

**ALASKA STATE LEGISLATURE
LEGISLATIVE BUDGET AND AUDIT COMMITTEE**

Anchorage, Alaska

August 27, 2021

9:05 a.m.

MEMBERS PRESENT

Senator Natasha von Imhof, Chair
Senator Lora Reinbold (via teleconference)
Representative Ivy Spohnholz
Representative Andy Josephson (via teleconference)
Representative James Kaufman (via teleconference)
Representative Dan Ortiz (alternate, via teleconference)

MEMBERS ABSENT

Representative Chris Tuck, Vice Chair
Senator Peter Micciche
Senator Bert Stedman
Senator Lyman Hoffman
Representative Neal Foster
Senator Click Bishop (alternate)

COMMITTEE CALENDAR

APPROVAL OF MINUTES
EXECUTIVE SESSION
FINAL AUDIT REPORTS
PRELIMINARY AUDIT REPORT
OTHER COMMITTEE BUSINESS

PREVIOUS COMMITTEE ACTION

No previous action to record

WITNESS REGISTER

KRIS CURTIS, Legislative Auditor
Legislative Agencies and Offices
Juneau, Alaska

POSITION STATEMENT: During discussion of other committee business, presented 10 issues to address through an audit oversight process.

ACTION NARRATIVE

[9:05:53 AM](#)

CHAIR NATASHA VON IMHOF called the Legislative Budget and Audit Committee meeting to order at 9:05 a.m. Representatives Spohnholz, Kaufman (via teleconference), Josephson (via teleconference), and Ortiz (via teleconference) and Senators von Imhof and Reinbold were present at the call to order.

APPROVAL OF MINUTES

[9:07:08 AM](#)

CHAIR VON IMHOF announced that the first order of business would be the approval of minutes.

[9:07:12 AM](#)

REPRESENTATIVE SPOHNHOLZ moved that the Legislative Budget and Audit Committee approve the minutes from the 7/29/21 meeting.

[9:07:21 AM](#)

REPRESENTATIVE KAUFMAN objected.

REPRESENTATIVE KAUFMAN moved to amend [the third] sentence of the third paragraph on page 4 of the 7/29/21 Legislative Budget and Audit Committee meeting minutes, such that the word "protective" be replaced with "corrective" and, in the same sentence, the words "a" and "mode" be deleted. With those changes, the sentence would read: "He proposed corrective action tracking on the most critical items." There being no objection, it was so ordered.

[9:08:49 AM](#)

CHAIR VON IMHOF asked if there was any objection to the 7/29/21 minutes, as amended. There being none, the 7/29/21 Legislative Budget and Audit Committee minutes, as amended, were approved.

EXECUTIVE SESSION

[9:08:57 AM](#)

CHAIR VON IMHOF announced that the next order of business would be an executive session to consider the final audit reports for the Alaska Mental Health Trust Authority and the Board of

Examiners in Optometry and the preliminary audit report for the Board of Chiropractic Examiners.

[9:09:15 AM](#)

REPRESENTATIVE SPOHNHOLZ moved that the Legislative Budget and Audit Committee go into executive session under Uniform Rule 22(b)(3) for the discussion of matters that may, by law, be required to be confidential. She asked that the following persons remain in the room or online: The legislative auditor and necessary staff of the auditor; any legislators not on the committee; staff for legislators that are on the committee; and the House Finance Committee secretary. There being no objection, it was so ordered.

[9:09:45 AM](#)

The committee took an at-ease from 9:10 a.m. to 10:36 a.m. for the purpose of executive session.

[10:36:22 AM](#)

CHAIR VON IMHOF called the Legislative Budget and Audit Committee meeting back to order at [10:36] a.m. Representatives Spohnholz, Kaufman (via teleconference), Josephson (via teleconference), Ortiz (alternate, via teleconference) and Senators von Imhof and Reinbold (via teleconference) were present at the call to order.

FINAL AND PRELIMINARY AUDIT RELEASES

[10:36:55 AM](#)

CHAIR VON IMHOF announced that the next order of business would be the final and preliminary audit releases.

[Two motions made at this point were repeated forthwith for the purpose of required roll call voting when an alternate is needed to establish a quorum.]

[10:38:20 AM](#)

REPRESENTATIVE SPOHNHOLZ moved that the Legislative Budget and Audit Committee release the following final audit reports: The Alaska mental Health Trust Authority and the Board of Examiners in Optometry.

