



Legislative Audit Committee October 14, 2024 Minutes

The Legislative Audit Committee (LAC) convened a hearing on October 14, 2024, at 9:01 a.m. in the Old Supreme Court Chambers. Representative Lisa Frizell called the meeting to order. Roll was called with the following members present or excused:

Committee Members

Representative Gabe Evans, Senator Julie Gonzales (remote), Representative William Lindstedt, Senator Dafna Michaelson Jenet, Senator Byron Pelton (LAC temporary replacement for Senator Kevin Van Winkle), Senator Rod Pelton, Representative Andrew Boesenecker (Vice Chair), Representative Lisa Frizell (Chair)

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

OSA

Kerri L. Hunter, State Auditor; Michelle Colin, Deputy State Auditor; Marisa Edwards, Deputy State Auditor; Crystal Dorsey, Gina Faulkner, Nina Frant, Samuel Greenidge, Derek Johnson, Hudson Marsh, Chris McClain, Lynn Obremski, Jenny Page, Isaiah Rodriguez, Maya Rosochacova, Laura Russell, Kate Shiroff, Riley Staples, Sierra Tanner, Stefanie Winzeler

Other Attendees

Colorado Civil Rights Commission
Sergio Cordova, Chair

Colorado Lottery
Tom Seaver, Senior Director
Jennifer Anderson, Deputy Senior Director
Nancy Bartosz, Controller

Department of Agriculture

Hollis Glenn, Deputy Commissioner of Operations

Mark Gallegos, Inspection and Consumer Services Division, Division Director

Department of Education

Sheldon Rosenkrance, Chief District Operations Officer

Jennifer Okes, Chief School Operations Officer

Department of Health Care Policy & Financing

Kim Bimestefer, Executive Director

Department of Regulatory Agencies, Colorado Civil Rights Division

Aubrey C. Sullivan, Director

Jennifer McPherson, Deputy Director

Department of Revenue

Heidi Humphreys, Executive Director

Department of Transportation

Herman Stockinger, Deputy Director

Keith Stefanik, Chief Engineer

Emily Haddaway, Legislative Liaison

Office of Legislative Legal Services

Jed Franklin, Staff Attorney

Office of the State Controller

Robert Jaros, State Controller

Jeffrey Kahn, Director of Financial Reporting & Analysis

Regional Transportation District

Michael Davies, Government Relations Officer

Forvis Mazars, LLP

Christopher J. Telli, Partner

9:02 a.m.

Department of Regulatory Agencies, Colorado Civil Rights Commission and Civil Rights Division, Performance Audit, September 2024

Representative Boesenecker made a motion to release the *Department of Regulatory Agencies, Colorado Civil Rights Commission and Civil Rights Division, Performance Audit, September 2024*. Senator R. Pelton seconded the motion, and the motion passed unanimously.

Ms. Colin introduced self and staff.

Ms. Sullivan (*Department of Regulatory Agencies, Colorado Civil Rights Division*) introduced self and staff.

OSA Staff presented an overview of the audit.

Recommendation 1 was reviewed, discussed and agreed to by the Department of Regulatory Agencies (Department).

The Policy Consideration was reviewed and discussed by the Department.

Discussion ensued regarding the statute's requirements for fulfilling Commission seats, comparison of vacancies to other boards and commissions, and remote vs. in-person attendance and compensation.

9:33 a.m.

Department of Agriculture, Measurement Standards Program, Performance Audit, September 2024

Representative Boesenecker made a motion to release the *Department of Agriculture, Measurement Standards Program, Performance Audit, September 2024*. Senator R. Pelton seconded the motion, and the motion passed unanimously.

Ms. Colin introduced staff.

Mr. Glenn (*Department of Agriculture*) introduced self and staff

OSA staff presented an overview of the audit.

Recommendation 1 was reviewed, discussed, and agreed to by the Department of Agriculture (Department).

