

LEGISLATIVE PERFORMANCE AUDIT AND OVERSIGHT COMMITTEE

Legislative Office Building, Room 212

Concord, NH

Friday, February 22, 2013

MEMBERS PRESENT:

Rep. Lucy Weber (Chair)

Rep. Carol McGuire

Rep. Lynne Ober

Rep. Raymond Gagnon

Rep. Laurie Harding

Sen. President Peter Bragdon

Sen. John Reagan

(Convened at 1:30 p.m.)

1. Organization of the Committee

REP. WEBER: I will call the meeting of the Legislative Performance Audit and Oversight Committee to order and note that the first item on the agenda is organization of the Committee. So what is your pleasure with regard to organization?

REP. OBER: Isn't this the year the House chairs?

SEN. PRESIDENT BRAGDON: Yes.

REP. WEBER: That's my understanding. That's why I was supposed to call it to order, do the convening.

** REP. HARDING: I think it would be lovely if you be chair, Lucy.

REP. OBER: I would second that.

REP. WEBER: Are there any other nominations?

SEN. REAGAN: Not hearing any.

REP. WEBER: Seeing none, all in favor? Opposed?

*** {MOTION ADOPTED}

SEN. PRESIDENT BRAGDON: Congratulations.

2. Acceptance of minutes of the October 2, 2012 meeting

CHAIRWOMAN WEBER: Well, thank you so much for your vote of confidence. The next item on the agenda, because I was told I have a tough act to follow in moving things along, is acceptance of the minutes of the October 2, 2012, meeting.

** SEN. PRESIDENT BRAGDON: So moved.

REP. HARDING: Madam Chair, if I may say thank you to Senator Bragdon for his chairmanship last year.

SEN. PRESIDENT BRAGDON: Oh, my pleasure. Move the minutes.

CHAIRWOMAN WEBER: Senator Bragdon moved the minutes.

SEN. REAGAN: Second.

CHAIRWOMAN WEBER: Seconded by Senator Reagan. Is there any discussion? Seeing none; all in favor? Opposed? And the minutes have been approved.

*** {MOTION ADOPTED}

3. Current status of ongoing and pending performance audits

CHAIRWOMAN WEBER: Number three is current status of ongoing and pending performance audits.

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RICHARD MAHONEY, Director, Audit Division, Office of Legislative Budget Assistant: Thank you, Madam Chairman.

For the record, my name is Richard Mahoney, Director of Audits for the Office of Legislative Budget Assistant. Joining me this afternoon is Stephen Fox. Stephen is our Audit Supervisor responsible for all of our financial -- I'm sorry -- performance audit teams.

Since there are some new members on the Committee, I thought I would take just a minute, Madam Chair, if I may, just to give a background about our office. I report to Jeff Pattison who's the Legislative Budget Assistant. I head the Audit Division of the Office of Legislative Budget Assistant, and we have 25 funded positions in our office right now. We currently have nine performance auditors on staff, and we have a new performance auditor beginning on March 4th. So that would bring 10, including Steve Fox, from a performance audit perspective. And we also have 13 financial auditors on our staff as well.

With that brief background, Madam Chair, I'll just go into the status of our current audits. Juvenile Justice is an audit that was approved by this Committee and all of our work on that audit is now complete, and we intend on presenting that audit report to the Fiscal Committee at its March 8th meeting. We spent a total of about 1800 hours performing that audit at a cost of approximately \$143,000. We also had completed an audit of employees versus contractors. That audit was approved by this Committee on June 27th of 2012. We also plan to present that report to the Fiscal Committee at its March 8th, 2013, meeting. We spent approximately 2100 hours on that audit at a cost of approximately \$154,000.

We also have two audits currently in process. The first audit is at the Department of Revenue Administration looking at uncollected state taxes. This topic was originally approved by this Committee in June of 2010. And

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we withdrew from that audit in October of 2010 because of concerns the Department had over their statutory authority to share confidential taxpayer information for our performance audit. Our statutes were very clear in allowing our auditors access for financial audit purposes but not crystal clear with regard to performance audits. So House Bill 579 was passed in 2011 session that made it clear that our auditors would have access to confidential taxpayer information for performance audit specifically; and our office worked cooperatively with the Department of Revenue Administration to agree on the language for that statute that was passed.

In December of 2011, this Committee agreed to recommence that audit beginning in July of 2012. However, DRA was not yet ready for us to go in to start that audit because of the conversion to their new automated systems, taxpayer information systems, as well as scanning documents and so forth, and they are still in the process of doing that.

We have for you today, we did begin the audit again on -- in January of 2013. We met with the Commissioner, who is here this afternoon, and members of his staff and decided to proceed with an audit, although we have amended the scope and we will be presenting that to you today for your approval to narrow the scope, to essentially eliminate any look at the audit division, which the original scope entailed.

