

**MINUTES OF THE  
EXECUTIVE OFFICES & CRIMINAL JUSTICE  
APPROPRIATIONS SUBCOMMITTEE**

Valley Emergency Communications Center  
5360 Ridge Valley Drive  
July 14, 2016

**Members Present:** Sen. Daniel W. Thatcher, Co-Chair  
Rep. Eric K. Hutchings, Co-Chair  
Sen. Jani Iwamoto  
Sen. Scott K. Jenkins  
Sen. Ralph Okerlund  
Rep. Rich Cunningham  
Rep. Sophia DiCaro  
Rep. Brian S. King  
Rep. Merrill Nelson  
Rep. Curtis Oda  
Rep. Angela Romero

**Members Absent:** Rep. Keven J. Stratton, House Vice Chair  
Sen. Curtis S. Bramble  
Pres. Wayne L. Niederhauser  
Rep. V. Lowry Snow

**Staff Present:** Mr. Gary Syphus, Fiscal Analyst  
Ms. Clare Tobin Lence, Fiscal Analyst  
Ms. Lorna Wells, Committee Secretary

**Note:** A copy of related materials and an audio recording of the meeting can be found at [www.le.utah.gov](http://www.le.utah.gov).

**1. Utah Communications Authority Overview and Facility Tour**

Mr. John Inch Morgan, Executive Director, Salt Lake Valley Emergency Communications Center and Mr. Jake Hunt, Interim Executive Director, Utah Communications Authority gave committee members a tour of the facility.

Co-Chair Thatcher called the meeting to order at 1:50 pm.

**2. Approval of Minutes.**

**MOTION:** Rep. Cunningham moved to approve the minutes of January 29, 2016; February 2, 2016; February 4, 2016; February 8, 2016, and February 10, 2016. The motion passed unanimously.

**3. Updates from the 2016 General Session**

**a. Utah Communications Authority (UCA) Changes**

Ms. Tina Mathieu, UCA Board Chair, reported on recent changes in the UCA as a result of the pending embezzlement case. She said that the search committee for the new Executive Director will make recommendations to the Board next week. She mentioned that the size of the Board is mandated by statute, but they may request an adjustment to the bylaws in the future. She discussed the audit committee status, the audit report, the administrative review and the findings of the accountant. The Board is recommending that the UCA adhere to the Utah Budgetary Procedures Act and legislation will probably be introduced during the next legislative session.

Sen. Okerlund reported on the recent improvements at the UCA and gave additional insight regarding the upcoming legislation. He asked for information about long-term plans. Ms. Mathieu responded to these questions and stated that she would be willing to give an update at the next meeting.

Co-Chair Hutchings stated that the funding mechanism and end technology decisions could be discussed in parallel. He asked if these conversations were taking place. He mentioned that it was important to be working on these issues now, rather than waiting for the next legislative session. Ms. Mathieu said that recent events have caused an interruption in the ability of the Board to make important decisions. The Board will be developing a new plan on how to move forward. This will definitely involve the General Fund and other appropriations.

Rep. Cunningham asked how the fraud could occur over a decade without being discovered. Co-Chair Thatcher stated that it is important to make sure that it doesn't happen again. He asked if there were other entities that should be examined.

Ms. Mathieu explained briefly that an employee used state-issued charge cards to make personal purchases. The employee and her daughter had an elaborate scheme to cover up these charges. The employee has been discharged and they are aggressively prosecuting the individuals civilly. They have recovered approximately 25 percent of the embezzled funds. They discovered that, although the UCA had appropriate accounting policies in place, those policies were not followed. They have given five specific recommendations including separation of duties. Ms. Mathieu indicated that they had reported to the Executive Appropriations Committee (EAC).

Sen. Jenkins asked if the former executive director was involved. Ms. Mathieu said that Mr. Proctor had no knowledge the fraud was occurring and had no reason to suspect the employee of any wrong doing.

Rep. Cunningham asked if there is a way to know if other agencies could be susceptible to this happening to them. Co-Chair Thatcher indicated that this should never have happened, much less gone on for a decade. There should have been processes in place to prevent this. He stated that the EAC is reviewing the situation and it will require an in-depth study on many levels. He mentioned that there will be three audits completed which will provide opportunities to improve the process.

Rep. Romero asked Mr. Syphus to ensure that committee members receive copies of all three audits. Mr. Syphus will send this information to committee members. He mentioned that they could be found by the public at [www.auditor.utah.gov](http://www.auditor.utah.gov).

Ms. Mathieu gave a presentation about the UCA and discussed the four divisions of the UCA. She discussed the current demands on the systems involved.

Sen. Jenkins asked for more specific information regarding appropriations for the committee. Mr. Syphus indicated that the analysts have included funding information pulled information from different sources included in the [Utah Communications Authority: Process Internal Controls Issue Brief](#). He stated that they have included three possible recommendations or options for the committee to consider.

#### **b. Final Status of Subcommittee Priorities**

Ms. Lence discussed the [Comparison of EOCJ Subcommittee Prioritization and Final Funding Action in 2016 General Session](#). She explained that items in green were funded in the full amount, yellow were funded at a lesser amount, and red were prioritized items that were not funded.

