

HOUSE COMMITTEE ON AGENCY OVERSIGHT AND EFFICIENCY

April 3, 1997 Hearing Room H-170

1:00 P.M. Tapes 33 - 34

MEMBERS PRESENT:

Rep. Jane Lokan, Chair

Rep. Richard Devlin, Vice-Chair

Rep. Ryan Deckert

Rep. Steve Harper

Rep. Eldon Johnson

MEMBER EXCUSED:

Rep. Tom Brian

Rep. Mike Lehman

STAFF PRESENT:

Judy Edstrom, Administrator

Valerie Luhr, Administrative Support

MEASURE/ISSUES HEARD:

HJR 29 Work Session

HB 2799 Work Session

HB 3696 Public Hearing and Work Session

HB 3577 Public Hearing

These minutes are in compliance with Senate and House Rules. Only text enclosed in quotation marks reports a speaker's exact words. For complete contents, please refer to the tapes.

Tape/#	Speaker	Comments
TAPE 33, A		
004	Chair Lokan	Calls the meeting to order at 1:12 p.m. Opens work session on HJR 29.

<u>HJR 29 - WORK SESSION</u>		
008	Judy Edstrom	Reviews the provisions of HJR 29 and the reasons to move the bill to Rules and Elections.
018	Rep. Johnson	MOTION: Moves HJR 29 to the Speaker's Office WITHOUT RECOMMENDATION as to passage and BE REFERRED to the committee on Rules and Elections.
		AYE: In a roll call vote, all members present vote Aye. EXCUSED: 2 - Brian, Lehman
025	Chair Lokan	The motion CARRIES .
		Opens work session on HB 2799.
<u>HB 2799 - WORK SESSION</u>		
029	Chair Lokan	Would like to move bill to Rules and Elections.
032	Rep. Johnson	MOTION: Moves HB 2799 to the Speaker's Office WITHOUT RECOMMENDATION as to passage and BE REFERRED to the committee on Rules and Elections.
		VOTE: 5-0 EXCUSED: 2 - Brian, Lehman
	Chair Lokan	Hearing no objection, declares the motion CARRIED .
<u>HB 3696 - PUBLIC HEARING</u>		
037	Chair Lokan	Opens public hearing on HB 3696.
038	Judy Edstrom	Reviews the provisions of HB 3696. Changes composition of Joint Legislative Audit Committee.
060	Mike Greenfield	Secretary of State's Office, design of bill to put people on the committee who can devote more time. The Secretary of State does not oppose the bill.
066	Chair Lokan	The Legislative Audit Committee operates throughout the year. This will strengthen them.
082	Rep. Bob Repine	District 49, reviews background of HB 3696. Role of legislature in giving direction on audit discussions. Breakdown in communication. Change will help legislature fulfill end of bargain.

118	Vice-Chair Devlin	Is there a concern on having even number of members.
121	Rep. Repine	Always been even numbers.
127	Chair Lokan	If there were changes due to other bills coming through, would voting become necessary at times.
134	Rep. Repine	Main thrust is to change those who call meetings. Maybe an odd number of members is needed.
142	Chair Lokan	Are you willing to accept an amendment if it was decided an additional member needed.
144	Rep. Repine	Refers to line 11.
148	Chair Lokan	Maybe that is something that could be dealt with in the Senate.
150	Rep. Repine	If we find that is an issue, yes.
151	Chair Lokan	Closes public hearing on HB 3696.
<u>HB 3696 - WORK SESSION</u>		
154	Chair Lokan	Opens work session on HB 3696.
157	Rep. Harper	For the record an even number is appropriate. Has no problem with that.
162	Rep. Harper	MOTION: Moves HB 3696 be sent to the floor with a DO PASS recommendation.
165		VOTE: 5-0 AYE: In a roll call vote, all members present vote Aye. EXCUSED: 2 - Brian, Lehman
	Chair Lokan	The motion CARRIES. Rep. HARPER will lead discussion on the floor.
<u>HB 3577 - PUBLIC HEARING</u>		
174	Chair Lokan	Opens public hearing on HB 3577. Explains the measure.
192	Rep. Johnson	Asks the Chair if she would object to the removal of "performance and" and leave "program audits."
203		