The last audit we have in process is at the Department of Safety, Division of Motor Vehicles. Director Rick Bailey is here this afternoon as well. That topic was approved by this Committee in October of 2012. We held an entrance conference with the Department in December of last year and our field work is currently in process. So we anticipate presenting that report, along with the DRA report, in May or June of this year.

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And the last audit that's in our queue at this point in time is an audit of the Controlled Drug Prescription Health and Safety Program, and that audit is required by statute. Chapter 196 of the Laws of 2012 actually created this program and requires a performance audit on or before December 31st of 2014. So we anticipate that we will begin that audit around the middle of 2014 in order to give the program time to get up and operating and get some history that we can actually go in and audit. So we don't anticipate beginning that audit for another year and a half. And with that, Madam Chair, that is the summarization of the status of our current audit reports.

CHAIRWOMAN WEBER: Okay. Anybody have any comments on that? Yes, Senator.

SEN. PRESIDENT BRAGDON: I think Senator Bradley might have filed a bill related to this prescription drug thing, and I think part of that pushes the audit off for another year or so. I think there's a bill in the hopper that might affect you.

MR. MAHONEY: Thank you, Senator.

CHAIRWOMAN WEBER: Anything else? Seeing none. Do we need to approve something for that or that was just a report on where we're at?

MR. MAHONEY: That was just a report on --

CHAIRWOMAN WEBER: You did mention that you needed an amendment on the scope of one of the studies.

4. Discussion and approval of Scope Statements

MR. MAHONEY: Yes, Madam Chair. We have two scope statements for Committee's review and approval this afternoon. And with your permission, I'd like to call Steve Fox to join me to the table and Steve can walk us through

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this, if you like.

CHAIRWOMAN WEBER: Sure. Thank you. It's going to take me awhile to get the language down.

STEPHEN P. FOX, PhD, Performance Audit Supervisor, Audit Division, Office of Legislative Budget Assistant: Good afternoon, Madam Chairman, Members of the Committee. For the record, my name is Stephen Fox. I'm the Performance Audit Supervisor for the Legislative Budget Assistant Audit Division.

As Dick has mentioned, we have two scope statements before you today for your approval. First one is our performance audit of the Division of Collections for the Department of Revenue Administration. I won't go into any of the background which Dick has already covered on this audit. Let's just say that we are focusing right now on the Division of Collections rather than also including the Audit Division. We are looking at the Division of Collections' efforts in collecting delinquent taxes.

The DRA administers most of the State's taxes and the Division of Collections is authorized to collect all outstanding taxes owed to the State within the DRA's jurisdiction, and to secure all delinquent returns required to be filed by any taxpayer in the state.

The Division also licenses meals and rental operators, sells tobacco tax on tobacco stamps and conducts compliance operations, such as performing tobacco stamp checks at retailers. To collect taxes, the Division is empowered to impose liens, make payment arrangements, seize or restrain the assets of a person or corporation who has not paid taxes, suspend and revoke meals and rentals operator licenses, contract with private debt collectors for out-of-state cases, and to offset tax refunds from other DRA taxes. The Division also has the ability to negotiate settlement and abate taxes, penalties, and interest owed by

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taxpayers.

During Calendar Year 2012, with enhancements to the Department's TIMS or Tax Information Management System, the Division ended up with a caseload of about almost 9,000 tax notices worth approximately 28.7 million by the end of Fiscal Year 2013 or 2012, I'm sorry. That's June, end of June of 2012. The out-of-state debt collection agency that the Division had contracted with had almost 1100 of those cases and that was worth about \$7.8 million. According to DRA officials, the ongoing upgrade of the TIMS system, along with Department-wide staff reductions, has affected its ability to process taxes and timely identify delinquent taxes. Currently, the Division employs two clerks, one Compliance Officer I, and five Compliance Officers II for a total of eight filled classified positions, plus the Director of the Division.

We met with DRA officials in January of this year, discussed the status of their information technology upgrades, their staffing, and the availability of program data for the Audit Division and the Collections Division and that helped us to decide that really what we need to be focusing on right now is the Collections Division because the Audit Division still does not have complete set of information to work -- to conduct its work.

Currently, the information that we have from the Department is that they need to scan about 35,000 more documents in order to get current. I believe that's with tax year 2011, and they expect to have that done by April 1st of this year. They have recently received approval to hire temporary staff in order to complete that effort.

The focus of the scope of this audit would be the bolded questions that's on Page 2 of the Scope Statement and that is: Did the Division of Collections efficiently and effectively collect delinquent taxes during State Fiscal Years 2011 and 2012? And to answer this question,

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we plan to review collection-related statutes, Administrative Rules, and policies of the -- policies and procedures of the Division, interview DRA personnel and stakeholders, identify and review collection activities, and procedures, review collection performance data, identify comparable collection practices from other states and the Federal Government and to identify as best we can any best practices in the area of state tax collections.

That is the scope statement as it is before you, and we would be looking for your approval or any questions that you might have about this scope before doing so.

CHAIRWOMAN WEBER: Are there questions?

