

LEGISLATIVE PERFORMANCE AUDIT AND OVERSIGHT COMMITTEE

Legislative Office Building, Room 212

Concord, NH

Wednesday, June 27, 2012

MEMBERS PRESENT:

Sen. President Peter Bragdon (Chairman)

Sen. Sharon Carson

Sen. Gary Lambert

Rep. Marshall Quandt

Rep. Laurie Harding

Rep. Randy Foose

(Convened at 5:30 p.m.)

1. Acceptance of minutes of the February 13, 2012 meeting.

SEN. PRESIDENT BRAGDON, CHAIRMAN: Being it's 5:30 and being that there is a quorum present, we'll call this meeting of the LPAOC to order. The first order of business is to accept the minutes of the February 13th meeting.

****** REP. FOOSE: So move.

CHAIRMAN BRAGDON: Representative Foose.

RICHARD MAHONEY, Director, Audit Division, Office of Legislative Budget Assistant: Excuse me, Senator Bragdon.

CHAIRMAN BRAGDON: Yes.

MR. MAHONEY: I don't believe there's a quorum.

REP. QUANDT: One, two, three, four, five. Where'd Sylvia go?

REP. HARDING: Sylvia was here.

CHAIRMAN BRAGDON: No, she had to leave though. She

thought it was five and not 5:30. Let's see. I think Barnes' car is still here.

SEN. LAMBERT: Yeah, I know. I saw that. I thought he disappeared.

CHAIRMAN BRAGDON: Well, he did.

STEVE FOX, Audit Supervisor, Audit Division, Office of Legislative Budget Assistant: His secretary -- his secretary says he would not be here.

REP. HARDING: Could we use any other legislator?

CHAIRMAN BRAGDON: I could appoint another Senator, but I don't know that I could find one.

REP. HARDING: That would be a problem. I know where there's a couple Reps hanging out.

CHAIRMAN BRAGDON: Oh, yeah?

REP. HARDING: Yeah.

MR. FOX: Representative Reagan had said that he would be here.

CHAIRMAN BRAGDON: Oh, Reagan said he would be here? All right.

REP. HARDING: Are you sure that John -- you sure that John is --

MR. FOX: I don't know if it's here, but when I sent out the notice he said he would be here.

REP. HARDING: All right. He might have gone up to the hospital.

SEN. LAMBERT: Sharon might be only left.

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CHAIRMAN BRAGDON: Given the -- let me see.

SEN. LAMBERT: Jeb just left. Just saw him get in the car.

CHAIRMAN BRAGDON: That's right. We can -- let me call Senator Carson first.

REP. HARDING: Just in case, do you want me to go down the hall?

(Discussion off the record.)

(Back on the record.)

2. Old Business:

3. Current status of ongoing and pending performance audits:

CHAIRMAN BRAGDON: Okay. Well, to speed the meeting up, we can't officially talk about anything so we cannot approve the minutes. We can't take action. We can -- there is current status and discussion of potential audits. The only decision really that's needed is to approve the minutes and getting potential audit topics to these guys to bring to Fiscal. So since we don't have a quorum to have a meeting, we can still have the presentation. So would you like to give a presentation on the Department of Corrections, the ongoing audits?

MR. MAHONEY: Thank you, Mr. Chairman. For the record, I'm Richard Mahoney, Director of Audits, for the Office of Legislative Budget Assistant. I know you've had a long day and I'll be as brief as possible with my update. But we are currently performing two audits, performance audits, both at the Department of Corrections. One for security staffing and one for non-security staffing. I can be very brief.

We have completed field work for the security staffing audit and we are currently writing audit observations and

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we'll soon begin writing the audit report. And we anticipate that report to be presented to the Fiscal Committee at its September meeting under the assumption that there will not be an August meeting. Even if there were an August meeting, we would probably not be able to make that meeting just due to timing and so forth.

