

# NORTH DAKOTA LEGISLATIVE COUNCIL

## Minutes of the

### LEGISLATIVE AUDIT AND FISCAL REVIEW COMMITTEE

Monday, October 20, 2008  
Roughrider Room, State Capitol  
Bismarck, North Dakota

Representative Bob Skarphol, Chairman, called the meeting to order at 9:00 a.m.

**Members present:** Representatives Bob Skarphol, Merle Boucher, Kari L. Conrad, Jeff Delzer, Bette Grande, Patrick R. Hatlestad, RaeAnn G. Kelsch, Kenton Onstad, Louis Pinkerton, Blair Thoreson, Francis J. Wald; Senators Randel Christmann, Dwight Cook, Jerry Klein

**Members absent:** Representatives Ole Aarsvold, Larry Bellew; Senators Judy Lee, Harvey D. Tallackson

**Others present:** Jim W. Smith, Legislative Council, Bismarck

See attached [appendix](#) for additional persons present.

**It was moved by Representative Kelsch, seconded by Senator Klein, and carried on a voice vote that the minutes of the July 8, 2008, meeting of the Legislative Audit and Fiscal Review Committee be approved as distributed.**

#### WORKFORCE SAFETY AND INSURANCE PERFORMANCE AUDIT FOLLOWUP

Chairman Skarphol called on Mr. Gordy Smith, State Auditor's office, who presented the followup report on the Workforce Safety and Insurance performance audit. He said 19 prior audit recommendations were fully implemented, 36 were partially implemented, 3 were not implemented, and 2 were determined to be no longer applicable.

Representative Wald questioned the authority of the State Auditor's office to review severance packages. Mr. G. Smith said the section of law which states the review of severance packages is not the duty of the State Auditor cited in Workforce Safety and Insurance's response to recommendation No. 20 refers specifically to audits in cases of irregularity in handling funds or embezzlement. He said the Attorney General's office confirmed the review of the severance payment to the former executive director and CEO falls within the authority of the State Auditor's office to review expenditures.

Representative Wald questioned why other state employee severance packages have not been included in audit findings. Mr. G. Smith said performance audits have not been conducted at Workforce Safety and Insurance or other state agencies at times when other state employees received severance packages.

In response to a question from Representative Grande, Mr. G. Smith said personnel surveys are conducted as a part of every performance audit.

In response to a question from Representative Boucher, Mr. G. Smith said no internal documentation was found at Workforce Safety and Insurance regarding specific employers who should or should not receive premium dividends.

Mr. Bruce Furness, Interim Director, Workforce Safety and Insurance, said the agency concurred with the status of 82 percent of the recommendations that were considered partially implemented or not implemented. He said typically an agency has an opportunity to meet with the State Auditor's office to discuss recommendations that the agency does not agree with in the auditor's determination of the recommendation's status. He said Workforce Safety and Insurance met several times with the auditors during the course of the audit followup, and the agency's interpretation of the facts differed from the State Auditor's office. He said Workforce Safety and Insurance believed it would not be beneficial to discuss the recommendations any further. He said efforts must be made to improve the relationship between Workforce Safety and Insurance and the State Auditor's office.

In response to a question from Representative Conrad, Mr. Tim Wahlin, Workforce Safety and Insurance, said the employee separation form for the former executive director and CEO was changed at the former employee's request to reflect the reason for leaving as "resignation" rather than "other" because the separation and release agreement identifies the reason for leaving as a resignation.

In response to a question from Representative Wald, Mr. John Halvorson, Workforce Safety and Insurance, said current state law provides for a financial reserve level of between 120 percent and 140 percent of the discounted reserve level as determined by an actuary.

Mr. Halvorson said the employer premium dividend is a credit that will be reflected in the next premium billing to the employer. He said all employers are eligible providing the dividend does not reduce the employer's premium below the minimum premium of \$250 and the employer is not delinquent on its account.

#### WORKFORCE SAFETY AND INSURANCE PERFORMANCE REVIEW

Chairman Skarphol called on Mr. Clinton Davies, Berry, Dunn, McNeil & Parker, who presented the

performance evaluation report on Workforce Safety and Insurance for the years ended June 30, 2007 and 2006. Mr. Davies said 46 recommendations were identified for the following nine elements reviewed as part of the performance evaluation:

1. Safety grants.
2. Board of directors.
3. Performance measures.
4. Effectiveness of fraud expenditures.
5. Previous performance evaluation recommendations.
6. Claims.
7. Change in financial conditions from fiscal year 1997 to fiscal year 2007.
8. Policyholder services.
9. Legal.

