Legislative Audit Committee  
July 29-30, 2019  
Minutes

Day 1 – July 29, 2019

A meeting of the Legislative Audit Committee (LAC) convened on July 29, 2019 at 10:00 a.m. in the Legislative Services Building, Audit Hearing Room B. Senator Nancy Todd called the meeting to order. Roll was called with the following result:

Committee Members
Representative Rod Bockenfeld, Senator Rhonda Fields, Representative Tracy Kraft-Tharp, Senator Dennis Hisey, Representative Dafna Michaelson Jenet, Senator Jack Tate, Representative Lori Saine (Vice Chair), Senator Nancy Todd (Chair)

The following Office of the State Auditor (OSA) staff and others attended:

OSA
Dianne E. Ray, State Auditor, Kerri Hunter, Deputy State Auditor, Carleen Armstrong, Jenny Atchley, Madeline Beasley, Crystal Dorsey, Dana Dove, Greg Fugate, Fermina Hebert, John Kelly, Jenny Page, Amber Spencer, Brad Walcher
Other Attendees

Department of Treasury
Dave Young, State Treasurer
Bianca Gardelli, Director of Unclaimed Property

Colorado Department of Education
Alan Dillon, Associate Commissioner School Quality and Support
Aaron Oberg, Director of School Finance

Thompson School District
Gordon Jones, Chief Financial Officer

West Grand School District
Darrin Peppard, Superintendent
Martha Schake, Director of Finance and Human Resources

Governor’s Office of Information Technology
David McCurdy, Chief Technology Officer
Peter Bangas, Public Safety Communications Network Manager

10:00 a.m.:
Division of Unclaimed Property Performance Audit, Department of the Treasury, July 2019


Brad Walcher provided an overview of the report. Madeline Beasley and Ferminia Hebert discussed the report.

Recommendation #1 was reviewed, discussed, and agreed to by the Division of Unclaimed Property. Discussion ensued regarding security of personal information submitted online by claimants, the Division’s response time to claims, and ease of use of the online claim process.

Recommendation #2 was reviewed, discussed, and agreed to by the Division of Unclaimed Property. Discussion ensued regarding the effectiveness of email notifications solely replacing paper mail notifications.
Recommendation #3 was reviewed, discussed, and agreed to by the Division of Unclaimed Property. Discussion ensued regarding the number of staff working in the Division and selling property on eBay.

Recommendation #4 was reviewed, discussed, and agreed to by the Division of Unclaimed Property. A statement prepared by the Division regarding the Division’s accounting discrepancy was read.

General Business
Minutes
Rep. Michaelson Jenet made a motion to approve the June 10-11, 2019, LAC hearing minutes and Sen. Fields seconded the motion. The motion passed unanimously.

12:00 p.m.: Recess

1:30 p.m.:
Fiscal Health Analysis Informational Report, Colorado School Districts, Fiscal Years 2016-2018


Crystal Dorsey provided an overview of the report. Dana Dove presented the report. Discussion ensued regarding solvency, arbitrage, funding issues, communication with district parents and taxpayers, and financial considerations for school districts.

2:15 p.m.:
Public Safety Radio Communications System Performance Audit, Governor’s Office of Information Technology, June 2019


John Kelly and Amber Spencer presented the report. Brief discussion ensued regarding the coordination between the Office and school districts.

The audit team did not identify any problems with the areas related to the System and did not have any audit recommendations.
3:00 p.m.:  

Following opening remarks and introductions, discussion ensued regarding concerns with the cost of the project and accountability of staff working on the project, as well as, to what degree women and minority vendors are selected to do this work.

3:30 p.m.:  
**Executive Session Pursuant to Section 24-6-402(3)(a)(III), C.R.S.**

A motion was made to move into Executive Session Pursuant to Sections 24-6-402(3)(a)(III), C.R.S. to review matters regarding the Fraud Hotline Pursuant to Section 2-3-100.5 C.R.S. and it was seconded. It passed unanimously.