SEN. PRESIDENT BRAGDON: One question.

CHAIRWOMAN WEBER: Yes.

SEN. PRESIDENT BRAGDON: You may have said this and Director Mahoney may have said it actually in his earlier comments, too. When do you think this would be going to -- complete and going to Fiscal?

MR. FOX: We figure would take about four months to complete. So we are looking right now probably May at the earliest, June at the latest.

SEN. PRESIDENT BRAGDON: Okay. If I can follow-up on that as well?

CHAIRWOMAN WEBER: Certainly.

SEN. PRESIDENT BRAGDON: I noticed the other audits for which you gave us an update the cost was around \$150,000 which seemed to be, from my recollection, a little bit lower than average. Is this type of audit you're looking at, Department of Revenue audit, average, a little lower, a little higher? What's your sense of the overall work?

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MR. MAHONEY: It would be lower, Senator.

SEN. PRESIDENT BRAGDON: Okay.

MR. MAHONEY: If I may take a minute just to explain a little bit. As some Members of the Committee know, these performance audits have been very expensive over the years. Our average cost over the past five years is about \$344,000 an audit. And so we decided to try to write our scope statements in the future to be able to do these audits in four months or less. It will significantly reduce the cost of these audits. It will also significantly reduce our interruption of departments when we are there, which we are trying to do. But it will also allow us to go to more places more often. Obviously, these Scope Statements are subject to your approval and we're at your wish in terms of the scope of work that we're proposing, but we are going to try to write all of our future scope statements to be able to do this work in four months or less.

SEN. PRESIDENT BRAGDON: Thank you.

CHAIRWOMAN WEBER: Representative Harding.

REP. HARDING: Thank you, Madam Chair. How many people is it going to involve from your Department? Do you have any idea? And what's it going to take from the Department to prepare for you to do this?

MR. FOX: We plan to have four people on-site. Three of them already are on-site. Dick mentioned earlier that we have a new staff auditor joining us on March 4th, Monday, March 4th. After he has been oriented to the Audit Division, he will be joining that team. So we have four people. As I said, they already are on-site. They are receiving good cooperation from the Department, getting information that they need in a timely manner. So right now everything looks like we ought to be able to get the information we need and

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do the field work that we need to do in order to get this thing done in a timely manner.

REP. HARDING: Follow-up.

CHAIRWOMAN WEBER: Go ahead.

REP. HARDING: Is there a vehicle for evaluating the Department's experience during the audit so that you get feedback about the Department's audit experience on the amount of time that it took them away from their work? Have we done that at all to get some quality improvement?

MR. MAHONEY: Not on a formal basis, Representative Harding. We do have meetings throughout the audit process. We have what we call an exit conference at the end of every audit that we perform, not only financial audits but performance audits. The exit conference is designed to go over the draft report in its final format, and we go through page by page the report. And we ask if there are any comments about any language, any tone, that sort of thing.

We try to -- at an entrance conference we try to mention that if they have issues with what's going on during the audit, any problems, any concerns, that to feel free to talk to me, talk to Steve Fox, the audit supervisor, or our auditor in charge. On a formal basis, no. Informal, I think there are ample opportunity to get that feedback.

REP. HARDING: Okay.

CHAIRWOMAN WEBER: Any further questions or comments? Senator Reagan.

SEN. REAGAN: I'd just note that six years we've never received a complaint from Departments about misconduct of the performance audit.

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CHAIRWOMAN WEBER: Seeing no further comments or questions, I'd entertain a motion.

** SEN. PRESIDENT BRAGDON: So moved. Move to approve the full scope for Department of Revenue.

SEN. REAGAN: Second.

CHAIRWOMAN WEBER: Senator Bragdon moves and Senator Reagan seconds that we approve the scope statement as presented to us. All in favor? Opposed? So that's unanimously approved.

*** {MOTION ADOPTED}

MR. MAHONEY: Okay. Steve.

MR. FOX: Thank you. The second proposed Scope Statement on the agenda today is our performance audit of Division of Motor Vehicles. I'll note that DMV performance audit had been discussed by this Committee in September of 2009. We did have an initial meeting with the Department of Safety shortly thereafter. Because at that time they were at the initial stages of making changes over at the Division, they asked that we not go in there at that time. This Committee agreed with that. And then in October of last year, October 12th or October 2nd, 2012, the Committee -- this Committee, decided to ask us to go back in and see or start this audit given that they've had -- that the Department of Safety has had about three years in order to implement their changes.

The State statute establishes the DMV under the supervision of an unclassified director who is responsible for motor vehicle and driver regulation including, but not limited to, driver licensing, vehicle registration, financial responsibility compliance, and title issuance, as well as registration of commercial and private boats. The

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DMV is headquartered here in Concord, and they have 13 substations across the state. If you look at Table I on Page 1, that identifies the location, the days of operation, the services provided by those 13 substations.

(Representative Harding left the Committee room.)

