

**LEGISLATIVE PERFORMANCE AUDIT AND OVERSIGHT COMMITTEE**

Legislative Office Building, Room 212

Concord, NH

Monday, March 31, 2014

**MEMBERS PRESENT:**

Rep. Lucy Weber, Chair

Rep. Carol McGuire

Rep. Raymond Gagnon

Rep. Lynne Ober

Rep. Mary Jane Wallner

Sen. John Reagan

Sen. Lou D'Allesandro

(The meeting convened at 9:36 a.m.)

**1. Acceptance of minutes of the February 3, 2014 meeting.**

CHAIRWOMAN WEBER: I will call this meeting of the Performance Audit Committee to order, and we cannot take any votes on anything because we do not have a quorum. But Representative McGuire has asked if we could discuss potential audit topics and go for it.

REP. MCGUIRE: Right. Well, the Child Support, I mean, it was last audited in 1995. There's been -- there may well have been things going on. And I have heard of issues with the Child Support Division so I'd like to know how it is operated and maybe whether it's being effective or not.

(Senator D'Allesandro enters the committee room.)

CHAIRWOMAN WEBER: All right. Okay. We have a quorum. So what I'm going to do very quickly is the first item on our agenda is the acceptance of the minutes. Is there a motion?

**\*\*** SEN. REAGAN: So move.

REP. MCGUIRE: Second.

CHAIRWOMAN WEBER: Is there any discussion about the minutes? Seeing none; all in favor of the minutes being accepted say aye? All opposed nay? Seeing none; the minutes are approved.

\*\*\* {MOTION ADOPTED}

3. Discussion and approval of proposed Scope Statement for The Department of Education, Charter School Approval Process, performance audit

CHAIRWOMAN WEBER: I am, without objection, going to go directly to the discussion and approval of the proposed Scope Statement for the Department of Education, Charter School Approval Process, so that we can deal with that because that also requires a vote. Gentlemen.

RICHARD J. MAHONEY, Director, Audit Division, Office of Legislative Budget Assistant: Thank you, Madam Chairman. For the record, I'm Richard Mahoney, Director of Audits for the Office of Legislative Budget Assistant. I'm joined by Stephen Fox. Stephen is the Audit Supervisor responsible for our performance audit teams and with your permission, Madam Chair, he will walk the Committee through the Scope Statement.

CHAIRWOMAN WEBER: Thanks.

STEPHEN P. FOX, Ph.D., Audit Supervisor, Audit Division, Office of Legislative Budget Assistant: Good morning, Madam Chairman. As Dick indicated, my name is Stephen Fox. I'm the Performance Audit Supervisor for the LBA Audit Division.

The proposed Scope Statement before you today is for a performance audit of the Charter School Approval Process. In January of this year, Fiscal Committee approved the -- this Committee's recommendation to conduct such a performance audit. We had our entrance conference with the Department of Education on February 4<sup>th</sup> of this year. Charter schools are free public schools that operate with autonomy from --

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CHAIRWOMAN WEBER: If I may, I think we've probably looked at the background statement.

MR. FOX: Okay.

CHAIRWOMAN WEBER: If you'd go directly to the Scope of the audit.

MR. FOX: Certainly, be happy to.

CHAIRWOMAN WEBER: How you're planning to do that.

MR. FOX: The Scope is on Page 2, the top of the page. The audit will cover the 18 months ended December 30<sup>th</sup>, 2013, and we'll attempt to answer the following question which is, is the Charter School Approval Process efficient and effective? We are looking at three sub issues within that overall scope and one is how closely does the State Board of Education follow statutorily-established criteria in approving chartered schools? The second being, to what extent does the State Board of Education base its approval on the required criteria? And the third being, does the Department of Education State Board approve applications in a timely manner? And as you can see under that there are several items that we or several areas that we'll be working in in order to answer this question.

And I just want to note on the last paragraph that while there's a local school board approval process, we will be confining our efforts to the State Board of Education's responsibilities since they must approve all applications, even though if they were approved at the local level. We expect that the audit will be completed and present our final report to the Fiscal Committee in June of this year.

CHAIRWOMAN WEBER: Okay. Are there questions for the Director? Representative McGuire.

REP. MCGUIRE: About the local approval process, have any local school districts approved charter schools?

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MR. FOX: I don't have that information right now.

SEN. REAGAN: One.

REP. MCGUIRE: One. That makes sense. It's got to go through the State anyway it doesn't make sense to go through the local process first.

CHAIRWOMAN WEBER: Any further questions? Representative Gagnon.

