

LEGISLATIVE PERFORMANCE AUDIT AND OVERSIGHT COMMITTEE

Legislative Office Building, Room 212

Concord, NH

Friday, June 5, 2015

MEMBERS PRESENT:

Sen. John Reagan, Chair
Sen. President Chuck Morse
Sen. Lou D'Allesandro
Sen. Jerry Little
Rep. Lucy Weber
Rep. Lynne Ober
Rep. Raymond Gagnon
Rep. Richard Barry

(Convened at 11:00 a.m.)

1. Acceptance of minutes of the March 6, 2015 meeting.

CHAIRMAN REAGAN: We have a quorum and call the meeting to order. Have a motion on the minutes.

** REP. OBER: I move to accept.

SEN. REAGAN: Motion made.

REP. GAGNON: Second.

SEN. REAGAN: Seconded. Any additions, corrections or deletions for the minutes of March 6th? All those in favor?

*** {MOTION ADOPTED}

2. Current status of ongoing and pending performance Audits.

3. Discussion and approval of Scope Statement for the Department of Health and Human Services, Division of Child Support Enforcement Title IV D Program Performance audit

**4. Discussion and approval of Scope Statement for the
Department of Environmental Services, Dam Bureau
Performance Audit**

SEN. REAGAN: Whenever you're ready, we'll hear rapidly about the current statuses.

STEPHEN C. SMITH, Director, Audit Division, Office of Legislative Budget Assistant: Good morning, Mr. Chairman, Members of the Committee. For the record, I'm Steve Smith, Director of Audits for the Office of Legislative Budget Assistant. And before I briefly go over the status, I just want to mention that the two reports since your last meeting went before Fiscal, the Board of Pharmacy Inspection Report and the Department of Administrative Services Statewide Recycling, the April -- excuse me -- the May 15th Fiscal meeting. Those were presented and you should have all received copies of those.

Now, in terms of the list of the current and pending audits, we have four audits currently ongoing. The first on your list there, the Food Protection Program, the work is complete, the report has been drafted and is with the Department, and we are currently awaiting responses to the observations. So we're close to the end on that. We hope to go to Fiscal -- the June 25th Fiscal meeting for that, but it's kind of iffy depending upon how quickly we can work things out with the Department.

The next two audits, the Division of Child Support and the Dam Bureau at Environmental Services, the planning and field work has begun on those. The Scope Statement, which we will discuss, Steve will go over with you in a few moments, so those are under way. And then the fourth down the list, Health and Human Services Developmental -- Bureau of Developmental Services, we've begun some scoping and some preliminary planning on that. And so far for the next meeting of this Committee we will have the Scope Statement for you on that one.

The next audits that are in our queue, there's three. The one on your list there, Department of Administrative Services,
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Consolidation of Business Processing Functions, and the one that's not on your list but was approved by this Committee at the last meeting is the DRED, the Work Ready New Hampshire Program. No work has begun on those two audits at this time.

And then, lastly, the Controlled Drug Prescription Health and Safety Program that is slotted for -- we won't get to that until 2017 because of the legislative -- legislation related to that. So that's a brief overview. Any questions the Committee might have at this point before I turn it over to Steve?

SEN. REAGAN: Questions from the Committee? Okay.

MR. SMITH: With your permission, I'll turn it over to Steve Fox and he'll walk you through the two Scope Statements.

CHAIRMAN REAGAN: Okay.

REP. OBER: Mr. Chairman, did you see that audit, the audit of the Pharmacy Board? That was horrible. They still haven't completed things out of their audit from 2008.

SEN. REAGAN: I think the rules are pending.

REP. OBER: Holy Cow! You guys did a nice job on that, but it made my toes cold.

REP. BARRY: That's what that was.

REP. OBER: That's what that was.