Mr. Davies said 61 of the 109 prior recommendations from the 2006 performance evaluation report have been fully implemented.

In response to a question from Representative Skarphol, Mr. Davies said he would provide additional information on desired skill-sets for board members.

In response to a question from Representative Skarphol, Ms. Maddy Bowling, Berry, Dunn, McNeil & Parker, said the \$35 million available for safety grants is a substantial amount. She said the safety grant program should be designed appropriately with a way to measure the impact of the grants before an amount is allocated.

In response to a question from Representative Wald, Ms. Bowling said target industries for safety grants will depend on the design of the program and the desired outcomes.

In response to a question from Representative Wald, Ms. Bowling said there are three components to fraud--the employer, the injured worker, and the service provider. She said based on fraud expenditures and investigations, Workforce Safety and Insurance provides adequate focus on the injured worker and should provide more focus on employers and service providers.

In response to a question from Representative Wald, Ms. Bowling said the evaluation's findings indicate no inappropriate handling processes or denials regarding claims. However, she said, North Dakota law is extremely conservative as it relates to prior injuries, preexisting conditions, and degenerative conditions. She said the evaluation resulted in a recommendation that a group of North Dakota stakeholders, including Workforce Safety and Insurance, injured workers, employers, and service providers, study and consider how other states process these types of conditions and determine what is appropriate for North Dakota.

Representative Boucher said he is not concerned with the current statutory provisions but is concerned that decisions regarding disputed claims are being made by Workforce Safety and Insurance.

The committee recessed for lunch at 12:10 p.m. and reconvened at 1:00 p.m.

## **DEPARTMENT OF EMERGENCY SERVICES AND 911 FEES PERFORMANCE AUDIT FOLLOWUP**

Mr. G. Smith presented the followup report on the Department of Emergency Services and 911 fees performance audit. He said for the Department of Emergency Services, 12 prior audit recommendations were fully implemented, 7 were partially implemented, and 3 were not implemented. For the 911 fees, he said, one prior audit recommendation was fully implemented, two were partially implemented, and one was not implemented.

Mr. Greg Wilz, Department of Emergency Services, commented on actions taken by the department to implement key recommendations, including:

- Developing an appropriate formula for calculating fees to ensure costs for services are covered.
- Monitoring and formally documenting all salary increases.
- Implementing policy to notify the state's Risk Management Division of all potential harmful situations.

Mr. Wilz said the director position for the Division of State Radio is vacant and the department is in the process of determining if the position should be a classified position or appointed by the Adjutant General.

## **UNIVERSITY OF NORTH DAKOTA SCHOOL OF MEDICINE AND HEALTH SCIENCES**

Chairman Skarphol called on Dr. Joshua Wynne, Associate Vice President of Health Affairs, University of North Dakota School of Medicine and Health Sciences, who presented information regarding the status of the State Auditor's performance audit recommendations. A copy of the information presented is on file in the Legislative Council office. Dr. Wynne said 29 of the 35 performance audit recommendations have been addressed with action taken to ensure substantial compliance with the recommendations. He said of the remaining 6 recommendations, the school plans to be in compliance with each recommendation by December 1, 2008.

## **AUDITS OF STATE AGENCIES, BOARDS, AND COMMISSIONS**

Chairman Skarphol called on Mr. Ed Nagel, State Auditor's office, who presented the audit report for the Public Service Commission for the years ended June 30, 2007 and 2006. He reviewed the auditor's responses to the committee guidelines and said the audit report identifies one internal control finding related to fraud risk assessment and control activities. He said the finding relating to fraud risk assessment and control activities is the result of additional requirements relating to fraud placed on government entities by auditing standards issued in the past few

years. He said several audit reports will include a finding relating to fraud risk assessment and control activities.

Mr. Nagel presented the audit report for the Department of Career and Technical Education for the years ended June 30, 2007 and 2006. He reviewed the auditor's responses to the committee guidelines and said the audit report identifies one internal control finding related to fraud risk assessment and control activities.