10:38:30 AM

A roll call vote was taken. Representatives Spohnholz, Josephson (via teleconference), Kaufman (via teleconference), Ortiz (alternate, via teleconference) and Senators von Imhof and Reinbold (via teleconference) voted in favor of releasing the final audit reports. Therefore, the final audit reports for the Alaska Mental Health Trust Authority and the Board of Examiners in Optometry were released by a vote of 6-0.

10:40:44 AM

REPRESENTATIVE SPOHNHOLZ moved that the Legislative Budget and Audit Committee release the following preliminary audit report to the agencies for response: Board of Chiropractic Examiners.

10:40:51 AM

A roll call vote was taken. Representatives Spohnholz, Josephson (via teleconference), Kaufman (via teleconference), Ortiz (alternate, via teleconference) and Senators von Imhof and Reinbold (via teleconference) voted in favor of releasing the preliminary audit. Therefore, the preliminary audit for the Board of Chiropractic Examiners was released to the agencies by a vote of 6:0.

OTHER COMMITTEE BUSINESS

10:41:41 AM

CHAIR VON IMHOF announced that the final order of business would be other committee business.

CHAIR VON IMHOF invited Kris Curtis to present the audit oversight framework. She stated that members would have until October to consider the oversight process and offer ideas and/or propose changes, at which point the committee would vote whether to adopt the process. She noted that the related documents are available to the public on BASIS. She said there are currently 10 recommendations.

10:43:12 AM

KRIS CURTIS, Legislative Auditor, Division of Legislative Audit, reviewed that at its last meeting the committee had discussed ways in which it could encourage the resolution of audit findings. Subsequently, Representative Kaufman had asked her to

suggest a framework to formalize an audit finding oversight process. She began a PowerPoint presentation, entitled "LB&A Oversight - Top 10 Audit Issues" [hard copy included in the committee packet].

MS. CURTIS displayed slide 1, on which is a graph showing exponential growth of single audit findings from fiscal year 2010 (FY 10) to FY 20. She explained that the single audit is the annual audit that covers federal compliance, all the federal programs, and includes audits of financial statements. As shown on the graph, in FY 10 there were 30 audit findings; that number grew to 94 in FY 20. The most significant cause of that increase has been turnover and lack of effective training at executive branch agencies. She said agencies have not addressed findings in a timely manner, and many audit issues remain unresolved year after year.

MS. CURTIS turned to slide 2, which suggests a more formal, five-step LB&A oversight process:

01. Focus

Identify top audit findings in terms of fiscal or societal impact and degree of difficulty in addressing findings.

02. Communicate

Work with auditees to identify corrective action for top audit findings.

03. Evaluate

Determine whether corrective action requires legislative action. Refer to legislative committee for consideration.

04. Measure

Examine progress through the legislative finance committee process.

05. Repeat

Once Single Audit is released - repeat. Process covers all audit reports issued over a fiscal year.

[10:45:15 AM](#)

MS. CURTIS identified the top 10 audit issues [listed on slides 4-13]. Number one [on slide 4] was as follows:

1. ACFR Opinion Modifications

Issues that led to Qualified Audit Opinion

- Revenues eligible for transfer to the Constitutional Budget Reserve Fund (CBRF) due to FERC decisions were not transferred during FY 18 through FY 20 and fund balances that should have remained in the CBRF were moved to the General Fund.
- The Department of Natural Resources did not transfer to the Alaska Permanent Fund all dedicated mineral lease revenues received during FY 18 and FY 19.

Single Audit Findings (Reference)

- 2020-019, 2020-068 (CBRF transfers)
- 2020-067 (Perm Fund transfers)

MS. CURTIS explained a change to the annual comprehensive financial report (ACFR) from a previous acronym that was discovered to be an offensive term in South Africa. She pointed out that each slide has a reference to the single audit and can be found on legaudit.akleg.gov, in Section 2. Regarding the second bullet point, she said the fiscal impact of the non-transfer was \$200 million.

MS. CURTIS covered audit issue number two, on slide 5:

2. ACFR Errors and Timeliness

Significant errors and late draft statements

- FY 20 draft financial statements provided to Legislative Audit six weeks late - similar to past 5 years.
- Although improvements noted in the FY 20 number and severity of errors compared to prior three years, auditors still note a lack of support provided to division responsible for preparing financial statements in terms of resources and training.