4:00 p.m.: **Recess**
Day 2 – July 30, 2019

The LAC reconvened at 9:00 a.m. in Hearing Room B of the Legislative Services Building. Sen. Todd called the meeting to order and roll was taken with the following result:

Committee Members

Representative Rod Bockenfeld, Representative Tracy Kraft-Tharp, Senator Paul Lundeen, Representative Dafna Michaelson Jenet, Senator Jack Tate, Representative Lori Saine (Vice Chair), Senator Nancy Todd (Chair)

The following Office of the State Auditor (OSA) staff and others attended:

OSA

Dianne E. Ray, State Auditor, Monica Bowers, Deputy State Auditor Kerri Hunter, Deputy State Auditor, Dana Berry, Pooja Tulsian

Other Attendees

Colorado Public Employees’ Retirement Association
Ron Baker, Executive Director
Amy C. McGarrity, Chief Investment Officer
Tim O’Brien, PERA Board Chairman

Segal Consulting
Matt Strom, FSA, MAAA, EA; Vice President and Actuary
Brad Ramirez, FSA, MAAA, EA; Vice President and Actuary
Melissa Krumholz, FSA, MAAA; Senior Health Consultant

CliftonLarsonAllen
Thomas Rey, Partner

Office of the Child’s Representative
Chris Henderson, Executive Director
Sheri Danz, Deputy Director
Mark Teska, Chief Operating Officer

Department of Health Care Policy and Financing
Kim Bimestefer, Executive Director
Marviel Klueckman, Eligibility Division Director
Rachel Reiter, External Relations Director
9:00 a.m.

**Colorado Public Employees’ Retirement Association (PERA) Reports:**

- Colorado Public Employees’ Retirement Association Comprehensive Annual Financial Report (CAFR) Financial for the Year Ended December 31, 2018
- Colorado Public Employees’ Retirement Association Financial Audit Year Ended December 2018


Thomas Rey presented the report. Discussion ensued regarding the method of plan design, accountability, and governance of PERA, as well as, the perception of whether investment assumptions and projections are being met.

Actuaries presented their information. Discussion ensued regarding active versus inactive participants, trends over time, comparisons to other states and systems, consideration of mortality rates and career mobility, retiree liability versus other funding models, governance structure and performance, and the Board’s strategic plan for portfolio risk rate.

11:00 a.m.

**Status Report: The Office of the Child’s Representative Performance Audit, September 2018**

Following opening remarks and introductions, comments were made regarding the importance of this audit and that most audit recommendations have been fully or partially implemented. Commendations were made regarding the good work of the Office.

**HCPF Medicaid Eligibility Findings Status Update**

Following opening remarks and introductions, a verbal status update was provided. A brief discussion ensued regarding the Department’s certification of trainers.

**Legislative Matrix**

Monica Bowers presented the Legislative Matrix.
A motion was made by Rep. Michaelson Jenet to move forward on a bill draft related to the recommendations in the legislation matrix from the Commuting audit and it was seconded by Rep. Kraft Tharp. It passed unanimously.

A motion was made by Rep. Michaelson Jenet to take legislative action to amend the auditor's statutes and address the attorney-client privilege issue and it was seconded by Rep Saine. It passed unanimously.

A discussion ensued regarding the need to clarify legislative action regarding notification requirements to unclaimed property owners and the possibility that recent legislation may not have fully addressed the issue. No motion was made or voted on. Instead, it was determined that further discussion with the Treasurer’s Office was needed and a subcommittee was appointed.


National State Auditor Association Award
Auditor Dianne Ray shared that the Office of the State Auditor, Tax Expenditure team was awarded the 2019 NSAA Excellence in Accountability Award (Special Project).

12:00 p.m.: Hearing Adjourned

Minutes submitted by: Angela Rick
Executive Assistant
Office of the State Auditor