Mr. Nagel presented the audit report for the Labor Department for the years ended June 30, 2007 and 2006. He reviewed the auditor's responses to the committee guidelines and said the report does not contain any findings or recommendations.

Mr. Nagel presented the audit report for the Governor's office for the years ended June 30, 2007 and 2006. He reviewed the auditor's responses to the committee guidelines and said the report does not contain any findings or recommendations.

Mr. Nagel presented the audit report for the Parks and Recreation Department for the years ended June 30, 2007 and 2006. He reviewed the auditor's responses to the committee guidelines and said the report identifies three internal control findings relating to computer access control weakness, state park revenue control weakness, and fraud risk assessment and control activities.

Mr. Nagel presented the audit report for the State Department of Health for the years ended June 30, 2007 and 2006. He reviewed the auditor's responses to the committee guidelines and said the report identifies one internal control finding relating to fraud risk assessment and control activities. He said the report identifies one finding of noncompliance with legislative intent relating to records retention.

Mr. Nagel presented the audit report for the judicial branch for the years ended June 30, 2007 and 2006. He reviewed the auditor's responses to the committee guidelines and said the report identifies three internal control findings relating to unified court information system control weaknesses, review and approval of correcting entries, and fraud risk assessment and control activities. He said the report identifies one finding of noncompliance with legislative intent relating to fixed assets records and inventory. He said the report identifies one area of operational improvement relating to the Supreme Court website.

Mr. Nagel presented the audit report for the Office of Administrative Hearings for the years ended June 30, 2007 and 2006. He reviewed the auditor's responses to the committee guidelines and said the report identifies one internal control finding relating to fraud risk assessment and control activities.

Mr. Nagel presented the audit report for the Commission on Legal Counsel for Indigents for the years ended June 30, 2007 and 2006. He reviewed the auditor's responses to the committee guidelines and said the report does not contain any findings or recommendations.

Mr. Nagel presented the audit report for the Department of Agriculture for the years ended

June 30, 2007 and 2006. He reviewed the auditor's responses to the committee guidelines and said the report identifies one internal control finding relating to fraud risk assessment and control activities.

Mr. Nagel presented the audit report for the Council on the Arts for the years ended June 30, 2007 and 2006. He reviewed the auditor's responses to the committee guidelines and said the report identifies three internal control findings relating to receipts reconciliation, review and approval of correcting entries, and reconciliation of federal revenue.

Mr. Nagel presented the audit report for the State Water Commission for the years ended June 30, 2007 and 2006. He reviewed the auditor's responses to the committee guidelines and said the report identifies two internal control findings relating to fraud risk assessment and control activities and code of ethics and business conduct.

Mr. Nagel presented the audit report for the Department of Transportation for the years ended June 30, 2007 and 2006. He reviewed the auditor's responses to the committee guidelines and said the report identifies three internal control findings relating to computer access control weakness, motor vehicle division bank reconciliations, and the internal audit function. He said the report identifies one finding of noncompliance with legislative intent relating to overspending appropriation authority. He said the finding relating to the internal audit function is also a prior audit finding.

Mr. Nagel presented the audit report for the Veterans Home for the years ended June 30, 2007 and 2006. He reviewed the auditor's responses to the committee guidelines and said the report identifies three internal control findings relating to computer processing control weakness, purchasing card support, and reconciliation of manual systems and old computer systems to a new computer system. He said the report identifies two findings of noncompliance with legislative intent relating to documentation of the administrator's salary increase and procurement documentation.

Mr. Nagel presented the audit report for the Board of Podiatry Examiners for the years ended December 31, 2007 and 2006. He reviewed the auditor's responses to the committee guidelines and said the report contains an unqualified opinion. He said the report identifies one internal control finding relating to the processing of expenses and one finding of noncompliance with legislative intent relating to segregation of duties.

Chairman Skarphol called on Mr. John Mongeon, Brady, Martz & Associates PC, Certified Public Accountants, who presented the audit report for the Board of Medical Examiners for the year ended December 31, 2006. He reviewed the auditor's responses to the committee guidelines and said the report contains an unqualified opinion and identifies three internal control findings relating to segregation of duties, underlying support for general ledger accounts, and lack of a system of internal controls over financial reporting.