Single Audit Findings (Reference)

- 2020-001, 2020-006, 2020-007, 2020-008, 2020-009, 2020-011, 2020-025, 2020-057, 2020-067, 2020-068, 2020-070, 2020-078, 2020-015

MS. CURTIS emphasized the delinquent receipt of draft statements and explained that means the division cannot meet the statutory timeline of providing an audit opinion by December 14. She added, "That is because the Division of Finance is not getting

the support that it needs; it has very significant turnover, a lack of training, and so those issues really need to be addressed in order to produce statements in a timely manner."

[10:47:44 AM](#)

MS. CURTIS addressed audit issue number 3, on slide 6:

3. Medicaid Eligibility Determinations

Significant errors in accuracy and timeliness of eligibility determinations

- Division of Public Assistance (DPA) eligibility technicians did not process applications in a timely manner or redetermine eligibility when required for 27.5 percent of Medicaid cases tested and 36 percent of CHIP cases tested.
- Inaccurate eligibility determinations found in 32.5 percent of Medicaid cases tested and 40 percent of CHIP cases tested.
- Special audit 06-30094-20 found that, during FY 19, DHSS paid \$28 million in State general funds for ineligible benefits due to eligibility errors.

Single Audit Findings (Reference)

- 2020-045, 2020-046

MS. CURTIS covered audit issue number four, on slide 7:

4. Medicaid Eligibility System - ARIES

Material weakness in internal controls

- DHSS staff did not maintain, in all material respects, effective internal controls for the Alaska Resource for Integrated Eligibility Services (ARIES) System during FY 20.
- System control deficiencies contribute to eligibility errors.

Single Audit Finding (Reference)

- 2020-044

MS. CURTIS said, "This has been contributing to the problem that we just talked about." She said the system was new as of FY 14; it was implemented as a result of Medicaid expansion and has significant control issues contributing to problems in eligibility determination.

MS. CURTIS brought attention audit issue number five, on slide 8:

5. Medicaid Claims Reprocessing Errors

Cumbersome process for analyzing claims outside MMIS is prone to error

- Services provided to Medicaid-eligible American Indian/Alaska Native members received through a Tribal Health Organization but rendered at a non-IHS/Tribal provider are eligible for 100 percent federal reimbursement if certain requirements are met. Eligible claims are reprocessed outside MMIS based on DHSS staff analysis.
- Errors led to \$1,007,134 in questioned costs. Similar error in prior year.

Single Audit Finding (Reference)

- 2020-043

MS. CURTIS said the manual process of making these claims is prone to error. She related that in addition to the \$1 million error shown in the second bullet point, last year errors were approximately \$3 million, and this is why this issue is listed in the top 10.

[10:49:08 AM](#)

MS. CURTIS discussed audit issue number six, on slide 9:

6. Medicaid Dental Overutilization

Likely overutilization of dental services by individuals under the age of 21

- Children's dental services require prior authorization at a much lower rate than adult dental services.
- Review of FY 20 claims for those under the age of 21 found alarming indications of likely overutilization.
- DHSS's surveillance and utilization and control procedures were not effective at identifying and following up suspicious billing patterns.
- Similar deficiency identified for FY 19.

Single Audit Finding (Reference)

- 2020-040

MS. CURTIS continued to audit issue number seven, on slide 10:

7. Medicaid SURS Program

DHSS has not implemented an effective statewide surveillance and utilization control program to safeguard against unnecessary or inappropriate use of Medicaid services.

SURS program historically carried out by Medicaid fiscal agent.

Department took over program during FY 19 but has program is not effective.

Single Audit Finding (Reference)

- 2020-050

MS. CURTIS added that the program was found in FY 20 to be completely ineffective. She then brought attention to audit issue number 8, on slide 11:

8. TANF Eligibility

Material weakness and material noncompliance over eligibility and special tests and provisions

- High rate of error in determining eligibility. (18 of 58 cases or 31 percent)
- 28 of 58 cases (48 percent) lacked documentation to support the request and use of data exchanges necessary for determining eligibility and benefit amount.
- DPA has been unable to allocate the necessary resources to fully develop and implement adequately designed internal controls to ensure compliance.

Single Audit Findings (Reference)

- 2020-033, 2020-037

MS. CURTIS added that this has been a problem for the Department of Health and Social Services for multiple years.

[10:50:53 AM](#)

MS. CURTIS highlighted audit issue number nine, on slide 12:

9. UI Subsystem

Unemployment claims were paid to Department of Corrections inmates that were unavailable for work.

- New UI subsystem was not programmed to cross-match with DOC or outside source data.

Single Audit Finding (Reference)

- 2020-060

MS. CURTIS noted the UI Subsystem was implemented in a hurry by the Department of Labor & Workforce Development (DLWD) to deal with new groups eligible under "the COVID funding." The Legislative Audit Division found that inmates were inappropriately obtaining UI through this subsystem.

