

JOINT LEGISLATIVE FISCAL COMMITTEE

Legislative Office Building, Rooms 210-211

Concord, NH

Friday, April 19, 2024

MEMBERS PRESENT:

Representative Kenneth Weyler, Chair

Representative Keith Erf

Representative Jess Edwards

Representative Mary Jane Wallner

Representative Mary Heath (Alt.)

Representative David Huot (Alt.)

Senator James Gray

Senator Jeb Bradley

Senator Regina Birdsell

Senator Lou D'Allesandro

Senator Cindy Rosenwald

(1) Acceptance of Minutes of the March 15, 2024 meeting

KENNETH WEYLER, State Representative, Rockingham County, District #14 and Chairman: Good morning. Being 10 o'clock, we'll call the Fiscal Committee meeting to order for April 19th, 2024. And the first item is Item one, acceptance of the minutes.

****** JAMES GRAY, State Senator, Senate District #06: Move to approve.

CHAIRMAN WEYLER: Senator Gray moves to approve. Senator Rosenwald seconds. Is there any additions or corrections? Seeing none. All in favor say aye? The minutes are a -- any opposed? The minutes are approved.

***** {MOTION ADOPTED}**

(2) Old Business:

CHAIRMAN WEYLER: Next tab is Old Business. Recognize Senator Birdsell.

****** REGINA BIRDSELL, State Senator, Senate District #19: I would like to move the item off the table.

CHAIRMAN WEYLER: All right. A motion and a second to take item FIS 24-088 off the table. Further discussion? Seeing none. All in favor say aye? Opposed no? Opposed no? All right. That item is off the table.

***** {MOTION ADOPTED}**

CHAIRMAN WEYLER: And open for discussion. I recognize Senator Birdsell.

****** SEN. BIRDSELL: I move -- I don't -- I'm sorry, I don't have the item in front of me. I move the item.

CHAIRMAN WEYLER: Motion to move the item. Is there a second?

SEN. GRAY: Second.

CHAIRMAN WEYLER: Second by Senator Gray. Further discussion? Seeing none. All in favor say aye? Opposed no? Item is off the table.

***** {MOTION ADOPTED}**

KEITH ERF, State Representative, Hillsborough County, District #28: That's approved.

CHAIRMAN WEYLER: I mean, that item is approved. It's off the table and approved.

CONSENT CALENDAR

(3) RSA 9:16-a, II, Transfers Authorized:

CHAIRMAN WEYLER: Moving on to the Consent Calendar which goes from Tabs 3 through 8. Under Tab 3, item 24-143 has been

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withdrawn. So that will not be included. The following items have been removed by the House. 24 -- under Tab 3, 24-132, 24-13 -- that's item -- that's under Tab 3. Under Tab 5, 24-133, 24-144. And under Tab 6, 24-136. Are there any other items to be removed from the Consent Calendar? Seeing none, I'll entertain a motion to accept the remainder.

** SEN. GRAY: So move.

JEB BRADLEY, State Senator, Senate District #03: So moved.

SEN. GRAY: Second.

CHAIRMAN WEYLER: All right. Motion by Senator Bradley, seconded by Senator Gray to approve the rest of the Consent Calendar. All in favor say aye? Opposed no?

*** **{MOTION ADOPTED}**

CHAIRMAN WEYLER: Those items are approved and we move to the first item removed from Consent, 24-132, from the Prescription Drug Affordability Board. Representative, good morning.

GARY MERCHANT, State Representative, Sullivan County, District #06: Good morning, Chair.

CHAIRMAN WEYLER: Senator Edwards is recognized.

JESS EDWARDS, State Representative, Rockingham County, District #31: Thank you, Mr. Chair. I -- I don't -- this is -- okay. This is the first time the Fiscal Committee has seen a PDAB request. And so I just want to make sure that the Fiscal Committee and the public know something about the PDAB process.

On the -- on the signature part of this, it's -- it seems appropriate, according to conversation with Mr. Kane, that Mr. Williamson's signed these directly and that they come directly to us. As a -- as a matter of policy, given that you're

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administratively attached to the Department of Health and Human Services, I -- I -- I wonder aloud for you to consider whether it would be appropriate to do a cc over to, like, Mr. White just for some situational awareness on these transfers.

NATHAN WHITE, Chief Financial Officer, Department of Health and Human Services: Good morning, Members of the Committee, Chairman Weyler. The Department of -- or the Department of Health and Human Services work closely with Representative Merchant and Mr. Williamson on this request. We provided technical support to help move this through the process. So we were very aware of this. I just want to make that very clear.