	Chair Lokan	Bill gives clear description of a performance audit. Differs from program audit.
213	Judy Edstrom	Committee Administrator, expecting more bills dealing with subject. Performance of audits by private sector auditors. Joint Legislative Audit Committee giving direction to Secretary of State's office in scheduling such audits.
251	Chair Lokan	Discussions of Joint Legislative Audit Committee at beginning of the session. Feeling has been in talking with leadership, legislature should be more involved. That is the purpose of the bill. Bring about a more direct association in directing work of program and performance audits. Audits are described on page 2.
276	Sam Cochran	Acting State Auditor, Audits Division, submits and presents testimony [EXHIBIT A] in support of HB 3577.
301	Chair Lokan	Asks Mr. Greenfield to speak before questions.
304	Mike Greenfield	Chief Deputy Secretary of State, comments on HB 3577. Depending upon legislature, the Secretary of State's office can work with committee for a positive piece of legislation.
329	Rep. Harper	What does this bill do differently.
331	Chair Lokan	Restates Joint Legislative Audit Committee's functions. Reviews audits.
350	Rep. Harper	Directs Secretary of State to do audits as directed by the committee. We do that now.
355	Chair Lokan	Was her understanding that is what was supposed to have been.
361	Greenfield	Explains the current scenario for the Joint Legislative Audit Committee.
391	Cochran	Gives example of cooperation under this bill.
397	Rep. Harper	We can currently direct the Secretary of State to do audits under the joint legislative audit committee.
401	Cochran	Yes.
402	Rep. Harper	Asks about the private sector auditor.
405	Chair Lokan	Asks where Rep. Harper is in the bill.
406	Rep. Harper	In the overview.
407	Chair Lokan	Bill puts emphasis on individual qualified auditors.
TAPE 34, A		
001	Cochran	Continues testimony. Audits which are affected by fiscal impacts would have focus on private auditing.

006	Rep. Harper	Asks about definition of "performance" and "program."
007	Chair Lokan	They are essentially out of the yellow book.
009	Rep. Harper	So they are the accepted definitions.
010	Chair Lokan	Yes.
011	Cochran	Have not had a chance to go over legislation very closely.
015	Chair Lokan	This is the wording used last session.
018	Rep. Harper	Are standard definitions in the audit world.
020	Chair Lokan	Can adapt language to what is in yellow book. Asks about financial audits.
034	Cochran	Need to craft legislation carefully in this area.
042	Chair Lokan	No intention to expand audit division. Wants coordination between legislature and audits. (EXHIBIT B).
067	Cochran	Will be happy to work with anyone on this matter.
070	Vice-Chair Devlin	Asks if Secretary of State's office would choose an area for auditing without going to the interim committee.
077	Greenfield	Do not currently do those kinds of audits.
081	Vice-Chair Devlin	You have been doing performance audits.
084	Greenfield	No, we have not done performance audits.
087	Vice-Chair Devlin	Who has performed them.
091	Greenfield	Financial-related audits probably done by our office.
094	Vice-Chair Devlin	Matter of semantics. Asks about subsections 3 and 4 of section 2. Asks if Secretary of State has taken a position.
103	Greenfield	Refers to auditing within constitutional authority, believes section does not apply to office. Certain audits appropriate for private sector.
121	Chair Lokan	Assures the committee's willingness to work with the Secretary of State on amendments.
124	Greenfield	We will be in contact with Ms. Edstrom.
126	Chair Lokan	John Lattimer has some thoughts. Closes hearing on HB 3577. Declares the meeting adjourned at 1:50 p.m.

Submitted by, Reviewed by,

Valerie Luhr Judy Edstrom

Administrative Support Administrator

Transcribed by,

Gina Cross

Committee Clerk

EXHIBIT SUMMARY

A - HB 3577, written testimony, Sam Cochran, 1 p.

B - HB 3577, written materials, Jane Lokan, 11 pp.