DR. FOX: Good morning, Mr. Chairman, and Members of the Committee. For the record, my name is Stephen Fox. I'm the Performance Audit Supervisor for the LBA Audit Division. We have two proposed Scope Statements before you today. If you'd like, I'll go through in detail or if you've all familiarized yourself with them I can go straight to answering any questions.

SEN. REAGAN: Why don't you just give us the -- the --

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DR. FOX: The high points?

SEN. REAGAN: For your process in the auditor's mind about how you arrived at how wide or narrow to make the scope.

DR. FOX: Well, it's -- it's -- all depends on the -- on the nature or the topic matter that's in front of the auditors. For instance, in the -- in the Child Support Services audit, we took into account that the Federal Government has a lot of oversight in this area already. We also do some -- provide some information to -- to the Feds through our single audits. That's a contracted audit that we work with a firm, the accounting firm of KPMG on. So there is a lot of work done in this area already. So what we decided to do is focus on those areas.

If you'll go to the last page, the last -- very last paragraph identifies what work is ongoing, either by the Federal Government through the Single Audit Act, and then what we've done is focus on areas that are not routinely reviewed by those external parties. That led us to the questions that are three bulleted items underneath the bolded audit question which is did the DSS -- DCSS sufficiently and effectively administer the child support program during the Federal Fiscal Years 2013 and 2014.

So we are going to be looking at DCSS processes for establishing child support orders, were they sufficient and effective, their collection and disbursement processes, as well as do they effectively utilize available mechanisms for enforcing child support orders. Those are things that are not generally taken into account through those other review processes.

SEN. REAGAN: Through the single audit.

DR. FOX: Through the single audit or through the Federal OCSE reviews.

SEN. REAGAN: Questions?

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DR. FOX: Again, in the same process, in terms of our decision-making would come into account with the Department of Environmental Services Dam Bureau audit. As you see in the background, there are over 2,000 -- over 2600 active dams throughout the state. That's -- that would be a big bite for us to try to audit DES activities in that area. So we've decided to focus on the 276 State-owned dams where DES, the Dam Bureau, has responsibility, not only for inspections but also for maintaining, reconstructing those areas and those are dams that are owned either by the Department of Environmental Services, the Department of Resources and Economic Development, Fish and Game, UNH, and I believe there are a couple other dams that are owned by HHS.

And so what we are looking at there is did the Department of Environmental Services effectively and efficiently manage those State-owned dams? Did they look at -- did they maintain them in an effective and efficient manner? Did they repair and reconstruct those dams efficiently and effectively? We gave some information. There are currently 37 State-owned dams that require some repair and the current estimated cost of that is \$23.3 million. Of those, there are 20, what they call high-hazard dams. High-hazard dams would have a significant impact on downstream houses, businesses, localities, if they were to breach or have some sort of a catastrophic event. And the cost of repairing those dams they currently estimate at \$15.2 million.

So we are going to be looking at how they do their inspection processes. We are going to be looking at comparing best practices in the area of dam maintenance and dam repairs, and how they are basically conducting their business in this area.

SEN. REAGAN: Senator Little. We just gave them that coordinator back. Yeah. So in Finance we just authorized the dam coordinator position.

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REP. OBER: That's a position they testified in this room they didn't need that had been emptied that they could have abolished and we didn't abolish. We just let them --

SEN. REAGAN: Then they came and told us that --

REP. OBER: Of course, it's a game. Budgeting is a game. That's the first thing you have to learn.

SEN. REAGAN: Yes.

REP. BARRY: I have a comment and a question, if I might? Comment is I believe the scope that you're talking about is well within what I thought you were going to do. I didn't expect you to try to go look at all the dams in the state. A question; there have been, at least in Merrimack, I know we recently took down a dam, and I would expect that there are other dams that were taken down. Is there an assessment done of those dams that have recently been taken down to see if the purpose for them being taken down has been accomplished?

DR. FOX: We would be looking at everything that they have done within the last two Fiscal Years. So if those dams came down within that time frame, we would also be looking at those decision points.