For the non-security staffing audit at the Department of Corrections, we are just about finishing field work, and we will begin writing audit observations within the next two or three weeks. We also anticipate that report to be presented to the Fiscal Committee at its September meeting as well.

The final audit topic that we have approved by this Committee and the Fiscal Committee is our audit of DRA Uncollected State Taxes, Department of Revenue Administration.

At a previous meeting, this Committee authorized us to begin that audit July 15th of this year. And I have subsequently talked to the Commissioner just recently about the status of our ability to go in and do an audit. And while he's very agreeable to having us go in any time the Committee so desires, it would be preferable if we waited until September or October when they have fully converted their new system. They are somewhat behind.

Commissioner is here today if you would like to ask any questions about that, but I'm positive that they're not trying to put us off intentionally. That they have legitimate issues with the system that they are trying to implement. So that's a brief summary of where we are at this point in time.

CHAIRMAN BRAGDON: And so with two audits ending --

(Senator Carson enters the committee room.)

CHAIRMAN BRAGDON: -- wrapping up, at least -- thank

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you, Sharon. If you could just join us for a few minutes.

SEN. CARSON: Sure, thank you.

CHAIRMAN BRAGDON: Two audits ending, wrapping up, and a slight delay to start another, either way, no matter what's going on, you need to fill the pipeline up a little bit with something else.

MR. MAHONEY: Yes, Mr. Chairman, we would. And I ideally would have at least two new audit topics that we could ask Fiscal Committee's approval at its July 23rd meeting.

CHAIRMAN BRAGDON: Okay. Very good. I -- the President hereby appoints Senator Carson as a member of the Legislative Performance Audit Oversight Committee. We now have a quorum. I'll call the meeting to order. The order of business is to approve the minutes of the prior meeting.

****** REP. FOOSE: Move approval.

CHAIRMAN BRAGDON: Representative Foose again moves approval.

REP. QUANDT: Second.

CHAIRMAN BRAGDON: Is there a second? Second by Representative Quandt. Any discussion? All those in favor? Those opposed? The motion -- the minutes pass.

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

4. Discussion of potential audit topics.

CHAIRMAN BRADGON: We have been updated on the current status. Are there any questions for Mr. Mahoney or Mr. Fox? I think the report is accepted. And then we discussed potential future audit topics which is why we need one more person here for a quorum.

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I passed out a letter that Senator Odell had sent to me. He worked on this letter in conjunction with Director Mahoney, as well as Mr. Fox, requesting an audit -- performance audit of Juvenile Justice System, specifically as it relates to issues with some of the shelters and the Sununu Center. And, Mr. Mahoney, I don't know if you have a copy of the letter itself.

MR. MAHONEY: No, I do not.

CHAIRMAN BRAGDON: I have a few extras here. You can pass them around, if you like.

MR. MAHONEY: Thank you very much.

CHAIRMAN BRAGDON: I think you did see drafts of this and had made some comments on it so I think you'll find it to be relatively similar to the things that you've seen before. And although you've probably just seen this final version for the first time --

MR. MAHONEY: Hm-hum.

CHAIRMAN BRAGDON: -- are these the types of things that your group fits into their bailiwick?

MR. MAHONEY: Yes, Mr. Chairman. Yes.

CHAIRMAN BRAGDON: If you recall way back, I don't know when way back was, but we made a list of our priorities for audit topics. DRA was one, Corrections was another. The third one on our priority list was Health and Human Services, Juvenile Justice. So given that that was our third priority in the scheme of things, I think it be wise for us to recommend to the Fiscal Committee that an audit of Juvenile Justice be performed and allow them to develop the scope.

REP. FOOSE: I agree.

CHAIRMAN BRAGDON: Any discussion on that?

REP. HARDING: Question.

CHAIRMAN BRAGDON: Yes.

REP. HARDING: Will that include looking at the CHINS Program?

CHAIRMAN BRAGDON: I don't think it's on Senator Odell's list, although how would you like to look at it?