Mr. Mongeon presented the audit report for the State Electrical Board for the years ended June 30, 2007 and 2006. He reviewed the auditor's responses to the committee guidelines and said the report contains an unqualified opinion and identifies three internal control findings relating to segregation of duties, underlying support for general ledger accounts, and lack of a system of internal controls over financial reporting.

Chairman Skarphol called on Ms. Rhonda Mahlum, Mahlum Goodhart PC, Certified Public Accountants, who presented the audit report for the Education Standards and Practices Board for the years ended June 30, 2007 and 2006. She reviewed the auditor's responses to the committee guidelines and said the report contains an unqualified opinion and does not contain any findings or recommendations.

Ms. Mahlum presented the audit report for the Real Estate Commission for the year ended June 30, 2007. She reviewed the auditor's responses to the committee guidelines and said the report contains an unqualified opinion and does not contain any findings or recommendations.

Ms. Mahlum presented the audit report for the Real Estate Commission for the year ended June 30, 2008. She reviewed the auditor's responses to the committee guidelines and said the report contains an unqualified opinion and identifies one internal control finding relating to segregation of duties.

Chairman Skarphol called on Mr. Darrell Lingle, Eide Bailly LLP, Certified Public Accountants, who presented the audit report for the Board of Nursing for the years ended June 30, 2007 and 2006. He reviewed the auditor's responses to the committee guidelines and said the report contains an unqualified opinion and identifies two internal control findings relating to inadequate controls over recording of transactions and inadequate controls over financial reporting.

**DEPARTMENT OF HUMAN SERVICES' ACCOUNTS RECEIVABLE**

Chairman Skarphol called on Ms. Brenda Weisz, Department of Human Services, who presented

information on the status of the department's accounts receivable pursuant to North Dakota Century Code (NDCC) Sections 25-04-17 and 50-06.3-08. A copy of the information presented is on file in the Legislative Council office. Ms. Weisz said the total amount written off by the Department of Human Services for fiscal year 2008 was \$6,028,152, of which \$852,235 related to the human service centers, \$5,124,040 related to the State Hospital, and \$51,877 related to the Developmental Center.

**DEPARTMENT OF CORRECTIONS AND REHABILITATION EDUCATIONAL AND VOCATIONAL SERVICES**

Chairman Skarphol called on Ms. Leann K. Bertsch, Director, Department of Corrections and Rehabilitation, who presented information on the department's education and vocational services. A copy of the information presented is on file in the Legislative Council office. Ms. Bertsch said North Dakota is one of eight states involved with the Transition from Prisons to Communities Initiative (TPCI). She said the initiative is a collaborative effort between several state agencies, nonprofit entities, and private sector businesses to help reduce the risk of inmates reoffending after they are released from prison. She said inmates who meet eligibility requirements to participate in the industries program are required to enroll in preemployment training through the department's education department. She said the KeyTrain assessment tool is used to identify the inmate's basic skills that are lacking and provide lesson plans to address those areas. She said once an inmate has attained an acceptable level of proficiency through the preemployment stage, the inmate will be accepted into the industry program. She said the Department of Corrections and Rehabilitation anticipates working with Bismarck State College and the State College of Science to provide vocational training at the State Penitentiary.

Ms. Bertsch presented the following information relating to the number of male and female inmates involved in the department's industries and education programs:

Male Inmates		Female Inmates	
Program	Number Participating	Program	Number Participating
GED/Adult basic education	69	GED/Adult basic education	24
Correspondence courses	29	Love and logic parenting class	7
Introduction to computers	76	Speech (via satellite from Dickinson State University)	3
Reentry skills training	53	Computer/keyboarding	12
Career counseling	124	PowerPoint	15
Money management	11	Guitar instruction	7
Job interview/resume preparation	5	Piano instruction	6
Consumer mathematics	9	Welding instruction	7
Keyboarding	5	Prairie industries	21
Auto mechanics	7		
Electrical apprentice	1		
HVAC	12		
Industries	180		

## **AUDIT PROCEDURES FOR POLITICAL SUBDIVISIONS AND PUBLIC SCHOOLS**

Mr. Nagel presented information on the audit procedures and requirements for political subdivisions and public schools. A copy of the information presented is on file in the Legislative Council office. Mr. Nagel said NDCC Sections 54-10-13 and 54-10-14 require the State Auditor to audit political subdivisions and public schools every two years. He said state law allows political subdivisions to have a public accountant rather than the State Auditor to perform the audit. He said a copy of all audit reports performed by public accountants is required to be filed with the State Auditor's office. He said audits of political subdivisions and public schools are required to be performed in accordance with generally accepted government auditing standards.