REP. EDWARDS: Okay. That's great. That's what I was hoping for. There's just no indication in here that it's been coordinated with the Department. And I was thinking maybe a cc at the bottom or something might do that; but I don't want to get into the weeds on that.

The next thing I would ask Representative Merchant is did this action, this trans -- these transfer of funds and the setting up of the new accounts, did that get PDAB Board review and approval?

REP. MERCHANT: It was not raised specifically. The issue was raised with some of the Board members by not taking per se a vote by the Board. We felt it was more housekeeping. It was more of a technical issue than it was a policy issue.

REP. EDWARDS: Okay. So I'm not going to get in the weeds on that; but it would be good to know if there's a formal methodology to have the Board approve these before they get released by Mr. Hutch or Williamson.

REP. MERCHANT: I would say as we get down the road and we go through the process of standing up this Board and going through a learning curve, that is something we should probably tab on rulemaking to be clear what the process is. Right now it's not dealt with in the rules. We're basically going at this

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as much as we possibly can based upon what we have available to us.

REP. EDWARDS: Okay. And then there's a dollar here on the table for agency income. Um -- is -- what -- what is the status of setting up the account for these donations or contributions to be made to the Board?

REP. MERCHANT: That was brought up at the last Board meeting, Representative Edwards. At this point in time, it has to go through rulemaking in order to have a process in place to accept donations. So that is something the Board will be tackling, probably Mr. Williamson himself, along with support staff from the Department of Health and Human Services.

REP. EDWARDS: Okay. And then for disclosure I should let people know I'm a member of the PDAB Board so, but right now I'm asking this from a Fiscal Committee perspective. And I would say that these new line -- account lines for things like travel -- um -- they all make sense. They pass the common sense test given the level of maturity of the PDAB Board and process. I would just suggest if -- if we're going to have a document signed by somebody who is going to -- uh -- be a beneficiary of the transfer of funds, that it's more important for those kinds of actions to be -- uh -- sent and approved by the Board so that we avoid an appearance of conflict.

REP. MERCHANT: I hear you. I think it's something we need to, again, address in the rules when we go through the process. It's well-taken by myself. I think also members of the Board; but at this point in time we need to go through rulemaking process in order to have that process in place.

****** REP. EDWARDS: Okay. I accept all of that. And with that, Mr. Chair, if there's no other discussion, I would move to approve.

CHAIRMAN WEYLER: Motion by Representative Edwards, seconded by Senator Rosenwald to approve the item. Is there any further

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discussion? Seeing none. All in favor say aye? Opposed no?
{Inaudible} is adopted.

***** {MOTION ADOPTED}**

CHAIRMAN WEYLER: Moving on to Tab 5 and FIS 24-133. Again, Health and Human Services, Department of Public Health. Division of Public Health. Good morning. Introduce yourself.

IAIN WATT, Interim Director, Division of Public Health Services, Department of Health and Human Services: Sure. My name is Iain Watt. I'm the Interim Director for the -- Director for the Division of Public Health Services.

CHAIRMAN WEYLER: We recognize Mr. White, is a fairly constant person before us. Representative Edwards is recognized for a question.

REP. EDWARDS: Thank you, Mr. Chair. And I don't know how it's happened, but since we've changed rooms I've lost my copy of 133, and so I'm not sure what my questions were. Could -- could I borrow somebody's 133?

CHAIRMAN WEYLER: Yes.

REP. EDWARDS: Thank you. Oh, I know what this was. Uh -- so my -- my -- my -- my -- I think it's great that we're going to have good visual information to report out on our health status. I think that's great. Um -- I'm -- I'm -- I am curious if we've done any mockups already of what kind of information might be available for -- for very specific example. What my -- my pet passion is these days is I would like to -- to see and maybe include on the future dashboards -- that's a different discussion -- uh -- the information related to -- uh -- the number of childhood Covid shots that we've given out. Uh -- I -- I -- I -- I think that we're putting our kids at-risk having them take the Covid shot, even though CDC says it's okay and -- but I do want information on that.

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Well, is that -- could you -- could you provide us a copy of a mockup of what kind of information will be available using that specific example so I -- I know what to expect when the work is done?

MR. WATT: Sure. So this item -- thank you for the question. So this item will allow us to hire via contract two developers to assist us in developing dashboards using our IIS, Immunization Information System data. When we bring those two people onboard, they'll actually be the experts in helping us looking at the data we have and analyze how we can best -- uh -- what is in there. What needs to be cleaned up and how we'll best be able to present that, as well as developing some mockups and seeing, you know, what will be most meaningful to us as an organization and to the public to see. It will not just be Covid centric. We do have other immunization information in there. So the potential ways that we can cut this data would be by age, by geography, by vaccination, and it would allow people to see, you know, different -- different ways to look at our vaccine coverage in the state.

