

Draft Only
Approval Pending
**SUMMARY of
PROCEEDINGS**



MANAGEMENT AUDIT COMMITTEE

COMMITTEE MEETING INFORMATION

Management Audit Committee
July 27-28, 2015
UW Marian H. Rochelle Gateway Center
222 South 22nd Street
Laramie, Wyoming

COMMITTEE MEMBERS PRESENT

Senator Bruce Burns, Chairman
Representative David Miller, Vice Chairman
Senator Floyd Esquibel
Senator Wayne Johnson
Senator Dave Kinskey
Senator Charles Scott
Representative Cathy Connolly
Representative Dan Kirkbride
Representative Thomas Lockhart
Representative Michael Madden
Representative Nathan Winters

LEGISLATIVE SERVICE OFFICE STAFF

Michael Swank, Program Evaluation Manager; Joy Hill, Program Evaluator; Samantha Mills, Kathy Misener, Elizabeth Martineau, and Marla Smith, Associate Program Evaluators; Tamara Rivale, LSO Staff Attorney

OTHERS PRESENT AT MEETING

Representative Stan Blake

Please refer to **Appendix 1** to review the Committee Sign-in Sheet for a list of other individuals who attended the meeting.

The Committee Meeting Summary of Proceedings (meeting minutes) is prepared by the Legislative Service Office (LSO) and is the official record of the proceedings of a legislative committee meeting. This document does not represent a transcript of the meeting; it is a digest of the meeting and provides a record of official actions taken by the Committee. All meeting materials and handouts provided to the Committee by the Legislative Service Office, public officials, lobbyists, and the public are on file at the Legislative Service Office and are part of the official record of the meeting. An index of these materials is provided at the end of this document and these materials are on file at the Legislative Service Office. For more information or to review meeting materials, please contact the Legislative Service Office at (307) 777-7881 or by e-mail at lso@wyoleg.gov. The Summary of Proceedings for each legislative committee meeting can be found on the Wyoming Legislature's website at www.wyoleg.gov.

EXECUTIVE SUMMARY

The Management Audit Committee (Committee) met for two days in Laramie and discussed with LSO and agency staff the *Wyoming Public Purpose Investments* program evaluation report and considered drafting legislation based upon the report's recommendations. In addition, three scoping papers were presented to the Committee: Business Ready Communities Program; Wyoming's Water Development Program; and Wyoming Occupational Safety and Health Administration (OSHA). The Committee voted to release to the public the *Wyoming Public Purpose Investments* program evaluation report and all three scoping papers on August 7, 2015. The Committee requested LSO staff work with Wyoming Department of Workforce Services' OSHA staff and the Committee to refine potential audit questions for consideration of a future OSHA program evaluation for discussion at the next Committee meeting.

The Committee received a follow-up report from LSO staff on the July 8, 2013 evaluation report *Wyoming Boards and Commissions*. Officials from the Wyoming Department of Administration and Information (A&I) provided their agency's follow-up response to the report. Other professional licensing boards and commissions addressed in the report or impacted by legislation stemming from the report also provided written responses to the Committee. The Committee directed LSO staff to draft proposed legislation to clarify the periodic audit requirement of licensure boards and address board member compensation for the Board of Funeral Service Practitioners.

The Committee approved the following work for presentation at the next Committee meeting:

- Full evaluation of the Wyoming Water Development Commission and Water Development Office
- Scoping paper of Child Development Centers/Developmental Preschools (Wyoming Department of Health and Wyoming Department of Education)
- Scoping paper of the Department of Enterprise Technology Services
- Refinement of potential evaluation questions for the Wyoming OSHA program

CALL TO ORDER, COMMITTEE RULES, AND APPROVAL OF MINUTES (JULY 27, 2015)

Chairman Representative Miller called the meeting to order at 8:00 a.m. In accordance with statute, at the first meeting of the Committee's term, the Committee voted to elect Senator Burns as Chairman, Representative Miller as Vice-chair, and Representative Winters as the Committee's eleventh member. The following sections summarize the Committee proceedings by topic. Please refer to [Appendix 2](#) to review the Committee Meeting Agenda.

Chairman Burns requested clarification on how the Committee votes to take action on various items on the agenda and throughout the term. Program Evaluation Manager Michael Swank noted that the Committee has generally voted to release reports, scoping papers, and sponsor bill drafts by a simple majority vote of the Committee. Chairman Burns noted his belief that all Committee action should be taken by a majority vote of the Committee, except sponsorship of legislation. Representative Miller moved that for the Committee to sponsor legislation there must be a majority vote of the members of each chamber (at least three of five senators and four of six representatives). The motion passed unanimously.