I would also note that both of these audits are scheduled at this time to be wrapping up in August of this year and presented to the September Fiscal meeting.

SEN. REAGAN: Representative Ober.

REP. OBER: Some of the dams in the state are privately owned. The DES doesn't manage those.

REP. BARRY: I understand. What I'm saying, DES has requested, at least the one in Merrimack I know of, was taken down, I believe by order -- not order but strong recommendation of the DES.

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DR. FOX: But if I may? DES does have inspection responsibility of all the dams.

REP. OBER: Yes, they do. But some of them are private and even when they -- because I know we lost one in Litchfield when I was a Rep over there, and it had been in disrepair. It was private and they kept telling them to take it down, take it down, and they didn't. We had a big rain storm so Mother Nature helped.

REP. WEBER: 'Cause this specifically exempts out the private ones. The Scope Statement focuses --

REP. OBER: But that indicates which Representative Barry's dam so he may not get all the data points he wants. DES may recommend but if it's private --

REP. WEBER: Right, right.

SEN. REAGAN: Senator Little.

SEN. LITTLE: Thank you very much, Mr. Chairman. I think I may have asked this at my first meeting. We're here and being asked to approve this Scope Statement.

DR. FOX: Correct.

SEN. LITTLE: Who decides what division or office of what agency is on the priority list? I assume we have a priority list that --

SEN. REAGAN: We have a list.

SEN. LITTLE: We have a list of who's next in the queue to be audited. And is there a method for putting offices or divisions onto the list?

SEN. REAGAN: Yes.

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SEN. LITTLE: Or to bump them up in priority? Because I see that this -- this has already been begun, but we are now being asked to approve the Scope. So, to me, it feels as though, you know, if you've already decided this is the priority and these are the --

SEN. REAGAN: We have been slow ramping up here with everything -- all that's been going on.

REP. OBER: We approved this to begin with. So I'm not sure if you were at the meeting where this got approved.

SEN. LITTLE: Okay.

REP. OBER: This Board approved for them to do this.

SEN. LITTLE: So we have a list that comes to us and we see. And then the question to us is should we be doing these as our next five or six?

REP. OBER: Hm-hum.

SEN. LITTLE: And then the next thing we approve the Scope?

REP. OBER: Hm-hum.

SEN. LITTLE: I see.

SEN. REAGAN: Or something can come up tonight and we can decide -- I can call everybody back and we can give them a new subject.

SEN. LITTLE: Okay. Thank you.

SEN. REAGAN: That's --

REP. WEBER: For the most part, people get on the list because either through the budget process or through some other dealings with an agency. A member comes to one of us and says, hey, have you guys looked at -- fill in the blank.

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REP. OBER: Right.

REP. WEBER: There was a -- I mean, the one during the last term that was a huge priority very suddenly was the Veterans Home when it became clear that their bills hadn't been paid and that was an issue. So various people brought that up as an issue, and we fast-tracked it immediately because it was --

REP. OBER: Yes.

REP. WEBER: -- important. So, I mean, anybody can suggest and I get e-mails occasionally from a legislator who says have you thought of putting this one on. I know Senator Carson was instrumental in starting the Veterans Home one last time.

REP. OBER: So if you have something, you bring it to this Committee. I mean, I know when Lucy was Chair and I would get something, I would forward it to her to include on the agenda. So a Rep would write to me or a constituent would write to me and this Committee would discuss it.

SEN. LITTLE: Thank you. May I have one more?

CHAIRMAN REAGAN: Sure.

SEN. LITTLE: I apologize if it's a little bit off track, but so much experience and wisdom here is a lot of value to me.

The audit that Representative Ober mentioned of the Pharmacy Board I think is extremely troubling. There's no question. What do we -- do we do anything as this Committee to follow-up on the recommendations in those audit points they've done? It feels to me like we put it out there, and then wait for somebody to do something.