REP. GAGNON: It's a related question and perhaps you could in the process clarify some things for me. I'm not that familiar with charter schools. And one of the concerns that I hear is that they really aren't public schools in that the school -- the charter school board is not elected and it's not open to the whole community. Is there something in your process you could identify, 'cause I never know what -- how to answer that question. So I know it's probably not within the realm of what you're looking for, but it would be helpful for us, at least for me from a big picture perspective, to find out if that is accurate and why is that, if that is accurate.

MR. FOX: Okay. We could certainly look at that in terms of doing our background work. There's charter schools that have been approved at this point.

REP. GAGNON: Yeah.

MR. FOX: And those that are in the queue or were in the queue as of the end of last year. So we'll take a look at that.

REP. GAGNON: Thank you.

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

\*\* SEN. REAGAN: I move approval of the Scope Statement.

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REP. WALLNER: I second.

CHAIRWOMAN WEBER: It's been moved and seconded. Any further discussion? Seeing none; all in favor say aye? Any opposed? So that's approved. Thank you.

\*\*\* {MOTION ADOPTED}

#### 4. Discussion of Potential Audit Topics.

MR. FOX: Thank you.

CHAIRWOMAN WEBER: The next item is discussion of -- well, the Current Status and Discussion of Potential Audit Topics. And for that I think you've got enough in the pipeline at this point; is that right? You don't need the approval of or are you seeking approval of a next --

MR. MAHONEY: Madam Chairman, we would be looking for approval of additional audit topics at this meeting.

CHAIRWOMAN WEBER: So I'm going to ask if we can go straight to that as the next item, unless anybody objects to it, and then we'll have the update following that.

REP. MCGUIRE: Okay. Well, 'cause I'd like to move we take up topic number one, the Division of Child Support Services.

CHAIRWOMAN WEBER: Okay. Can we just discuss before any formal motion? Go ahead.

REP. MCGUIRE: Well, even after the formal motion. That's something that is -- there's a lot of money in that. And it seems to be opaque to a lot of people as to who's paying it and why and who's getting it, and I'd like to know -- know what's going on there.

CHAIRWOMAN WEBER: That's an area where there are -- are there financial audits regularly on that program?

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MR. MAHONEY: Madam Chairman, I would say no. There is a single audit of the Federal Financial Assistance Programs that's part of the single audit and from a financial perspective the expenditures of the Division may be covered. But on a routine basis in terms of LBA Audit Division audits, aside from the single audit I would say no, it's not a routine regular basis.

CHAIRWOMAN WEBER: Comments or thoughts?

REP. GAGNON: I have a comment. Again, it's -- it's an ancillary comment, thought; but my daughter, who's now 26, when she was in college did an internship at the local DCYF Office, and I would say how are things going, you know, child welfare, child support services, and how do you like it? How's it going? And this was, what, five, six years ago. And her comment was is that they were using technology that she had had in junior high. So as part of the performance audit, if we do choose to look at that, I think we should sort of look at do they have the technological skill, equipment, resources, to adequately do their job.

CHAIRWOMAN WEBER: I think you're going to find that's a problem that's pervasive throughout every aspect of State Government.

REP. GAGNON: I know it goes back to do people read this and I think those things should be spelled out and identified.

CHAIRWOMAN WEBER: Further discussions, comments?

SEN. D'ALLESANDRO: Thank you, Madam Chair. I think your point is well-taken. The technology aspect has been, A, it's critical; but B, it's always been either behind or -- or not meeting the standard and that's been very problematic for a number of years. The MMIS System has been problematic from the get-go, extension, after extension, after extension. And in terms of delivery, we have had many instances where payments to the providers either have come late or have been inaccurate. That's been a problem that's been popping up, you know, time,

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after time, after time.

At the same time we're witnessing these problems, we're witnessing a decline in the number of people who are employed at Health and Human Services. You know, you have a problem that surfaces and you don't have the peers, you don't have the person power to deal with the problem and that exacerbates as we -- as we move forward. The complexities come into play and the problems become more severe. I know I'm dealing with one entity now that really depends upon those payments coming on an on-time basis. And when they don't come on an on-time basis, the fiscal problem just surfaces at the entity and that causes problems as you go downstream.

We've got to get a handle on that. This Legislature's got to get a handle on that in the very near future. I don't know what an audit -- what an audit would do at this point in time. But, clearly, the functionality of that Department, largest Department in State Government dealing with the most greatest -- where people have the greatest needs that problem has really got to be addressed somehow, some way. I don't know -- I don't know that specific honing in on the specific area, but I think the overall picture really has got to be addressed.

CHAIRWOMAN WEBER: Any further discussion about the possibility of -- yes, sir. Could you identify --

TIMOTHY FRAZIER, Supervisor VII, Division of Child Support Services, Department of Health and Human Services: Madam Chair, I don't want to speak out of turn, but Tim Frazier from the Division of Child Support Services. And I may be able to help out the Committee on a few of these items that are being brought up for questions.