The Committee voted to approve the minutes from the December 11 and 12, 2014 meeting pending a correction to the draft minutes for Recommendation 6 on page 4 (related to the *Veterans' Home of Wyoming* evaluation report follow-up) (see [Appendix 3](#)). Minutes from that meeting will be modified accordingly by LSO staff.

EXECUTIVE SESSION**WYOMING PUBLIC PURPOSE INVESTMENTS**

Per W.S. 28-8-107(c), Chairman Burns moved the Committee into Executive Session for consideration of a staff presentation on the draft evaluation report, *Wyoming Public Purpose Investments*.

OPEN SESSION

Chairman Burns moved the Committee out of Executive Session to discuss and vote on the release of the *Wyoming Public Purpose Investments* evaluation report.

Vice Chairman Miller moved that the Committee release the report on August 7, 2015. Motion was seconded by Representative Lockhart. The Committee unanimously approved release of the report. The Committee noted that agencies' responses were mostly in agreement with the report recommendations. Therefore, LSO staff was directed to draft legislation based upon the report's legislative recommendations. The Committee also asked that the bill draft include language for more legislative oversight of PPIs and to designate responsibility to the appropriate committee. Mr. Swank stated that draft legislation would be prepared for the Committee's next meeting.

WYOMING WATER DEVELOPMENT COMMISSION/OFFICE SCOPING PAPER

LSO staff presented the scoping paper and discussed its contents with the Committee (see [Appendix 4](#) for the LSO presentation slides). The Committee expressed interest in the possible evaluation question regarding how the authorizing statutes of the Wyoming Water Development Commission and Wyoming Water Development Office contribute to or impact program administration and oversight. Additional concern was noted in the distribution of severance tax into Water Development Accounts I and II and the potential need to reevaluate amounts distributed. The Committee drew attention to potential issues with conflict of interest disclosures, both at the professional and personal levels for Commission members. Representative Connolly moved to release the scoping paper on August 7, 2015; motion carried. The Committee also voted to select this topic for a full evaluation.

WYOMING BUSINESS READY COMMUNITIES PROGRAM SCOPING PAPER

LSO staff presented the results of the scoping paper and discussed its contents with the Committee (see [Appendix 5](#) for the LSO presentation slides). The Committee was interested in the constitutionality of providing public funds on economic development specifically related to Community Development Organizations through the Business Ready Community Program. It was noted that Community Development Organizations are generally considered private, non-profit entities that contract for services with local governments for the benefit of the public. The Committee also commented on the distribution of funds by region and by type of sub-programs and projects. Public comment was provided by Shawn Reese, CEO, Wyoming Business Council and he addressed, among other items, the Committee's questions on constitutionality. Vice Chairman Miller moved to release the scoping paper on August 7, 2015; all members present voted in favor of release except Senator Scott.

MEETING RECESS

The Committee recessed at 4:50p.m.

CALL TO ORDER (JULY 28, 2014)

Chairman Burns called the meeting to order at 8:00 a.m.

WYOMING OCCUPATIONAL SAFETY AND HEALTH ADMINISTRATION (OSHA) SCOPING PAPER

LSO staff presented the results of the scoping paper and discussed its contents with the Committee (see [Appendix 6](#) for the LSO presentation slides). The Committee had numerous questions regarding the data reported in the scoping paper, such as trends regarding inspections and violations; the impact of staffing levels on compliance activities; violations by industry type; and industries covered and not covered under Wyoming OSHA. Interim Director for the Department of Workforce Services, Del McOmie and OSHA officials provided information on staff turnover and training, budgets for compliance and consultation services by state and federal proportions, the challenges with measuring safety prevention results and program effectiveness, safety discrimination cases, and the strengths and challenges of data collection and reporting functions. Representative Connolly moved to release the scoping paper on August 7, 2015 and the motion was carried. The Committee requested that LSO staff work with the Committee and the Wyoming Department of Workforce Services' OSHA staff to gather additional information that will assist in refining potential evaluation questions for discussion at the Committee's next meeting.