Discussion ensued regarding recruitment, training, and turnover of staff, updating standard operating procedures for completing inspection forms, and the process for ensuring repairs on scales are accomplished.

Recommendation 2 was reviewed, discussed, and agreed to by the Department.

Discussion ensued regarding staffing needs, and price verification processes.

Recommendation 3 was reviewed, discussed, and agreed to by the Department.

Discussion ensued regarding scales that are out of compliance.

Recommendation 4 was reviewed, discussed, and agreed to by the Department.

Discussion ensued regarding the process for responding to complaints.

10:21 a.m.

Colorado Department of Education, Colorado School Districts, Fiscal Health Analysis, Fiscal Years 2021-2023, Informational Report, September 2024

Representative Boesenecker made a motion to release the *Colorado Department of Education, Colorado School Districts, Fiscal Health Analysis, Fiscal Years 2021-2023, Informational Report, September 2024*. Senator R. Pelton seconded the motion, and the motion passed unanimously.

Ms. Edwards introduced self and staff.

Mr. Rosenkrance (*Colorado Department of Education*) introduced self and Ms. Okes, Chief School Operations Officer.

OSA staff presented an overview of the report.

10:53 a.m.

Schedule of TABOR Revenue, Fiscal Year 2024, Performance Audit, September 2024

Representative Boesenecker made a motion to release the *Schedule of TABOR Revenue, Fiscal Year 2024, Performance Audit, September 2024*. Senator R. Pelton seconded the motion, and the motion passed unanimously.

Ms. Edwards introduced staff.

Mr. Jaros (*Office of the State Controller*) introduced self.

Mr. Kahn (*Office of the State Controller*) introduced self.

OSA staff presented an overview of the audit.

Discussion ensued regarding changes from prior year in individual income tax revenue.

11:10 a.m.

Colorado Lottery, Financial and Compliance Audit, June 30, 2024 and 2023

Senator Michaelson Jenet made a motion to release the *Colorado Lottery, Financial and Compliance Audit, June 30, 2024 and 2023*. Senator R. Pelton seconded the motion, and the motion passed unanimously.

Ms. Edwards introduced staff and contractor.

Ms. Humphreys (*Department of Revenue*) introduced self and staff.

Mr. Telli (*Forvis Mezers, LLP*) presented an overview of the audit.

Discussion ensued regarding positive feedback on the audit results.

11:34 a.m.

Minutes

Senator Michaelson Jenet made a motion to approve the *August 5, 2024, LAC hearing minutes*. Senator R. Pelton seconded the motion, and the motion passed unanimously.

Department of Revenue, Colorado Lottery, Colorado Lottery Performance Audit, November 2023, Status Report

Ms. Colin introduced staff.

Mr. Johnson presented an overview of the report.

Mr. Seaver (*Colorado Lottery*) presented the status report.

11:39 a.m.

Department of Transportation, Alternative Delivery Contracting Methods, Performance Audit, March 2023, Status Report

Ms. Colin introduced staff.

Ms. Winzeler presented an overview of the report.

Mr. Stockinger (*Department of Transportation*) introduced self and staff, and presented the status report.

11:43 a.m.

Regional Transportation District Potential Legislation

Ms. Colin introduced self and staff.

Ms. Frant presented an overview of the potential legislation.

Representative Lindstedt made a motion to have staff work with the Office of Legislative Legal Services to prepare a bill draft. Senator Michaelson Jenet seconded the motion. A roll call vote was conducted, and the motion passed 7-0, with one excused. The results were as follows:

Representative Evans – Yes

Senator Gonzales – Yes

Representative Lindstedt – Yes

Senator Michaelson Jenet - Yes

Senator B. Pelton - Excused

Senator R. Pelton – Yes

Representative Boesenecker – Yes

Representative Frizell – Yes

11:49 a.m.

Local Government Audit Law Potential Legislation

Ms. Colin introduced staff.

Ms. Dorsey presented an overview of the potential legislation.

Mr. Franklin (*Office of Legislative Legal Services*) introduced self.