MR. FOX: DMV has five main bureaus, including the Bureau of Driver Licensing, the Bureau of Registration, the Bureau of Title and Anti-Theft and the Bureau of Financial Responsibility, and in 2010 it created a Bureau of Operations which removed customer service counter staff and Call Center personnel from the other four bureaus. In other words, the front-end people that had been working under those other bureaus, it removed them and consolidated them under this new Bureau of Operations.

The Bureau of Operations currently has 78 full-time and 18 part-time staff that are responsible for issuing driver licenses, non-driver identification cards, registering motor vehicles and boats, processing title applications, printing driving records, collecting associated fees, and assisting customers with traffic citation payments and ensuring that documents are complete prior to restoring a person's driving privileges.

According to the DMV Director, during State Fiscal Year 2012, staff issued almost 290,000 licenses and identification cards, and that was in conjunction with -- and in conjunction with its municipal agents registered almost 1.5 million motor vehicles and over 90,000 boat registrations.

The DMV's mission is to provide friendly and helpful motor vehicle services in a professional and efficient manner. The changes that were implemented beginning in 2009 were structured to identify customer service concerns and alleviate wait times at its locations. It cross trained employees, required substations to report customer wait

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times to DMV headquarters, and took steps that if there are an unusually busy stations or wait times, in limited instances the DMV management may redirect personnel from one substation to another nearby substation. They also realigned counters in most of their substations so that customers can complete several different types of transactions at one counter rather than going from one to another; for instance, for registration or licensing. Everything can be done at one counter now.

They also implemented an on-line driver license renewal system that allows licensed drivers to renew on-line once in a 10-year period. And approximately 26% of license renewals are now completed in that manner.

The DMV also instituted a scheduling system for driver licensing road test, skills test, and also arranged for driver-education classes to bring their students in for road tests during afterhours.

It's also -- the DMV has also automated the written portion of the driver license test which allows for instant reporting both to the test taker and to the DMV itself in terms of scoring on those tests. DMV has on-line connections with its 223 municipal agents, eliminating a lot of hard copy transactions, movement of hard copy data from those agents to the DMV where it had to be input by hand. That's now done on-line. They have improved their call system so that they are able to monitor the wait times for people who are on the phone. And that also -- that also lets customers know that how many calls are ahead of them -- callers are ahead and then gives them the choice to either leave a message or to call back at another time. DMV claims to have -- these type exchanges have increased customer satisfaction by alleviating long lines at its substations.

As part of our work at this point we have gone out and observed the activities in a number of substations. We have

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done some time studies. We've done some customer satisfaction surveys on-site. And we can report that things seem to be, at least from the customer's standpoint, there seems to be a high level of satisfaction with what they're encountering out there. Wait times are generally less than an hour. And if there is a lengthy wait time, it's usually restricted to one or two customers and it's due to having to -- them having a particularly complex situation in terms of what they're trying to do.

The audit period that we are looking at will encompass, again, State Fiscal Years 2011 and 2012. On Page 4 of your Scope Statement, you'll see five bolded questions, first one being, and that will be the -- basically the scope of our audit -- first one being does the DMV accurately track customer wait times -- excuse me -- effectively deploy staff, respond to excessive wait times and communicate wait times to its customers. The second question being are service times consistent with or consistent among the DMV substations? Third, do DMV hours of operations to meet customer needs?

The fourth one I need to modify for you based on information that we've received recently. Where it originally reads have DMV customer satisfaction survey results improved since the creation of Bureau of Operations? DMV is unable to provide us with information going back to that creation. So now we are looking at are customers satisfied with the services provided by the DMV? There's some modification to that question. And the fifth one being, does the DMV implement -- implement customer service training for all staff.

To answer those questions, you'll see a bolded list of methods that we intend to use. Reviewing customer satisfaction literature and standards; reviewing DMV policies, procedures and practices; interviewing DMV staff; surveying customers; sample of DMV stations. Some of that we have already done. Surveying DMV personnel. Again, we

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have done some of that. And we have done a on-line survey with employees of the Division of Operations -- Bureau of Operations. Conduct time studies to determine wait time. Again, we have done some of that. Review customer service survey cards collected by the DMV. Review their training program for Bureau of Operations staff. Assess the DMV's staff re-deployment strategies, review methods to convey wait times to customers, and other procedures as we may find necessary. As proposed, we expect this audit would be completed by May of this year.

Happy to answer any questions you have to your consideration of this.

CHAIRWOMAN WEBER: Thank you. Representative Ober, you had a question?

REP. OBER: No, I have a comment. I would probably vote against this audit. Not only am I a happy on-line renewal customer, but one of my -- my first couple of terms, the thing I heard most from my constituents were gripes about getting a driver's license renewed. That has fallen off, gone away, with the on-line renewal and some of the changes. And what I hear now when I see them are oh, hey, I used on-line renewal for my driver's license. That's so terrific. You guys in the State House finally got something right. Okay. I can't take credit for it, but if you want to give it to me I would. So I don't really know if we need this, because I think that a lot of changes have been made. And I just wonder if we don't have other performance audits that we need more. So just a comment and my personal experience in my district. We use the Salem Center which used to be horrendous and busy.