REP. EDWARDS: Follow-up.

CHAIRMAN WEYLER: Follow-up question.

REP. EDWARDS: Thank you, Mr. Chair. I appreciate the answer. I -- I -- I'm just expecting that some level of understanding of what we want as a deliverable needs to be known before we issue an RFP. And so I -- I would like to, on that particular effort, I'd like to be kept in the loop, if possible. I know I'm not in the Executive Branch, but I -- I'm pretty curious about it all.

MR. WATT: Yeah, we will certainly be looking at the data we have. You know, part of it and part of our -- what our -- our onboarded contractors will do is look at the data we have and the data quality to see what data will be meaningful. The IIS, as you all know, is an opt-in resource as of July 20 or July 1st, 2023, it became opt-in, which is to say the data that we have is

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impacted by how many people opt-in. So, certainly, the -- the relevance -- the information and what we publish we want to be relevant. So we'll have to look at what we have. But, certainly, we'll take that into consideration as we -- we develop our dashboard.

REP. EDWARDS: All right. No further follow-up. I don't think that answered my question; but I appreciate your response.

CHAIRMAN WEYLER: Further questions from Committee? Representative Erf.

REP. ERF: Thank you for taking my question. So this is kind of a general question. You folks are probably not exactly the right ones to ask; but since it's related to vaccines and data, I'm curious as to whether the State of New Hampshire considers looking at vaccine related-studies that perhaps the CDC -- um -- does not consider worth -- worthy of looking at?

MR. WATT: Thank you for the question. So we do a thorough survey of all scientific data available. We have technical evaluators. We have our State Epidemiologist, Ben Chan, who I know you all know. So we look at a full survey of data, not just data provided by the CDC and evaluate it based on, you know, our own scientific capabilities and analysis.

CHAIRMAN WEYLER: Follow-up.

REP. ERF: So I didn't mean specifically studies by the CDC, but studies that the CDC won't even look at. Does the State of New Hampshire look at variety of studies? For instance, vaccines and autism as an example.

MR. WATT: I appreciate the question. I apologize for not being clear. So we will look at studies beyond just what is provided or available via the CDC. I can't speak to what studies specifically that they look at versus what we look at, but we do an expansive survey that's very much independent of the CDC's evaluation of technical and public information.

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REP. ERF: Thank you.

CHAIRMAN WEYLER: Further questions from Committee Members? How does the Committee wish to proceed on the item?

** REP. EDWARDS: I move the item.

CHAIRMAN WEYLER: All right. Move to adopt the item, 24-133, second by Senator Rosenwald. Further discussion? Seeing none. You ready for the question? All in favor adopting the report say aye? Opposed no? The item is adopted.

*** {MOTION ADOPTED}

(5) **RSA 14:30-a, VI Fiscal Committee Approval Required for Acceptance and Expenditure of Funds Over \$100,000 from Any Non-State Source:**

CHAIRMAN WEYLER: Moving on to item number -- still under Tab 4, item 24-144. Tab 5. Thank you. Tab 5, item 24-144.

REP. EDWARDS: Maybe that was my problem. I was in the wrong tab.

CHAIRMAN WEYLER: Representative Edwards, when you're ready.

REP. EDWARDS: Thank -- thank you, Mr. Chair. Uh -- Mr. White, I'm just trying to understand the -- the table here and -- and what we're doing with the movement of money. Um -- and so -- so I was trained debit on the left, credit on the right. And what we're -- what it seems like we're doing by the write-up, my assumption is that as we receive Medicaid money, we've taken a portion of it and set it aside to serve as a -- a potential incentive for performance or a punishment for poor performance.

So we have -- it seemed like we had the money in the system, and we administratively moved it to a contingency fund.

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And now we're trying to move it from the contingency fund into a line item where we can spend it with our contractors. And -- and if that is the correct interpretation, then I would think that the -- the bottom line here on total expense would be zero, because the money would have already been available, and we're just moving line items as opposed to the way it looks to me, which is like this is new additional money. So could you -- could you educate me 'cause I know I don't understand this well.

MR. WHITE: Sure. Um -- so I -- I -- I just want to start with this is a unique request. To the best of my knowledge we've never had a request like this before, because this was a new provision in the -- in the MCO contract several years back.