CHAIRWOMAN WEBER: Please, why don't you come sit down.

(Representative Ober enters the committee room.)

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MR. FRAZIER: The first item on the technology, we are in the middle of upgrading our basic database, which is called Nexus, which was implemented in, I believe, it was 1991, and it's based on a COBOL system. We are in the process of doing major upgrades to that and that is expected to happen sometime later this year. It's going through testing right now. It is going into a more Windows-based operating system. And we -- so that is going to be addressing some of the technological concerns of the Division of Child Support Services.

As far as audits and reporting are concerned, we do have a number of Federal reporting requirements. We do provide the Federal Office of Child Support with a quarterly form, it's called Form 34A, which is to the Federal Office of Child Support Enforcement, collections and distributions for the previous quarter. We do an Annual Report to the Federal Office of Child Support Enforcement, which is called Form 157, which is regarding the number of cases, the number of maternity establishments, the services we are providing, medical support, collections and distributions, and so forth.

We, also, for Federal purposes have what's called the Federal Data Reliability Audit, which has to do with the accuracy and reliability of the information provided by Child Support Services and that support is being established and enforced in accordance with the requirements of Section IV-D of the Social Security Act. We are -- it's called a IV-D Agency, and we do receive much of our funding through the IV-D Program; 66% of the funding for child support comes from section -- from the Feds under Section IV-D of the Social Security Act.

Periodically, we do have a limited cost audit from the Federal Government. It's sort of a rolling audit. And, periodically, we also have IRS audits concerning the safeguarding of information for IRS purposes. And as the Representative from the LBO indicated, we also do a single audit annually through KPMG which is submitted through -- submitted to the Legislative Budget Office. And we are always available to provide information and answer questions through our Director,

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through our financial officer, or other members of the Department. I'm not sure if that's helpful to you, the Committee, but --

CHAIRWOMAN WEBER: Thank you.

MR. FRAZIER: -- I did want your -

CHAIRWOMAN WEBER: I appreciate it.

MR. FRAZIER: -- Committee to know we do have a number of different --

CHAIRWOMAN WEBER: Any further questions?

SEN. D'ALLESANDRO: If I may?

CHAIRWOMAN WEBER: Senator.

SEN. D'ALLESANDRO: Thank you, Madam Chair. Yes, obviously, your information is very helpful to us. But, clearly, either through the lack of people or the time between you thought when things were going to come on-line and when they came on-line, there's a void there, and that's something that somebody's got to address. Because we keep -- we keep talking about it. I mean over, and over, and over again. And it just doesn't come to fruition. And we got extensions. We do this and there are programs there that I think we have been laboring with. How long has the MMIS System been in a state of flux, so to speak? Is it functioning as we speak and does it reflect on your operation?

MR. FRAZIER: I'm not sure about that system. Our Nexus database is antiquated. There's no question about it. And as I was mentioning, Senator, it's a very good point, that it's had deficiencies and inefficiencies for a long time, and those are presumably being greatly enhanced and upgraded through the current system.

One of the things that I was mentioning there, our Federal

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Data Reliability Audit, it checks performance measures. How well do we compare with other states and the Federal funding has incentive programs.

SEN. D'ALLESANDRO: Right.

MR. FRAZIER: If we do well on certain categories, we get more incentive funding. And those are the kinds -- that's the funds that we've used to upgrade the present upgrade of the system. So it's hard to tell how effective the upgrades will be, but it's certainly going to be much better than what we have.

SEN. D'ALLESANDRO: Appreciate it. And I don't mean to be critical of the situation. I think, clearly, there's a lack of manpower. I don't think there's any question about that. How many people have we let go in Health and Human Services over the past four years? How many vacancies exist as we speak?

MR. FRAZIER: I really can't speak to that. I know there's been a lot of vacancies through attrition and reductions.

SEN. D'ALLESANDRO: You got funded but unfilled positions and that has an effect on how the -- how the Department operates, plus the retirements that you've had. I look at that tier, the top tier of people. Wallace has left. Rollins has left. Fredyma has left. There's a possibility that your finance person now will be -- will be leaving, as I understand it. He's part-time or working on a part-time basis. So you lose -- you know, you lose that staff, and it has a dramatic effect on the functionality of the entity.

I think people are working hard. I understand that. But the problems, those of us who work closely with people in our district, and I think all of us do, get these complaints from our constituents. And you call the office and, well, this, this, this and that. And if you trace it back, it's there aren't any people and the mechanisms, the mechanical mechanisms that are in place aren't efficient. They're bringing them up, but they're not there. I mean, that problem is pervasive.