CHAIRWOMAN WEBER: Senator Reagan.

SEN. REAGAN: I agree with Representative Ober. I've had several complicated renewal issues at two different DMV offices and they couldn't have done it better.

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CHAIRWOMAN WEBER: Let me ask you what happens when -- you're halfway through this one is my --

MR. MAHONEY: We are well on our way to completing this audit; yes, Madam Chair. As is the result of this Committee's recommendation to the Fiscal Committee, Fiscal Committee approved the audit to move forward. So based upon the Fiscal Committee's approval, we began work on this audit prior to bringing the scope statement to this Committee, mostly just because of the timing of the election, the new Committee being formed, and so on and so forth. We did not want to have people not have something to do. So we've actually done a lot of this work already. As Steve mentioned that we would likely present this report to the Fiscal Committee in May. We may actually beat that time frame. We are probably at a stage where we could complete most of our field work now. Because as Steve mentioned earlier, I think our work so far has reflected the sentiments that have been expressed by two members of the Committee already. So I think the report can be done in a relatively quick fashion.

CHAIRWOMAN WEBER: Is there a possibility of telescoping the work, making it --

REP. OBER: I mean --

CHAIRWOMAN WEBER: Compact the scope.

REP. OBER: I won't vote no. I just wanted to put that out on the floor that that's what I've seen in five terms, a great improvement in complaints and a high rise of satisfaction in my own district.

CHAIRWOMAN WEBER: Senator Bragdon.

SEN. PRESIDENT BRAGDON: Thank you, Madam Chair. I think that given all the work already done and a little bit

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left to do, it probably gives a baseline for the future as well so we have something to compare against. 'Cause right now prior to the rearrangement we didn't have a lot of baseline data either, so.

CHAIRWOMAN WEBER: Right. Representative McGuire.

REP. MCGUIRE: Thank you, Madam Chair. I agree that since they're all this far along, we ought to finish it up rather than dropping the data in the middle. But one thing that came to my mind is do all these different substations, are they -- the question is are they appropriately spaced across the state is something that I would be interested in. And I don't know if you can do that within your -- the kind of data you're already gathering, but that's something that I believe many people might be interested in.

MR. MAHONEY: I think we visited five substations so far, if I'm not mistaken. We have taken customer satisfaction surveys at each one of those substations. We have not looked specifically, Representative McGuire, with regard to are they appropriately spaced. We have not done work in that regard.

MR. FOX: Well, we have asked them at the five substations how convenient the location was for them. Now the five that we visited were Tamworth, Manchester, Concord, Dover, and Keene.

REP. OBER: Is Tamworth up north?

MR. FOX: Beg your pardon?

REP. OBER: Is Tamworth up north?

REP. MCGUIRE: Yes.

SEN. PRESIDENT BRAGDON: South of Conway close to the Maine border.

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MR. FOX: Ossipee. Yes, that area. The lowest rating that we got in terms of satisfaction with location, convenience of location was at Concord and that's 74%. So Tamworth 86% were satisfied. And so there are, you know, in terms of location, there is a high level of at least of the five.

CHAIRWOMAN WEBER: Is there any way of telling what the issue of location in Concord was?

MR. FOX: We would have -- I don't have that.

CHAIRWOMAN WEBER: I guess my question is you don't delve that. That's a whole nother -- I'm not asking for whole nother layer. I'm asking if that's --

MR. FOX: We can look whether there are any comments. All I have in front of me is the summary stuff, but we could look in terms of what are the comments.

REP. MCGUIRE: Being a customer of the Concord station myself, I can say it's probably due to people that are coming in from the suburbs trying to find the place.

SEN. REAGAN: I think a lot of strange things come out of Concord, too.

CHAIRWOMAN WEBER: Okay.

REP. OBER: Cecile, don't put that in the minutes.

CHAIRWOMAN WEBER: Moving right along. I'm sorry I asked the question.

REP. OBER: That's okay.

CHAIRWOMAN WEBER: Other comments? Questions? Concerns? Seeing none, I guess I would --

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** REP. OBER: I would move to finish the study as quickly as possible.

CHAIRWOMAN WEBER: Any second?

SEN. PRESIDENT BRAGDON: Second with the Amendment to the scope as proposed by Supervisor Fox.

REP. OBER: Yes, I agree to that.

REP. WEBER: Representative Ober moves and Senator Bragdon seconds that we accept the scope as amended and request that it be done as quickly as possible. All in favor? Opposed? That one passes.

*** {MOTION ADOPTED}

5. Discussion and approval of new audit topics

CHAIRWOMAN WEBER: So moving on to discussion of audit -- approval of new audit topics.

