

**MINUTES
AUDIT SUBCOMMITTEE
OF THE
LEGISLATIVE MANAGEMENT COMMITTEE**

The Audit Subcommittee of the Legislative Management Committee met in Room 250, State Capitol Building, Salt Lake City, Utah, November 11, 2009 from 9:15 a.m. until 11:30 a.m.

Committee Members Present:	President Michael Waddoups, Co-Chairman Speaker David Clark, Co-Chairman Representative David Litvack
Excused	Senator Patricia W Jones
Legislative Audit Staff:	Rick Coleman, Deputy Auditor General Tim Osterstock, Audit Manager
Excused	John Schaff, Auditor General Darin Underwood, Audit Manager Lynda Maynard, Recording Secretary Nancy Johnson, Legis Secretary Maria Stahla, Audit Supervisor Brian Dean, Audit Supervisor Wayne Kidd, Audit Supervisor James Behunin, Audit Supervisor Ian Christensen, Performance Auditor Tim Bereece, Sr Performance Auditor August Lehman, Sr Performance Auditor Leslie Marks, Legis Lead Auditor Mandeep Gill, Intern Auditor
Other Interested Parties:	William E Harry, Director, VECC Scott Carver, Undersheriff, Salt Lake County Robert V. Newman, Executive Director, URS Richard White, President, UCAT Gary Wixom, Asst Commissioner of Academic Affairs, Office of the Commissioner of Higher Ed Mary Schumway, State Director, CTE, USOE Mike Veenendaal, Fire Operations Mgr., VECC Jeff Monson, VECC Christy Cushing, UPEA Greg Stauffer, USHE Roxann Cheever, SLC Police Dept Scott Atkinson, SLC Police Dept Darren Marshall, OCHE/USHE

Brian Foisy, VP, Finance, UCAT
Gigi Smith, Police Operations Mgr., VECC
Judy Lund, Retirement Director, URS
Todd Rupp, Deputy Executive Director, URS
Dan Andersen, Legal Counsel, Howard, Phillips & Andersen
Lance Brown, Director, Mgmt & Budget, SL County
Nicole Sherwood, Planning & Budget, GOPB
Jeff Herring, Executive Director, DHRM
Debbie Cragunm Admin Director, DHRM
Brock Vergakis, *Associated Press*
Lisa Riley Roche, *Deseret News*
Nate Carlisle, *SL Tribune*
Robert Gehrke, *SL Tribune*
and others as listed

1. Call to Order

Speaker Clark called the meeting to order at 9:15 a.m.

2. Approval of Minutes

Motion: Representative Litvack made a motion that the minutes from August 18, 2009 Audit Subcommittee meeting be approved. The motion passed unanimously.

3a. A Performance Audit of the Cost of Benefits for Reemployed Retirees and Part-Time Employees

(Report #2009-17)

Presented by Maria Stahla, Audit Supervisor
Brian Dean, Audit Supervisor

Discussion following Presentation

Robert Newman, Executive Director, Utah Retirement Systems (URS), addressed the concerns in the audit. He indicated that URS agrees that the recommendations will address the issues raised in the report. Mr. Newman continued by explaining the following:

- There is no question that change in the post retirement employment provisions would result in savings.
- URS supports the recommendation that changing the way the 401(k) contribution is made would help improve their funded status.
- URS believes that enforcing the six month separation, before rehiring a retired employee, would have a positive impact.

Motion: President Waddoups made a motion that the **Performance Audit of the Cost of Benefits for Reemployed Retirees and Part-Time Employees** (Report No. 2009-17) be accepted and referred to the Retirement and Independent Entities Interim Committee, and the Retirement and Independent Entities Joint Appropriations Subcommittee. The motion passed unanimously.

3b. A Performance Audit of the 9-1-1 System in Salt Lake County

(Report #2009-16)

Presented by Wayne Kidd, Audit Supervisor

Discussion following Presentation

William Harry, Executive Director, Salt Lake Valley Emergency Communications Center (VECC), presented the response to the audit report. Mr. Harry said that the audit results will be the basis for further discussions with the committees to determine appropriate solutions for fees and assessment schedules. Mr. Harry continued by telling the Audit Subcommittee that the recommendations concerning funding have been implemented for the current fiscal year and have satisfied most of the requirements.

Scott Carver, Undersheriff, Salt Lake County, addressed the Audit Subcommittee in behalf of Salt Lake County Mayor, Peter Caroon and Salt Lake County Sheriff, Jim Winder, who were unable to attend the meeting. Mr. Carver explained that communication is the number one requirement for the successful resolution of any major disaster and the audit has opened a discussion that allows the 9-1-1 committee and other emergency service groups to discuss and detail what is the appropriate and necessary number of primary PSAP's in the county.

Lance Brown, Budget Director, Salt Lake County, commented that his office also concurs with the audit findings, specifically the recommendation suggesting that the cost of dispatch service be charged out to those receiving the service.