REP. HARDING: Well, I'm wondering, and again, I don't know how to connect the dots here, but I know that when we cut the budget last year, we cut significant amount of money out of CHINS. And so the CHINS money is now going to apparently a very small number of very troubled kids that may be -- may be at the Juvenile -- at the Sununu Center.

CHAIRMAN BRAGDON: Let's --

REP. HARDING: I don't know how it's all connected. But those kids in the CHINS Program are certainly kids that had been kept out of the Juvenile Justice Program because of CHINS. But now I believe they might have ended up in that system. And I just think it's important for us to know some of the consequences of this and would that help us understand --

MR. MAHONEY: Hm-hum.

REP. HARDING: -- what happened to CHINS a little bit better.

CHAIRMAN BRAGDON: Maybe I can suggest we approve this as a topic. The next step is you folks will bring to us a proposed scope. When would that happen now?

MR. MAHONEY: At the next Committee meeting.

CHAIRMAN BRAGDON: So we'd have to have another Committee meeting at that point; correct?

MR. MAHONEY: Correct. If you approve the audit topic, we need to do a lot of background -- background work to develop a scope statement and so on, so forth.

CHAIRMAN BRAGDON: Okay.

MR. MAHONEY: I'm not sure when the next Committee meeting --

CHAIRMAN BRAGDON: I was going to ask when should the next meeting be? How much time should pass between now and then?

MR. MAHONEY: Couple months.

MR. FOX: This is June. August, September time frame.

CHAIRMAN BRAGDON: Okay. All right.

REP. HARDING: September sounds --

CHAIRMAN BRAGDON: I suggest September sounds better. I suggest we approve the topic, let them go and they can develop the scope factoring in maybe the CHINS tie, maybe it doesn't, then come back for approval of the scope.

REP. HARDING: That would be great.

CHAIRMAN BRAGDON: So I see consensus that Juvenile Justice should be the next audit topic, and I think that without objection that will be the next audit topic.

REP. FOOSE: We need two or one?

CHAIRMAN BRAGDON: They need two.

REP. HARDING: I have a suggestion.

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CHAIRMAN BRAGDON: Actually, I have -- before you have a suggestion, I have a mandate.

REP. HARDING: Oh, you do. Okay.

CHAIRMAN BRAGDON: We did pass a bill -- I printed out, didn't bring it with me -- Senate Bill 286 setting up some kind of a pharmacy program that as part of it requires a performance audit can be done. You have that, that be great. And I asked Director Mahoney to be prepared to address that. So Mr. Mahoney.

MR. MAHONEY: The Bill, as passed, requires a performance audit to be completed on or before December 31st of 2014. And I think because this program is new that we give that program a little bit of time before we actually go in and perform an audit. So I don't see this particular topic as helping us out immediately in terms of workload within the Department, within our office.

CHAIRMAN BRAGDON: Okay.

MR. MAHONEY: Because I think a year or two should pass before we actually think about going in to do an audit, quite honestly.

CHAIRMAN BRAGDON: Very good. That makes sense. Representative Harding.

REP. HARDING: I'm wondering whether or not in keeping with our interest in Corrections if maybe we could encourage a performance audit on the Community-Based Corrections Program that's been established?

CHAIRMAN BRAGDON: Okay. I saw Representative Foose, also.

REP. FOOSE: I was going to make the same suggestion. That completes the three -- three legs of the stool; right?

MR. MAHONEY: That would be correct.

REP. FOOSE: Yes.

CHAIRMAN BRAGDON: And so -- and that would focus on whether the recent law change that are coming in effect. Is that --

REP. HARDING: Right. To look at recidivism.

CHAIRMAN BRAGDON: Okay.

REP. HARDING: To look at the nature of the program. To have a sense of what the training requirements are for personnel. I think that we could learn a lot from that, both in terms of our overall budget issues with the Department and also were these people able to find jobs, housing, after their participation in the Corrections program in the community.