REP. MCGUIRE: Madam Chair, question. If they're finishing up the DRA and the other two are going to be done in May, how many audits do we need to get in the pipeline for you?

MR. MAHONEY: I'm glad you asked that, Representative McGuire. Believe it or not, my ideal number would be six coming out of today's meeting. I know that's probably a little bit unrealistic given the fact that I don't think we've ever had six audit topics approved at one LPAOC meeting. I can explain the rationale behind that if I can just take a moment.

With our new performance auditor beginning on March 4th, we'll have 10 performance auditors, including Steve Fox. If we then had three teams of three auditors apiece doing audits at the same time, we have three audits

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going on at once. The rationale behind six is to have at least one more audit behind each one of those teams to account for down time, wait time for an agency, sometimes you wait for data from the agency. If there's not another audit behind each one of those teams, those people can take advantage of that down time. Barring getting six topics out of today's meeting, if we could get three it would be terrific and then the Committee could meet a little bit more often, I guess, if necessary, to give us three additional topics. So that's the rationale behind the request for six today.

REP. OBER: Madam Chairman.

CHAIRWOMAN WEBER: Yes, ma'am.

REP. OBER: I'm sitting here reading these so I have a ranking of four. I could pick two more. I wonder if everybody's done the same and we could just see where we are, without having either of the gentlemen read them all to us. I mean, I know my top four and I could easily add on two more and see if we have an agreement. If everybody picks six and --

CHAIRWOMAN WEBER: Well, why don't you tell us what your ones are?

REP. OBER: My number one --

SEN. PRESIDENT BRAGDON: Before she does that though, because before everybody reads what they want from this list, I noticed one thing that's not on this list that this Committee has been talking about for a while and just so people put that into their mix.

CHAIRWOMAN WEBER: Okay.

SEN. PRESIDENT BRAGDON: The Community Development Finance Authority. Received a letter a couple years ago

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from somebody implying that there was -- this is an agency that doles out about \$5 million per year. And just a complaint that there was a lot of self-dealing in the awards and that the awards weren't going to projects actually --

REP. OBER: I saw that letter.

SEN. PRESIDENT BRAGDON: -- that actually meet the objective of the organization. Sounds like a great area for performance audit. If you could throw that into your mix of potential things.

REP. OBER: Okay. So if you have -- if you number them 1 to 14 and we make the one that Senator Bragdon just added number 14, maybe we could all go by and just tell you.

SEN. PRESIDENT BRAGDON: Can you give me a couple minutes to --

REP. OBER: Yeah. I can give her mine while you guys do that, so.

REP. WEBER: And before Representative Ober does that, could I ask how -- I'm assuming that any of us could add thoughts to the list for the future as well?

MR. MAHONEY: Yes, Madam Chairman. This list is really a thought starter for Committee members.

CHAIRWOMAN WEBER: I know Representative Ober talked to me about another one, but I don't think it's on the list; is that right?

MR. MAHONEY: If the last --

REP. OBER: It's number 13.

CHAIRWOMAN WEBER: It is number 13. Yep, okay. Got

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it.

REP. OBER: Carol McGuire and I both got that. I just forwarded it to you. So my number one is the EBT cards, which is number four. My number two is Department of Corrections. That's really important to Finance because we have asked them a number of times would it be possible to send home non-violent first-time offenders with a bracelet program. And one of their concerns has always been the community corrections that a performance audit might give us our data we could use for that. So that's my number two.

My number three is number 13. My number four would be the list number three, the assisted-living nursing facility inspections. And I'm putting my number five as that Community Development Finance Authority because I did see that letter, and I think that's important. And I would make my number six the number eight, Department of Resources and Economic Development. And, again, that's because of information that comes out of budgets when we look at the budgets when we talk to DRED.

CHAIRWOMAN WEBER: Okay. Somebody else have a set of priorities?

REP. MCGUIRE: I do.

CHAIRWOMAN WEBER: Representative McGuire.

REP. MCGUIRE: It's actually very similar to Representative Ober. Number one is Department of Corrections. Number two is the EBT cards. Number three is number five, the Food Protection Program. Four would be the Police Standards and Training, number 13. Five would be the CDF Authority, and six would be charter schools.

SEN. REAGAN: Five was?

CHAIRWOMAN WEBER: Community Development. It's the one

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not written there.

SEN. REAGAN: Your last one was?

REP. MCGUIRE: Was number 11, charter schools.

REP. GAGNON: Can we bullet vote these?

SEN. PRESIDENT BRAGDON: No.

REP. GAGNON: Sorry.

REP. OBER: We may have a consensus or we may not. I mean, we'll know.

CHAIRWOMAN WEBER: Are you ready to go ahead?

REP. GAGNON: Yes. From my own perspective, I would say number one would be number 14. I would say DRED would be number two.

SEN. REAGAN: Give us the number.