Speaker Clark asked those representing VECC and Salt Lake County if anyone of them would take the initiative to find a more efficient manner to make the system more useful, with the end user in mind, and report back to the legislative committee, detailing the progress.

Mr Harry indicated that he would be willing to handle this project.

Motion: Representative Litvack made a motion that the **Performance Audit of the 9-1-1 System in Salt Lake County** (Report No. 2009-16) be accepted and referred to the Public Utilities and Technology Interim Committee and the Law Enforcement & Criminal Justice Interim Committee. The motion passed unanimously.

3c. A Performance Audit of Career and Technical Education Costs

(Report #2009-15)

Presented by James Behunin, Audit Supervisor

Discussion following Presentation

Responses were given by Richard White, President, Utah College of Applied Technology (UCAT), Dave Buhler, Associate Commissioner, Higher Education and Mary Shumway, Director of Career and Technical Education, Utah State Office of Education.

Mr White agrees with the audit finding that it is less expensive to deliver career and technical education through the ACTs than through the credit granting institutions, because faculty in the UCAT institutions are usually paid less, teach more, and overhead costs are generally lower. Also, UCAT feels there has been a very positive partnership between them and public education for many years. Mr. White concluded by telling the Audit Subcommittee that UCAT has already initiated an extensive policy review designed to address issues raised in the audit.

Mr. Buhler, representing Commissioner Sederburg, thanked the auditors for their insight and referred the Audit Subcommittee to the response prepared by Commissioner Sederburg at the back of the audit report.

Ms Shumway responded to questions concerning the Weighted Pupil Unit (WPU). Ms. Shumway said that USOE has had a great partnership/relationship with UCAT. However, there are some issues concerning fees students pay when they go to UCAT that USOE may want to address. The USOE administration and the school board will be working on some analysis with their UCAT partners to make sure they show actual costs.

Speaker Clark asked if the State Board of Education would return to the Audit Subcommittee with some type of statement or recommendation for adjusting school district funding for students who attend the ATC's.

Motion: Representative Litvack made a motion that the **A Performance Audit of Career and Technical Education Costs** (Report No. 2009-15) be accepted and referred to the Education Interim Committee and the Higher Education Joint Appropriations Subcommittee. The motion passed unanimously.

3d. Association Leave in Utah

(Report #ILR2009-B)

Note: This report was not presented; copies were available

4. New Audit Requests

Rick Coleman, Deputy Auditor General, asked committee members to approve the following new requests that have had survey work begun:

- Working 4 Utah Initiative, 4 Day Work Week
- Halfway House Programs
- School District Travel Accountability
- Charter School Oversight

Motion: President Waddoups made a motion that the following New Audit Requests be approved and moved to the Currently Staffed Audits:
Working 4 Utah Initiative, 4 Day Work Week
Halfway House Programs
School District Travel Accountability, (allowing the audit staff to use general accounting principles and not limit the scope)
Charter School Oversight
The motion passed unanimously.

Rick Coleman, also requested the Audit Subcommittee to approve additional audit work for audit teams that will be freed up from their current completed jobs.

Motion: President Waddoups made a motion that the new request for an audit of **ZAP Taxes** be approved and moved to the Number 2 position under Future Audits in Priority Order. The motion passed unanimously.

5. Adjournment

Speaker Clark adjourned the meeting at 11:30 a.m.

**MINUTES
AUDIT SUBCOMMITTEE
OF THE
LEGISLATIVE MANAGEMENT COMMITTEE**

The Audit Subcommittee of the Legislative Management Committee met in Room 250, State Capitol Building, Salt Lake City, Utah, August 18, 2009 from 3:00 p.m. until 5:00 p.m.

Committee Members Present: President Michael Waddoups, Co-Chairman
 Speaker David Clark, Co-Chairman
 Senator Patricia W Jones
 Representative David Litvack

Legislative Audit Staff: John Schaff, Auditor General
 Rick Coleman, Deputy Auditor General
 Tim Osterstock, Audit Manager
 Darin Underwood, Audit Manager
 Lynda Maynard, Recording Secretary
 Janice Coleman, Audit Supervisor
 Kade Minchey, Audit Supervisor
 Chris Otto, Auditor in Charge
 Broc Christensen, Sr Performance Auditor
 Deanna Herring, Audit Supervisor
 Candace Ware, Intern Auditor
 David Pulsipher, Legis Lead Auditor
 David Gibson, IT Auditor