SEN. REAGAN: So the audit goes -- is then accepted by Fiscal Committee and then it's in the air and --

REP. OBER: Mr. Chairman. It's my belief, and I've said this before, Lucy's heard me say this, that we should write some

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legislation that puts some teeth in correcting those. Because that auditing goes - basically, it's up to the Governor to force her agency to do it. We don't really have a State Law that requires them to take any corrective action, and I believe we need it.

SEN. REAGAN: It's a policy. Any Policy Committee, you know, I mean anybody --

SEN. LITTLE: Hm-hum.

SEN. REAGAN: We started that in ED&A --

REP. WEBER: Right.

SEN. REAGAN: -- in 2007, began to review the audits to see what corrective legislation was needed. Because in the audit you get suggestions for, you know, this doesn't work because there's no statute for it.

SEN. LITTLE: Hm-hum.

SEN. REAGAN: So we can do that. But from this end we are just -- we order up the audit.

REP. WEBER: But I would also say I think that we need to do some more thinking about that because the House had an informal procedure. What you're talking about was that the Committee to which the particular agency was attached was supposed to review them and any agencies that were not attached to a specific Committee, like Education or Health and Human Services, came to ED&A. But my experience was that there were not enough hours in the day and, of course, for the Senators it's even harder because there are fewer of you and more committees to sit on. But I do think that perhaps, Mr. Chair, we should put on the agenda some time for really thinking about follow-up because good work is being done, good recommendations are being made, and all too often they just sit there. I mean, there are agencies who have addressed things and who have said

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that this was a very useful process for them, too. But in some cases not so much and those are the ones we need to address.

DR. FOX: Senator, if I may? Representative Weber is correct. There actually are in House rules a requirement for us to submit the completed report after it's accepted by the Fiscal Committee, submit the completed report to the House ED&A Committee, as well as the policy committee in that area. It's up to those committees to decide whether they want to have a further meeting for us to come again with the Department and present the results of the audit. There also is a Governor's Executive Order that requires the agency to submit, I believe it's within six months, its response and action plan to the Department of Administrative Services and how they're going to deal with the recommendations in the audit.

REP. WEBER: Could I inquire? I mean, what's the follow-up with those?

DR. FOX: That's supposed to be put on the State -- on the transparency --

MR. SMITH: Transparency web site.

DR. FOX: Transparency web site.

REP. WEBER: I just wondered if there was a follow-up by the Department of Administration if it doesn't happen.

DR. FOX: I couldn't speak to that.

REP. WEBER: Okay. So we need to check on that, too.

REP. OBER: They're not staffed to do that.

REP. WEBER: Right, exactly. I'm just talking about whether the report is submitted or not.

SEN. LITTLE: Probably not in effect.

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REP. OBER: Probably need to find the staff person to do the follow-up.

SEN. REAGAN: We know that the first time they talk to an agency they're going to say need somebody to do this.

REP. WEBER: Right.

SEN. REAGAN: The Pharmacy Board, I mean, I've been dealing with them for four years now. It's just like you can't get them to move the process along. We don't know what the -- the -- it's hard to get them moving.

REP. OBER: When the budget passes they are part of the general reorganization and I think the plan was from the Governor's part of the charge, because Louise Lavertu talked to us during the budget process, was to try to bring some order and fix some of the things that either had not been fully staffed or had been dropped in audits that had come through. And I know Fiscal Committee 'cause you were there, we took that recycling audit and we -- Jeanie and I talked about let's make that a full-time not a half-time person, because that can easily be paid for. So that, I hope, got done in the HB2 section which I'm going to check on when we get -- I'm still reading HB2. It didn't, it will during Committee of Conference because it's on my list.

CHAIRMAN REAGAN: It didn't.

REP. OBER: All right. We have to do that and that fixes that one audit. So, you know, there are things that people do randomly, but there's no legislation that requires them to do it, which drives me crazy.