Um -- as part of that contract, a certain actuarial sound dollar amount was withheld each year. And those funds will be redistributed based on certain performance metrics that Henry can certainly speak to at great length. Um -- what we're seeking to do here is to accept what would now be considered the Other Funds. And what we would later do is write down -- um -- the -- the equivalent amount of -- of General Funds from this account through -- through the Bureau of Accounts at DAS.

The key here is that we're accepting these Other Funds into our budget so that we can make payment -- um -- in accordance with the contractual and actuarial requirements of the agreement.

REP. EDWARDS: Follow-up.

CHAIRMAN WEYLER: Follow-up.

REP. EDWARDS: So I'll go offline with you to try to understand that better. I -- I'm -- I'm still left thinking that we had to administratively reserve the money at some point and now we're just doing a line item transfer. But -- but I -- I'll figure it out eventually if you're patient with me.

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MR. WHITE: Of course. And that other money would show up in the Statement of Appropriations, but we wouldn't have any authority to actually spend that other revenue. That -- that's why we're putting this request here today before the Fiscal Committee. And, again, this is the first time a request like this has ever been done before just because this was unique to the program back in 2020?

HENRY LIPMAN, Director, Office of Medicaid and Business Policy, Department of Health and Human Services: Starting 2020.

MR. WHITE: 2020, yes.

REP. EDWARDS: So I'm not concerned about what we're doing. I'm just -- I just want to make sure that the documentation says what we want the documentation to say. And I can interpret it and the public can interpret it. I -- I -- I take no issue with what you -- you've done.

MR. WHITE: Okay.

REP. EDWARDS: And, Mr. Chair, I'd be ready to move the item.

CHAIRMAN WEYLER: Want to see if Mr. Lipman has something to add.

MR. LIPMAN: I guess I won't add to what he said in terms of the accounting aspect. But in terms of the programmatic aspect is that the -- the actuarial rate that is approved by Governor and Council, that -- um -- 2% is -- um -- put aside, if you will, for the MCOs to earn back, if you will. Okay. And it's not new money. It's to earn back what was in the rate. And what we do is create some competition within that among the plans. So one plan can earn part of another plan's 2% if they perform better on the metrics. And so what we're trying to do is use this as a lever to lift up performance and create some competition within the program and meeting the metrics.

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** REP. EDWARDS: Move the item.

SEN. GRAY: I'll second.

CHAIRMAN WEYLER: Representative Edwards moves to adopt item 24-144. Senator Gray seconds. Further discussion? Seeing none. You ready for the question? All in favor say aye? Opposed no? The item is adopted.

*** {MOTION ADOPTED}

(6) **RSA 14:30-a, VI Fiscal Committee Approval Required For Acceptance and Expenditure of Funds Over \$100,000 from any Non-State Source, and RSA 124:15 Positions Authorized:**

CHAIRMAN WEYLER: Next item under Tab 6, 24-136. Good morning. Representative Edwards is recognized for a question.

REP. EDWARDS: This wasn't mine. I'm done for the morning.

CHAIRMAN WEYLER: I'm sorry, that's Representative Erf.

REP. ERF: Thank you, Mr. Chair. Thank you for taking my questions.

So my first question is -- uh -- this makes reference to the planning year end since the first -- this is like the third in the series of Fiscal Notes and the first one came out about a year ago. Has the planning year ended.

KATJA FOX, Director, Division for Behavior Health, Department of Health and Human Services: So with -- um -- the -- so yes and no. It's been extended. So we've had a planning year -- um -- but with this request in coming forth, we are asking that you approve us accepting the funds beyond the planning year, because we accepted them to a point certain and we got an extension, a no cost extension, in effect,

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from the Federal Government to continue the project -- um -- because there are funds remaining.

REP. ERF: Follow-up.

CHAIRMAN WEYLER: Follow-up.

REP. ERF: Okay. So I don't know if the next question is particularly relevant at this time, but hopefully will become relevant at some point in the future. This makes reference to basically a metrics, you know. Let me quote: Required quality measures, a plan for quality improvement and tracking of other program requirements being made. Well, my question is will those -- could those be made available now that the first year has already been passed or will they be made available in the future at such point as --

MS. FOX: So, I apologize. I never introduced myself. So I'm Katja Fox. I'm the Director of the Division for Behavioral Health. I just dove right in.

So -- uh -- those are great questions about the timing and what's a planning year. And if the Federal Government extends the planning period, when should we expect what and how that all operates. Right now we continue to be in that planning process in developing the certified community behavioral health clinics. And a lot of the quality metrics that you're referencing are once they're up and running and that they'll have to adhere to certain standards that we're going to measure them on. So, yes, it's a future question; but it's a really relevant question now about those standards that are going to be required and that they're in the process of planning to be able to meet.