MS. CURTIS brought attention to audit issue number 10, on slide 13:

10. DOR Investment Oversight

The DOR commissioner's decision to loan up to \$22.5 million to MOC 1 [the Mustang Operation Center] under the authority of the department's investment statutes was not appropriate when compared with behavior that a prudent person would consider reasonable.

- The legislature should consider enhancing oversight of DOR's [the Department of Revenue's] investment functions.

Audit Report Finding Reference

- Audit Control Number 04-30093-20 Recommendation No. 4

MS. CURTIS noted MOC was owned by the Alaska Industrial Development and Export Authority (AIDEA).

[10:52:13 AM](#)

MS. CURTIS said she would now move into the suggested oversight process in more detail, slides 14 and 15. She began with the description of the oversight process, on slide 14:

Suggested Oversight Process

Letters from LB&A Committee to audit agencies asking for corrective action plan.

- Letters drafted by Legislative Auditor and reviewed by Chair.

- Request corrective action plan and dates for resolution.

LB&A Committee evaluates responses

- Legislative Auditor reviews agency responses and presents summary to LB&A Committee.
- Committee determines whether any action is necessary to facilitate resolution.
- Information is forwarded to the appropriate legislative committee for consideration. Single Audit findings and corrective action are sent to finance committees for follow-up during the budget process.

MS. CURTIS then gave the oversight process timeline, on slide 15:

Oversight Timeline

May - Sep

Identify Top 10 audit issues. LB&A [Legislative Budget & Audit] Committee sends letter to executive branch agencies asking for corrective action.

Oct - Dec

LB&A Committee reviews corrective action, identifies issues for legislative consideration, refers to appropriate committees for consideration.

Jan - April

Finance committees review progress in resolving audit issues. Other committees consider legislative action, if determined necessary.

Apr - Jun

Legislative Audit identifies Top 10 audit issues for next cycle and evaluates progress from prior year.

MS. CURTIS concluded the presentation with slide 16:

Summary

Audit findings are not being resolved timely.

A process is needed to encourage collaboration and resolution.

The LB&A Committee, working through the Legislative Auditor, is well-positioned to encourage resolution.

Utilizing the finance committees can facilitate accountability and collaboration.

[10:54:37 AM](#)

REPRESENTATIVE KAUFMAN stated that this plan merges what the Legislative Budget and Audit Committee has been doing with quality management processes that try to find a resolution to the problem. He encouraged collaboration. He said he thinks this is a good process.

[10:55:37 AM](#)

REPRESENTATIVE JOSEPHSON expressed thanks to Representative Kaufman. He then directed attention to slide [14], to "Letters from LB&A Committee to audit agencies asking for corrective action plan," and he asked whether "audit" should read "audited."

MS. CURTIS confirmed yes. She indicated the reference is to auditees.

[10:56:07 AM](#)

REPRESENTATIVE SPOHNHOLZ noted that one of the objectives of the House Special Committee on Ways & Means, [which she chairs], is to look for efficiencies in government. She expressed concern, having read the single statewide audit, about known problems that are not being addressed and cost the state money. She opined that considering the state's current financial situation, it needs to be utilizing every tool available. She said the House Special Committee on Ways and Means would be inviting Ms. Curtis to come speak on opportunities for efficiencies, after which she suggested there could be a joint committee meeting to delve into the financial implications of the recommendations made by the legislative auditor.

[10:57:37 AM](#)

SENATOR REINBOLD expressed, "I think this is an outstanding idea." She stated that for a long time she has thought that audits should be part of the subcommittee process. She expressed her support and her thanks to Chair von Imhof, Representative Kaufman, and Ms. Curtis.

[10:58:16 AM](#)

REPRESENTATIVE ORTIZ echoed the comments of Senator Reinbold.

CHAIR VON IMHOF asked Representative Kaufman and Ms. Curtis to reiterate "the activity and the action" that would happen going forward.

[10:58:44 AM](#)

REPRESENTATIVE KAUFMAN referred to the oversight timeline. He stated that "the nominees for the top 10" are being "socialized" for opportunity to consider further issues. He acknowledged there are more than 10 issues; the 10 on the list were chosen via "a criticality ranking process" that discerned high-dollar impacts and high service quality impacts, as well as considered how old the findings are. He emphasized that it is important to think systemically, and this is not about blaming current workers but rather the systems that are in place. Representative Kaufman talked about the current divided political situation where there are differing opinions about how much money to spend, and he said the convergence is around incorporating this improvement process. He suggested that some may feel more comfortable about spending money on services and programs if they felt the services and programs delivered better value. He stated, "I believe that ... there's a space here that we can work in around this type of process, as applied to the many things that we deal with legislatively." He expressed willingness to help, and he thanked Ms. Curtis for her work on this issue and her presentation today.