SEN. LITTLE: Further question? What was the process, Mr. Fox, that you told us where the corrective recommendations are filed with the Department of Administrative Services?

DR. FOX: The agency that has been audited is under the Governor's Executive Order is required to submit to the

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Department of Administrative Services their action plan to deal with the recommendations that are in the audit. And that has to, again, be filed with Administrative Services, and then it's supposed to be placed on the State Transparency Web Site.

SEN. LITTLE: Is there some way to see if we can close the loop so that action plan also comes to us? I know it's in Governor's Executive Order so there's a --

REP. OBER: Legislation.

SEN. LITTLE: -- there's a law there.

REP. OBER: Legislation.

REP. BARRY: Audit the process to see what's still open, how long it's taken, what's there.

REP. WEBER: Well, presumably, one of us can take a look, and I'm certainly noting it down for myself on the transparency website and see if they are there because we know which ones we've done. So that's not particularly difficult to see if they're at least there or not. And if they're not, that says something.

SEN. REAGAN: It's not real timely; but the subsequent audit then we'll go back and refer to what did we tell you the last time and what did you do about it.

REP. OBER: The Pharmacy Board.

SEN. LITTLE: That's how we saw the Pharmacy Board.

REP. OBER: That's how we saw the Pharmacy Board. That Executive Order is, what, 18 months -- is that about 18 months ago?

DR. FOX: Yes.

REP. OBER: So anything before that there was no -

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REP. WEBER: There was no requirement.

SEN. REAGAN: Right.

MR. SMITH: Mr. Chairman, just follow-up on the Senator's question in terms of the Scope Statement and the timing process. A lot of the discussion was on the selection of topics. But once we get our charge as the Oversight Committee, we go into and start doing some interviews and learning about the topic. The purpose of this is to come back to the Committee with our proposed questions we are going to answer to make sure that we are on the right track by the Oversight Committee. So that's why even though we have started the audit, we come back to the Committee with a Scope Statement to make sure that we are answering the questions or fulfilling the intent and that way we can go back and finish our internal plans, audit plans to complete the audit. So that's kind of the process.

REP. WEBER: If I recall correctly, we have had several times when we have put off an audit that we've already approved because either, I don't know, somebody was changing positions or there was a reorganization or just made more sense to do it, to lower the priority and get -- pull something out up to the top, just based on the circumstances that we heard but already been approved and it continues on.

SEN. REAGAN: A lot of things are like if DES never had a Dam Bureau Coordinator and then they just got one, and then these guys are out there, they want to start to audit this and they might say, well, we haven't even set up a process yet or they invite him in and say help us develop a process.

SEN. LITTLE: Hm-hum.

CHAIRMAN REAGAN: So these are the guys --

REP. OBER: They actually got a very good dam guy.

CHAIRMAN REAGAN: Yeah.

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REP. BARRY: Say that again, please.

REP. OBER: They have a very good dam guy and that's not a swear word.

REP. WEBER: Spelling counts.

CHAIRMAN REAGAN: Okay. Where are we?

DR. FOX: Whether you're going to approve these. Is there a motion?

CHAIRMAN REAGAN: A motion to approve the scopes.

** REP. OBER: I would move to approve as presented.

SEN. LITTLE: Second.

REP. WEBER: Second.

SEN. REAGAN: Okay. There's a motion made and seconded to approve the scopes for the Dam Bureau and the Division of Child Support Services. Any discussion? All those in favor? Opposed? That's the approval.

*** {MOTION ADOPTED}

DR. FOX: Thank you.

5. Other Business

CHAIRMAN REAGAN: The thought I had for a future topic is the Department or whatever it is of Homeland Security.

REP. OBER: The watchers?

CHAIRMAN REAGAN: Yeah, the watchers.

REP. OBER: Did you go see the watchers? They watch you drive.

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DR. FOX: We can put that on our list of potential audit topics if you wish and when we come back on the next time with the Scope Statement or the proposed Scope Statement for the Bureau of Developmental Services we will probably be looking for some additional audit topics at that point.