CHAIRMAN WEYLER: Senator Rosenwald for a question.

SEN. ROSENWALD: Thank you. I'm just curious when the Department plans to update its Community Mental Health Center portion of the Dashboard, which you told us, like, a year or two

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ago that it was not accurate. You were working on it. Do you have an estimate?

MS. FOX: So -- um -- I will commit for it to be updated -- um -- within the next three months. Um -- it continues to be a work in progress. The Community Mental Health Centers had real concerns, and I believe they expressed them to you via letter at a point in time saying they didn't believe that the data was accurate. And so they have been working very closely with our data analytics, and their data person. And -- um -- I keep checking in and saying, you know, when is this information going to be updated.

What we did discover is that there was a methodology that they were using versus what we were using and they thought that we were -- uh -- wildly out of whack, so to speak. And, however, after further analysis in the work that they've done together, which we're much more close than apart and so, therefore -- um -- the numbers that you do see are accurate numbers, because they are from financial claims, not Medicaid claims; but they're out of our Bureau of Mental Health Services.

So what you're seeing is really important to focus on the trends -- um -- which don't vary wildly from month to month. But they aren't as inaccurate as we may have thought previously. However, we do want to make sure that the information is agreed upon with the centers that we're presenting to you. And, again, within the next three months, we should be able to reflect that in the Dashboard.

CHAIRMAN WEYLER: Further questions? All right. Senator Rosenwald moves to accept 24-136, Representative Erf seconds. Is there any further discussion? Seeing none. All in favor say aye? Opposed no? And that item is adopted.

***** (MOTION ADOPTED)**

REGULAR CALENDAR

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(9) RSA 206-33-b, Transfers from Fish and Game Fund:

CHAIRMAN WEYLER: We'll move on to item Tab 9, the Regular Calendar. And the first item is 24-125, New Hampshire Fish and Game. I see the Director here -- is here. This is consultants for the Berlin Hatchery. Are there any questions? Senator Gray.

SEN. GRAY: Um -- in the last budget, not directly related to this, we were looking about snowmobile registrations. And since I have you here, and in public forum, I certainly want to take the opportunity to ask how that programming is coming.

SCOTT MASON, Executive Director, Department of Fish and Game: Thank you, Senator. My name is Scott Mason, Executive Director of New Hampshire Fish and Game. We are currently on track for the Amendment to our contract. Um -- my business office manager is currently waiting for the signed documentation to come back from Pay-- from PayIt. The company we've been working with got bought out by PayIt and that is now the new name of the company that we're doing business with. So we are anticipating that we should have it in place by July 1st, the contract.

SEN. GRAY: That's good news, and I still get queries on that. So I will continue to query the Department on that myself.

MR. MASON: Understood, sir.

CHAIRMAN WEYLER: Well, we'll be ready for the next snowfall.

MR. MASON: Hopefully.

** SEN. GRAY: No other comments, I'll move the item.

MR. MASON: If we have another snow. No, I'm just teasing. It was a little sparse this year.

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CHAIRMAN WEYLER: Motion by Senator Gray, second by Senator Birdsell to adopt item 24-125. Is there any further discussion? Seeing none. All in favor say aye? Opposed no? That item is adopted.

***** {MOTION ADOPTED}**

(10) Chapter 79:11, Laws of 2023, Department of Corrections; Transfer Authority:

CHAIRMAN WEYLER: Moving on to Tab 10, item 24-118, Department of Corrections. Any questions on this item? Just A dispositive motion.

**** SEN. BRADLEY**: I'll move the item.

SEN. BIRDSELL: Second.

CHAIRMAN WEYLER: All right. Motion by Senator Bradley, second by Senator Birdsell to adopt 24-118. Is there any further discussion? Seeing none. All in favor say aye? Opposed no? The item is adopted.

***** (MOTION ADOPTED)**

(11) Miscellaneous:

CHAIRMAN WEYLER: Moving on to next item on Tab 11, request from the LBA for hiring.

**** SEN. GRAY**: Move to approve.

CHAIRMAN WEYLER: Senator Gray moves to approve the item. Senator Rosenwald seconds. Is there any further discussion? Seeing none. You ready for the question? All in favor say aye? Opposed no? The item is adopted.

