Legislative Audit Committee
September 18-19, 2019
Minutes

Day 1 – September 18, 2019

A meeting of the Legislative Audit Committee (LAC) convened on September 18, 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, Representative Tracy Kraft-Tharp, Senator Pete Lee, Senator Paul Luncture, Representative Mike Weissman, Representative Lori Saine (Vice Chair, arrival 10:10 a.m.), 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, Matt Devlin, Deputy State Auditor, Kevin Amirehsani, Michelle Colin, Greg Fugate, Vickie Heller, Kate Shirolf, Kate Sabott, James Stout, James Taurman, Kim Tinnell
Other Attendees
- Colorado Civil Rights Commission
  - Dr. Miguel R. Elias, Chair
- Colorado Department of Regulatory Agencies
  - Patty Salazar, Executive Director
  - Aubrey L. Elenis, Colorado Civil Rights Division, Director
- Department of Revenue
  - Lu Cordova, Executive Director
  - Brendon Reese, Senior Director, Taxation Division
  - Jim Burack, Director, Marijuana Enforcement Division
  - Kyle Lambert, Deputy Director, Marijuana Enforcement Division
- BerryDunn
  - Bill Brown, Principal
- Governor's Office of Information Technology
  - William Chumley, Chief Customer Officer

10:03 a.m.
School Safety, Department of Education, Department of Law, Department of Public Health and Environment, Department of Public Safety, September 2019

Sen. Lundeen made a motion to release the School Safety, Department of Education, Department of Law, Department of Public Health and Environment, Department of Public Safety, September 2019 Performance Audit. Rep. Kraft-Tharp seconded the motion and the motion passed unanimously.

10:05 a.m.
Management of Civil Rights Discrimination Complaints, Colorado Civil Rights Commission, Colorado Civil Rights Division, August 2019


Following opening remarks and introductions, Vickie Heller, Kate Shiroff and Kate Sabott presented the report.

Recommendation #1 was reviewed, discussed, and agreed to by the Colorado Civil Rights Division.

Discussion ensued regarding expedited processes, comparison to other jurisdictions’ timeline.
standards, the potential of bias resulting due to the nature of the Division’s complaint process, Board training, and the Division’s newly created training materials and methods, investigative tools, and full-time investigator positions.

Recommendations #2 and #3 were reviewed, discussed, and partially agreed to by the Colorado Civil Rights Commission and the Division. Discussion ensued regarding time extension requests initiated by the Division rather than by the complainant and respondent parties, communication procedures with parties to protect parties’ time extension rights, and new policies to ensure timeliness of claim processing.

Recommendation #4 and #5 were not presented or discussed.

Recommendation #6 was reviewed, discussed, and partially agreed to by the Colorado Civil Rights Commission. Discussion ensued regarding the degree to which the Commission operates in a transparent and accountable manner, as well as, abides by the rules and policies as required by statute.

**General Business**

**Minutes**

Sen. Todd made a motion to approve the July 29-30, 2019, LAC hearing minutes. Rep. Kraft-Tharp seconded the motion and the motion passed unanimously.

12:15 p.m.: **Recess**
1:30 p.m.
**Evaluation of the Colorado Department of Revenue’s Use of Marijuana Inventory Tracking Data, August 2019**

Sen. Todd made a motion to release the *Evaluation of the Colorado Department of Revenue’s Use of Marijuana Inventory Tracking Data, August 2019* report. Rep. Kraft-Tharp seconded the motion and the motion passed unanimously.

Following opening remarks and introductions, Bill Brown presented the report. Discussion ensued regarding the potential tax liability risk unique to the marijuana industry because it is a cash only business, how self-regulation within the marijuana industry leads to greater success for the industry, and the use of radio frequency identification (RFID) tags to track marijuana inventory from seed to sale.

Recommendation #1 was reviewed, discussed, and agreed to by the Department of Revenue.

2:30 p.m.
**Tax Expenditures Compilation Report, September 2019**

Following opening remarks and introductions, Michelle Colin provided an overview of the *Tax Expenditures Compilation Report, September 2019*. James Taurman, James Stout, Kevin Amirehsani, and Kim Tinnell presented the report.

3:20 p.m.

Following opening remarks and introductions, Matt Devlin provided a summary of the report and the OIT representative provided the status report. Discussion ensued regarding concerns with why many of the audit recommendations have not been completed on time. OIT will discuss these recommendations and implementation status with the Joint Technology Committee in October and with the LAC again in November.

3:30 p.m.: Recess
Day 2 – September 19, 2019

The LAC reconvened at 9:00 a.m. in Hearing Room A 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 (arrival 9:04 a.m.), Senator Dennis Hisey, Representative Tracy Kraft-Tharp, Senator Paul Lundeen, Senator Robert Rodriguez, Representative Mike Weissman, 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, Nina Frant, Derek Johnson, Laura Russell, Heidi Wagner, Meghan Westmoreland

Other Attendees

Department of Education
Dr. Katy Anthes, Commissioner of Education

Department of Law
Matt Baca, Director of Community Engagement

Department of Public Health and Environment
Jill Hunsaker Ryan, Executive Director

Department of Public Safety
Jana Locke, Deputy Executive Director

Department of Human Services
Minna Castillo Cohen, Director, Office of Children, Youth, and Families
Anders Jacobson, Director, Division of Youth Services
9:03 a.m.
School Safety, Department of Education, Department of Law, Department of Public Health and Environment, Department of Public Safety, September 2019

Following opening remarks and introductions, Nina Frant and Heidi Wagner presented the School Safety, Department of Education, Department of Law, Department of Public Health and Environment, Department of Public Safety, September 2019 Performance Audit.

The audit team did not have any audit recommendations.

Discussion ensued regarding remote school districts’ access to school safety resources, how to better utilize the Colorado School Safety Resource Center (CSSRC) to centralize and coordinate school safety efforts, the importance of more effective collection and utilization of data, as well as how school safety is a complex issue that requires a holistic approach especially regarding bullying and suicide prevention.

10:55 a.m.
Child Welfare Expenditure Audit Request
Auditor Dianne E. Ray explained that after researching the requested topic, the Office of the State Auditor would not be able to obtain the information requested by the Joint Budget Committee (JBC) for the audit, therefore the JBC withdrew their request for this audit.

11:00 a.m.
Division of Youth Services Reporting Performance Audit, January 2019, Status Report
Following opening remarks and introductions, Derek Johnson provided a summary of the audit and the Department representative provided a status report. All audit recommendations have been implemented.

11:10 a.m.
Legislation: Office of the State Auditor Access to Attorney-Client Privilege Bill Draft

Rep. Kraft-Tharp requested that stakeholders be contacted regarding the bill. Auditor Ray will provide an update at the November hearing.

11:20 a.m.

Legislation: Unclaimed Property Subcommittee Report
The Unclaimed Property Subcommittee did not meet to discuss possible legislation. A brief discussion ensued regarding possible legislation around notification, timelines, and verifications required to get unclaimed property back to owners.

11:29 p.m.

Governance: Required Communication with Those Charged with Governance
Deputy Auditor Kerri Hunter presented the required communications with those charged with governance. This communication included the following areas: 1) planned audit scope, including statewide risk areas, 2) fraud, and 3) the Office of the State Auditor’s responsibilities under professional standards.

11:45 p.m.: Hearing Adjourned

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