



Legislative Audit Committee August 5, 2024 Minutes

The Legislative Audit Committee (LAC) convened a hearing on August 5, 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 Rhonda Fields (LAC temporary replacement for Senator Dafna Michaelson Jenet) (excused), Senator Julie Gonzales (remote and in-person), Representative William Lindstedt, Senator Rod Pelton, Senator Kevin Van Winkle (remote), Representative Andrew Boesenecker (Vice Chair) (remote), 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; Dana Berry, Duygu Day, Nina Frant, Zach Robertson, Trey Standley, Lily Welborn, Stefanie Winzeler

Other Attendees

Colorado Office of the State Public Defender

Megan Ring, Colorado State Public Defender
Lucienne Ohanian, Chief Deputy Public Defender

Colorado Public Employees' Retirement Association (PERA)

Andrew Roth, Chief Executive Officer/Executive Director (Remote)
Amy McGarrity, Chief Investment Officer/Chief Operating Officer (Remote)
Michael Steppat, Public & Government Affairs Manager

Department of Health Care Policy & Financing

Kim Bimestefer, Executive Director

Other General Assembly Member

Chris Kolker, Colorado State Senator (Remote)

Regional Transportation District

Erik Davidson, Chair, Board of Directors

Debra Johnson, General Manager and Chief Executive Officer

Douglas MacLeod, Chief Financial Officer

Segal

Brad Ramirez, Vice President and Actuary (Remote)

Matt Strom, Senior Vice President and Actuary

Melissa Krumholz, Vice President, Health Actuary

CliftonLarsonAllen LLP

Sean Walker, Principal

Brittany Smith, Manager (Remote)

9:02 a.m.

Regional Transportation District, Fiscal Governance, Performance Audit, July 2024

Senator Pelton made a motion to release the *Regional Transportation District, Fiscal Governance, Performance Audit, July 2024*. Representative Evans seconded the motion, and the motion passed unanimously.

Ms. Colin introduced self and staff.

Ms. Johnson (*Regional Transportation District*) introduced self and staff.

Erik Davidson (*Regional Transportation District*) introduced self.

Recommendation 1 was reviewed and discussed. Subparts A-B were agreed to by the Regional Transportation District (RTD), while Subpart C was partially agreed to by RTD.

Recommendation 2 was reviewed and discussed. Subparts A-B were agreed to by RTD, while Subpart C was partially agreed to by RTD.

Recommendation 3 was reviewed and discussed. Subpart A was partially agreed to by RTD, while Subparts B-D were agreed to by RTD.

Recommendations 4 and 5 were reviewed, discussed, and agreed to by RTD.

Discussion ensued regarding the use of the simplified budget, as well as access to the detailed budget.

Recommendation 6 was reviewed, discussed, and agreed to by RTD.

Recommendation 7 was reviewed and discussed. Subpart A was partially agreed to by RTD, Subpart B was agreed to by RTD, and Subpart C was disagreed to by RTD.

Recommendations 8 and 9 were reviewed, discussed, and agreed to by RTD.

Recommendation 10 was reviewed, discussed, and disagreed to by RTD.

10:22 a.m.

Judicial Branch, Office of the State Public Defender, Performance Audit, July 2024

Senator Gonzales made a motion to release the *Judicial Branch, Office of the State Public Defender, Performance Audit, July 2024*. Representative Lindstedt seconded the motion, and the motion passed unanimously.

Ms. Colin introduced staff.

Ms. Ring (*Colorado Office of the State Public Defender*) introduced self and staff.

Recommendation 1 was reviewed and discussed. Subparts A, B, and D were agreed to by the Office of the State Public Defender (Office), while Subpart C was partially agreed to by the Office.

Discussion ensued regarding analysis of attorney workloads, and how the 2023 Rand Study may have affected those workloads.

Recommendations 2 and 3 were reviewed, discussed, and agreed to by the Office.

11:10 a.m.

Public Employees' Retirement Association of Colorado (PERA) Reports:

- **Public Employees' Retirement Association of Colorado Annual Comprehensive Financial Report, For the Year Ended December 31, 2023**
- **Public Employees' Retirement Association of Colorado Financial Audit, Year Ended December 31, 2023**

Senator Pelton made a motion to release the *Public Employees' Retirement Association of Colorado, Financial Audit, Year Ended December 31, 2023*. Representative Lindstedt seconded the motion, and the motion passed unanimously.

