

LEGISLATIVE PERFORMANCE AUDIT AND OVERSIGHT COMMITTEE

Legislative Office Building, Room 212

Concord, NH

Monday, October 29, 2018

MEMBERS PRESENT:

Rep. Lynne Ober, Chair

Rep. Richard Barry

Rep. Lucy Weber

Sen. John Reagan

(The meeting convened at 1:30 p.m.)

1. Acceptance of the July 23, 2018 meeting minutes.

LYNNE OBER, State Representative, Hillsborough County, District #37 and Chairwoman: Time being 1:30 and we have a quorum, I'm going to call the meeting to order. Is there a motion to accept the minutes?

****** JOHN REAGAN, State Senator, Senate District #17: So move.

CHAIRWOMAN OBER: Is there a second?

RICHARD BARRY, State Representative, Hillsborough County, District #21: I second.

CHAIRWOMAN OBER: Any discussion? All those in favor say aye?

***** {MOTION ADOPTED}**

2. Current status of ongoing performance audits.

CHAIRWOMAN OBER: Current status of ongoing performance audits.

STEPHEN SMITH, Director, Audit Division, Office of Legislative Budget Assistant: Good afternoon, Madam Chairman,

Members of the Committee. For the record, Steve Smith, Director of Audits for the LBA.

As Representative Ober mentioned, at the last Fiscal meeting in September the cannabis topic was approved. So that is now an approved topic in our queue. No other audits were presented to Fiscal since your last meeting.

From the three that are -- that are ongoing, the first, Police Standards and Training, the report is being drafted. All of the Observations have been drafted and completed and turned over to the Council. We're awaiting responses from them. And looking at the calendar, depending on the election, December Fiscal calendar, things of that nature, we hope to -- there's a chance we might be able to present this audit to Fiscal in December; but we're at the mercy of the Council's schedule as well as the Fiscal schedule. So that's where we are with that audit.

CHAIRWOMAN OBER: Fiscal often does not meet in December.

MR. SMITH: Yeah.

CHAIRWOMAN OBER: Just so everybody knows.

LUCY WEBER, State Representative, Cheshire County, District #01: For good and sufficient reasons.

CHAIRWOMAN OBER: Yeah, it takes a while to get reorganized and it meets supposedly the third Friday every month which is very close to -- yeah. So I don't know if there will be a Fiscal meeting in December.

MR. SMITH: Mike Kane wasn't sure either.

CHAIRWOMAN OBER: If there's a disaster, they will hurry that up and have a meeting. But if there's not, I would say they will go on.

LEGISLATIVE PERFORMANCE AUDIT AND OVERSIGHT COMMITTEE

October 29, 2018

MR. SMITH: The second audit, the Wetlands Permitting, field work has been completed. We've been conducting monthly status meetings with Management where the literally dozens of reportable conditions that have been identified have been reviewed with Management. Our formal Observations are being drafted and as we complete them we're providing them to both the Department and the Council as applicable. And we're soliciting responses from them; received some but we're getting them slowly in. I will let the Committee know that our final report will be lengthy and sizeable. We hope to complete and present the audit to Fiscal in January.

And the last one --

REP. BARRY: If I may, Madam Chair? So you're trying to tell us that be prepared for a very difficult report?

MR. SMITH: Yes, difficult from the standpoint it's going to be lengthy and weighty. Multiple pages, multiple Observations. It's a very complex topic, the whole permitting process, and there's a lot there.

CHAIRWOMAN OBER: Is Senator Giuda going to lose his temper? This was the one he was interested in. Maybe?

MR. SMITH: Perhaps.

SEN. REAGAN: He isn't here. That's his fault.

CHAIRWOMAN OBER: Yes.

SEN. REAGAN: He's not here.

CHAIRWOMAN OBER: We need to present it while he isn't here, would go smoother. I'm anti-conflict. I don't know about you. Okay, Steve.

MR. SMITH: The third audit, the Parole Board, we're wrapping up field work, Observations being drafted; and, again,

LEGISLATIVE PERFORMANCE AUDIT AND OVERSIGHT COMMITTEE

October 29, 2018

depending upon how the calendar shakes out, we hope -- we should be ready for this to present in January, this report.

3. Approved audit topics.

MR. SMITH: The other two topics that are in our queue, Voc Rehab, and as I mentioned the Therapeutic Cannabis Card Issuance, we haven't done any work on those two topics at this point. So with that, that's an update.

CHAIRWOMAN OBER: Questions or comments from the Committee?

REP. WEBER: I was just going to say looks like we're farther along than I had assumed we were going to be. So you're probably looking for more things to put into the queue even starting now.

MR. SMITH: Yeah, if we could get one more topic from the Committee that would give us three. That will be -- that will hold us over for a while, so.

CHAIRWOMAN OBER: Okay.

4. Seek and discuss new audit topics.

REP. BARRY: I have a potential suggestion for one. Depends on --

CHAIRWOMAN OBER: We'd be happy to entertain potential suggestions. Representative Barry.

REP. BARRY: It's the Liquor Enforcement Commission and their duties as they interact with the State Police and the local police. I'm not sure if there's -- I'd sure like to know if that's working well.

CHAIRWOMAN OBER: Yeah, you'd really like to know what you really want to know, but I'm not going to ask more than that.

LEGISLATIVE PERFORMANCE AUDIT AND OVERSIGHT COMMITTEE

October 29, 2018

REP. BARRY: That's what I'd like to know, if it's working well.

CHAIRWOMAN OBER: Okay. There's one topic. Any other topics that come to mind? Representative Weber, Senator Reagan?

REP. WEBER: No. I sent out a letter for last time saying --

CHAIRWOMAN OBER: Yeah, I did, too, and I didn't get much.