LSO AND AGENCY TWO-YEAR EVALUATION REPORT FOLLOW-UP: WYOMING BOARDS AND COMMISSIONS (RELEASED JULY 8, 2013)

LSO staff presented summary information for the two-year follow-up on the *Wyoming Boards and Commissions* evaluation report, which addressed how efficiently and effectively Wyoming administers professional occupations' licensure boards and commissions (see [Appendix 7](#) for the LSO memo). Two issues that may require further legislative attention were discussed with the Committee. The first issue deals with the requirement for an independent "periodic audit" of boards' and commissions' financial transactions. The second matter relates to board member compensation for the Board of Funeral Service Practitioners.

The Committee received testimony from Dean Fausset, Director, Wyoming Department of Administration and Information (A&I) and Michelle Lamorie, Executive Director, Professional Licensing Board Division of A&I. A&I officials presented the initial written follow-up response (see [Appendix 8](#)) and a supplemental memorandum (in [Appendix 9](#)), which contains proposed draft statutory revisions to the General Procedures Act for licensure boards within Wyoming Statutes Title 33. The officials reported that various boards' and commissions' staff in concert with state A&I officials have worked cooperatively to implement duties and procedures from the General Procedures Act (2014 Laws, Ch. 69). Requirements in W.S. 33-1-302(a)(iv) and (v), however, are proving difficult to implement due to the costs associated with financial audits, the potential requirement that the audit be performed by a CPA firm, and the interpretation of the term "periodic". The Committee also received written responses from other individual licensure boards concerning the evaluation's impact (see [Appendix 10](#)).

Pam Robinson, Administrator for Division of Public Funds, Wyoming Department of Audit also testified on the concerns raised by A&I officials. Ms. Robinson stated that most boards in Wyoming are small or medium size. There is benefit in conducting a general review of internal controls, but a financial audit conducted by CPAs under Generally Accepted Accounting Principles (GAAP) may be problematic and unnecessary for most boards. Under current law, the Department of Audit is precluded from conducting independent audits of the boards because W.S. 33-1-302(a)(iv)(B) invokes Generally Accepted Accounting Principles (GAAP), which require independence to attest to the audited entities' financial statements. She also brought to the Committee's attention several possible parallel requirements currently effective for local special districts' audits that may help the Committee's deliberations. The Committee

directed LSO staff to draft proposed legislation for potential revisions to the “periodic audit” requirement for licensure boards and commissions to allow the Department of Audit to conduct the periodic audits. The Committee requested that the bill draft also address board member compensation for the Board of Funeral Service Practitioners.

UPDATE ON REGIONAL CHILDHOOD DEVELOPMENT CENTERS (CDC) (ALSO KNOWN AS THE DEVELOPMENTAL PRESCHOOL PROGRAM AND THE EARLY INTERVENTION AND EDUCATION PROGRAM) – POTENTIAL SCOPING TOPIC

The Committee received a memo from the LSO staff (see [Appendix 11](#)) which summarized correspondence to the Committee from the Wyoming Department Health dated June 22, 2015 (see [Appendix 12](#)). The Committee’s interest continues to center around its desire for a scoping paper which would address the high identification rates of children in Wyoming with developmental disabilities when compared to the national average. Funding for children identified as having a developmental delay or disability is provided to the CDCs on a per child basis. The Committee is also interested in understanding the differences of identification rates between CDC regions and whether identified children are receiving the services they need. An update from the Wyoming Department of Health was requested regarding its readiness to support a scoping paper.

Wyoming Department of Health Director Thomas Forslund addressed the Committee and reflected on previous testimony he had provided in July 2014 on the Developmental Preschool Program. He noted that the Committee was interested in high identification rates and program effectiveness specifically related to K-12 special education expenditures. As in the past, workload pressures of Behavioral Health Division leadership and staff remain high. Director Forslund stated that the Preschool Program is one of the smallest staffed programs in the department, but its budget is one of the largest. Depending upon the scope of work, he stated that the third party consultant who conducts data analysis and reporting for the Departments of Health and Education may be able to provide some assistance in answering some of the Committee’s questions. Director Forslund suggested that answers to program effectiveness may be better addressed by the Department of Education.

NEW TOPICS FOR FULL EVALUATION AND SCOPING PAPERS

The Committee voted to approve a full evaluation by the LSO staff on the Wyoming Water Development Commission and Water Development Office. Senator Scott voted no. This report is scheduled to be presented at the next Committee meeting (tentatively scheduled for early January 2016).