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And we had a downturn in the economy. In my -- in my area, I just did a little analysis of how many people are on the cards and how many people on the WIC Program, and you've got almost 10% of the population in my city that is receiving the card and a significant portion of people are on the WIC Program. And, you know, audits, and so forth and so on, puts a lot of pressure on. But I think we are coming to the point, Madam Chair, where we have to address these things and audits don't address them. I mean, they give you maybe a snapshot but -- but, indeed, it's a problem.

CHAIRWOMAN WEBER: So, Senator, are you arguing in favor of the audit or in opposition of the audit?

SEN. D'ALLESANDRO: What I'm saying is I don't think the audit is going to give us any information that we don't have. So not audit, let's perform as a legislature and manage to correct the problem. We don't need a --

CHAIRWOMAN WEBER: What we have here is just a question of an audit.

SEN. D'ALLESANDRO: Well, I don't think an audit does the trick.

CHAIRWOMAN WEBER: Representative Ober, followed by Representative McGuire.

REP. OBER: Thank you, Madam Chairman. I apologize for being late. A little icy in my neighborhood and between Hudson and Manchester there was quite a stoppage on the interstate; but I got here with no accident.

We have received incentive funds and your document says as a result of favorable audit results. Does that mean, and I hear what my colleague is saying, but does that mean that our state, while we have a lot of deficiencies, is operating at least in the top tier of all the states that get audited? How do we get -- I don't understand favorable audit results. Is that

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really better than 50%, better than 70%?

MR. FRAZIER: It is compared to other states. I can only speak to my little Division of Health and Human Services which is Child Support. There is the Federal Incentive Program for doing the five categories that they measure in terms of performance. And it is compared to other states and we never know year to year where we are going to rank among them and how the Federal authorities are going to be distributing those incentive funds. Historically, we have performed better than most states, and oftentimes much better than most states in terms of our Child Support Program in the various categories. It's degraded somewhat over time. We've -- compared to other states, we're not as far ahead as most anymore. We are sliding towards -- more towards average. But we are still above average is essentially where we're at. And so we do continue to receive some incentive funding. And as I mentioned that is one of the ways we have been able to do program enhancements.

REP. OBER: If I might, just to comment. I will tell you several of my constituents use your child services portion and they're very pleased with your staffing services.

MR. FRAZIER: Thank you.

REP. OBER: They probably don't let you know that, but I hear that when I'm out and about.

MR. FRAZIER: Thank you, Representative.

REP. OBER: You're welcome.

MR. FRAZIER: We don't receive that many thank you notes.

CHAIRWOMAN WEBER: Representative McGuire, followed by Representative Wallner.

REP. MCGUIRE: First, I'd like to ask if you could send me a copy of your Annual Report and one of your quarterly reports?

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MR. FRAZIER: Are you referring to the single audit or the Federal reporting?

REP. MCGUIRE: The Federal reports.

MR. FRAZIER: Oh, certainly, we can certainly provide that, Representative.

REP. MCGUIRE: Also, I wonder if your new database is going to be using relatively modern technology, 'cause COBOL database would have been obsolete in 1991.

MR. FRAZIER: It was certainly a shock to me when I came to Child Support in 2001 and that was there.

REP. MCGUIRE: Whoever decided to do that in 1991 was picking a technology that was on its way out.

MR. FRAZIER: It certainly was and we were piggy-backing on an existing one from the State of Maine, because, frankly, it was the most cost-effective database available was my understanding. I wasn't here.

REP. MCGUIRE: Thank you.

MR. FRAZIER: Representative, I'd be glad to provide you with copies of the Federal reports.

REP. MCGUIRE: Thank you.

CHAIRWOMAN WEBER: Representative Wallner.

REP. WALLNER: This is just for me a process question. Are we trying to pick one of these to have the LBA move forward on or are we just discussing?

CHAIRWOMAN WEBER: Well, this was the one that came up, but what do you need in terms of forward planning from this meeting?

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MR. MAHONEY: Madam Chairman, Representative Wallner, I hope to receive at least three, potentially four, new audit topics. The rationale behind that is that right now we have three performance audits ongoing. We only really have one which we'll be starting in a week from now and we only have one other approved topic after that. What we'd like to do is try to have at least one topic behind each one of the audit teams so that when we near completion of one audit they have another audit to start working on immediately.

CHAIRWOMAN WEBER: Okay. So I'm going to say that it might be helpful if we take a look at these maybe quietly for just one minute and see what each of us has as top priorities. And I will state that, Senator Reagan, you have one that you wanted to add.

SEN. REAGAN: Yes.

CHAIRWOMAN WEBER: Care to --

SEN. REAGAN: Think we're ready for that. Yes, I have a request from the Senate President to have a performance audit of the Department of Transportation.

CHAIRWOMAN WEBER: And that's the whole thing?

SEN. REAGAN: That's to support Senate Bill 416-FN relative to Highway Fund appropriations.