REP. WEBER: -- please, folks, let me know.

CHAIRWOMAN OBER: I got Voc Rehab.

REP. WEBER: And Voc Rehab was the one thing that I got back so we've already got that in the queue, although I think Liquor Enforcement Commission might be a good thing to look at. I wonder --

REP. OBER: What about foster parents? John?

SEN. REAGAN: Yeah. I mean, we detected problems, so.

REP. BARRY: Wasn't there a study on the foster parents that needs to be resolved?

CHAIRWOMAN OBER: Steve, was there a study? Did we do an audit of the foster parent program?

JAY HENRY, Audit Supervisor, Audit Division, Office of Legislative Budget Assistant: Yes, foster care, looks like 2001.

REP. WEBER: I would say with regard to foster care we have just added in positions at DCYF that were specifically for supervision and help for foster parents, and I wonder if now is the time or whether we want to give them --

LEGISLATIVE PERFORMANCE AUDIT AND OVERSIGHT COMMITTEE

October 29, 2018

CHAIRWOMAN OBER: They actually weren't just for foster parents. They were for DCYF with some of the issues that weren't being handled.

REP. WEBER: Right, but -- but --

REP. OBER: Not specifically related to foster parents.

REP. WEBER: Well, I thought about seven of the positions were earmarked for foster families. There was 33 overall, and some of them were DCYF case workers. But I thought that there were some that at least in one iteration of the bill were designed to be resources for foster parents and support for foster parents, and I think that that was either five or seven positions.

CHAIRWOMAN OBER: The bill that passed had 17 new positions in it, not 33.

REP. WEBER: Okay.

REP. OBER: Two supervisors, one clerical, and the rest were case workers.

REP. WEBER: Okay.

CHAIRWOMAN OBER: But it also had wrap -- what they call wraparound services.

REP. WEBER: Right.

CHAIRWOMAN OBER: Those are services for families who are having some difficulty but do not have a child in foster care; hasn't gone to the point where a child has been taken out of its family. It wasn't clear and they weren't able to say how many of the case workers would work more with wraparound or --

REP. WEBER: Right.

LEGISLATIVE PERFORMANCE AUDIT AND OVERSIGHT COMMITTEE

October 29, 2018

CHAIRWOMAN OBER: -- foster. So I'm not sure about the iteration you're talking about. When it got to House Finance that's what came out of House Finance. That was Senate Bill 590. I know that -- that was John, the Senate worked on this. There's several different, I think, configurations. You may remember that?

REP. WEBER: Well, I remember it going through a number of different configurations in House Finance because I sat through all of them; but, apparently, I didn't remember correctly the final outcome.

CHAIRWOMAN OBER: Senator Reagan.

SEN. REAGAN: So here's the question I have. I mean, I think about this. When we propose something that changes dramatically and sometimes I think it's a help to have the auditors there to keep people maybe better organized and on task or maybe it's best to wait. So you guys have to answer how that actually works in the field. I mean, you go into -- you go into an agency and they have a staff and they're trying to get organized and then you come and say, okay, now I'm going to ask you questions for hours. And so I don't know whether it's --

MR. HENRY: I think there is something about, you know, if they're just implementing a change in statute and they're reorganizing and/or a new process, yeah, you want that -- you want them to have time to set it up so then we can come in and assess it. Yeah.

CHAIRWOMAN OBER: See if it works.

MR. HENRY: Right.

REP. BARRY: That's basically why I would like the Liquor Enforcement reviewed. I know they had a change --

CHAIRWOMAN OBER: Yeah, they've had two years of change, yes.

LEGISLATIVE PERFORMANCE AUDIT AND OVERSIGHT COMMITTEE

October 29, 2018

REP. BARRY: And I'd like to see how that's working out. It may be very well. I hope it is.

SEN. REAGAN: Okay.

CHAIRWOMAN OBER: Any other topics?

MR. HENRY: I can remind -- remind the Committee --

CHAIRWOMAN OBER: Oh, we love reminders, Jay.

MR. HENRY: Yeah. The succession planning was an issue that came up a couple months ago.

CHAIRWOMAN OBER: Right. Charlie is going to come talk to us, right?

MR. HENRY: Right, and you were going to decide if it's worthy of going back into it or not I think based on --

CHAIRWOMAN OBER: My gut feeling is not, that it's too widespread, but I was going to wait for the Committee to hear what the Commissioner had to say in case he said something that we hadn't thought of. But succession planning, we have -- one, we've never staffed it. Two, it should be responsibility of every agency to try to work out their workforce issues. So I don't -- I don't know how you do a performance audit.

REP. BARRY: I read the report on it. It said that we've tried several iterations but every time we tried something that the -- it changes.

CHAIRWOMAN OBER: Commissioner, would you say that this is something that's never been adequately staffed since it's been kind of dumped in your area? I know Commissioner Quiram felt that way and I don't think we staffed you this past biennium.

CHARLES ARLINGHAUS, Commissioner, Department of Administrative Services: I think that -- I think there are a

LEGISLATIVE PERFORMANCE AUDIT AND OVERSIGHT COMMITTEE

October 29, 2018

couple things along those lines is that it's hard to staff it. And you have to decide philosophically if you believe in a centralized role or decentralized role. And I think that, you know, the first iteration prior to the recession, I think people felt like they were making progress. There was a sense at that time, I think still, of a decentralization of offering advice. At the end of the day, from a managerial standpoint, succession planning isn't a thing. It should be part of what you do. And you have to, you know, every day I know that I'm in my internal series of meetings I find myself asking, you know, directors or unit managers, you know, what do we do if this guy retires? What happens if Tom, he gets hit by a bus and what do we do about that, and you have to have a plan. Or what if this guy gets hit by a bus so he's not the only one who knows what's going on.