Mr. Nagel said NDCC Section 54-10-14 provides an option for certain political subdivisions to submit an annual report to the State Auditor's office in lieu of an audit report. He said the option is available for the following entities:

- School districts with fewer than 100 enrolled students.
- Cities with a population of less than 300.
- Park districts and soil conservation districts with less than \$200,000 of annual receipts.
- Other political subdivisions with less than \$100,000 of annual receipts.

In response to a question from Senator Cook, Mr. Nagel said political subdivisions and public schools are required to follow the same auditing standards as state agencies. He said annual reports submitted by the smaller entities are compared to prior year reports, but the State Auditor's office does not audit any inconsistencies that may be discovered.

## **FRAUD GUIDANCE FOR BOARDS AND COMMISSIONS**

Mr. G. Smith presented information on fraud guidance for boards and commissions. A copy of the information presented is on file in the Legislative Council office. Mr. G. Smith said the responsibility to establish a system of internal controls to assist in preventing or detecting fraud lies with management of each organization. He said local certified public accountant firms have developed questionnaires for use in audits of boards and commissions. He said the State Auditor's office does not issue a questionnaire because board or commission members may incorrectly assume the questionnaire is all-encompassing and that it will be updated by the State Auditor's office. He said the State Auditor's office recommends its clients have a code of conduct, perform fraud risk assessments, and appropriately address identified fraud risks. He said the State Auditor's office has recommended that the Office of Management and Budget provide guidance to state entities relating to fraud.

## **GENTAX SYSTEM**

Chairman Skarphol called on Ms. Catherine A. Forsch, Director of Operations, Tax Department, who presented information regarding the GenTax integrated tax system. A copy of the information presented is on file in the Legislative Council office. Ms. Forsch said the goal of the integrated tax system was to increase revenue by \$2.5 million per year which is equal to the payment for the system each year. She said some components of the integrated tax system were implemented over two years ago. She said the entire integrated system has been in production for one year. She said the system has generated a \$7.6 million revenue increase over the last 2.5 years. In addition to the \$7.6 million, she said, the implementation of streamlined sales tax has resulted in the collection of \$2.7 million from taxpayers that were not previously registered.

## **RACING COMMISSION TRACK PURSES**

Chairman Skarphol called on Mr. Patrick Weir, Chairman, Racing Commission, who presented information on funds made available for 2008 track purses. A copy of the information presented is on file in the Legislative Council office. Mr. Weir said the Racing Commission granted \$45,750 from the purse fund and \$22,500 from the breeders' fund for a total of \$68,250 to the Outdoor Recreation Development Association (ORDA) for purse money at the Chippewa Downs racetrack in Belcourt. He said ORDA ran 53 races in 6 race days and used breeders' fund money to supplement purses for certified North Dakota-bred races only. He said \$6,500 from the breeders' fund was used to supplement the purses by \$3,250 each for a North Dakota-bred thoroughbred futurity race and an older thoroughbred stakes race. He said the remaining \$16,000 was used to supplement the purse for 11 other North Dakota-bred races.

Mr. Weir said the Racing Commission initially committed \$102,500 from the breeders' fund to Horse Race North Dakota for races at the North Dakota Horse Park in Fargo. However, he said, to comply with legislative intent, a motion was made at the July 18, 2008, meeting of the commission to discontinue transferring money from the breeders' fund to supplement purses. Therefore, he said, Horse Race North Dakota did not receive any supplemental funding from the breeders' fund.

Mr. Weir said Horse Race North Dakota received \$361,750 from the purse fund for races at the North Dakota Horse Park in Fargo. He said Horse Race North Dakota paid \$7,000 per race for six certified North Dakota-bred races for a total of \$42,000 and \$4,000 per race for six open stake races for a total of \$24,000.

In response to a question from Representative Wald, Mr. Weir said he has scheduled a meeting with the South Dakota Racing Commission in November 2008 to discuss the possibility of a joint

horse race to be held in Fargo. He said Montana will also be invited to participate in these discussions.