REP. GAGNON: Oh, all right. Number eight, the Department of Resources and Economic Development I would say be number two. Number 14 was the Community Development Finance Authority. That was my first choice. My third choice would be Corrections. And I guess as I keep going there, I don't really have any, you know, nothing really jumps out. But I do think the facilities inspections may be number four which is listed here as number three, and Police Standards and Training would be number five. And I guess Homeland Security number six.

CHAIRWOMAN WEBER: What number is that one?

SEN. PRESIDENT BRAGDON: Also number six.

CHAIRWOMAN WEBER: Okay, number 6.

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REP. OBER: His number six is number six.

REP. GAGNON: That's just because I'm kind of interested in that.

CHAIRWOMAN WEBER: Either of the Senators?

SEN. PRESIDENT BRAGDON: Go ahead, John.

CHAIRWOMAN WEBER: Senator Reagan, please.

SEN. REAGAN: Number three.

CHAIRWOMAN WEBER: Number three is number one?

SEN. REAGAN: Yes. Number four, number eight, number 13 and number 14.

CHAIRWOMAN WEBER: Senator Bragdon, I see a bit of a pattern emerging.

SEN. PRESIDENT BRAGDON: Yes, yes. And I have no issues with the items selected so probably just different ordering in my book. And let me see. For my first one -- I'm a little sympathetic towards Corrections because we spent a lot of time visiting them the last year so I won't rate them quite so high just yet. I think -- I guess because the last one, number 14, has been around so long I would put it as my first choice, but I see it's on everybody's list so that's good. My first choice would be number 14. My second choice would probably be the DRED one, which I think is number eight. And then my third one would probably be the EBT cards, number four I believe that is. And my fourth one would then be Corrections, which is number two, and my fifth one would be number three, and then my sixth one --

CHAIRWOMAN WEBER: I think you had number three as your third one as well.

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SEN. PRESIDENT BRAGDON: Okay. So I'm up to six.
Perfect.

REP. WEBER: So unless you're bullet voting.

SEN. PRESIDENT BRAGDON: No, no.

MR. FOX: If I may?

REP. MCGUIRE: Number three was four.

MR. FOX: I think EBT was number three.

SEN. PRESIDENT BRAGDON: I had EBT as number three.

CHAIRWOMAN WEBER: I'm sorry; I got it in the wrong place.

REP. MCGUIRE: Your number six is?

SEN. PRESIDENT BRAGDON: Oh, I still have a number six to do, huh? Let's see, what ones had I circled before? Police Standards seems to be a popular one.

CHAIRWOMAN WEBER: Okay.

REP. OBER: Madam Chair.

CHAIRWOMAN WEBER: Yes.

REP. OBER: Do you have a vote?

CHAIRWOMAN WEBER: I feel that the ones that are emerging here are pretty much, and I haven't really taken the time to order them in my mind, but it looks to me like we have got three on the front page that really look like they're exciting to people. Looks to me like numbers 2, 3, 4, 13 and 14 are the ones that have the most. And I think

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number eight comes in behind that.

REP. OBER: Yes.

REP. MCGUIRE: Yes. That's what it looks like to me.

CHAIRWOMAN WEBER: I certainly would not -- I'm not sure about order, but I'm --

REP. OBER: Well, he just wanted six.

REP. WEBER: I'm not unhappy with that. Perhaps if we gave you those six as a starter.

REP. GAGNON: Could we repeat those six, who are they?

CHAIRWOMAN WEBER: The ones I have are number two.

REP. GAGNON: Two.

CHAIRWOMAN WEBER: Number three, number four. Thirteen and 14 both look to me like they have probably the most votes overall. And then number eight was sort of the next.

REP. GAGNON: Yeah, very good.

CHAIRWOMAN WEBER: Sort of the last one in the ranking, but that gives you six and --

REP. OBER: I would recommend we keep the ones we didn't choose on the list as we move forward.

SEN. PRESIDENT BRAGDON: Yep.

REP. OBER: See, you got six.

MR. MAHONEY: Thank you very much.

SEN. PRESIDENT BRAGDON: Do you need any ordering?

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CHAIRWOMAN WEBER: Do you need specific priorities or does this give you enough to work with till our next meeting?

MR. MAHONEY: This gives us plenty to work with. Just a matter of whether or not the Committee would like to take these in any particular order.

SEN. PRESIDENT BRAGDON: I don't have any particular.

REP. MCGUIRE: Whatever works.

CHAIRWOMAN WEBER: It may emerge once you start looking at them more as to where you can get in and what isn't going to work right away, 'cause it looks like that seems to be an issue going forward with a lot of these. So seemed -- I'm perfectly comfortable giving you the flexibility to figure out where you can get in. It did sound to me like those last two were not necessarily anybody's highest priority, but they got a lot of votes. So --

REP. OBER: Fourteen was the highest priority for two people who voted.

REP. GAGNON: Yeah.

SEN. PRESIDENT BRAGDON: I would say I'm comfortable with them deciding based on their workload and how much things fit in.

CHAIRWOMAN WEBER: Where they fit based on your schedule, the agency's schedule, you got available to do them.