CHAIRMAN REAGAN: I'd like to move that up. I mean, we just went through this budget process and just saw money being drawn from everywhere.

REP. OBER: Hm-hum.

SEN. REAGAN: And the answer was it's Homeland Security, you know, don't ask. It's like that kind of thing, like it's a secret, so.

REP. OBER: And a secret building with walls four feet thick.

CHAIRMAN REAGAN: So coming from actual emergency services, I question a lot about like where does all this money come from and who -- who's deciding what the mission is anyway or do they even have a mission other than Homeland Security. And it's a lot of money. It's a lot of money involved for an outfit to not be real clear on what it is we're funding or what we're paying for. So with that, anything else from the Committee Members?

6. Date of next meeting and adjournment

SEN. LITTLE: Next meeting.

REP. GAGNON: Well, just that whole idea of Homeland Security, I think it's important that a part -- and maybe this isn't the time to talk about that -- but the scope should look at how are they -- the mechanisms up and down for their communications systems. National -- obviously, national connection and I imagine that's very well done. But what's their relationship to Massachusetts or what's their relationship to neighboring states? What's their relationship and interaction with local, county, and state law enforcement and emergency

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services? And I think that should be the scope of -- 'cause you're right. I mean, my brother gets money from it and we are not always aware of who and how much.

SEN. REAGAN: If they can tell us what they're doing, I think that will answer a lot of those questions.

REP. OBER: I think we should see if they have anything related to common sense over there, because I was over there and they were having -- just a couple weeks ago they were having a huge emergency response. And they had all these people in this conference room with all these expensive laptops and two floor room and you look through in the window of the two floor room and all these people down in these floor pods and they're like we are doing an exercise and this is really important. We are going to be prepared. Oh, what are we preparing for? Well, we are preparing for if New Hampshire has an earthquake of a magnitude of eight or greater.

SEN. REAGAN: Was Jack Power in there?

REP. OBER: No, Jack Power wasn't there but he should have been. And I said really, that's what you're doing? Yes.

SEN. REAGAN: Anything else?

REP. OBER: Okay.

REP. BARRY: One point, and it might be a little off the wall but I know the Feds spent about \$40 million through UNH putting in backbone, glass fiber optics out through the state. And I don't know where that integrates, whether that's part of us, whether it goes to the science and tech, and whether the other -- the Fairpoints and Verizons are allowed to access what I think is a public network. Is that something that is within our scope to look at?

SEN. REAGAN: Hum --

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REP. OBER: You have to know who owns it. If the Feds own it --

SEN. REAGAN: There's a master map. I don't know if there's a master plan to go with it, but.

DR. FOX: It would depend, I think, on where the funding revenue for the effort comes from. We're only authorized to look at State funds, State revenues in performance audit. So if there is something that involves some State money then yes, it would be within our purview. But if it's all Federal funding that would be something that probably is looked at by the Federal Government.

REP. WEBER: I was going to say the Federal funding usually comes with some kind of requirement.

DR. FOX: Yes, if there's a matching requirement.

REP. BARRY: My concern is I think this was outside of us. They went and provided a grant directly to UNH. And they're the ones who scoped it out and paid for it. But I don't know what now the administration is of it, whether the public has access to it through our, you know, Fairpoint and those folks. But it's out there. It's in -- so I don't know the structure. Maybe there's a way to -- I'm not even sure the PUC was involved in it. That kind of bothers me, too.

REP. GAGNON: I know DRED was somehow engaged in this. DRED was involved with it. They have a woman that -- a woman -- they have this person who happens to be a woman who is referred to as the cyber security czar, I mean, at DRED, and she's tied into the Dartmouth and UNH Project. And I know, and I am from Claremont and Sullivan County, and I remember the municipalities, especially your district, that whole western highlands, all those little towns from Cheshire County all the way up into Southern Grafton County were very concerned and the municipal select boards and town managers were very, very concerned on that. It's --

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REP. WEBER: And the Regional Planning Commission.

