

**MINUTES
AUDIT SUBCOMMITTEE
OF THE
LEGISLATIVE MANAGEMENT COMMITTEE**

The Audit Subcommittee of the Legislative Management Committee met in Room W110, State Capitol Complex, Salt Lake City, Utah, July 3, 2008 from 10:00 a.m. until 11:45 a.m.

Committee Members Present:	Speaker Greg J. Curtis, Co-Chairman President John L. Valentine, Co-Chairman
Excused	Senator Mike Dmitrich Representative David Litvack
Legislative Audit Staff:	John Schaff, Auditor General Rick Coleman, Deputy Auditor General Tim Osterstock, Audit Manager Darin Underwood, Audit Manager Lynda Maynard, Recording Secretary Nancy Johnson, Legis Secretary Maria Stahla, Audit Supervisor Susan Verhoef, Legis Lead Auditor David Pulsipher, Sr Performance Auditor Leah Blevins, Sr Performance Auditor
Other Interested Parties:	Maureen Womack, CEO, Davis Behavioral Health (DBH) Dr James O Mason, Chairman, DBH Board of Directors Marlon Barrett, DBH Board of Directors L. Dean Smith, CFO, DBH William H. Wingo, DBH Don McKennon, DBH Francine Giani, Executive Director, Dept of Commerce Thad LeVar, Acting Director, Division of Securities Mark Payne, Director, Div of Substance Abuse, Dept of Human Services (DHS) Brent Kelsey, Assistant Director, Div of Substance Abuse, DHS Ron Stromberg, Asst Director, Div of Substance Abuse, DHS Lynette Willie, Information Specialist, Dept of Human Services John G Bell, Auditor, DHS Chuck Newton, Utah Chapter, FPA Senator Curt Bramble Representative James Bird Tani Downing, Deputy Chief of Staff/Gen Counsel, Gov's Office Sherri Wittwer, NAMI Utah Keith Woodwell, Div of Securities, Dept of Commerce Jan Ferre, LCPD Mark Andrews, OLRGC Steve Jardine, Budget Analyst, GOPB Joe Dougherty, <i>Deseret Morning News</i>

Loretta Park, *Standasrd Examiner*
Eric Peterson, *Salt Lake Weekly*
Rich Outt, *KSL*
Mike Anderson, *KUTV*
And, others as listed

1. Call to Order

Speaker Curtis called the meeting to order at 10:00 a.m.

2. Approval of Minutes

President Valentine made a motion that the minutes from the January 25th meeting be approved. The motion passed unanimously.

3a. A Performance Audit of Davis Behavioral Health (DBH)

(Report #2008-06)

Presented by Maria Stahla, Audit Supervisor

Discussion following Presentation

Dr. James O. Mason, Chairman, Davis Behavioral Health, Board of Directors addressed the concerns and recommendations in the audit. Mr. Mason told the members of the Audit Subcommittee that the board appreciated the opportunity to participate in the hearing and wanted them to know that Davis Behavioral Health has carefully considered and implemented many of the recommendations presented in the audit.

Dr. Mason stated that Davis Behavioral Health disagrees with some of the conclusions in the audit report, which are detailed in the written response provided.

Maureen Womack, CEO, Davis Behavioral Health, responded to questions asked by President Valentine concerning costs to Davis Behavioral Health for a major reorganization in 2004.

Mark Payne, Director, Division of Substance Abuse and Mental Health, Department of Human Services, explained that his division oversees and monitors the programs of Davis Behavioral Health.

Motion: President Valentine made a motion that the **Performance Audit of Davis Behavioral Health (DBH)** (Report No. 2008-06) be accepted and referred to the Health and Human Services Interim Committee; the Health and Human Services Appropriations Subcommittee and the Political Subdivisions Interim Committee. The motion passed unanimously.

3b. A Performance Audit of the Division of Securities

(Report #2008-07)

Presented by Susan Verhoef, Audit Supervisor

Discussion following Presentation

Francine A. Giani, Executive Director, Utah Department of Commerce responded to the audit report. Ms Giani

thanked the audit team and said that she felt the recommendations will help the division more effectively accomplish their mission. Ms. Giani reported that the following was in progress—

- Work has already begun on the recommendations, with some recommendations already being implemented
- Some recommendations will have to be evaluated during the legislative session
- Language to change the structure of the board is in progress and a sponsor for the bill is on board
- A new director has been hired with an excellent background to help the Division of Securities move forward and a number of employees have indicated they are confident that this as a new start
- Policies and procedures changes are a work in progress

President Valentine recommended that sometime in the near future Ms Giani needs to return to the Audit Subcommittee and present an quick overview of the new policies and procedures as the community is generally very interested in seeing how the issues in the audit have been resolved.

Motion: President Valentine made a motion that the **Performance Audit of the Division of Securities** (Report No. 2008-07) be accepted and referred to the Business and Labor Interim Committee. The motion passed unanimously.

4. New Audit Requests

John Schaff, Auditor General gave the Subcommittee a list of new audit requests and the following motion was made.

Motion: President Valentine made a motion that the following audit requests be added to the Approved Future Audits list as follows: (1) Medicaid Payment System, (2) URS Administrative Functions, (3) Class Size in Utah’s Public Education Elementary Schools, (4) Impact Fees, and (5) Cost of Tech Education in State Colleges and ATCs. The motion passed unanimously.

4. Adjournment

President Valentine adjourned the meeting at 11:45 a.m.