Sen. Jenkins and Co-Chair Hutchings specifically discussed the lack of funding for the Courts. Co-Chair Thatcher mentioned that this information was very helpful for the committee, and that they could possibly look at the Courts as well as other non-funded items on a rotation basis. He would like to discuss this at a future meeting.

#### **c. \$2M Department of Technology Services Funding for Justice Reinvestment Initiative Information Technology Projects**

Mr. Syphus discussed the \$3.8 million which had been prioritized for JRI data integration which would integrate data across systems (both criminal justice and social services systems). He stated that \$2 million has been appropriated to begin to design and implement the system. Mr. Syphus mentioned that DTS had reported to EAC. He explained the [DTS Integrated Data System Memo](#) gives an update and discusses the progress that is being made.

Co-Chair Hutchings mentioned that he was a member of a subgroup that had been working with Salt Lake County on this project. They are hopeful that the work that is done will create portals that other counties can tie into. He stated that SL County has been very supportive and has maintained close contact with group members. Their main priority is the ability to share and use information which will hopefully be connected to a state-wide system at both adult and juvenile levels. He asked committee members who might want to be more engaged with this topic to contact him.

#### **d. Attorney General Agency Billing Changes**

Ms. Lence reported on the internal service fund at the Attorney General's office as it relates to [H.B. 351, "Attorney General Amendments."](#) She discussed the [EOCJ Letter to Leg Audit Subcommittee Re Attorney General](#).

#### **e. Other Updates**

Mr. David Walsh, Deputy Director, Commission on Criminal and Juvenile Justice, reported on the Utah Indigent Defense Commission. He discussed the status of the search committee. He stated that

they had located a facility on South Temple. He mentioned that this a separate line item in the Governor's Office budget. He discussed the recent legislation regarding ongoing and one-time funding. He mentioned the possibility of having this same type of services for juveniles.

Co-Chair Hutchings asked how wide the scope of this would be, if it has become a critical priority, and if it would involve the Guardian ad Litem's office. Mr. Walsh indicated that this is a separate issue which would also involve the Courts.

Co-Chair Hutchings asked if there would be a potential solution that could be addressed by next session. Mr. Walsh said there was not a specific timeline and was not sure if it will be ready in time for the next session.

Mr. Derek Byrne, Budget Director, Utah State Courts, said that the Judicial Council looks at a number of issues and determines some priorities. They look at the breadth of critical nature of the issues. He will discuss this with the chair and report back to the committee.

Co-Chair Thatcher stated that he would hope the judge (who will decide the case brought against the State by the American Civil Liberties Union of Utah regarding indigent defense) would not try to legislate how this is solved, and give the committee time to come up with recommendations. Co-Chair Hutchings stated that he would like to discuss this again at a future meeting.

#### **4. Fiscal Note/Budget Item Follow-up Report**

Ms. Lence explained that the [Fiscal Note and Budget Item Follow-up Issue Brief](#) follows-up on select fiscal notes and budget actions from past legislative sessions. She emphasized that these are selected items of interest and not an extensive list. She clarified that each item is given a red, yellow or green stop light for implementation status, budget accuracy, and performance. She stated that one of the purposes of the report is to identify unused funds that could be reallocated elsewhere and to assist the committee in determining where more funding may be needed in the future.

Ms. Lence specifically discussed pages 28, 29, 30, and 38 as possible points of interest for the committee.

Co-Chair Hutchings thanked staff for their excellent work and mentioned how helpful this information is. Co-Chair Thatcher asked committee members to drill into this information and determine if these items have been successful. He stated that this is a tremendous resource and urged them to look at the items of utmost interest to them. They can also contact Mr. Syphus or Ms. Lence for statistics regarding other initiatives.

Mr. Syphus indicated that EAC has asked all subcommittees to review this report. He clarified that a green rating on performance doesn't mean the initiative is necessarily doing well, but that the measurements are in place to allow the committee to determine if the initiative is performing well. He highlighted Pages 32, 33, 36, 40, and 45.

Rep. DiCaro asked if it was difficult to obtain the information. Mr. Syphus answered that some of the information was relatively easy to gather and other items were quite difficult.

Co-Chair Thatcher suggested that when there is a positive discrepancy the indicator should be a different color. Mr. Syphus will take this suggestion back to the other analysts. He indicated that this is a starting point and will most likely raise questions from committee members.

Sen. Jenkins asked for some clarification regarding items which had not yet been fully implemented. Co-Chair Thatcher stated that they knew there would be challenges in trying to track everything, but this was a starting point and that the information is very helpful.

**MOTION:** Co-Chair Hutchings moved that a list be prepared identifying unobligated savings reflected on this follow-up report for possible reallocation in the next General Session. The motion passed unanimously.