REP. GAGNON: So there's a lot of overlaps and I think you've got a good point. I don't know if that falls within your responsibility; but who's on first is maybe the first question.

SEN. REAGAN: So we have a request to bring back the Scope Statement for Police Standards and Training.

REP. GAGNON: The -- as it would apply to Homeland Security?

CHAIRMAN REAGAN: No.

REP. WEBER: As it sits on the table from the last time.

REP. OBER: It's not on the table. The Committee reorganized.

REP. WEBER: Well, of course not, because it's a new -- it was the one that was tabled.

REP. OBER: Right. We approved it and then it got tabled so if we can look at it again.

DR. FOX: So you want us to draft a letter for your signature to bring it back to Fiscal?

CHAIRMAN REAGAN: Is that -- that's the process?

REP. OBER: You want to bring it back here.

REP. WEBER: It might be simpler for us just to approve the same thing we approved the last time again.

REP. OBER: That's what I was thinking.

REP. WEBER: Not a lot of work for you there, because all you have to do is reprint it.

DR. FOX: Yes.

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REP. WEBER: We can consider that one at the next meeting if people are --

REP. OBER: That's what I was thinking.

REP. WEBER: If people want to pursue that. It will be an interesting Fiscal meeting.

SEN. LITTLE: You don't need any preparation work from me if I have something that I would like to bring forward? Just bring the idea.

CHAIRMAN REAGAN: Bring the idea and whatever information.

SEN. LITTLE: I have a concern that there is a State Office that is accepting Federal funds but not using them for the intended purpose. Now are you saying, Mr. Fox, that that would not be something that your office would be able to audit because it involves Federal money, even though the concern is that they may be accepting monies at a State Office and using them for -- in a way that wasn't part of the purpose?

DR. FOX: Well, it being a State Office it would have -- be funded with State appropriations. It would be something that we probably could look at in terms of an efficiency and effectiveness standpoint; are they fulfilling their responsibilities in this area.

CHAIRMAN REAGAN: How many people show up to develop this thing here?

DR. FOX: What is that?

SEN. REAGAN: The single audit. You don't see them.

MR. SMITH: When you say show up, where?

SEN. REAGAN: How many KPMG people were involved in the single audit?

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MR. SMITH: Well, we actually -- there's six of the programs in that report. Members of our staff supported KPMG. We are under the direction of KPMG, but we did the audit work on six of the major programs in there last year. But they probably have maybe upwards of ten to a dozen different people, depending upon the expertise that they have in the different programs.

SEN. REAGAN: Are they here for a long period of time?

MR. SMITH: No, they're in and out during the summer, and then it all depends on when their schedule permits it. But they can be starting -- in some cases they are starting planning right now. But they can go through the summer and fall right up and through January, February wrapping up, you know, field work and then their managers and partners are reviewing the work papers and they may have questions. They have to go back and, obviously, depending upon how their initial observations, and then how the Agency responds to those observations or their plan could trigger some additional back and forth, so.

CHAIRMAN REAGAN: Right.

SEN. LITTLE: So if I may? Is it a situation where they have KPMG has a team of people that essentially are working on this single audit around the calendar?

MR. SMITH: I'm not sure if it's around the calendar. But, typically, from I'd say June through -- for at least ten months of the year probably.

CHAIRMAN REAGAN: I would imagine they've got program specialists, guys that go from state, to state, to state?

MR. SMITH: Yes, more regional or whatever. I mean, obviously, the more continuity you have year to year because some of these programs, Medicaid, for example, it's automatically audited every year simply because of the magnitude. So if you have expertise in that area then it's more efficient and quicker as well as knowledge, so.

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CHAIRMAN REAGAN: Okay. The meeting is adjourned to the call of the Chair.

(Adjourned at 11:35 a.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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