And so when post-recession it started back up again, you know, and we had a part-time person who's now a full-time person, but Caroline Martin – Caroline Kelly, she got married, sorry – who is looking at this and working. Some agencies are very far along. If you talk to the Commissioner of DOT, for example, they take our Knowledge Inventory Form and use it very, very well and is sort of integrated into a lot of what they do.

I think this recently came up at a Commissioners' meeting and I thought, well, this is timely. And a couple people said, oh, do you have a copy of that? You know, meanwhile, we've given multiple copies and talked about its use with HR directors, and then there's a -- but there's not always a great communication between an HR director and a Commissioner, depending on the subject.

CHAIRWOMAN OBER: Yeah.

MR. ARLINGHAUS: So, I mean, my general philosophy is that if you wanted it centralized where there was some central authority demanding the filling out of specific forms and more complicated planning documents to be filled out, that's something that would need to be staffed. If you're looking

LEGISLATIVE PERFORMANCE AUDIT AND OVERSIGHT COMMITTEE

October 29, 2018

at -- if you're looking at it in a way where you're giving -- where you're giving advice to people, and this gets at the notion of what is -- what is the purpose of the Division of Personnel. As you know, we're undergoing a transition, a long-time Director of Division of Personnel retired and has been very recently, two weeks ago, I think, two weeks ago replaced by Lorrie Rudis and our Deputy Commissioner Cassie Keane is actually overseeing that unit as well to look at a lot of things that we're doing.

A lot of it has to do with what are the agency needs and what works for them. I don't want to be in a position -- I would prefer not to be in a position, subject to your guidance, of making people do a lot of things that they aren't doing today when they think they're addressing it appropriately. We would like to sort of poke them and harass them to get them to do things. Are you thinking about what happens if this person retires? The truth is that all of the, you know, all the good managers are thinking of that, because they have to be. And, you know, if you have a -- I don't want to say it quite this way, but a bad manager who's not thinking about it, well, they weren't thinking about it anyway. So I'm not sure --

CHAIRWOMAN OBER: Yeah, my feeling is this should be decentralized. I don't know how the rest of the people feel, because every agency has specific individual needs. If we didn't have specific individual needs, for example, DES as opposed to DoIT, then you would just have one agency doing both those things.

REP. WEBER: I tend to agree with that. I mean, you know, our agencies range from one person or two people up through Health and Human Services, and one of these things is not like the other and doesn't need the same kind of plan.

CHAIRWOMAN OBER: Hm-hum.

REP. WEBER: I think as a corollary to what you just said, the managers who are not the best managers are probably not the people we want making those plans either.

SEN. REAGAN: That's why they're bad managers, they don't plan.

REP. WEBER: It's not their forte, which means that maybe in those cases I'm hoping that you're keeping a list in your head at least, but I'm not sure doing an audit is going to help.

CHAIRWOMAN OBER: But don't tell us. Don't name names, please.

MR. ARLINGHAUS: No.

REP. WEBER: I'm not sure an audit is going to help that.

CHAIRWOMAN OBER: I agree.

REP. WEBER: I think the solution lies elsewhere.

MR. ARLINGHAUS: I think like with a lot of things related to human resources with personnel, broadly speaking, there's a notion where, you know, your DOT and your Safety with, frankly, staffs often larger than the Division of Personnel is, are always going to be okay, broadly speaking, and a lot can be expected of them.

The Human Rights Commission, for example, you know, they've got five or six employees. The PELRB which doesn't have a dedicated staff for most things that they do. I mean, one of the things that we need to do internally is decide as the Division of Personnel is our role different. Then we have some, you know, some guidance from various Commissioners, et cetera, that our role ought to be different in those circumstances. And I think in a case like that, you know, we should be talking to them about succession; but --

CHAIRWOMAN OBER: You look at the group you just mentioned, Human Rights Commission, the GDC, and the DD Council, you have outside boards making the decision on who heads those. Doesn't even go through really an appropriate look at by our personnel staff, which makes it doubly hard to ask one agency to try to oversee them. Dick.

REP. BARRY: If I may? I think it's -- it's a hybrid. I think succession planning ought to be part of any manager's performance review. They ought to -- they ought to do it for not only for their own -- their own organization but also for themselves. At GE I had 20 jobs in 20 years only because I did my succession planning.

CHAIRWOMAN OBER: Yeah.

REP. BARRY: And it certainly helped when you went up to somebody and said would you like my job? If so, then I need to help you do A, B, C, and you've got a couple people lined up that you identify. But I think if you don't have a very strong succession plan that the rest of the organization is going to flounder, personally.

CHAIRWOMAN OBER: John, do you have a comment?

SEN. REAGAN: No.

CHAIRWOMAN OBER: My gut feeling after I read what we got was that every performance audit should ask the unit being audited, whether it's the Police Standards and Training or Wetlands Permitting, what's your succession plan for this organization? And that we might be better served to have that a part of every performance audit rather than asking one agency to do that.

REP. BARRY: I think that's a great idea, as long as you start telling them now.

LEGISLATIVE PERFORMANCE AUDIT AND OVERSIGHT COMMITTEE

October 29, 2018

CHAIRWOMAN OBER: Well, we would have to tell them. I mean, we would ask --

REP. BARRY: And here's, you know, and somebody --

CHAIRWOMAN OBER: -- you're going to be performance audited and part of that question is going to be asked about your succession planning. And, Charlie, you can take that to the Commissioners' meeting and spread that word to them as well. Agreed?

MR. ARLINGHAUS: We could do that, both in Commissioners' meetings and there's, as you know, there's a monthly statewide HR meeting as well and we could tell them, hey, we were at the State House the other day and people are really interested in this. So don't get caught with your pants down.

