

MINUTES
AUDIT SUBCOMMITTEE
OF THE
LEGISLATIVE MANAGEMENT COMMITTEE

The Audit Subcommittee of the Legislative Management Committee met in Room W110, State Capitol Complex, Salt Lake City, Utah, December 13, 2006, from 3:30 p.m. until 5:30 p.m.

Committee Members Present: Speaker Greg J. Curtis, Co-Chairman
 President John L. Valentine, Co-Chairman
 Senator Mike Dmitrich
Excused Representative Ralph Becker

Legislative Audit Staff: John Schaff, Auditor General
 Rick Coleman, Deputy Auditor General
 Tim Osterstock, Audit Manager
 Darin Underwood, Audit Manager
 Maria Stahla, Audit Supervisor
 Kade Minchey, Lead Audit
 Aaron Eliason, Lead Audit
 Brandon Bowen, Sr. Performance Auditor
 David Pulsipher, Performance Auditor
 Tim Salazar, Performance Auditor
 David Gibson, IT Auditor
 Jeremy Little, Performance Auditor
 Lynda Maynard, Recording Secretary

Other Interested Parties: Scott Carver, Executive Director, Ut Dept of
 Corrections
 Christine Mitchell, Deputy Director, UDC
 Linda S. Whitney, Director, DHRM, UDC
 Robert Newman, Executive Director, Ut

Retirement Sys Dan Anderson, Legal Counsel, URS
 Kenneth F. Wynn, Director, Dept of Alcohol
 Beverage Control
 John G. Freeman, HR Manager, DABC
 Will Fowlke, UDC
 Rep Brad Dee, Utah House of Representatives
 Rep David Clark, Utah House of Representatives
 Kelly Atkinson, Fraternal Order of Police
 R. Mont Evans
 Craig Moody

Jeff Herring, Director, DHRM
Courtney White, UEA
David Walsh, CCJJ
Michele Christiansen, Governor's Office
Alan Choate, *Daily Herald*
Laura Seitz, *Deseret Morning News*
Winston Arnes, *KSL-TV*
Tonya Papanikolas, *KSL-TV*
And Other's as listed

1. Call to Order

Speaker Curtis called the meeting to order at 3:30 p .m.

2. Approval of Minutes

President Valentine made a motion that the minutes from the September 20th meeting be approved. The motion passed.

3a. A Performance Audit of Post-Retirement Re-employment

(Report #2006-11)

Presented by Maria Stahla, Audit Supervisor

Discussion following presentation:

Scott Carver, Executive Director, Utah Department of Corrections expressed his appreciation for the opportunity to reply to the audit, specifically issues raised in Chapter two.

Christine Mitchell, Deputy Director, Utah Department of Corrections addressed the following :

- Corrections has not knowingly or intentionally violated the intent of State Statute. The practice that is followed was established by the previous administration of Corrections and the Utah Retirement Systems. Corrections will abide by the intent of the State statute and any changes that the Legislature directs.
- What types of staff benefitted from the Retire/rehire program—Staff at all levels and in all job titles are eligible to retire and rehire inside the Department of Corrections.
- Has the State benefitted from the retire/rehire program—Corrections believes that the State has benefitted because it allows the State to retain well-qualified

and experienced staff who would have retired if not for this program.

Ken Wynn, Director, Department of Alcoholic Beverage Control (UABC) told the Audit Subcommittee that they had no intentions to manipulate the retire/rehire law. Any employee who had retired had met with the Utah Retirement System and the Department of Human Resources as well as PEHP and believed they were following the law concerning retirement and rehire.

Mr. Wynn said that most of their retired employees since 2000 did so as a result of House Bill 213. The employees wanted to preserve their medical benefits prior to 2006. He also said that it was never UABC management's intent to misled, manipulate or violate the spirit.

Robert Newman, Executive Director of the Utah Retirement System introduced Dan Anderson, URS' legal counsel and asked him to respond to the audit and recommendations.

Dan Anderson, Legal Counsel, URS, explained that they do not oppose any of the recommendations in the audit and believe that these recommendations would curb, if not eliminate, the retire/rehire problems that has been created.

Motion: President Valentine made a motion that the **Performance Audit of Post-Retirement Re-employment** (Report #2006-11), be accepted and referred to the Retirement & Independent Entities Appropriations Subcommittee and the Retirement & Independent Entities Interim Committee. The motion passed unanimously.

3b. A Performance Audit of the Utah Department of Corrections
(Report #2006-12)
Presented by Kade Minchey, Lead Auditor

Discussion following presentation:

Scott Carver, Executive Director, Utah Department of Corrections told the Audit Subcommittee that his department agrees with the recommendations of the audit regarding future administrative goals and direction and will continue the to work to implement the recommendations. Mr. Carver addressed these main points:

- The Carver administration has made staff their number one priority, by improving working conditions, pay, staff disciplinary processes, and communication.
- Correction's mission is to protect the public and provide offenders with the skills needed to become law abiding citizens.

- Corrections agrees that some staff believe in management favoritism and understand that it can detract from the effective and efficient operations at the Department of Corrections. Corrections will continue to address these issues and any other issues that may arise from staff.
- Corrections will work to implement and review the recommendations made in this audit and agree that there have been significant and important findings identified.
- Corrections is a very large department with a diverse population of employees and responsibilities. Corrections is a better department today than they were yesterday but are still working at being a better department tomorrow.

President Valentine asked if Corrections was going to tighten up their policy on vehicles being used for personal purposes. Also, what is to be done with officers who have gone five years without being properly certified?

Mr. Carver replied that Corrections' policy on vehicle use is that vehicles are for business use only, not for personal use and that the designation of commute versus law enforcement vehicles needs to be redefined.

Mr. Carver concluded by explaining that they have found that officer training hour deficits were, in some cases, not submitted as they were supposed to have been and that in a third of the cases, they were submitted but were caught in a backlog and had not been filed and recorded. Corrections is taking steps to resolve all of these issues and those cases that have gone for extended period of time are being addressed.

Motion: President Valentine made a motion that the **Performance Audit of the Utah Department of Corrections** (Report #2006-12) be approved and referred to the Law Enforcement & Criminal Justice Interim Committee and the Executive Offices & Criminal Justice Appropriations Subcommittee. Also that a follow-up of the Department of Corrections be conducted regarding the compliance of the recommendations made in this audit and reported back to the Audit Subcommittee in December 2007. The motion passed unanimously.

4. Audit Requests

President Valentine requested an audit of School Districts and their Accounting Controls. He believes that the Legislative Auditor needs to be involved in the process of what has been happening in the Davis School District—a failure in the system of checks and balances and malfeasance in office.

Speaker Curtis added that he would like the auditors to do a sampling of school districts to cover a large portion of the budget side of school districts and randomly look at what kinds of internal procedures are in place.

Motion: President Valentine made a motion that the audit request of School District Accounting Controls be approved and moved up to No. 1 on the Future Audits List. Also, that the following Previous Requested audit be prioritized as follows: No. 2 - Emergency Care in Utah; No. 3 - In-Depth Follow-up of SITLA; and, No. 4 - Cost of Education for Illegal Aliens. The motion passed unanimously.

6. Adjournment

Speaker Curtis adjourned the meeting at 5:30 p.m.