***** (MOTION ADOPTED)**

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(12) **Informational Materials:**

CHAIRMAN WEYLER: The rest of the items are informational items. Anyone wish to have --

MICHAEL KANE, Legislative Budget Assistant, Office of Legislative Budget Assistant: Excuse me, Representative. Just the one late item.

CHAIRMAN WEYLER: Oh, late item.

MR. KANE: Sorry.

CHAIRMAN WEYLER: Thank you very much.

MR. KANE: 24-148.

CHAIRMAN WEYLER: Thank you. The late team is 24-148 from the Department of Transportation.

** SEN. BRADLEY: I'll move the item.

CHAIRMAN WEYLER: Senator Bradley moves to accept the item. Senator Rosenwald seconds. Is there any further discussion? Seeing none. All in favor say aye? Opposed no? The item is adopted.

*** (MOTION ADOPTED)

CHAIRMAN WEYLER: All right. Now we can look at informational items and see if anybody has any questions. If there are no questions on the informational items, we'll be ready to move to the Audit Division. All right. We'll get out our audits and be ready for that report.

AUDITS:

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MR. KANE: Mr. Chair, you can make the motion to accept, release before or after the presentation. I'll leave that up to the Committee.

CHAIRMAN WEYLER: All right. All right. Representative Erf, would you read the motion.

****** REP. ERF: Move to accept, place on file, and release to the public in the usual manner.

CHAIRMAN WEYLER: Senator Gray seconds. All in favor say aye? Opposed no? The item is adopted.

***** (MOTION ADOPTED)**

CHAIRMAN WEYLER: And welcome, Miss Young.

CHRISTINE YOUNG, Director, Audit Division, Office of Legislative Budget Assistant: Good morning, Mr. Chairman, and Members of the Committee. For the record, I'm Christine Young, Director of Audits for the LBA. We're here to present the report on the Annual Single Audit of the State's federal expenditures. As you know, our office contracts with KPMG to conduct the annual audit of the State's Federal Assistance Programs.

Joining us from KPMG is the Partner, Marie Zimmerman, and also the preparer of the Single Audit report from the Department of Administrative Services, Charlie Arlinghaus, Commissioner of DAS. And, with that, I'll turn it over to Marie for the presentation of the report.

MARIE ZIMMERMAN, Audit Partner, KPMG: Thank you. And good morning --

CHAIRMAN WEYLER: Good morning.

MS. ZIMMERMAN: -- Chairman and Board, I am Marie Zimmerman. I'm returning as your lead external audit partner. And --

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REP. EDWARDS: Could you get the mic closer?

MS. ZIMMERMAN: Yep. Thank you. And this morning I will be presenting the results of our June 30th, 2023, Federal Single Audit. This is a compliance audit in accordance with the Uniform Guidance over the State's federal funding. For the year ended 2023, the total federal expenditures reported on the Summary of Expenditures in a federal awards or commonly known as the SEFA was \$3.6 billion. This is relatively consistent with previous years, as the Covid portion of expenditures has remained relatively consistent with previous years.

The SEFA in Section E of your binder, a book of the bound report, begins on Page E-1. It reports all the programs listed by ALN number of the total expenditures incurred during the year, as well as the amounts of the Federal funds that have been passed through of the State.

In this past year, 790 million funds were passed through the State, relatively consistent with the previous year. The SEFA is prepared by the State, by DAS, and as a part of our audit we review the SEFA and perform a variety of procedures to ensure the completeness and accuracy of the SEFA as it relates to the financial statement opinions. The financial statement I had previously presented to you as a clean opinion in our previous meeting.

As a part of this audit, in Section D of the book of the report, on Page D-3, I am glad to present that the SEFA was in all material respects in relation to the basic financial statement fairly presented, and we provided a clean opinion.

As outlined by the Uniform Guidance requirements, we are not required to audit every single program of -- on the SEFA. Instead, we're required to focus our audits on certain larger dollar programs that are defined as Type A, as well as higher risk Type B programs per the Uniform Guidance. This year, based upon your total federal funding of 3.6 billion, that threshold of determining which ones would be considered a Type A was

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\$10.7 million, which is noted in the summary of our audit results beginning on Page F-1.

The Uniform Guidance requires us to perform risk assessments over the Type A programs, and once we have performed those assessments and determined which ones are major programs, we then perform it over the Type B programs to determine which programs we will be auditing. This past year we audited 19 programs. Of those 19, they totaled \$2.99550 billion or approximately \$3 billion. So of the total \$3.6 billion that were federal funds received by the State, we've audited 3 billion of those, the largest being Medicaid at \$1.7 billion.