CHAIRWOMAN WEBER: But what I'm trying to get at is we have over the last year or so been looking at smaller, perhaps more chewable audits, as opposed to global things that last for a year.

SEN. REAGAN: Right.

CHAIRWOMAN WEBER: So I wonder if there are particular aspects that you would want to focus on or not?

SEN. REAGAN: The general thrust of the President's interest

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was are they doing with the taxpayer dollars what they're statutorily directed to do. So in the development of the Scope Statement we should be able to see a narrow or expand to get us to the -- the answer that has been sought, so. So when they develop the Scope Statement that determines and that's why it comes to us in case it's way too broad or way too narrow that we might choose to change that focus.

CHAIRWOMAN WEBER: I guess my question with that given that the Department of Transportation has at least a certain number of relatively easily quantifiable outcomes in terms of miles of road paved or number of bridges on red list, how -- what exactly would you be looking at?

SEN. REAGAN: That's for the Scope of the audit.

CHAIRWOMAN WEBER: Okay. All right. So we have one proposal for the Division of Child Support Services. Looking down through this are there others that people want to bring forward? Representative Wallner.

REP. WALLNER: Well, there were two that I thought were -- piqued my interest and one is number three. It's the Food Protection Licensing Program. Says it's never been audited before. I think of that as such an important public safety issue. And as we all know any time there's food issues, they hit the news, the public becomes concerned. So that one and the other one was in a similar vein was the Pharmacy Inspection Program for the same reason, because it's such a public protection. It's something the State does to ensure that the public are protected so those two kind of piqued my interest.

REP. OBER: Madam Chairman.

CHAIRWOMAN WEBER: Yes.

REP. OBER: As the Finance Chair knows, number nine, the Dam Bureau, they're for the very first time in this biennium funded with General Fund dollars. Before that it had been funded by

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private dollars that were drying up. And when they came with the budget, they had moved and House Finance had approved to move the dam maintenance into the General Fund portion of the budget. Just so you know there was a change in reporting. I don't know how that would affect an audit at this time but just information.

CHAIRWOMAN WEBER: Hm-hum.

REP. MCGUIRE: Look at number four as well, Consolidation of Administrative Services.

CHAIRWOMAN WEBER: Well, I was thinking about that one as well. Just it --

REP. MCGUIRE: It looks like it's something that we -- we ordered this three years ago so we ought to see what's happened.

REP. OBER: This is the second biennium that they have been working on that. And, again, you see that effect in the budget. So you see the people moved around. So it is the second year -- the second biennium, and they've had some experience.

CHAIRWOMAN WEBER: So we got number one, number three, number four, number seven, and possibly number nine?

REP. MCGUIRE: And ten.

REP. OBER: I don't know if I'd do nine the first year. I mean, they have changed accounting mechanisms. They have changed whatever, and they're just barely a year into the biennium. While I think it's worthwhile and I wouldn't push it away, I would say could we leave it on the list but not approve it and give --

CHAIRWOMAN WEBER: This is number four?

REP. OBER: No, number nine. Mary Jane, how do you feel about that?

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REP. WALLNER: No, I think you're right. I think that one maybe a year or two maybe take a look.

REP. OBER: Right, is a little premature.

CHAIRWOMAN WEBER: I was going to say with respect to number ten, why don't we put that on the list for, you know, a little blurb of the kind that we have on the other ones so that we could think about that going forward and that would leave us with number one, number three, number four, and number nine.

REP. MCGUIRE: Seven, not nine.

CHAIRWOMAN WEBER: Oh, seven. I'm sorry. Yes, seven, the Pharmacy Board.

REP. MCGUIRE: Well, that's four.

CHAIRWOMAN WEBER: And that's four.

\*\* REP. MCGUIRE: Move to approve.

REP. GAGNON: Could you -- one, three, seven and what?

CHAIRWOMAN WEBER: One, three, four and seven.

REP. GAGNON: Oh, four. Okay.

SEN. REAGAN: Before we vote, there's a Senate Bill 416-FN that's coming to the House that directs the creation of a Legislative Committee to examine what the Department of Transportation is doing and that was why the request for a performance audit was to support that effort.

CHAIRWOMAN WEBER: Well, given that the House has to vote on that -- oh, you're saying to provide information to the Committee.

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SEN. REAGAN: Right. They have to provide information to the Committee; but it's our decision where it goes in a performance audit so I argue for a higher rating.

REP. OBER: I would also support number ten. I think they're all worthwhile. We always see worthwhile possibilities, but I would support working on number ten for a lot of reasons. I mean, my constituents have concerns about roads and bridges, but they also read the articles about a large portion of the Highway Fund going to other than roads and bridges. So every time I'm out in public somebody asks me about that, "When you going to get all the Highway Fund on the highways?" is a recurring question down in Hudson.