CHAIRWOMAN OBER: Yeah.

REP. BARRY: I would bet they're all doing it now. They may not have it down on paper.

CHAIRWOMAN OBER: I think Charlie is right. The majority of the good ones are and I don't know about some of the smaller agencies.

REP. WEBER: I do think it's the smaller agencies it's just exactly what you said. If they're boards, you know, somebody comes to the end of their term and somebody else gets reappointed.

CHAIRWOMAN OBER: Right.

REP. WEBER: That's just the way they work. And the other smaller ones, I think it may be a matter of you're keeping your fingers on the pulse.

REP. BARRY: Hey, as a board member I've recruited people ahead of time, not only --

LEGISLATIVE PERFORMANCE AUDIT AND OVERSIGHT COMMITTEE

October 29, 2018

REP. WEBER: Well, one hopes they're doing that.

REP. BARRY: Come to some of the meetings and see. Oh, my God, I don't think I want to ever do that.

CHAIRWOMAN OBER: Do we have a consensus that we would like to ask for every performance audit that they start asking now are you doing succession planning?

REP. BARRY: I think there ought to be a little time lag. Let the Commissioners know that that's going to happen.

CHAIRWOMAN OBER: Well, we could not start it on the ongoing status ones; but the ones that haven't started, I mean, that's really just a question. And if they're not, then they're asked to respond as to how they're going to start. So it becomes one of the recommendations, right, if they weren't doing it?

MR. SMITH: I think as a general rule, unless it's -- unless the scope of the audit is very specific to a particular program or something; but if it's a general evaluation of a Department, Bureau, whatever, that we will be and have been, for example, the Air Division, that's where this discussion originated. We are assessing risks, you know, and I think amongst all of our audit reports you have a general theme, risk assessment, which employee turnover is a risk, as well as policies and procedures. It's one thing, you know, how you -- how do you backfill; but then the other question is do you know what they do and having that documentation as to what the people and what responsibilities need to be filled.

CHAIRWOMAN OBER: Yes. John.

SEN. REAGAN: Probably most properly belongs in a Scope Statement.

CHAIRWOMAN OBER: Yep, absolutely.

LEGISLATIVE PERFORMANCE AUDIT AND OVERSIGHT COMMITTEE

October 29, 2018

SEN. REAGAN: Then it would be in or out.

CHAIRWOMAN OBER: Yep.

REP. BARRY: You always look for cash flow things and --

CHAIRWOMAN OBER: So we'd like to see that, start inquiring the Scope Statement. So we have things that don't have Scope Statements. So that gives you the little lag time that Dick was referring to, and that allows our friends and colleagues in DAS to spread the word, both to the Commissioners and to the monthly HR meetings. People are going to start to know.

REP. WEBER: And it seems to me that it doesn't need to be either a huge burden on you or an initial huge burden on them. If you ask the question, do you have a plan, and the answer is yes, then that's great. And if the answer is no, then one of the recommendations is perhaps you should develop a plan, and that could be very different depending on what the organization looks like. But it doesn't sound to me like it's going to be just making the inquiry is not particularly onerous on people.

CHAIRWOMAN OBER: Right, I would agree.

REP. WEBER: It's not like you're saying if you don't have a plan we're, you know --

CHAIRWOMAN OBER: Cutting your funding 20%.

REP. WEBER: -- 13 lashes with a wet noodle.

CHAIRWOMAN OBER: 30% of your General Funds just evaporated.

MS. KEANE: Way to have a plan.

CHAIRWOMAN OBER: Exactly. We now have plan.

REP. BARRY: We'll have it back to you tomorrow morning.

LEGISLATIVE PERFORMANCE AUDIT AND OVERSIGHT COMMITTEE

October 29, 2018

SEN. REAGAN: That's a function of a FEMA plan. So we had that. We had multiple Mother's Day floods and Deerfield especially was impacted. And when the FEMA engineer came, he rode around with the road agent and they said, well, we'd like, you know, we have this damage here, we need a culvert here, we need a bridge, we need this, this, this, this. And he said the thing you have to understand is if you don't have a plan you get whatever was there. Doesn't matter what the need is. If you don't have a plan, all we do is put back what was there.

So we were ready the next flood and the guy came around and they were riding around, and I rode with them that time, they said -- and the guy said I've already read your plan. Now this will be a bridge. A culvert now will be a bridge. So talk about an incentive. I mean, that was an incentive for at least for our people, for our building inspector and road agent was like wow! Hey, this is like free stuff if you have a plan.

REP. WEBER: Who knew two hundred-year floods in five years was going to be a benefit.

CHAIRWOMAN OBER: It's amazing. Okay. Do we -- Representative Barry, would you like to move that we add the Liquor Enforcement?

** REP. BARRY: I would. That we review the Liquor Enforcement's relationship legally with LEOs and State Police, Local Enforcement Officers and the State Police, how they hand off their responsibilities.

MR. HENRY: So is it that narrow or do you also want general management oversight of that whole operation?

CHAIRWOMAN OBER: Why don't we look a little broader.

REP. WEBER: I was trying to figure out how to phrase something broader, and the language hasn't come to me; but I think a broader look.

LEGISLATIVE PERFORMANCE AUDIT AND OVERSIGHT COMMITTEE

October 29, 2018

CHAIRWOMAN OBER: I would agree a broader look. This would be a definite point they're going to look at, but I think there's enough -- they have started a community education program. They did it 18 months ago. I don't know how that's going.

MR. SMITH: I think maybe just efficiency and effectiveness of the Law Enforcement Commission as part of our scope we look at this aspect, make sure that that aspect of it is in here.