Beginning on Page F-1 is our Summary of our Audit Results, which list the 19 major programs that we audited. In total, there was 26 Type A programs, but we deemed 16 of them to be higher risk. Therefore, we then selected three Type B programs which were deemed higher risk. The Federal Government has deemed some of those programs to be higher risk and as such we audit them, such as the disability cluster.

The three Type B programs that we audited last year are the Block Grant for Prevention and Treatment of Substance Abuse, The Disability Insurance and SI -- SSI Cluster, as well as the Supportive Effective Instruction State Grants.

Of the 19 programs that we audited last year, 11 of those were -- were audited in June -- in the year ended 2022. They were repeat -- re-audited in the current year because they were deemed to have -- be higher risk or deemed by the Federal Government to be higher risk, such as example as Medicaid, Title I, SNAP, TANF, and LIHEAP.

We have really good news today to report that over our procedures performed we identified 23 reportable findings. That is down from the previous year where we had identified 32 findings. Those findings are outlined in Section D of the report.

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Of the 23 findings, 20 of them were deemed to be material weakness or breakdown of internal controls over the specific compliance areas that were being audited, and three were deemed to be significant deficiencies. Nineteen of the 23 were deemed to have material non-compliance; seven of those compliances related to reporting; five related to subrecipient monitoring; two related to period of performance, and two related to special test. None, I want to point out, none related to allowability or eligibility compliance areas, which is a testament to your internal control structure.

Nine of these 19 material non-compliances were within three programs. Those programs are LIHEAP, ELC, and Disaster Grants. Of the 23 reported findings, 11 were repeat from the previous year, of which four were in LIHEAP Program. Of the 23, we had two that had question cost. In both instances the question cost related to the period of performance compliance areas. That was where -- in the program Education Cluster and the Child Support Enforcement Grant.

Based on the findings of our audit and procedures performed, we're required to provide an opinion related to each compliance area of each major program audited. And based upon the internal control and compliance findings identified, they're identified in the summary of our audit results. We provided a qualified opinion on 13 of the 19 programs audited. Of the 13 programs findings were considered to be material instances of non-compliance as -- and material weakness of internal controls as relates to those specific compliance areas.

We had an unmodified or clean opinion over the remaining six programs that we audited. And I'm happy to report that one of them is your Medicaid Program, your SNAP Program, your Highway Planning and Construction Program, TANF, Clean Water, State Revolving Fund, and your Emergency Rental Program. All received a modified or clean opinions. The findings themselves can be identified or located on Page F-4.

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The first finding I previously reported to you relates to the Financial Statement Audit relating to the Unemployment Trust Fund. It's a significant deficiency around reconciliation of accounts. Then starting on finding two is the findings related to the compliance of the Federal Single Audit.

For each finding, Management is required to provide a response to the finding and a Corrective Action Plan. This year those Corrective Action Plans are on Agency letterhead in Section 8 of the report.

As outlined in our opinion, the State is responsible for preparing the Corrective Action Plans, and the State's response are not subject to our audit. As a result, we do not express an opinion over the Corrective Action Plans.

We had no disagreements with Management, and we had no changes in our audit approach throughout the audit.

I'd like to thank Management, DAS, LBA, but also those that are in the program that are administering the program that is so important to the constituents of the State for all their time and effort in providing us with the detail for us to be able to report to you today our overall clean opinion.

Does anyone have any questions or do I turn it over to you?

CHARLES ARLINGHAUS, Commissioner, Department of Administrative Services: I'll just say something really quick. Usually you would see Dana Call here. So just pretend I'm her.

Charlie Arlinghaus. I'm the Commissioner of the Agency and we have a very strong team that works on this, notably Dana and her team; but Steve Giovinelli and I had to mention him 'cause of his last name, and I thought Senator D'Allesandro would want to know that we had a fine Italian American in charge of the program. But that Steve does a lot of work on this and -- and sort of lives Single Audit and SWCAP and that's sort of his -- his whole life. And -- um -- we work very cooperatively

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with agencies, although as you might imagine, everybody hates auditors from an agency level, but they work very well with them.

The -- the -- an audit finds things. That's very important. You don't want to do an audit that found nothing because you'd wonder what they were looking at. But the chart that Dana started showing you about five years ago is meant to be a summary. So you can say, okay, I know you found some things. Are we getting better? We getting worse or we -- where are we? And we are getting better and the Corrective Action Plans are very important. And I would say that the culture of the State is such that agencies really do take them very seriously. And I would argue that they take them probably more seriously now than they did five, six, seven, eight years ago. There's a lot of -- most of the corrective actions they take are actually actions and actually correct things, which in the past sometimes people used to pay lip service on occasion.