### RACING COMMISSION ADMINISTRATOR'S ACCOUNT

The Legislative Council staff presented a memorandum entitled [Racing Commission Administrator's Account](#). The Legislative Council staff said the State Auditor's audit report for the Racing Commission for the years ended June 30, 2007 and 2006 identified a lack of internal controls over the administrator's account for breeders' fund awards. The account is a checking account established by the administrator at a local bank, not the Bank of North Dakota, and is not included in the state accounting system. In September 2007 the account had grown to approximately \$49,000 and at times exceeded the FDIC coverage of \$100,000. The Legislative Council staff said statutory authority for the administrator's account is found in NDCC Chapter 53-06.2 and North Dakota Administrative Code Section 69.5-01-09-03.

The Legislative Council staff said the administrator is not a state employee and therefore not bonded through the Insurance Department. In addition, the Racing Commission does not require the administrator to be bonded. The Legislative Council staff said the Racing Commission will provide payment for breeders' fund awards through the state accounting system beginning in December 2008. The administrator will continue to calculate the breeders' fund award amounts. The administrator's bank account is anticipated to be closed by December 2008 after all previously written checks have cleared the account.

### DEVELOPMENTALLY DISABLED FACILITY LOAN PROGRAM

The Legislative Council staff presented a memorandum entitled [Developmentally Disabled Facility Loan Program](#). The Legislative Council staff said of the three developmentally disabled facility loan programs, loan fund No. 3 is the only active developmentally disabled facility loan fund program available and has a balance of \$598,371 available for potential new loans. All payments of principal and interest received by loan fund Nos. 2 and 3 and any interest earned on the balance in the loan funds less service fees deducted by the Bank of North Dakota for administration of the fund must be paid to the lands and minerals trust fund. Pursuant to a continuing appropriation, money in the lands and minerals trust fund is used to repay loans received by the loan funds from the common schools trust fund. Currently, loans from the common schools trust fund bear an interest rate of 9 percent.

The Legislative Council staff said as of December 31, 2007, 15 loans are outstanding for loan fund Nos. 2 and 3 totaling \$1,544,321. Of this amount, one loan totaling \$55,711 (or 3.6 percent) bears an interest rate of 10.5 percent and 14 loans

totaling \$1,488,610 (or 96.4 percent) bear an interest rate of 5 percent. While loans from the common schools trust fund to the loan fund programs bear an interest rate of 9 percent, over 96 percent of the loans from the loan funds to nonprofit corporations bear an interest rate of 5 percent. In addition, the Bank of North Dakota is authorized by law to deduct from the transfer of payments to the lands and minerals trust fund a service fee equal to one-half of 1 percent of the principal balance of outstanding loans and audit costs. Therefore, additional funds from the lands and minerals trust fund are required to fully reimburse the common schools trust fund. The following schedule compares transfers made from loan payments received by the Bank of North Dakota to the lands and minerals trust fund to loan payments made from the lands and minerals trust fund to the common schools trust fund. The difference reflects the additional funds from the lands and minerals trust fund required to fully reimburse the common schools trust fund:

Fiscal Year	Transfer to Land and Minerals Trust Fund From Bank of North Dakota	Transfer to Common Schools Trust Fund From Lands and Minerals Trust Fund	Interest Subsidy From the Lands and Minerals Trust Fund
2002	\$906,666	\$1,019,119	\$112,453
2003	\$721,368	\$1,017,291	\$295,923
2004	\$1,069,719	\$1,403,235	\$333,517
2005	\$842,447	\$1,308,154	\$465,707
2006	\$492,313	\$807,996	\$315,683
2007	\$482,126	\$797,578	\$315,452
2008	\$525,866	\$794,961	\$269,094

### COMMITTEE DISCUSSION AND STAFF DIRECTIVES

Committee members requested the audit reports for the Firefighters Association (December 31, 2007) and student loan trust (June 30, 2008 and 2007) be presented at the next committee meeting.