REP. BARRY: Want to understand how it's working. I've got a simple one. You get the Liquor Enforcement Officer stops somebody and State Police comes to help out. Who gets the choices to which tow company tows the vehicle away? Sometimes the State Police have a list. Then they go to the next one or they ask the person where do they live and how do I get one nearby. I don't even know what that is. And that's -- that's more customer service. But I know somebody whose car was towed a long distance away because that was next on the list. So that kind of thing. It's a hand off and what those relationships are.

SEN. REAGAN: You want that in the scope? Do you want how they assign tows?

REP. BARRY: That's -- how do they -- how do they hand off things.

CHAIRWOMAN OBER: So if we're looking at the efficiency and effectiveness, as Steve suggested, then that would be one of the pieces of the scope that they would add that you wanted to see as well.

REP. BARRY: The customer service part, if you will.

CHAIRWOMAN OBER: All right. Lucy, do you think that meets your needs?

REP. WEBER: Yeah, I like the efficiency and effectiveness thing. And, I mean, I think that you've gotten the relationship

LEGISLATIVE PERFORMANCE AUDIT AND OVERSIGHT COMMITTEE

October 29, 2018

between the different departments' aspect of it. So I think that should be --

CHAIRWOMAN OBER: Okay. On a motion to do a performance audit on --

REP. WEBER: I'll second it if nobody else did.

CHAIRWOMAN OBER: -- efficiency and effectiveness of the Liquor Enforcement group, made by Representative Barry, seconded by Representative Weber. Is there any more discussion? All those in favor? We are unanimously in favor.

***** {MOTION ADOPTED}**

CHAIRWOMAN OBER: Fiscal is meeting November 16th. That has to go to Fiscal, right?

MR. SMITH: Yes.

CHAIRWOMAN OBER: I will not be there. I will be island hopping in the West Indies. Don't bug me.

SEN. REAGAN: It'll speed things up on Fiscal.

CHAIRWOMAN OBER: Have we agreed succession planning is off the table as just a topic?

REP. WEBER: I thought we were still going to have somebody come and talk to us about that.

CHAIRWOMAN OBER: Well, Charlie's here.

REP. WEBER: Okay. Well, we had the talk then.

REP. BARRY: Maybe we should ask -- may I a question?

CHAIRWOMAN OBER: Yeah. Charlie and Cassie, do you both want to come forward?

LEGISLATIVE PERFORMANCE AUDIT AND OVERSIGHT COMMITTEE

October 29, 2018

MR. ARLINGHAUS: Yes. I can think of nothing I want more.

CHAIRWOMAN OBER: I was positive that would be the case.

REP. BARRY: Hate to lose the expertise involved with it.

MR. ARLINGHAUS: Say that again? I'm sorry.

CHAIRWOMAN OBER: It was a compliment.

MR. ARLINGHAUS: Okay.

CHAIRWOMAN OBER: Question.

REP. BARRY: Please share with us your --

MR. ARLINGHAUS: So I tried to do a shorter letter which ended up turning out to be four pages, and because there's no way to help it. But the -- the short version of it is that any time that you look at succession planning and then what happened in '08 to '11 and what happened in let's call it '16 to '18 are remarkably similar. And the reason for that is that any time you look at succession planning you're not looking at what do we do if this one person leaves us. You're looking at the sort of overarching situation. The way you -- the way you run an organization, whether it's five people or 50 people or 500 people, it's the same way.

Then you have to have multiple people with multiple talents, and it ends up being part of a sort of a broader process that includes recruitment, retention that includes training. 'Cause the truth is that, you know, one person is not necessarily the be all and end all. That person often became the be all and end all over time. That when they started they weren't, you know, they might have been great; but they weren't, you know, as great as they are and as irreplaceable as they seem today, and you can create more irreplaceable people by training them. So whatever you do there's a reason the current Committee is called Talent, Acquisition, and Management, which I don't

LEGISLATIVE PERFORMANCE AUDIT AND OVERSIGHT COMMITTEE

October 29, 2018

know what the reason is. Maybe it's just so you can say TAM. And when Commissioner Sheehan says TAM has a very melodious sound, TAM, and it's a good thing.

But it's about we have to be able to acquire talent in the state. We have to be able to retain that talent in the state. And while they're here we should train them, even though we might lose them we should train them and make them want to be here. And the other pieces of the whole personnel puzzle is trying to make sure that when people are here they're respected and they're valued and that, you know, people aren't kicking them or whatever else that they do.

But a lot of what we're doing, I think the way I see our role, and if you look at -- like if you look at the -- in the initial stages, the tool kit that initial workforce development group put out everything's a model, workforce planning model, the mentoring model, the reward and recognition tool kit. And if you think about that and, you know, I think they had the seven pieces quite right, but if you look at that, that's about a central agency saying to people your business is going to fail if you don't do this right. And it's a discussion we have internally a lot about, you know, I need you to be able to run your business.

I'm not, you know, a structure doesn't work if I say or if Cassie says to someone that I know exactly what you should do. Like I'm going to go to the Division of Public Works, one of our Divisions, and tell them exactly how often they should be concrete testing. And then I'm not sure we should be doing 14-day breaks and your PSI. I mean, like, I don't know anything about that at all and you're not going to be able to get there.

What you need is they need to own their business and they need to understand what are we doing right, what are we doing wrong, and what is my -- what is my risk? How am I managing my own risk? And it's that we had a discussion Thursday or Friday with FDM, Financial Data Management, the people who run the computer system for the state and there is one guy there, his

LEGISLATIVE PERFORMANCE AUDIT AND OVERSIGHT COMMITTEE

October 29, 2018

name happens to be Tom Cooney, where everything flows through him. Just a problem in and of itself. If he gets hit by a bus, we're in trouble. And so, you know, I had the discussion with Alex who's a very good manager there who's new as of about a year ago, and I said we can't be in a position where one guy gets hit by a bus we're in trouble. We need an anti-bus plan or keep him from crossing the street ever again, and that's where we have to be.