Other Interested Parties: Dr David Sundwall, Executive Director, DOH
 Michael Hales, Director, Dept of Health (DOH)
 Nathan Checketts, Asst Director, Health Care Financing,
 DOH
 Tom Hudachko, Public Inform Specialists, DOH
 Deborah Turner, Govt Relations, DOH
 David Patton, Ph.D, Deputy Director, UDOH
 Shari Watkins, Director, Fiscal Operations, UDOH
 Blake Anderson, Asst Director, Health Care Finance
 Oscar Fuller, Health & Human Services (HHS)
 Brandon Bowen, Budget Analyst, GOPB
 Stephen Fletcher, CIO, Exec Director, DTS
 Kenneth G. Petersen, Chief Operating Officer, Deputy Dir.,
 DTS
 Dan J. Becker, Court Administrator, AOC
 Robert Steed, Asst Attorney General, Criminal Justice Div

Linda Nehring, Utah Health Policy Project
Dan Schuring, Dept of Workforce Services
Matt Peters, GIS, SDE Administrator, DTS
Daniel Frei, Chief Financial Officer, DTS
Teresa Garrett, Director, Div of Epidemiology, UDOH
Tenielle Young, Budget Analyst, GOPB
Aaron Kimbell, *KUTV*

1. Call to Order

Speaker Clark called the meeting to order at 3:00 p.m.

2. Approval of Minutes

Representative Jones made a motion that the minutes from the June 30, 2009 meeting be approved. The motion passed unanimously.

3a. A Performance Audit of Fraud, Waste, and Abuse Controls in Utah's Medicaid Program (Report #2009-12)

Presented by Kade Minchey, Audit Supervisor

Discussion following Presentation

Dr. David Sundwall, Executive Director, Utah Department of Health, expressed his appreciation for the audit work performed by the Auditor General's staff and for their objective analysis and recommendations that have been so helpful and insightful as the Dept of Health continues to look for improvements in their operation of the Medicaid Program. Dr. Sundwall went on to tell the Audit Subcommittee members that they have accepted all the recommendations and have begun the work required to implement them, with some of the changes already implemented; others will require additional planning, work, and in some cases, funding.

Michael Hales, State Medicaid Director, Utah Department of Health, added that he looked at this audit as an opportunity to improve and create an organizational unit that can be very productive and efficient. Mr. Hales said that as far as the systemic improvements, that may take a couple of years to develop and build.

Motion: Senator Jones made a motion that the **Performance Audit of Fraud, Waste, and Abuse Controls in Utah's Medicaid Program** (Report No. 2009-12) be accepted and referred to the Health and Human Services Interim Committee, the Health and Human Services Appropriations Subcommittee and that the audit staff do a statistical analysis follow-up to this audit. The motion passed unanimously.

3b. A Performance Audit of the Department of Technology Services

(Report #2009-13)

Presented by Christopher Otto, Auditor in Charge

Discussion following Presentation

Steve Fletcher, Executive Director, Department of Technology Services, explained that the points made in the audit were very appropriate as DTS is trying to improve the processes they have in place and the audit gave them a review of what had taken place and how much progress had been made since the inception of DTS.

Kenneth Petersen, Chief Operating Officer, Deputy Dir., DTS, responded to questions from the Audit Subcommittee by explaining that DTS is set up with an IT director who works with the executive directors of each agency to look for deficiencies and come up with technology solutions that would be appropriate and beneficial to the agency.

Motion: Representative Litvack made a motion that the **Performance Audit of the Department of Technology Services** (Report No. 2009-13) be accepted and referred to the Capitol Facilities and Government Operations Appropriation Subcommittee and the Public Utilities and Technology Interim Committee. The motion passed unanimously.

3c. A Performance Audit of the Conversion of Justice Courts to CORIS

(Report #2009-14)

Presented by Deanna Herring, Audit Supervisor

Discussion following Presentation

Daniel Becker, State Court Administrator, thanked the audit staff and said that they were pleased with the results of the audit and the recommendations that were made. The Courts have taken action to address all recommendations and are optimistic that they can have all Justice courts on board with the Court Records Information System (CORIS) by July 1, 2011.

Motion: Representative Litvack made a motion that the **Performance Audit of the Conversion of Justice Courts to CORIS** (Report No. 2009-14) be accepted and referred to the Judiciary, Law Enforcement and Criminal Justice Interim Committee and the Executive Offices and Criminal Justice Appropriations Subcommittee. The motion passed unanimously.

4. New Audit Requests

John Schaff, Auditor General, reported to the Audit Subcommittee that the requesters of the audits on Emergency Room Care and the Disability Law Center have asked that the audits be approved and moved forward.

Motion: President Waddoups made a motion that the request for an audit of Emergency Room Care be taken off “Hold” and placed as Job No. 3 under “Future Audits”. The motion passed unanimously.

President Waddoups asked Mr. Schaff to give a brief description of the audit request for Out-of-State Tuition for Universities.

Mr. Schaff explained that the requesters were trying to find out if students were coming into our area and establishing residency, for in-state tuition, when they were not really residents.

5. Adjournment

Speaker Clark adjourned the meeting at 5:00 p.m.