**It was moved by Representative Grande, seconded by Representative Hatlestad, and carried on a voice vote that, pursuant to NDCC Section 54-35-02.2, the committee accept the following reports presented to the committee:**

- 1. Workforce Safety and Insurance performance audit (September 25, 2008).**
- 2. Workforce Safety and Insurance performance review (October 8, 2008).**
- 3. Department of Emergency Services and 911 fees performance audit followup report (July 17, 2008).**
- 4. Public Service Commission (June 30, 2007 and 2006).**
- 5. Department of Career and Technical Education (June 30, 2007 and 2006).**
- 6. Labor Department (June 30, 2007 and 2006).**
- 7. Governor's office (June 30, 2007 and 2006).**
- 8. Parks and Recreation Department (June 30, 2007 and 2006).**

9. State Department of Health (June 30, 2007 and 2006).
10. Judicial branch (June 30, 2007 and 2006).
11. Office of Administrative Hearings (June 30, 2007 and 2006).
12. Commission on Legal Counsel for Indigents (June 30, 2007 and 2006).
13. Department of Agriculture (June 30, 2007 and 2006).
14. Council on the Arts (June 30, 2007 and 2006).
15. State Water Commission (June 30, 2007 and 2006).
16. Department of Transportation (June 30, 2007 and 2006).
17. Veterans Home (June 30, 2007 and 2006).
18. Board of Podiatry Examiners (December 31, 2007 and 2006).
19. Board of Medical Examiners (December 31, 2006).
20. State Electrical Board (June 30, 2007 and 2006).
21. Education Standards and Practices Board (June 30, 2007).
22. Real Estate Commission (June 30, 2007).
23. Real Estate Commission (June 30, 2008).
24. Board of Nursing (June 30, 2007 and 2006).
25. Reports available but not selected for presentation:
  - a. Board of Dietetic Practices (September 30, 2007 and 2006).
  - b. Peace Officer Standards and Training Board (December 31, 2006 and 2005).
  - c. Board of Funeral Services (June 30, 2007 and 2006).
  - d. Board of Cosmetology (June 30, 2007).
  - e. Board of Occupational Therapy (June 30, 2007 and 2006).
  - f. Board of Architecture (June 30, 2007 and 2006).
  - g. Board of Clinical Laboratory Practices (June 30, 2007 and 2006).
  - h. Soybean Council (June 30, 2008).

It was moved by Senator Christmann, seconded by Representative Kelsch, and carried on a roll call vote that the chairman and the staff of the Legislative Council be requested to prepare a report and present the report to the Legislative Council. Representatives Skarphol, Conrad, Grande, Hatlestad, Kelsch, Onstad, Pinkerton, and Wald and Senators Christmann, Cook, and Klein voted "aye." Representative Delzer voted "nay."

It was moved by Representative Wald, seconded by Representative Grande, and carried on a roll call vote that the State Auditor's office provide the committee with all communications between the State Auditor's office and the

Burleigh County State's Attorney relating to Workforce Safety and Insurance, including all correspondence, e-mails, faxes, subpoenas, summons and complaints, and other information received or sent during the period beginning July 1, 2005, and ending November 15, 2008. The information must be provided to the committee staff and the Attorney General's office by December 1, 2008. Representatives Skarphol, Delzer, Grande, Hatlestad, Kelsch, Pinkerton, and Wald and Senators Christmann, Cook, and Klein voted "aye." Representatives Boucher, Conrad, and Onstad voted "nay."

Representative Conrad questioned the purpose of requesting information from the State Auditor's office.

Representative Wald said he believes the information requested will allow committee members to determine which complaints against Workforce Safety and Insurance are legitimate.

Representative Onstad questioned whether the information would obstruct any ongoing investigations relating to Workforce Safety and Insurance. Representative Skarphol said the committee would only be provided those items which are subject to open records laws.

In response to a question from Representative Conrad, Chairman Skarphol said the committee is a standing committee and could meet again prior to the 2009 legislative session. In the past, he said, the committee has met during legislative sessions.

Senator Cook said past issues affecting Workforce Safety and Insurance should be resolved so the Legislative Assembly can focus on addressing the needs of the injured workers and creating a safe work environment. He believes Workforce Safety and Insurance is making progress.

Representative Kelsch said Ohio and Wyoming workers' compensation agencies may be models to review.

Representative Pinkerton suggested information regarding the status of the legislative applications replacement system project be presented at a future meeting, including expenditures to date.

No further business appearing, Chairman Skarphol adjourned the meeting at 4:40 p.m.

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Becky Keller  
Fiscal Analyst

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Allen H. Knudson  
Legislative Budget Analyst and Auditor

ATTACH: 1