Anyway, we have a very good relationship and it's a very good audit.

MS. ZIMMERMAN: And a testament to that is the SNAP, TANF, and Medicaid Programs. We had findings in the previous year. The Corrective Action Plans were implemented and as I previously reported we had no findings over those three programs. So you can see, as Charlie just explained, that progression.

CHAIRMAN WEYLER: Senator Gray.

SEN. GRAY: I agree that Corrective Action Plans are very important. And when I used to be a manager, I used to go make sure that if I had a repeat item that I went and looked at my correct -- Corrective Action Plan and made sure I was either on track or found out what the problem is. I'm sure you're doing that, and I'd just like to get a comment.

MR. ARLINGHAUS: We do because the Corrective Action Plan is our -- our thing. Steve does it -- um -- and -- and manages

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that program for us. He's a Senior Manager in the Division of Accounting Services -- uh -- and regularly communicates. If you were to ask any agency who gets one, they would argue they -- none of them would argue that he's not aggressive enough. Um -- occasionally people think he's a little too aggressive.

We get quarterly updates. We insist that they come and if the updates -- if the updates don't come, the Commissioner of the agency is required to explain. And occasionally there are managers who get annoyed by that. There's -- there are a lot of people get annoyed every time you write their boss. Like somehow if you told the Governor something I was doing I'd be annoyed with you. But -- um -- I don't actually feel that way. But the -- we go after very aggressively and the auditors the next year also follow-up very aggressively.

SEN. GRAY: Thank you.

CHAIRMAN WEYLER: Further from the Committee? Let me be on the record that I hold auditors in high regard, and I don't think we could do this job on this Committee without them or do a budget without them. And I appreciate --

MR. ARLINGHAUS: Amen.

CHAIRMAN WEYLER: -- their efforts and their thoroughness. And I believe the rest of the Committee feels the same way. Representative Erf.

REP. ERF: Thank you, Mr. Chair. Is it possible to get a PDF of your presentation sent to us?

MS. ZIMMERMAN: Um -- a PD -- do have you a PDF of the report or just my speaking of this or my speaking notes?

REP. ERF: Speaking notes.

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MS. ZIMMERMAN: Yes, I can provide that to LBA to send to. No problem.

CHAIRMAN WEYLER: Thank you. All right. Anything further from the Committee Members? Seeing none. It has been accepted, placed on file and will be released in the usual manner. We're proud to say that under Steve Giovinelli and Commissioner and Dana Call, the Comptroller, that we are seeing improvements. 'Cause we obviously having a lot more money to handle with roughly the same staff as it was five years ago. So it's a task. Um -- thank you all for your efforts. Thank you, Miss Young.

MS. ZIMMERMAN: Thank you.

(13) Date of Next Meeting and Adjournment

CHAIRMAN WEYLER: And the next item I guess would be to pick the date for the next meeting.

MR. KANE: Correct. The third Friday in May, I believe is the -- is it the 19th?

REP. ERF: 17th.

MR. KANE: Seventeenth. May 17th.

CHAIRMAN WEYLER: Senator Rosenwald.

SEN. ROSENWALD: Thank you. I'll just note that it's the date of the Law Enforcement Memorial, so.

REP. EDWARDS: Always is.

SEN. ROSENWALD: We always hear --

CHAIRMAN WEYLER: Oh, traffic.

SEN. ROSENWALD: Well, music I was thinking. But we have done it. We've done it before. So I just wanted to point out we'll be hearing it.

CHAIRMAN WEYLER: So that is the same date and that will be -- yeah, and some limited parking or even -- even access. But they make allowances for us. So thank you for pointing that out. We'll be ready for the music. Does that work for the LBA?

MR. KANE: It does.

CHAIRMAN WEYLER: Is 10 o'clock sufficient on May 17th for the next Fiscal meeting? Without objection we'll set that date. Thank you all for coming and for getting through all that -- all those items. Is there a motion to adjourn?

** REP. EDWARDS: Motion to adjourn.

SEN. GRAY: Second.

CHAIRMAN WEYLER: All in favor say aye? We are adjourned. Thank you very much.

(The meeting adjourned.)

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C E R T I F I C A T E

I, Cecelia A. Trask, a Licensed Court Reporter, do hereby certify that the foregoing is a correct transcript from the YouTube video of the proceeding in the above-entitled matter. I was not physically present at the meeting and have transcribed the video to the best of my professional skill and ability.

Cecelia A. Trask, RPR, RMR, CRR
NH Licensed Court Reporter - #00047

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