MR. MAHONEY: That's fine, Madam Chair. Thank you very much. I am not sure you need a vote.

REP. OBER: I think we voted.

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SEN. PRESIDENT BRAGDON: I think consensus.

REP. OBER: We have consensus.

CHAIRWOMAN WEBER: We don't need a vote for those six.

SEN. PRESIDENT BRAGDON: Could I ask would be your intent to go to Fiscal with all six at once?

MR. MAHONEY: We probably would go to Fiscal with all six at once.

SEN. PRESIDENT BRAGDON: That's a good idea. Get it out of the way. Yep. Good.

CHAIRWOMAN WEBER: Representative McGuire.

REP. MCGUIRE: I'm not familiar with this Committee. So the next step is you go to Fiscal to get the concept approved and then bring the scope to us at our next meeting?

MR. MAHONEY: That is correct. And we would probably not bring six scope statements to you for you to approve.

REP. MCGUIRE: The first two.

MR. MAHONEY: Yes, that would be the next step for this Committee. Yes. So once we are ready, I would contact the Chair and try to get a meeting scheduled.

CHAIRWOMAN WEBER: Okay. Representative Gagnon, you had something?

REP. GAGNON: Thank you. What would be the projected time frame from this point till completion of these six? Would be a year? Is it six months? You're saying two teams.

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MR. MAHONEY: For all six?

REP. GAGNON: Yeah.

MR. MAHONEY: Let me explain where our staff is right now. We currently have nine performance auditors, including Steve. So that leaves eight. We have two of those eight working full-time in the Budget Division helping the LBA on the budget.

REP. OBER: We see them a lot.

MR. MAHONEY: That leaves us with six. We have another one of our auditors out on maternity right now until mid-April. So now we are down to five. So we have right now five auditors in the field performing audits. Those audits will be done in May or June time frame. And then my hope would be to have three audits then begin after that time frame for a maximum of four months. That's what our target is. So we'd be talking months, not years.

REP. GAGNON: So September or October?

MR. MAHONEY: Yes.

CHAIRWOMAN WEBER: For the first three, and then a further three, four months after that.

MR. MAHONEY: Following that.

SEN. PRESIDENT BRAGDON: By this time next year you'll be looking for another six?

MR. MAHONEY: Yes, exactly.

CHAIRWOMAN WEBER: We can develop other thoughts going forward.

6. Other Business

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CHAIRWOMAN WEBER: I think we're down to Other Business. Is there any? Senator Reagan.

SEN. REAGAN: We always had a clerk. Is that required by the statutes?

MR. MAHONEY: Senator Reagan, no, it's not required by the statute. But historically, the Committee has elected a clerk. But the only position mentioned in statute is the Committee may elect a chair.

REP. OBER: We do have Cecile so we get full transcripts.

SEN. REAGAN: Right. I just didn't want us to go past the organization.

REP. OBER: Yes.

SEN. PRESIDENT BRAGDON: The minutes come from Stephen or you?

MR. FOX: Correct.

SEN. PRESIDENT BRAGDON: Okay. So we can get by without a clerk and it's the minutes going out.

MR. MAHONEY: Yes.

CHAIRWOMAN WEBER: The other question I have simply because one normally does is do we want a Vice-Chair in case I don't happen to be here or will we just punt at that point? It's not a huge group.

SEN. PRESIDENT BRAGDON: Probably organize the meeting around the Chair's schedule, I suspect.

REP. OBER: I would suspect we did. But if we didn't, I would say Senator Bragdon is last year's Chair, would

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make a great Vice-Chair.

SEN. PRESIDENT BRAGDON: I'd be happy to do if you so choose.

REP. WEBER: I guess we'll cast one vote Senator Bragdon as Vice-Chair. Would we like a clerk?

REP. GAGNON: No.

REP. MCGUIRE: No.

7. Date of next meeting and adjournment

CHAIRWOMAN WEBER: Right. Is there any other business?

SEN. PRESIDENT BRAGDON: Just the next meeting, but we probably won't know that until we get an idea --

CHAIRWOMAN WEBER: We are going to wait on that until you've got your schedule.

MR. MAHONEY: Yes, Madam Chair. That would be wonderful. We could do it at the call of the Chair that would be great.

CHAIRWOMAN WEBER: There's a motion to adjourn to the call of the Chair.

****** SEN. PRESIDENT BRAGDON: So moved.

SEN. REAGAN: Second.

CHAIRWOMAN WEBER: Moved and seconded. All in favor? We are adjourned.

******* {MOTION TO ADJOURN ADOPTED}

(Concluded at 3:22 p.m.)

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CERTIFICATION

I, Cecelia A. Trask, a Licensed Court Reporter-Shorthand, do hereby certify that the foregoing transcript is a true and accurate transcript from my shorthand notes taken on said date to the best of my ability, skill, knowledge and judgment.

Cecelia A. Trask
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