

**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 26, 2012 from 9:15 a.m until 10:20 a.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

Excused

Darin Underwood, Audit Manager
Lynda Maynard, Recording Secretary
Maria Stahla, Audit Supervisor
Brian Dean, Audit Supervisor
Deanna Herring, Audit Supervisor
Wayne Kidd, Audit Supervisor
Kade Minchey, Audit Supervisor
Ian Christensen, Sr Performance Auditor
David Apple, Sr. Performance Auditor
Jesse Martinson, Sr. Performance Auditor
David Gibson, Leg IT Auditor
Jake Dinsdale, Performance Auditor
Anndrea Parrish, Perf Auditor
Hillary Galvin, Intern Auditor

Other Interested Parties: Francine Giani, Executive Director, DABC
Thad LeVar, DABC
Benjamin Buys, Finance Director, DABC
Vickie Ashby, DABC
Tom Zdunich, DABC
Martel Menlove, Deputy Supr., State Bd of Ed (USOE)
Natalie Grange, USOE
Tim Donaldson, USOE
Karen Rupp, USOE
Greg Hughes, Chair, UTA Board of Trustees
Michael Allegra, General Mgr., UTA

Andrea Packer, UTA
Brad Armstrong, UTA
Bruce Jones, UTA
Lee Wyckoff, OIG
Broc Christensen, OIG
Nate Checketts, UDOH
Robert Newman, URS
Juliette Tennert, GOPB
Debbie Empey, State Auditors' Office
LeGrand Bitter, UASD
Ryan Bitter, UASD
Cathy Anderson, Assoc VP, Academic Affairs, U of U
Darren Marshall, Manager, Audit & Financial Service,
OCHE
Andrew Stone, OCHE
Elizabeth Hitch, Assoc Commissioner, OCHE
James F Karpowitz, Dir., Dept of Wildlife Resources
Gregory Sheehan, Program/Field Operations,
DNR/Wildlife Resources
Dennis Carver, Dir., Finance Office, DNR
Robin Thomas, Leg. Liason, DNR/Wildlife Resources
Todd Losser, UPEA
Mike Riedel, *KSTU*
Aaron Kimbell, *KTVX*
Lee Davidson, *SL Tribune*
Lisa Schencker, *SL Tribune*
Dawn House, *SL Tribune*
Tamara Vaifanua, *Fox 13*
Chris Vanocur, *ABC4*
Josh Loftin, *AP*
And Others as Listed

1. Call to Order

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

2. Approval of Minutes

Motion: President Waddoups made a motion that the minutes from November 29, 2011, Audit Subcommittee meeting be approved. The motion passed unanimously.

3a. A Review of School Community Council Election Practices

(Report #2012-02)

Presented by Deanna Herring, Audit Supervisor

Discussion following Presentation

Martel Menlove, Deputy Superintendent, Utah State Board of Education (USOE), told the Audit Subcommittee that he appreciated the opportunity to speak in behalf of the USOE and to have had the opportunity to work with the auditors office. Mr. Menlove indicated that the USOE found no problems with their findings which have provided great insight and said that steps have already been taken to implement those recommendations that apply directly to the State Board of Education.

Mr. Menlove concluded by telling the Subcommittee that USOE is committed to continuing their efforts to have all schools understand all Community Council requirements and to be in full compliance with the School Community Council's election practices.

Motion: President Waddoups made a motion that the **Review of School Community Council Election Practices** (Report #2012-025) be referred to the House and Senate Education Standing Committees. The motion passed unanimously.

3b. A Performance Audit of DABC Oversight of Package Agencies

(Report #2012-04)

Presented by Brian Dean, Audit Supervisor

Discussion following Presentation

Francine Giani, Interim Executive Director, DABC, addressed the recommendations based on what she and her team have accomplished—

Recommendation No. 1 - The problem with the previous Manager have been corrected

Recommendation No. 2 - There have been modifications to the Covert Underage Buyer (CUB) program. The program has been extended to all package agencies and is ongoing

Recommendation No. 3 - With the change the Legislature is making, by adding the DABC to the Utah Internal Act, DABC believes this will be a good improvement

Recommendation No. 4 - We agree that the DABC Commission should develop an internal audit division and we will work with the Legislature on moving this forward

Ms. Giani concluded by saying that there has been transparency brought to DABC and the information that is being given to the Commission is a vast improvement.

Motion: President Waddoups made a motion that the **Performance Audit of DABC Oversight of Package Agencies** (Report #2012-04) be referred to the Business, Economic Development and Labor Appropriations Subcommittee, and the House and Senate Business and Labor Standing Committees. The motion passed unanimously.

3c. **A Performance Audit of the Utah Transit Authority**

(Report #2012-01)

Presented by Maria Stahla, Audit Supervisor

Discussion following Presentation

Greg Hughes, Chair, UTA Board of Trustees, thanked the member of his board for being in attendance. Mr. Hughes expressed his appreciation for the audit and for the thorough job the auditors have done.

Mr. Hughes highlighted the following points that stood out in the audit:

- UTA is aware that the forecasts made in 2007 have not arrived, but UTA has been able to operate within existing budgets
- If revenues need to increase, either through natural collection or tax increase, or if services need to be cut, this is an existing equation in terms of preparing UTA's budgets
- UTA is holding their own whereas transit authorities across the country are cutting drastically in today's climate
- Staff has been directed to implement all nine recommendations presented in the audit.

Michael Allegra, General Manager, UTA, applauded the UTA team and the excellent audit team for working so closely together and thanked John Schaff and Rick Coleman for their leadership. Mr. Allegra explained the ISO 9001 partnership, which is an international management system that stands for quality. Mr. Allegra reconfirmed that UTA does support the nine recommendations made in the audit.

Mr. Allegra said that UTA has "weathered the storm" fairly well and that ridership in 2011 was at the highest point UTA has seen.

- UTA has trimmed their expenses across the board and have been living within budget
- UTA is 85% complete on their 2015 commitment, having completed the Mid-Jordan and West Valley Trax Lines— the Draper and Airport Lines should open within a year
- UTA has contributed to the economy— creating jobs, and investing heavily in the community
- UTA has increased the fare-recovery ratios

Motion: President Waddoups made a motion that the **Performance Audit of the Utah Transit Authority** (Report #2012-01) be referred to the Senate Transportation, Public Utilities & Technology Standing Committee, the House Transportation Standing Committee and the House and Senate Revenue and Taxation Standing Committees. The motion passed unanimously.

Speaker Lockhart announced that the following audit reports were available to the public although they were not being presented:

- Report No. 2012-03, An In-Depth Follow-up of Utah Medicaid's Implementation of Audit Recommendations
- Report No. 2012-04, A Follow-up of PEHP's Business Practices
- Report No. ILR20120A, A Survey of Salt Lake Community College Personnel Practices

4. Audit Requests

Because of time constraints, Speaker Lockhart suggested that the Auditor General schedule another Audit Subcommittee Meeting in the next week or so to prioritize audit requests.

5. Adjournment

Speaker Lockhart adjourned the meeting at 10:20 a.m.