Representative Boesenecker made a motion to move the bill draft to bill paper, with permission to make technical changes. Senator Michaelson Jenet seconded the motion. A roll call vote was conducted, and the motion passed 8-0. The results were as follows:

Representative Evans – Yes

Senator Gonzales – Yes

Representative Lindstedt – Yes
Senator Michaelson Jenet - Yes
Senator B. Pelton - Yes
Senator R. Pelton – Yes
Representative Boesenecker – Yes
Representative Frizell – Yes

The legislation will start in the Senate. Senate co-prime sponsors were Senator Michaelson Jenet and Senator R. Pelton. House prime sponsor was Representative Lindstedt. Co-sponsors were Senator Gonzales, Senator B. Pelton, Representative Boesenecker, and Representative Frizell.

11:57 a.m.

Department of Public Health and Environment, Automobile Inspection and Readjustment (AIR) Program, Potential Legislation

Ms. Colin introduced staff.

Ms. Shiroff presented an overview of the potential legislation.

Discussion ensued regarding presentation of the AIR program details during the SMART Act hearings.

Representative Boesenecker made a motion to move the bill draft to bill paper, with permission to make technical changes. Senator R. Pelton seconded the motion. A roll call vote was conducted, and the motion passed 7-1. The results were as follows:

Representative Evans – Yes
Senator Gonzales – Yes
Representative Lindstedt – Yes
Senator Michaelson Jenet - Yes
Senator B. Pelton - No
Senator R. Pelton – Yes
Representative Boesenecker – Yes
Representative Frizell – Yes

The legislation will start in the House. House prime sponsor was Representative Boesenecker. Senate co-prime sponsors were Senator R. Pelton and Senator Gonzales. Co-sponsors were Representative Lindstedt, Representative Frizell, and Senator Michaelson Jenet.

12:03 p.m.

Department of Health Care Policy & Financing, Medicaid Recovery Audit Contractor Program, Update on Potential Legislation

Ms. Colin introduced staff.

Ms. Page presented an update on the potential legislation.

Discussion ensued regarding stakeholder concerns regarding the bill draft.

Ms. Bimestefer (*Department of Health Care Policy and Financing*) was introduced.

Discussion ensued regarding the processes for ensuring the Recovery Audit Contractor (RAC) vendor uses appropriate and reliable criteria when conducting RAC audits, , allowing providers more time to respond to audit findings based on the complexity of an audit, creating a tiered approach to compensating the vendor based on the complexity of the audit that is capped at the current limit of 18 percent, , establishing time frames for HCPF to reimburse providers for underpayments and errors in recovery, shortening the lookback period for audits to 3 years, holding additional feedback meetings between the Department of Health Care Policy & Financing (HCPF) and providers, and incorporating the additional items discussed during the hearing in the revised draft.

A revised draft of the bill, incorporating stakeholder feedback, will be presented at the December 9, 2024, hearing.

12:46 p.m.

Energy and Carbon Management Commission Audit Request

Auditor Hunter presented an overview of the *Energy and Carbon Management Commission Audit Request*. Representative Boesenecker presented additional background on the audit request.

Representative Boesenecker made a motion to approve the requested preliminary research time. Senator Michaelson Jenet seconded the motion. A roll call vote was conducted, and the motion failed on a tie vote. The results were as follows:

Representative Evans – Pass, No

Senator Gonzales – Yes

Representative Lindstedt – Yes

Senator Michaelson Jenet - Yes

Senator B. Pelton - No

Senator R. Pelton – No

Representative Boesenecker – Yes

Representative Frizell – No

12:50 p.m.

Proposed 2025 Session Calendar

The Committee was asked to review the Proposed 2025 LAC Session Calendar and submit any changes prior to the December 9, 2024, LAC hearing.

Hearing adjourned at 12:51 p.m.

Minutes submitted by:

Jayne Watson

Executive Assistant, Office of the State Auditor