## 5. Internal Controls

### a. Overview from Division of Finance

Mr. John Reidhead, Director, Division of Finance, gave an [Executive Branch Financial Internal Control Report](#). He said agencies have to balance having good internal controls which may come at the expense of efficiency. These may include accounting controls, system controls, policies, payroll, data warehouse, etc. The budget that is approved by the Legislature is put into the system and is tracked. There are controls in place to ensure that line items are closed out properly. He discussed some basic internal controls including separation of duties, cash receipts, cash disbursements, and purchasing card (P-card) recommended controls. He discussed the P-card program review.

Rep. Nelson asked if the Division of Finance had oversight of the UCA; Mr. Reidhead explained that because UCA is not considered a state agency, the Division of Finance did not have oversight.

Co-Chair Thatcher asked if Mr. Reidhead was aware of other agencies not subject to state policies and procedures. Mr. Reidhead explained that there are agencies outside of the division's purview.

Sen. Jenkins asked if these agencies are required to follow standard government accounting procedures and if these agencies can adopt their own procedures. Mr. Reidhead explained they would be required to follow basic accounting principles, but these independent agencies are often given exemptions from certain internal controls. Mr. Syphus said that these agencies are not subject to the Utah Budgetary Procedures Act; however, they may voluntarily adopt some of the policies.

Sen. Jenkins asked if this is something the committee would need to look at. Rep. King mentioned that the EAC was looking into this issue. Co-Chair Thatcher stated that the committee needed to allow EAC to look at this from a larger perspective to ensure that the protocols are applied correctly. He said this was outside the scope of this committee.

Rep. Nelson indicated that recommendations could be made to EAC. Co-Chair Thatcher asked if there was anything that EAC hadn't already heard. Rep. Nelson said that the committee could send a recommendation or a request that they consider having all independent agencies, and in fact any entity that receives tax-payer dollars, be required to have financial controls in place.

Rep DiCaro expressed appreciation for the Division of Finance and the work they do. She said that the breakdown seems to occur with agencies that are outside of their purview. She would be willing to sponsor legislation for recommendations for the quasi-entities outside of the normal budget procedures. She wanted to ensure transparency to the process.

Co-Chair Thatcher stated that it was out of order for the committee to discuss the policy and process for something that the Legislature as a whole is responsible for. Rep. Cunningham expressed the need to look at the entire system and how these agencies are procured. There is a problem because they are not held to the same level of accountability, nor is there the usual follow-up.

### **b. Agency Reports**

Mr. Syphus explained the [Financial Controls in State Agencies Issue Brief](#). He stated that many of the agencies will be reporting to the committee on this topic. Some agencies will report at subsequent meetings.

**1) Department of Public Safety.** Mr. Joe Brown, Director, DPS Administrative Services Division, reported that they have developed some additional policies and procedures to ensure that when money is received it is accounted for. They follow extra precautions to ensure that they are accountable for all tax-payer funds. Mr. Brian Redd, Director, DPS State Bureau of Investigation, mentioned that any time they deal with cash received from citizens, they have an internal policy rule of having two officers involved in the transaction. Rep. King asked for clarification regarding civil asset forfeiture. Mr. Redd reported on the process involved.

**2) Board of Pardons and Parole.** Ms. Angela Micklos, Board Chair, stated that they require three people be involved in monetary transactions. She said that they are a small agency, so the Department of Corrections handles all accounting functions. They are working with the Governor's Office of Management and Budget (GOMB) to transform to a paperless office. They are undergoing some office restructure, and are looking for a Director of Administrative services.

Co-Chair Thatcher indicated that because of the shortness of time, they will reschedule the financial controls reports from other agencies to a later meeting.

## **6. Juvenile Justice Services – Behavioral Health Needs of At-Risk Youths Assessment**

Ms. Susan Burke, Director, Division of Juvenile Justice Services, discussed the [Behavioral Health Needs of At-Risk and Juvenile Justice Involved Youths Report](#). She reported on the Decker Lake facility and gave a [JJS Presentation](#). She discussed the alarming increase in the youth suicide rate and some data regarding this trend.

Sen. Jenkins asked about how this information is gathered. Ms. Burke reported that students self-report this information. Co-Chair Hutchings asked if they have the metrics in place to analyze the accuracy of the survey. Ms. Burke will provide more information to committee members.

Rep. King asked what happens when students at risk are identified. Ms. Burke said that most centers have a Mobile Crisis Team (MCT) available to them.

Sen. Jenkins expressed concern about providing the necessary services in a cost-effective matter. Ms. Burke said that they are looking at specific recommendations for better ways to address the needs of these youth. She stated that they work hard to keep kids out of detention who don't belong there.

Co-Chair Hutchings asked Ms. Burke to come back with any recommendations that could be identified in time for the next legislative session.

**MOTION:** Co-Chair Hutchings moved that a letter be sent to the Social Services committee stating what was presented at the meeting and any action items that took place. The motion passed unanimously with Sen. Okerlund, Rep. Cunningham, and Rep. Romero absent for the vote.

## **7. Other Business**

Ms. Lence briefly discussed the [Distribution of Bad Faith Patent Infringement Letters](#), which is a required report.

**MOTION:** Rep. King moved to adjourn. The motion passed unanimously.

Co-Chair Thatcher adjourned the meeting at 5:00 p.m.