The Committee received a summary list of past scoping topics not chosen for full evaluation as well as a list of past program evaluations back to 1990 (see [Appendix 13](#)). The Committee also voted on the following scoping papers for presentation at the next Committee meeting:

- Regional Child Development Centers (Wyoming Department of Health and Wyoming Department of Education) by motion of Senator Scott
- Department of Enterprise Technology Services by motion of Representative Madden

Mr. Swank reminded the Committee that there would also be a required two-year follow-up on a past evaluation report to be presented at the next meeting.

2015 LSO REPORT: NEW PROGRAMS AND MAJOR PROGRAM MODIFICATIONS

The Committee was directed to a memo from Matt Obrecht, LSO Staff Attorney, to Standing Committee Chairmen. W.S. 28-1-115(e) requires the LSO to identify any new acts that create major programs or

effect major modifications to existing programs and provide notification of same to Management Audit Committee. The memo contains the relevant information from the 2015 Legislative Session (see [Appendix 14](#)).

LIST OF STATE PROGRAMS REPORT

Mr. Swank provided the Committee with information requested by Chairman Burns regarding a full list of state programs which could guide Management Audit Committee on future scoping topics. The list was derived from the budget process organized by agency, agency division, and budget unit. The source(s) of funding used to pay for each program was also included in the report (see [Appendix 15](#)).

The Committee discussed potential items for future scoping papers and evaluations, such as the state contracting process, agricultural lease rates on state lands, and Abandoned Mine Lands funds and remediation programs. Vice Chairman Miller requested that Committee members receive an electronic version of the state programs report, with possible additional budget authorization amounts, so additional consideration can be made on future topics.

COMMITTEE ORIENTATION

Mr. Swank provided the Committee with several documents to assist in the orientation of new Committee members including a proposed 2015-16 work plan (revised at each meeting), the 4-Step MAC Evaluation Process, government auditing standards, Committee and Program Evaluation Statutes, and the Legislative Handbook references to Program Evaluation (see [Appendix 16](#)).

Chairman Burns stated he was very pleased with the information provided throughout this meeting and provided special recognition to LSO staff and the work produced.

MEETING ADJOURNMENT

There being no further business, Chairman Burns adjourned the meeting at 12.20 p.m.

Respectfully submitted,

Senator Bruce Burns, Chairman

Committee Meeting Materials Index

Appendix	Agenda Item	Appendix Description	Appendix Provider
1	Committee Sign-In Sheet	Lists meeting attendees on July 27 and 28, 2015	Legislative Service Office
2	Committee Meeting Agenda	Provides an outline of the topics the Committee planned to address at meeting	Legislative Service Office
3	MAC Meeting Minutes	Minutes from the December 11-12, 2014 Management Audit Committee	Legislative Service Office
4	Scoping Paper: Wyoming Water Development Commission and Wyoming Water Development Office	PowerPoint Presentation Slides	Legislative Service Office
5	Scoping Paper: Wyoming Business Ready Communities Program	PowerPoint Presentation Slides	Legislative Service Office
6	Scoping Paper: Wyoming Occupational Safety and Health Administration	PowerPoint Presentation Slides	Legislative Service Office
7	Follow-up of Wyoming Boards and Commissions program evaluation report	Summary memo updating Committee on the progress of each board's response to the report's recommendations	Legislative Service Office
8	Follow-up of Wyoming Boards and Commissions program evaluation report	Department of Administration and Information written follow-up response	Wyoming Department of Administration and Information
9	Follow-up of Wyoming Boards and Commissions program evaluation report	July 23, 2015 supplemental memo to the Committee regarding challenges and possible statutory changes regarding periodic audit requirement	Wyoming Department of Administration and Information
10	Follow-up of Wyoming Boards and Commissions program evaluation report	Package of other boards' and commissions' written responses to the program evaluation report	Various professional licensure boards and commissions
11	Update on Regional Childhood Development Centers scoping paper	Memo updating Committee on the Developmental Preschools Program	Legislative Service Office

12	Update on Regional Childhood Development Centers scoping paper	Wyoming Department of Health's update memo of June 22, 2015	Wyoming Department of Health
13	New Topics for Full Evaluation and Scoping Papers	Summary List of Past Scoping Topics and Program Evaluations back to 1990	Legislative Service Office
14	Informational Item	2015 Report, New programs and major program modifications	Legislative Service Office
15	List of State Programs Report	Comprehensive list of state programs derived from budget processes	Legislative Service Office
16	Committee Orientation Guides	Orientation documents to include MAC prospective work plan, evaluation process, auditing standards, evaluation statutes, and legislative handbook references	Legislative Service Office