REP. WALLNER: Could I ask a question? I think maybe this is of Mr. Fox. Some of these seem very -- like very targeted kind of, like the Department of Food Protection Program, very small.

MR. FOX: Yes.

REP. WALLNER: Whereas Department of Transportation --

CHAIRWOMAN WEBER: Is gigantic.

REP. WALLNER: -- feels very big to me. What's the timing difference? If you take on something like Department of Transportation, does that take several more months?

MR. FOX: Well, as Senator Reagan said, if -- if we were to scope it large, it would definitely be looking at either putting a lot of people on it to bring it down to a shorter time span, or talking about going beyond what our target is these days, which is to get them done in four months. But we would need to do some work. We need to look at the Senate Bill to see what -- what the parameters are on that and try to develop a scope that would satisfy that need and have some internal conversations to see what we think would be a manageable scope. I can't really say how long it would take at this time.

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MR. MAHONEY: If I may, Madam Chairman. We would write a Scope Statement so we could do whatever work we had proposed to do in four months or less.

I am aware of the State of Ohio had a recent -- a fairly recent performance audit of their Department of Transportation. As you can imagine, it's a very large organization. What that audit focused on primarily was the utilization of DOT's equipment, was that being utilized effectively and efficiently, for example. They looked at things like rest areas in the State of Ohio where the Department of Transportation, unlike New Hampshire currently, had some revenue-generating rest areas. So even in Ohio, as large as that organization was, they did narrow down their focus. However, their own audit took well over a year to complete. But in answer to your question, Representative Wallner, we would write a proposed Scope Statement to bring to you that would allow us to do whatever work we had planned to do in four months or less, and whether that met the Committee's approval or not would be something to be discussed.

REP. WALLNER: Thank you.

CHAIRWOMAN WEBER: So it sounds to me like we're looking at number one, number three, number four, number seven, and number ten, with the proviso on number ten that we're going to see a Scope Statement and --

SEN. REAGAN: Prioritize it.

CHAIRWOMAN WEBER: At that point we would know both what had happened in the House with the Senate Bill and what the office thinks that they can do within the time frames and parameters that we have. Would you like to go down and vote those individually? Would you like to make a motion?

REP. MCGUIRE: I did move.

CHAIRWOMAN WEBBER: I know that you moved number one. Do we want to do them individually?

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REP. MCGUIRE: Do them at once. I'll amend the motion to be one, three, four, seven, and ten.

SEN. D'ALLESANDRO: Second.

CHAIRWOMAN WEBER: Second?

SEN. D'ALLESANDRO: Second.

CHAIRWOMAN WEBER: Any further discussion? All in favor say aye? Any opposed? Seeing none; the motion carries unanimously.

**\*\*\* {MOTION ADOPTED}**

CHAIRWOMAN WEBER: And we will go on to current status and pending performance audits. But I believe that that is all that we have to vote on so if people are needed in other places they can do that.

MR. MAHONEY: Excuse me, Madam Chair. Steve just reminded me, I don't know if the Committee has any preference for the order of priority. I don't know if that would require a vote of the Committee at this point in time should the Fiscal Committee decide to move forward with these topics.

CHAIRWOMAN WEBER: Well, I think coming up with some kind of Scope Statement on number ten is going to be a bit of a high priority because we've got all kinds of different timing issues, moving parts to that. So I think -- I think, at least, some very preliminary groundwork on that one so that we can decide what direction we're going in at the next meeting.

REP. MCGUIRE: Yes.

CHAIRWOMAN WEBER: Other than that, I think -- I don't particularly have a concern in that respect. You may find, as you often do, that there are reasons that one is better placed or not better placed. The issue of the ongoing computer issues at the Division of Child Support Services may impact in some way your timing, but I know that that is also a priority. Does

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anybody else have anything they want to move up as a first priority item?

REP. MCGUIRE: Well, I think --

CHAIRWOMAN WEBER: Representative McGuire.

REP. MCGUIRE: Thank you, Madam Chair. Number four, the Administrative Services Consolidation, we'd really like to have some results on that prior to going into the next budget cycle.

CHAIRWOMAN WEBER: Hm-hum.

REP. MCGUIRE: Because it's, you know, been four years. It's time to see how well it's worked and that appears to be well enough defined that you shouldn't have too much trouble with the scope of it.

REP. OBER: I would agree with that.

REP. WALLNER: Yes.

CHAIRWOMAN WEBER: So is that enough for --

MR. MAHONEY: Yes, Madam Chair, thank you very much.

REP. WALLNER: We'll keep you busy.

SEN. D'ALLESANDRO: That's enough for today.