Ms. Edwards introduced self and contractor.

Mr. Roth (*Colorado Public Employees' Retirement Association*) introduced self, staff, and actuaries.

CliftonLarsonAllen LLP staff presented an overview of the PERA Annual Comprehensive Financial Report and PERA Financial Audit.

Segal staff presented an overview of the actuarial report on the retirement and health plans.

Discussion ensued regarding the effect of increases in salaries and contributions on actuarial projections.

PERA staff presented an overview of the Public Employees' Retirement Association of Colorado Annual Comprehensive Financial Report, For the Year Ended December 31, 2023, investment performance, and 2024 legislation.

12:31 p.m.

Minutes

Senator Pelton made a motion to approve the *June 10, 2024, LAC hearing minutes*. Representative Evans seconded the motion, and the motion passed unanimously.

Required Communication to Those Charged with Governance

Senator Pelton made a motion to conduct an Executive Session in accordance with Section 24-6-402(3)(a)(III), C.R.S., to review the *Required Communication to Those Charged with Governance* (a work paper of the Fiscal Year 2024 Statewide Audit that is required to be kept confidential per Section 2-3-103(3), C.R.S.). Representative Evans seconded the motion, and the motion passed unanimously.

12:40 p.m.

Executive Session concluded

12:41 p.m.

Legislation

Ms. Colin presented an overview of legislation related to prior audits.

Ms. Colin presented potential legislation regarding the policy recommendation introduced during the June 10, 2024, presentation of the Evaluation of the Recovery Audit Contractor Program (RAC).

Ms. Bimestefer (*Department of Health Care Policy & Financing*) introduced self.

Discussion ensued regarding stakeholder relationships, JBC (*Joint Budget Committee*) involvement, administrative and appeals processes, and procedure for recouping funds caused by underbilling.

Representative Lindstedt made a motion to have staff work with Legislative Legal Services to prepare a bill draft. Representative Boesenecker seconded the motion. A roll call vote was conducted, and the motion passed 5-1, with two excused. The results were as follows:

Representative Evans – No

Senator Fields – Excused

Senator Gonzales – Yes

Representative Lindstedt – Yes

Senator Pelton – Yes

Senator Van Winkle – Excused

Representative Boesenecker – Yes

Representative Frizell – Yes

Ms. Colin presented potential legislation regarding the local government law, and possible changes to the thresholds for required audits and exemptions from audits.

Discussion ensued regarding the possibility for fraud should thresholds increase and entities thereby choose to be exempted from an audit.

Senator Pelton made a motion to have staff work with Legislative Legal Services to prepare a bill draft. Senator Gonzales seconded the motion. A roll call vote was conducted, and the motion passed 6-0, with two excused. The results were as follows:

Representative Evans – Yes

Senator Fields – Excused

Senator Gonzales – Yes

Representative Lindstedt – Yes

Senator Pelton – Yes

Senator Van Winkle – Excused

Representative Boesenecker – Yes

Representative Frizell – Yes

Ms. Colin presented potential legislation regarding the OSA’s statutory requirement to evaluate the AIR (*Automobile Inspection and Readjustment*) program at the Colorado Department of Health & Environment.

Discussion ensued regarding possible cost savings to the state government for discontinuing the OSA audit requirement given that there are other avenues available for sufficient oversight.

Representative Frizell made a motion to have staff work with Legislative Legal Services to prepare a bill draft. Representative Evans 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 Fields – Excused

Senator Gonzales – Yes

Representative Lindstedt – Yes

Senator Pelton – Yes

Senator Van Winkle – Yes

Representative Boesenecker – Yes

Representative Frizell – Yes

1:20 p.m.

Colorado Mine Subsidence Protection Program Audit Request

Ms. Colin presented an overview of the OSA research regarding the *Colorado Mine Subsidence Protection Program audit request*.

Senator Pelton made a motion to approve the audit request. Representative Lindstedt 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 Fields – Excused

Senator Gonzales – Yes

Representative Lindstedt – Yes

Senator Pelton – Yes

Senator Van Winkle – Yes

Representative Boesenecker – Yes

Representative Frizell – Yes

1:23 p.m.

**Department of Human Services, Division of Youth Services Reporting, Performance Audit,
July 2023, Status Report**

Ms. Colin presented an overview of the report.

Hearing adjourned at 1:24 p.m.

Minutes submitted by:

Jayne Watson

Executive Assistant, Office of the State Auditor