[11:01:19 AM](#)

REPRESENTATIVE JOSEPHSON asked whether there was "an eleventh item" with which Ms. Curtis had "wrestled."

[11:01:59 AM](#)

MS. CURTIS responded no. She said compiling the list was pretty easy; there are 94 findings in the single audit, all with which she is familiar. She said she also looked over all the special audits. She remarked that the number doesn't have to be 10, and she recommended allowing the flexibility to determine year by year whether to add more or include fewer.

CHAIR VON IMHOF stated that the list is public, and over the next six weeks both the committee and the public would have an opportunity to consider the list, at which point the list may be "expanded or replaced with an item or two."

[11:03:14 AM](#)

REPRESENTATIVE KAUFMAN commented that the minority of issues is causing the most problems. After working on those, progression can be made. He explained that there may be synergistic problems wherein one is feeding another.

[11:04:47 AM](#)

CHAIR VON IMHOF noted that the second audit finding is a grouping of findings, and hopefully addressing it will take care of several audit findings. She reiterated that the committee had between now and October to review this list, at which point it would take action.

MS. CURTIS confirmed that is correct.

CHAIR VON IMHOF thanked Ms. Curtis and Representative Kaufman.

[11:05:53 AM](#)

CHAIR VON IMHOF noted that another item to be addressed under other committee business would be regarding information technology (IT), as presented by Representative Spohnholz.

[11:05:59 AM](#)

REPRESENTATIVE SPOHNHOLZ stated that in the last few years Alaska has had IT security breaches, attacks on state websites and databases, that have caused serious challenges. There have been a couple attacks on the Division of Elections where personal information of over 100,000 registered Alaska voters was shared. She said the Alaska Court system and the Department of Health and Social Services had their websites attacked and had to return to paper systems for extended periods of time. She said she thinks this points to a weakness in IT security in Alaska.

REPRESENTATIVE SPOHNHOLZ said she learned from Ms. Curtis that an IT governance audit was done in 2008 that was helpful but has not been done since. She remarked that the sophistication of hackers is greater than it was in 2008. She said she has

reached out to the statewide Office of Information Technology (OIT) but "they have been reluctant to talk with us." She said it is not her intention to reveal security-related information, but she thinks the issue needs to be examined to ensure the administration has the resources necessary to ensure the safety and security of Alaska's state systems. She talked about exploring submission of a request for a confidential IT governance audit which looks at operating procedures. She proffered that in addition to helping the administration identify "a road map for addressing some of these security vulnerabilities," the audit could also identify for the legislature opportunities to support the administration by ensuring it has the resources necessary to reduce the state's vulnerability to these kinds of attacks.

[11:09:27 AM](#)

CHAIR VON IMHOF asked whether Ms. Curtis understood what would be asked of the Legislative Audit Division and whether the division would be able to respond.

[11:09:40 AM](#)

MS. CURTIS answered yes. She said she and Representative Spohnholz have discussed the issue and what the objectives would be. She said she thinks they need to sit down with the chief of OIT to determine what steps are already being taken; however, she understands that OIT has been reluctant to take a meeting. She expressed a desire to have cooperation so the division can move forward with a draft request. In terms of whether the division is ready to move forward on this, she said it does not have the technical expertise and would likely have to hire someone on contract.

[11:11:05 AM](#)

REPRESENTATIVE SPOHNHOLZ indicated one benefit of contracting for the audit would be that the audit would not be in the queue with all the division's other audits and, thus, could be completed more expediently. She indicated the importance of this factor considering the amount of time it has taken DHSS to get back online.

[11:12:23 AM](#)

CHAIR VON IMHOF thanked Representative Spohnholz and Ms. Curtis and said she thinks they are "on the right track." She asked how they would like to proceed.

REPRESENTATIVE SPOHNHOLZ expressed her hope that the administration would enter into a conversation. She reiterated her desire for a collaborative process and to speak with the chief of OIT. If that cannot happen, she said, the Legislative Budget and Audit Committee has a responsibility to meet its obligations; therefore, she recommended proceeding forward with an audit request at the next meeting in October. She said [breaches in security] create a risk for the state, and "we cannot afford to delay much further." She stressed the importance for the legislature to have the information necessary to allocate resources. She commented on the aging systems in place and the importance of updating them.