CHAIRWOMAN WEBER: In case you're planning to take a breather or anything. Okay. We now are up to current status of ongoing and pending performance audits.

(Representative Wallner leaves the committee room.)

**2. Current status of ongoing and pending performance Audits.**

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CHAIRWOMAN WEBER: Thank you.

MR. MAHONEY: Thank you, Madam Chairman. I'll try to be brief.

As I mentioned previously, we have three performance audits currently ongoing. The first one of those is with the Assisted Living and Nursing Facility Inspections. Our field work for that audit is now complete and we are currently drafting our report. The Fiscal Committee should see that report in May.

The second audit that is currently ongoing is the Department of Resources and Economic Development, Economic Development Programs. Again, that field work is complete and we are writing the audit report currently. And, actually, it's being reviewed for the first time. We anticipate that to go to the Fiscal Committee in April.

The third performance audit in process is the Charter School Approval Process mentioned by Steve Fox previously. Field work is in process at this point in time, and we anticipate that report to go to the Fiscal Committee in June.

Another audit in our queue is Radio Interoperability at the Department of Safety. We held an entrance conference with Commissioner Barthelmes and members of his staff on March 18<sup>th</sup>. We have not yet begun field work on that audit, but we anticipate doing so within the next week or so. One of our staff members is on military commitment and when he returns we'll begin that audit.

The only other audit that has been approved by the Fiscal Committee that is in our queue is the Statewide Recycling administered by the Department of Administrative Services.

Two other audits I'd just like to mention as I usually do in this meeting is the Board of Pharmacy, Controlled Drug Prescription Health and Safety Program that requires a performance audit. We won't begin that audit until mid-2017

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according to when the deadline is for the completion of that audit.

I did mention at the last meeting that the Board of Pharmacy had issued a Request for Proposal for the software to institute this program. I understand informally that they will be reissuing that Request for Proposal. I don't have all the background information on that, but I understand that that's going to be reissued. And the last audit that this Committee had approved but the Fiscal Committee has tabled for just about a year now is the Police Standards and Training Council.

CHAIRWOMAN WEBER: All right.

MR. MAHONEY: And one final note I think the Committee Members might be interested in, we are losing a performance auditor as of the end of the day tomorrow. She's leaving us for another position in the state, not in State Government but in the state. So that would bring our performance audit staff members to eight, including Steve Fox. We are currently searching for two vacant positions at this point in time and have an interview scheduled this Friday, I believe, with one candidate, in any event. And that concludes my remarks, Madam Chair.

CHAIRWOMAN WEBER: Thank you. Any questions?

REP. GAGNON: Regarding the Radio Interoperability Audit, are there any issues and concerns that are causing us to do that? I mean, is there anything --

CHAIRWOMAN WEBER: I can answer that.

REP. GAGNON: Yeah.

CHAIRWOMAN WEBER: I mean --

REP. GAGNON: I mean, I guess I thought we had made some major strides in the past 10, 15 years in the whole area of

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interoperability. So I guess that really piqued my interest and I was concerned as to, oh, wow, are there some issues here that we need to -- and maybe you could share with us.

MR. MAHONEY: I don't know a lot about the topic. I can tell you that Commissioner Barthelmes and his staff are aware of issues with regard to interoperability and what our performance audit is really meant to do is to try to identify those and come up with some recommendations. Our audit will not focus on the technical aspects of radio interoperability, obviously, but on the management of the program.

CHAIRWOMAN WEBER: Well, let me tell you from my meeting with the Cold River Fire Chiefs a couple of weeks ago, they are very concerned because after 9/11 there was a lot of money for this type stuff, and they were equipped with radios that are both analog and digital. And they need the analog because we live in a wrinkly country and they need the digital because the State Police and the Fire Service only use digital even though they, too, operate in a wrinkly country so I don't understand how they work better than what the local folks have.

The concern about these things is that they were distributed about ten years ago. And the tag that came with them is that the departments are supposed to replace them when they are at the end of their useful lives. And they're all at the end of their useful lives. And I'm told that the Town of Goshen would need to appropriate \$45,000 just to replace Goshen's units. And they're all very worried about how they're going to do this given that their budget was just voted down. So that is an ongoing issue, and it concerns both the technical aspects of what kind of equipment you have, but it also involves the question of how do you replace what we have.

REP. GAGNON: And that would make perfect sense because it was about 10 or 12 years ago that I remember the issue being addressed and I thought, oh, we solved it. But you're right.

CHAIRWOMAN WEBER: Although we did, but it's now --

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REP. GAGNON: It was 12 -- it was 10, 12 years ago. So you're right. Yeah.

CHAIRWOMAN WEBER: -- getting to the end of its useful life.