CHAIRMAN BRAGDON: If I recall correctly, those are the things that have been studied before in other states and it's not an unusual type of thing to do.

MR. MAHONEY: No, it would not be an unusual type of audit to perform, Mr. Chairman; but I think we discussed at a previous meeting that this, again, is a relatively new program.

CHAIRMAN BRAGDON: Yeah.

MR. MAHONEY: But if the Committee would still like us to take a look at it, it is certainly within the realm of a performance audit. That's not an issue.

CHAIRMAN BRAGDON: But the law has changed several times in the last few years, if I recall correctly.

MR. MAHONEY: Hm-hum.

CHAIRMAN BRAGDON: Representative Quandt.

REP. QUANDT: I would be curious to see if it's up and running. I know the people involved and there's been some discussion and I'd just like to know that, you know, the status of it. I also have an audit topic if you haven't done it recently.

CHAIRMAN BRAGDON: What's that?

REP. QUANDT: State Employees Health Insurance.

CHAIRMAN BRAGDON: No, that was on a list kicking around here at some point.

REP. QUANDT: Self-funded program.

CHAIRMAN BRAGDON: And I would point out that of our list of items for the future after Juvenile Justice, there was an issue about contracting. I think that had to do with whether the contracting versus personnel hires, and whether that's effective. Is that something that you know enough about to be able to scope out?

MR. MAHONEY: We could scope an audit such as that out. It's not something we work with everyday, but it's not like any -- unlike any other performance audit topic that we get into. We have to educate ourselves first, do a lot of research and so forth.

CHAIRMAN BRAGDON: I guess the only other thing with the Corrections thing is at some point ties up a lot of time, obviously, going through audits.

MR. MAHONEY: Hm-hum.

CHAIRMAN BRAGDON: We're spending a lot of time there on the secure and non-secure side. Do you think if there was not on the third leg of the stool that it's not taking too much of their time away from running the place?

MR. MAHONEY: It certainly is a burden on the Agency. I really couldn't answer, Mr. Chairman, whether it's too much of a burden for them. But I'm -- I'm fairly certain they wouldn't be happy to see us again.

CHAIRMAN BRAGDON: Not that our goal is to make them happy necessarily.

MR. MAHONEY: I understand.

CHAIRMAN BRAGDON: I know the performance audit process is a rigorous one for the Departments, and I've been concerned with some need to breathe on that as well.

I'm at the Committee's pleasure, I guess. I guess I would prefer to go with the scope being on the contracting issue, bring before Fiscal, since it was something that we decided was our priority list the next one on. And then we can maybe in the future deal with the third leg of the stool in Corrections but depends how the Committee wants to go.

REP. HARDING: Could you clarify the vision of the contracting issue?

CHAIRMAN BRAGDON: Well, I'm not sure. It was based on recommendation or ideas that were discussed before, but I think it was are we making effective decisions in terms of when we contract versus when we hire people and some of the issues involved in that decision-making process. Is that --

MR. MAHONEY: That's my understanding, Mr. Chairman. Yes. That's precisely correct.

CHAIRMAN BRAGDON: Are we doing it correctly? Are we contracting when we should be hiring or are we hiring when we should be contracting, that type of stuff.

So let's -- if the Committee is okay, let's go with

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that since it's been on the list before, and then I'll add the third part of Corrections to it for our next discussion of future topics. How's that? Without objection, we'll take that approach. Very good. So you have your two topics, I think.

MR. MAHONEY: Thank you, Mr. Chairman.

5. Other Business:

6. Date of next meeting and adjournment:

CHAIRMAN BRAGDON: And I believe -- I don't think there's any other business. We will set a meeting for sometime in September, if that's okay with everybody. Is there a motion to adjourn?

****** REP. FOOSE: Move.

CHAIRMAN BRAGDON: Representative Foose moves, Representative Quandt seconds. All in favor? Opposed? We are done.

******* {MOTION ADOPTED}

(Concluded at 5:47 p.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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