[11:14:16 AM](#)

SENATOR REINBOLD thanked Representative Spohnholz for bring the issue forward. She referred to Article I, Section 22, of the United States Constitution, regarding the protection of privacy, and she said it is the responsibility of the legislature. She said she did not remember whether it was Cisco or Microsoft that manages a lot of the State of Alaska's data, but said [the legislature] needs to specify what it expects from them. She recommended "a company such as Tanium," which she said has an excellent reputation. Senator Reinbold stated support for an outside audit to be put forth in October. She expressed concern for the "massive amounts of lawsuits" that could be brought to the state as a result of the security breaches. She thanked Representative Spohnholz again and said she supports this effort.

REPRESENTATIVE SPOHNHOLZ clarified there is no evidence to suggest that medical diagnoses or other highly confidential protected information has been released. The data that has been released was from the voter files and had no impact on election security. She said there are hardcopy backup paper ballots. What was shared was voter registration information "that was available on the Division of Election's website." She concurred with Senator Reinbold that people's personal information should not be vulnerable to attacks and that the government has a core responsibility to ensure the protection of that information.

SENATOR REINBOLD said she has heard from multiple individuals that they have been unable to get their information from DHSS,

and she expressed interest in finding out "the scope of violation."

CHAIR VON IMHOF, on that point, advised allowing Representative Spohnholz and Ms. Curtis to continue to reach out to OIT so that "a comprehensive and collaborative scope of audit can be developed" in time for the next Legislative Budget and Audit Committee meeting.

[11:18:13 AM](#)

REPRESENTATIVE KAUFMAN described the next improvement project that could be undertaken, in terms of audits, as being "an idea hopper" with a simple scoring system on a spread sheet that allows the committee to evaluate the proposed use of resources and ensure getting "the best bang for our buck."

[11:19:28 AM](#)

REPRESENTATIVE JOSEPHSON offered his understanding that [the Legislative Audit Division] does that.

[11:19:39 AM](#)

MS. CURTIS responded that historically, the division deals with audits on a "first-in/first-out" basis. She stated, "If an audit request is approved by the committee, it has merit, and so I don't know how I'd approach ranking them." She suggested one exception may have been the acceleration of the [CARES Act] Audit in spring 2021 to prioritize it. She mentioned prioritizing the IT audit because it would not [affect the work order of the division] since it would be done via contract; therefore, "why would you want to put it in the hopper and just have it sit there instead of getting it out there?" She expressed interest in speaking to Representative Kaufman more about this idea but reiterated the "first-in/first-out" method and treating audits with equal merit.

[11:21:08 AM](#)

REPRESENTATIVE KAUFMAN explained that "this would be more within the committee confines" in order for the committee to understand its own priorities and have clear visibility "on the front end and the back end." He concluded, "We rank importance of what we ask for, and we rank importance of what we receive, and that's a feedback loop that's very beneficial."

[11:21:45 AM](#)

CHAIR VON IMHOF suggested the committee could request a list of special audits from Ms. Curtis, with expected start and completion dates. She said there is statute to follow, as well as the method expressed by Ms. Curtis of "first-in/first-out." There is a process followed for moving or eliminating an audit.

MS. CURTIS confirmed she would provide the list.

[11:22:29 AM](#)

SENATOR REINBOLD said she would like an update on "the COVID money, the state audit, and the federal audit," which she said she had anticipated in early August but has yet to see. She said she would like a comprehensive overview, as well.

CHAIR VON IMHOF offered her understanding that "the COVID overview is the purview of administration," which provides that on a monthly basis. She asked whether there may exist another "COVID audit" other than the one for the business grants.

[11:23:16 AM](#)

MS. CURTIS answered yes. She offered her understanding that Senator Reinbold was referring to "a desk review that's being conducted by the U.S. Treasury on the state's use of COVID funds," which was expected in August. She said she does not expect the federal report to come out for a few months. In terms of the current audit on the CARES Act business grants, she said she anticipates the report will not come to the committee before "early next year."

CHAIR VON IMHOF asked whether Ms. Curtis would provide the committee the report from the federal audit when it becomes available this fall.

MS. CURTIS replied that when it becomes a public document she could give the committee an overview of the results.

[11:24:51 AM](#)

ADJOURNMENT

There being no further business before the committee, the Legislative Budget and Audit Committee meeting was adjourned at [11:25] a.m.