SEN. D'ALLESANDRO: If I might? I think your comments are absolutely on target. The useful life of the product is over, and many of those devices you can't go back and replace them with parts, because they don't have the parts anymore. It's a serious -- it's a very, very serious problem. Manchester and Nashua are now they have got an RFP out on the street. They have had a company come in and do a -- some kind of a plan and they're going to put an RFP out on the street to kind of bring those things back and they're talking about a \$6 million expenditure.

REP. GAGNON: Wow!

SEN. D'ALLESANDRO: Interoperability has been around. Doug Aiken who really worked in this area, had him in school when he was a kid at Bishop Bradley, he was in charge of this and has been for a number of years. And we've had, what, commission after commission to talk about interoperability because of problems created by 9/11. But you're right, the equipment is old. It has got to be replaced. Much of that equipment was given through Homeland Security Grants. That's evaporated at this point in time. So the entities have to pony up the money, the little towns, the big cities, and it's very, very expensive. But, indeed, it's got to be done because what they have now isn't -- doesn't meet the standard. It's a problem.

REP. OBER: This is actually the problem with all those free money grants from the Feds. For a while it was we'll pay for a police officer for four years, but then you have to keep paying him, 'cause Hudson went through this. We are going to have -- they're going to give us grants for the radios, but then we are going to have to replace them. And I remember our then fire chief, who's now in charge of the fire training academy in Massachusetts, said you need to start planning now to replace those because it's going to be a big expense. So if you take

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this money, you have adopted at the end a huge financial responsibility.

CHAIRWOMAN WEBER: Well, I mean, whether you take the money or not, the need is there for things that talk to each other in the event of an emergency.

REP. MCGUIRE: Forgetting all those grants, every fire, police department is used to having nice things that do talk to everybody, and they're not willing to settle for anything less, whereas before anything would have been better than what they had.

REP. GAGNON: Can I just add that before there was Homeland Security there was a problem.

SEN. D'ALLESANDRO: Right.

REP. GAGNON: If you recall the Carl Drega incident where this fella up north went around in a shooting spree, and it was right on the Vermont, New Hampshire, Quebec border. That the Vermont State Police to talk to the New Hampshire State Police had to have two cruisers, one facing this way, one facing that way and sharing their microphone and their radio because that was the only way that the Vermont State Police could talk to New Hampshire State Police. So the idea of interoperability is extremely serious. And I understand funding cycles and monies and free dollars; but the problem is real, very real.

CHAIRWOMAN WEBER: It's one that's with us no matter what solution you take.

SEN. D'ALLESANDRO: I -- and I mean, look it, if you're going to get the material, you ought to be preparing for the life cycle. You know how long it's going to last, should have been setting the money aside for the upgrade. You know, we got to start thinking ahead.

REP. OBER: That's what we did in Hudson using the Capital Reserve Account.

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SEN. D'ALLESANDRO: I think you have to do that; because as Representative Gagnon points out, the problem doesn't go away.

CHAIRWOMAN WEBER: Right.

SEN. D'ALLESANDRO: The problem remains. And it's even -- I think it's even more complex now because of the nature of what's happening. Again, I go back to Manchester, look at what's happening at the fires that now involve homicides. So you've got police there. You have the Fire Department there. They have got to be able to talk to one another. And it's of great importance because it has to do with saving their life in terms of the work that they do.

If I can give you one little anecdote that really struck home with me, I was driving -- I was driving out to Concord and I saw a man get on the Granite Street Bridge and he jumped off. He committed suicide. He jumped off the Granite Street Bridge. So I drove down to an area where the firemen were putting a boat in the water in order to recover the body. And I talked to the Deputy Chief and they couldn't communicate with the police on the other side. I actually saw this. I mean, saw what happens when you can't communicate. They eventually recovered the guy's body downstream. But here you had it, I was right there and witnessed the incident. So this thing is --

REP. GAGNON: Yeah.

SEN. D'ALLESANDRO: We have been talking about it here in the Legislature for a decade.

CHAIRWOMAN WEBER: Anything further? Seeing none.

**5. Other Business.**

**6. Date of next meeting and adjournment**

SEN. REAGAN: Next meeting, call of the Chair?

CHAIRWOMAN WEBER: Call of the Chair for the next meeting.

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MR. MAHONEY: That be fine, Madam Chairman.

\*\* SEN. REAGAN: Move to adjourn.

REP. MCGUIRE: Second.

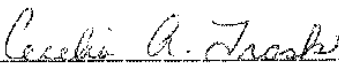
CHAIRWOMAN WEBER: All in favor? Thank you all very much.  
Appreciate it.

\*\*\* {**MOTION ADOPTED**}

(The meeting concluded at 10:25 a.m.)

## 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.

  
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Cecelia A. Trask, LSR, RMR, CRR  
State of New Hampshire  
License No. 47