So the big picture, that's kind of where we are; but it's about -- it's about managing your business and about some value being attached to that. So we have an obligation, regardless of whether this Committee had or hadn't decided, we would have an obligation from a human resource perspective to go out and say to people -- have our Division of Personnel say to people here's some tools you can use. It's hard for us to force you to use them, but here's some tools you can use and do your best with them.

They have -- it has to be a tool that can help them. I think the central piece of the strictly succession planning piece is the Knowledge Inventory Form and we've looked at this with -- we have a new Director of Personnel. It's a giant task in figuring out how to do anything different there. But the outgoing director, Sara Willingham, a lot of you know, spent most of her last two weeks making sure that her form was up-to-date, making sure that there wasn't anything on it that she'd forgotten to include. And, frankly, that there was a link to hundreds of documents or 40 or 50 anyway on the S-Drive where you could go to it. And so that has to happen, and you just have to make sure that you're up-to-date on that.

CHAIRWOMAN OBER: Follow-up.

REP. BARRY: If I may? Where I came from growing a manufacturing operation, they did a couple of things with me. They said you need to learn more about finance. So they sent me to a week long course on finance, but I'm not a financial manager. We were building transformers. So they sent me to work

LEGISLATIVE PERFORMANCE AUDIT AND OVERSIGHT COMMITTEE

October 29, 2018

for engineering for two weeks to learn how to design a transformer. So wasn't part of my job, but knowing some of those fundamentals. Also human resources, they sent me to three -- they call them interpersonal communications classes 'cause I flunked the first two; but --

REP. WEBER: Management was happy about this when you got through?

MR. ARLINGHAUS: Man! Can the record show I have no comment?

(Laughter.)

REP. BARRY: Madam Chair, the point I'm trying to get to is that not only does it take concerted effort, but also it takes some funding to set those up and to do it and to pick which ones you're going to go at. So, to me, that's all part of -- that's all part of the succession planning. I wouldn't expect it that the person took over my job would have already had that; but knowing that they could -- they could move me someplace else.

MR. ARLINGHAUS: I think one of the most critical components of anything we're doing with personnel broadly read is the -- is the Bureau of Education and Training in DOP which Ginger Weaver runs. A lot of you are familiar with it and the courses they offer. But part of the task with that, and we have been making a big effort over them, this predates me, significantly predates me, but over the last, you know, that -- that unit people will know. I mean, people made decisions during the recession that were quite sensible given there was a recession and State revenues were collapsing and everything else; but when you come back, you have to figure out what to do.

That Division has seen, you know, the last three years, I think 20% -- like 28% and 32% growth the last couple years, and maybe as much as 50 going on, but from very small to much larger. Why? Because they're offering courses that people are finding useful. It's not just the core piece of the Certified Public Manager and Certified Public Supervisor programs which

LEGISLATIVE PERFORMANCE AUDIT AND OVERSIGHT COMMITTEE

October 29, 2018

are sort of a national thing that people do. Is that critical? Yes, absolutely, that's critical.

What else are we doing? Are we offering things that make sense from a one day training standpoint? Whether it's -- whether it's, you know, the core program is -- I think it's two days maybe. The fundamentals of state supervision to, you know, frankly, it's managing the state environment where, you know, you need to be aware of some of the things that are different, which are different; right? I mean, there are some significant differences and sometimes you have to stop people and go this is -- this is okay. This is not okay. But what are we doing? What are we offering? We have to look everyday what we're offering that's not based on who we think we can get to teach something, but what the needs -- the needs of the business, so to speak. What are people hearing about? We're starting an HR certificate program. Why? In part, because the human resource needs in some cases are very professional and in some cases a little less so.

There are needs around government fund accounting. Government fund accounting is weird, right? It's very different from normal accounting or the accounting people are likely to undergo on a daily basis. It makes it very difficult from a State standpoint to hire -- hire good business managers. People who are the -- the agency finance leads, for example. If you -- if you were to ask people who are running, and certainly in the midst of a budget process, where is the biggest hit and missed subject of State performance, you would look at and say the finance people. Some are amazing, and some are trying really hard, and there's a -- and that's not always exactly the same thing. So our training needs have to hit that.

Should we be cross-training people like you were cross-trained? Absolutely. I will say that that's probably lower on everybody's priority list because if you think of any director or commissioner or manager, they're going to be very likely to let you go -- let's say you're maybe Charlie, they're going to let you go to the HR meeting and cover. But in most

LEGISLATIVE PERFORMANCE AUDIT AND OVERSIGHT COMMITTEE

October 29, 2018

agencies there is -- there's very little backup capacity. And most -- most units are capacity constrained, and so I'm going to try to limit the number of times you're off at a training session if I can.

CHAIRWOMAN OBER: Representative Weber.

REP. WEBER: That kind of gets at what I was thinking when I was listening to you talking about the various skills trainings a week you're offering which I think is one part of the problem, but I think familiarity with other people's jobs is what you really have to have for the anti-bus issue.

MR. ARLINGHAUS: Okay.

REP. WEBER: Because -- I mean, if you only have one person who can do the critical job, as you've already identified in one place, and that person isn't there for whatever reason, you've got a huge problem. But the thing that, I guess, really just came to the conclusion in my own mind while you were talking before you got there was that the issue of getting people to be familiar with other jobs in their Department in a specific way rather than a general skills way at a time when every single department that we have or most of them are very busy putting out fires and doing whatever their underlying job is, and having the time for the kind of, well, you know, we used to call it mentoring of, gee, you know, you handled that one situation really well. You seem to be good with people. Do you think you'd like to get into some, you know, is that a direction you want your career to go in? And there often isn't enough time to have those conversations or to get people pulled along. But, you know, I'm very well aware that in both the jobs I've had in the private sector, and also here in the Legislature, I've been very lucky in that people have said -- well, actually nobody's ever said would you like to do this? They've just appointed me. A letter comes in the mail and they say thank you very much for and fill in the blank.

