

**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, Ut, January 18, 2011 from 3:45 p.m. until 5:15 p.m.

Committee Members Present: President Michael Waddoups, Co-Chairman
 Speaker Rebecca Lockhart, Co-Chairman
 Senator Ross Romero
 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
 Nancy Johnson, Legis Secretary
 Wayne Kidd, Audit Supervisor
 Maria Stahla , Audit Supervisor
 James Behunin, Audit Supervisor
 Deanna Herring, Audit Supervisor
 Brian Dean, Audit Supervisor
 Chris Otto, Legis Lead Auditor
 Tim Bereece, Legis Lead Auditor
 August Lehman, Sr Perf Auditor
 Anndrea Parrish, Perf Auditor
 Jesse Martinson, Perf Auditor
 David Apple, Perf Auditor
 David Gibson, IT Auditor/Systems

Other Interested Parties: Robert Newman, Executive Director, URS
 Jeff Jensen, Director, PEHP
 Dan Anderson, PEHP Legal Council
 Dr. Cynthia Jones, Medical Director, PEHP
 John Borer, Chief Actuary, PEHP
 Michael Styler, Executive Director, Dept of Natural Resources
 Mary Tullius, Director, State Parks and Recreation
 Palmer DePaulis, Executive Director, Dept of Human Services
 Brent Platt, Director, DCFS
 Fred Hayes, II, Deputy Director, State Parks and Recreation
 Mark Forbes, Budget & Accting, State Parks and Recreation

 Karen Krieger, Deputy Director, State Parks and Recreation
 Todd Losser, UPEA
 Kory Cox, UPEA

Christy Cushing, UPEA
Senator Curtis Bramble
Rep John Mathis
Jill Flygore, GOPB
Karen Silver, Salt Lake Community Action Program
Amy J, *Deseret News*
Kristen Stewart, *SL Tribune*
And others as listed

1. Call to Order

President Waddoups called the meeting to order at 3:45 p.m.

2. Approval of Minutes

Motion: Senator Romero made a motion that the minutes from December 14, 2010, Audit Subcommittee meeting be approved. The motion passed unanimously.

3a. **A Performance Audit of PEHP's Business Practices** (Report #2011-01) Presented by Wayne Kidd, Audit Supervisor

Discussion following Presentation

Jeffrey Jensen, Director, PEHP, expressed his appreciation for the open and candid discussions PEHP has had with the auditors working on the audit report and for the recommendations which will help PEHP improve process of becoming more efficient in fulfilling their charge. Mr Jensen continued,

- PEHP has already begun and is committed to addressing the recommendation made
- PEHP takes pride in their consistent and satisfactory survey ratings
- PEHP strives to provide the widest choice for their health plan members consistent with best price.
- New controls and oversight in the pharmacy benefit have saved \$9.9 million over the last two years
- PEHP continues to seek opportunities to control cost, balanced with providing maximum member-choice, and
- PEHP continues to strive to add value to their business practices.

Senator Romero told Mr. Jensen the explanations PEHP provided in their written response letter, specific to the recommendations made, was most helpful.

Motion: Speaker Lockhart made a motion that the Performance Audit of PEHP's Business Practices (Report #2011-01) be referred to the Retirement and Independent Entities Appropriations Subcommittee, the House and Senate Retirement and Independent Entities Standing Committees and the House and Senate Business and Labor Standing Committees. The motion passed unanimously.

3b. A Performance Audit of Division of Parks and Recreation (Report #2011-03)

Presented by James Behunin, Audit Supervisor.

Discussion following Presentation

Mary Tullius, Director, Division of State Parks and Recreation, told the members of the Audit Subcommittee the Division appreciates the fresh look the audit has provided and the recommendations that have been generated showing where the Division could improve.

Ms. Tullius concluded by saying that state parks are very affordable and the benefit they provide to the local economies is a good investment, about \$8 per \$1 of General Fund which is very significant and has reduced the Division's reliance on the General Fund.

Michael Styler, Executive Director, Department of Natural Resources, explained that the Department has had a very aggressive stance with becoming more business-like and less dependent on General Funds and this audit has given the Department a more aggressive goal. Mr. Styler said he believes the proposals in the audit will be implemented through the Appropriations Subcommittee and the Legislature.

Motion: Speaker Lockhart made a motion that the Performance Audit of Division of Parks and Recreation (Report #2011-03) be referred to the Natural Resources, Agriculture and Environmental Quality Appropriations Subcommittee and the House and Senate Natural Resources, Agriculture and Environment Standing Committees. The motion passed unanimously.

3c. A Performance Audit of the Division of Child and Family Services (DCFS)

(Report #2011-02)

Presented by Maria Stahla, Audit Supervisor

Discussion following Presentation

Palmer DePaulis, Executive Director, Human Services (DHS), expressed his appreciation for the audit team and said that as difficult as the issues are, the audit team was really good in helping them sort through the issues and working with them to identify the direction that was needed. Mr DePaulis continued by telling the Committee that DHS has a work group that has been meeting for six months, looking at the issues and will be using the recommendations to progress in the right direction.

Mr. DePaulis also listed the following steps being worked on—

- Developing a uniform model that will place or keep children in In-home Services and provide more services at this level
- Centralized Intake will begin with the new fiscal year

Brent Platt, Director, Division of Child and Family Services (DCFS), added that DCFS is in the process of conducting informal and formal reviews and they plan to use the audit recommendations, along with the Federal Program Improvement Plan and other assessments, to implement positive changes and improvements withing DCFS.

Mr. Platt concluded by saying that DCFS wants to continue to provide services that will maintain children in their homes while protecting them from abuse and neglect.

Motion: Speaker Lockhart made a motion that the Performance Audit of the Division of Child and Family Services (DCFS) (Report #2011-02) be referred to the Social Services Appropriations Subcommittee and the House and Senate Health and Human Services Standing Committees. The motion passed unanimously.

4. New Audit Request

President Waddoups referred to the Audits in Process list and indicated a need for the Committee to approve some of the audit requests so the Auditor General's staff could begin working on them.

Motion: Speaker Lockhart made a motion that the following audits request be approved and moved to "Future Audits".

1. Out-of-State Tuition for Universities
2. Disability Law Center
3. ATC's Cosmetology Programs, and
4. University of Utah Student Fees. The motion passed unanimously.

Motion: Speaker Lockhart made a motion that five risk areas being surveyed by the Office of the Legislative Auditor General be approved and moved to "Future Audits".

1. Efficiency of Credit Transfers in Higher Education
2. Strength and Impact of Higher Education Internal Audit Functions
3. Accuracy and Impact of Higher Education Completion Rates
4. School District Administration Efficiency in Public Education, and
5. Strength and Impact of Public Education Internal Audit Functions. The motion passed unanimously

Motion: Speaker Lockhart made a motion that the request for an audit of the Pleasant Grove City Convention Center Project be removed. The motion passed unanimously.

5. Adjournment

President Waddoups adjourned the meeting at 5:15 p.m.

