Nordberg to approve the Minutes from February 21, 2017. The motion passed by a vote of 8-0. |
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| **Status Report**  |
| Following introductions and opening remarks, Trey Standley provided an overview of the *Local Sales Taxes, Department of Revenue, Performance Audit* (November 2015)*.*Matthew Scott and Eric Meyers provided an overview on the implementation status of recommendations addressed to the Department of Revenue regarding local sales taxes. Further discussion ensued regarding the status of exceptions identified in the audit. |
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| **Commuting Use of State-Owned Vehicles Bill Draft** |
| Nina Frant provided highlights of the *Commuting Use of State-Owned Vehicles, Performance Audit* (November 2016) to provide context for discussion of the Bill Draft*.* Discussion ensued regarding criteria utilized for designating employees as commuters, and for identifying agencies to include in the audit.Ms. Frant provided an overview of Bill Draft LLS No. 17-0712 *Concerning the Assignment of State-Owned Motor Vehicles*. Further discussion ensued regarding resources necessary to implement the changes in proposed legislation, and questions regarding DPA’s role in oversight of the commuting process. A motion was made by Representative Nordberg and seconded by Vice-Chair Neville to lay the bill draft over until the March 21, 2017 LAC hearing in order to allow time for LAC Members to meet with OSA staff to clarify the cost-efficiency of state vehicles used for commuting. The motion passed by a vote of 8-0. |
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| **Conservation Easement Tax Credit Program Bill Draft** |
| Jenny Page provided an overview of the feedback integrated into the Conservation Easement Tax Credit Bill Draft LLS No. 17-0798.01 *Concerning measures to ensure that the conservation easement income tax credit helps the state meet its established conservation needs,* and highlighted options outlined in the bill draft text*.* Further discussion ensued regarding the need to include additional relevant stakeholders in reviewing the proposed legislation. A motion was made by Representative Saine and seconded by Senator Jahn to lay the bill draft over until the March 21, 2017 LAC Hearing. The motion passed by a vote of 8-0.  |
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| **Office of the Child’s Representative Audit Request** |
| Monica Bowers provided an overview of the evaluation for a request for an audit related to the Office of the Child’s Representative. A motion was made by Chair Kraft-Tharp and seconded by Representative Saine to approve the request for a performance audit of the Office of the Child’s Representative. The motion passed by a vote of 8-0. |
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| **Proposed Exemption to the Recovery Audit Process** |
| State Auditor Ray provided an overview of a request for exemption for the Department of Health Care Policy and Financing (DHCPF) to the recovery audit managed by the Office of the State Controller (OSC). A motion was made by Senator Smallwood, and seconded by Senator Donovan to approve the request for exemption. The motion passed by a vote of 8-0. |
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| **Proposed 2017 Legislative Audit Committee Interim Calendar** |
| State Auditor Ray requested feedback from Committee Members on the revised Proposed 2017 Interim Calendar. An updated proposed interim calendar incorporating suggested schedule changes will be sent to LAC Members by email to solicit feedback, and voted on by the Committee at the March 21, 2017 Legislative Audit Committee hearing. |
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| **8:47 a.m.** | There being no further business to come before the LAC, the hearing adjourned. The next scheduled hearing is March 14, 2017 at 7:00 a.m. in Legislative Services Building, Hearing Room B (Audit Hearing Room)**.** |

Minutes submitted by: Marcie Jacobs

 Executive Assistant to the State Auditor

 Office of the State Auditor