CHAIRWOMAN OBER: I was going to do what?

LEGISLATIVE PERFORMANCE AUDIT AND OVERSIGHT COMMITTEE

October 29, 2018

REP. BARRY: Called few people today and said I'm going to appoint you if it's okay.

REP. WEBER: You call people and ask them? I became an expert on gambling regulation for heaven's sake.

REP. BARRY: Maybe this will help.

REP. WEBER: Six months of my life. But finding the time to get it done is always going to be critical.

MR. ARLINGHAUS: I guess that's right. I wonder if Cassie can talk a little bit about, because it's something that -- I think this is a great example where Cassie was the Director of Risk and Benefits, the Risk Management Unit which people know, and that unit became very, very strong. She became Deputy Commissioner and then that unit is turned over to somebody else, albeit with a great deal of oversight, but how do we manage that? I mean, one of the challenges of that --

REP. WEBER: But that sounds like an effective transition process for you, too.

CASSIE KEANE, Deputy Commissioner, Department of Administrative Services: It is. It's a long-term process. The truth is I knew that I wouldn't be in Risk Management forever. I had to look at my team. First of all, I had to make sure they functioned as a team, which is supporting each other. The truth is that -- that resources are scarce. So everyone can't learn anybody else's job, but you do want to make sure they understand how to, for example, in Risk Management, we go out to bid. We bid for our health benefits contracts where we have Anthem. We bid for our pharmacy contracts. Do people know how to do that? How do we work with our health care consultants?

Then you do need to figure out who's the next in line? How do I invest in that person? What can I do to engage them, make sure that they feel supported as an employee? And that's a lot -- that can sometimes be intangible stuff. Making myself

LEGISLATIVE PERFORMANCE AUDIT AND OVERSIGHT COMMITTEE

October 29, 2018

available for an hour to talk to people about whatever is going on in their work life. Making sure they have work-life balance, that kind of thing; but it also includes making sure that they're learning. So the person who is today the Director is a woman named Joyce Pitman. You will meet her. But she's been in this room many times with me because she needed to learn, and next time she'll be here at the table.

So it's -- it's a lot of different strategies to invest. And, truthfully, I think probably throughout State Government it's a balance. How do we get the job done? How do we get a little bit of training? How do we take some time to invest in you? How do you have your work-life balance? How do we get the job done, you know.

CHAIRWOMAN OBER: Charlie, I think one of the biggest things, and your agency certainly took this during the recession, I know you weren't in charge, but poor hiring managers. I was in this room during the recession and revenues were very low. One of the goals of the nine sitting around this table was that we didn't want to lay somebody off who had a job. And the Commissioner at the time was very poor at hiring people and very good at letting people's job sit empty. And your agency had more -- more positions abolished than any other agency because they were empty. And you're still -- and you alluded to it when you started, you're still struggling a bit with some of that when you started talking about the training and -- the growth and training. That was a place where people were -- positions had not been filled, and they were abolished in order to balance the budget and not layoff somebody with a job.

So it's important that managers understand the whole piece. It's not just having trained people, but it's when you have an empty position getting in somebody and starting that process in a reasonable amount of time. Because the easy thing, quite frankly, is to cut a position with nobody in, and the really hard thing is to call somebody in and say, look, I'm really sorry but as of Friday your job's been cut.

LEGISLATIVE PERFORMANCE AUDIT AND OVERSIGHT COMMITTEE

October 29, 2018

And so we sat in here and tried not to do that with the recession, but we're still seeing impacts of certain agencies and your agency has probably had the biggest hit.

MR. ARLINGHAUS: I can't say whether we did or didn't, I guess. And I don't -- I don't want to, you know --

REP. OBER: You lost 54 people.

MR. ARLINGHAUS: Personally, I don't want to second guess Linda, because I think --

CHAIRWOMAN OBER: Nope, but you lost 54 people. I sat here. That was the easiest agency because you had 54 vacancies.

MR. ARLINGHAUS: Sometimes I think in the past there's been historically, anyway, additional pressure on Administrative Services, partly because of the high proportion of General Funds. And as people dedicate more and more of their funds, it becomes -- there become fewer places to look and usually there's a relationship between the budget -- the budget people and the budget people in the Governor's Office regardless and so that happens. But that having been said --

CHAIRWOMAN OBER: You don't get any Federal grants. You're not like HHS.

MR. ARLINGHAUS: And that ends up also hurting.

CHAIRWOMAN OBER: Yeah.

MR. ARLINGHAUS: So there are a lot of reasons things happen. I completely agree with what you're saying about hiring, though, and I think that from a looking-forward perspective and, you know, my predecessor was very good at stressing hiring, and we talk a lot about hiring. Hiring is hard. It's a very difficult process, because --

CHAIRWOMAN OBER: It is.

LEGISLATIVE PERFORMANCE AUDIT AND OVERSIGHT COMMITTEE

October 29, 2018

MR. ARLINGHAUS: -- you interview -- interview, you know, dozens of people and you hope for the best. And they're all on their, you know, they're all wearing their Sunday best, so to speak, when you see them, and you don't know what that necessarily entails. And, you know, you don't -- you don't realize that the other personality is going to come out later. So you hope that you find as much out as you can.

I think we're making an effort now, and I think agencies are starting to -- I think starting to understand better that that is a problem. That you need to make sure that you use your resources the right way and that you use what you have when you have it, and you -- you make that transition. I suspect the recession and the sort of -- the hiring dip, so to speak, was a -- was at least, I hope, a useful lesson for people in that it's easy -- if you think that the number of positions is always going to climb, whether it climbs faster or climbs slower, then leaving positions open in the short-term sounds like a good short-term philosophy. And if you see a dip where people start sweeping stuff away, then it changes your outlook. So let's hope that that at least changed some people's outlook of what they might look forward to; but your point is very well taken. I agree with it.

CHAIRWOMAN OBER: It's important, I think, to train the managers in how to hire as well. So thank you for coming.

REP. BARRY: I have a suggestion.

CHAIRWOMAN OBER: You heard what we're going to do.

MR. ARLINGHAUS: Thank you for having me.

REP. BARRY: Have a suggestion along those lines.

CHAIRWOMAN OBER: Yes.

LEGISLATIVE PERFORMANCE AUDIT AND OVERSIGHT COMMITTEE

October 29, 2018

REP. BARRY: The best human resources manager I knew used to be a miner in Scotland. He said he learned how to judge people pretty well. You're down the bottom of a mine and you look around who's going to help me if I need to get up. So go to Scotland.

CHAIRWOMAN OBER: Cassie, I will not be at the bottom of a mine. I'm not going to be in a helicopter looking through a glass floor either so, you know, I'll be right here --

SEN. REAGAN: Guy's name was Scottie, by the way, in case you're wondering.

5. Other business:

CHAIRWOMAN OBER: The last thing in business we have, you guys got a really nice award.

MR. SMITH: Hm-hum.

REP. WEBER: Congratulations!

CHAIRWOMAN OBER: Congratulations!

MR. HENRY: Yes. We got -- our office has been talking about getting back involved with the National Legislative Program Evaluation Society, something we did probably ten years ago. We used to go every year to their conference, send maybe three or four people and they'd bring back, you know, information for all the different sections they had. With the economy and the crash and the budget crunch, we just stopped going. And Steve Smith finally said, okay, I think we can start going back, and we thought we'd send two people.

They also had this Certificate of Impact sort of award where states could submit a -- either a performance audit or a program evaluation, and you had to prove to them that it had some impact; and to prove that, we had to show that the Legislature actually acted on some of our recommendations. We

LEGISLATIVE PERFORMANCE AUDIT AND OVERSIGHT COMMITTEE

October 29, 2018

had to show that the Department actually implemented some of our recommendations. There was some interest by the public. So we submitted all that in. And, you know, with our audits sometimes you get lucky and it's a hot topic which this one certainly was with the \$40 million that was not spent while you had a wait list for DD and ABD population.

CHAIRWOMAN OBER: Yeah. Congratulations!

REP. BARRY: Nice.

CHAIRWOMAN OBER: It's very nice.

REP. BARRY: They aged out basically. Were they aged out going from high school --

MR. HENRY: They what?

REP. BARRY: They aged out from one source to get into the next. That's why the DD list got --

MR. HENRY: Right, right. Yes. It's aging out of high school and then they get into the adult.

REP. BARRY: That's super. That's special.

CHAIRWOMAN OBER: Yep.

MR. HENRY: So if there's money in the budget we'll send maybe another two people next year, and we'll see if there's -- I think there are probably some -- a number of audits where I think there's been some activity by the Legislature and by the Agencies, one that you know well. Got to decide which one we can, you know, sort of best shows that impact.

6. Date of next meeting and adjournment.

CHAIRWOMAN OBER: So that brings us to the end of our agenda. Cecile, I want to thank you for everything you've done

LEGISLATIVE PERFORMANCE AUDIT AND OVERSIGHT COMMITTEE

October 29, 2018

for this Committee. Jay, it's been great working with you for the biennium. I do not anticipate this Board will meet again this biennium, especially since I'm going to be in the West Indies and not going to be around. Usually what happens is you have enough to keep going. All the boards are reconstituted after we get sworn in in December which isn't that far off with the election looming just a little more than a week. So I want to thank you.

Steve, I think your staff has done a great job. I wanted to be sure we all said thank you, appreciate all the work. Thank you very much.

MR. SMITH: Just two things. We will draft a letter for you for Fiscal for the topic.

CHAIRWOMAN OBER: Yeah, do it before the 7th.

MR. SMITH: The question we do have we would like to inform Fiscal of this award. Do you have any, as Chair of the Committee, do you have any preference as to how you -- whether you would like a letter to the Fiscal Committee on your behalf?

CHAIRWOMAN OBER: Why don't I sign a letter for you and send it to Fiscal because I won't be here on the 16th when they meet. Frank Byron is going to sit in for me.

MR. HENRY: What we can do --

CHAIRWOMAN OBER: And John -- Senator Reagan, is that JLCAR date or not?

SEN. REAGAN: No, I got robbed. I have to go to both things.

CHAIRWOMAN OBER: Okay. Senator Reagan will read that letter for us.

LEGISLATIVE PERFORMANCE AUDIT AND OVERSIGHT COMMITTEE

October 29, 2018

MR. HENRY: We could write a letter very similar to what Mike Kane wrote for your signature then.

CHAIRWOMAN OBER: Perfect. Thank you for this. Nice work.

REP. BARRY: Nice work for the group. That's special. Thank you.

CHAIRWOMAN OBER: So we're going to recess to the call of the Chair and hope that we won't need a call of the Chair. Thank you, Ladies and Gentlemen, for working on this Board for two years.

REP. BARRY: Have a nice Easter in case we don't see you before then.

CHAIRWOMAN OBER: Yeah, in case I don't come back.

(The meeting concluded at 2:23 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.

Cecelia A. Trask

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