



Legislative Audit Committee
March 26, 2025
Minutes

The Legislative Audit Committee (LAC) convened a hearing on March 26, 2025, at 7:20 a.m. in the Old Supreme Court Chambers. Representative William Lindstedt called the meeting to order. Roll was called with the following members present or excused:

Committee Members

Representative Max Brooks, Representative Jarvis Caldwell, Senator Dafna Michaelson Jenet, Senator Rod Pelton, Senator Mike Weissman, Representative Jenny Willford, Senator Lisa Frizell, Representative William Lindstedt

The following Office of the State Auditor (OSA) staff attended:

OSA

Kerri L. Hunter, State Auditor; Michelle Colin, Deputy State Auditor; Marisa Edwards, Deputy State Auditor; Matt Devlin, Ferminia Hebert

Other Attendees

Colorado Bureau of Investigation
Chris Schaefer, Director

Department of Labor and Employment
Darcy Kennedy, Deputy Executive Director and Chief Financial Officer
Paulina Delora, Controller
Tracy Marshall, Family Medical Leave Insurance (FAMLI) Director
Phil Spesshardt, Unemployment Insurance (UI) Director

Judicial Department

Steven Vasconcellos, State Court Administrator

Jason Bergbower, Acting Director of Information Technology Services

Scott Sutherland, Manager of Information Security

Eide Bailly LLP

Anders Erickson, Principal

Matt Solomon, Manager

7:21 a.m.

State of Colorado, Statewide Single Audit, Fiscal Year Ended June 30, 2024

Ms. Edwards introduced self and staff.

Ms. Kennedy (Department of Labor and Employment) introduced self and staff.

Ms. Hebert presented the findings and recommendations.

Recommendation 2024-017 was reviewed, discussed, and agreed to by the Department of Labor and Employment (Department).

Discussion ensued regarding funds collected by employers from employees but not yet submitted to the Department and the method for obtaining those uncollected funds.

Recommendation 2024-046 was reviewed, discussed, and agreed to by the Department.

Discussion ensued regarding the Department's process for remediating over- and under-payments submitted to the unemployment fund, ability of the Department to return overpayments to employers, recognizing the Department for the work completed over the past few years, and payment plans for smaller employers.

7:51 a.m.

Judicial Department, Cybersecurity Resiliency Public Report, Performance Audit, March 2025

Senator Michaelson Jenet made a motion to release the Judicial Department, Cybersecurity Resiliency Public Report, Performance Audit, March 2025. Senator Frizell seconded the motion, and the motion passed unanimously.

Mr. Devlin introduced self, staff, and contractor.

Mr. Vasconcellos (Judicial Department) introduced self and staff.

Mr. Erickson (Eide Bailly, LLP) presented overview of audit and recommendation.

Recommendation 1 was reviewed, discussed, and agreed to by the Judicial Department (Department).

Discussion ensued regarding adherence to Colorado Information Security Policies (CISPs).

8:04 a.m.

Judicial Department, Cybersecurity Resiliency Confidential Report, Performance Audit, March 2025

Senator Pelton made a motion to conduct an Executive Session to review the Judicial Department, Cybersecurity Resiliency Confidential Report, Performance Audit, March 2025. Legal counsel had advised that under Section 24-6-402 (3)(a)(IV), C.R.S., discussion on specialized details of security investigations, such as this report, may be conducted in executive session. Senator Frizell seconded the motion, and the motion passed unanimously.

8:46 a.m.

Executive Session concluded

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Representative Caldwell made a motion to approve the March 12, 2025, LAC hearing minutes. Senator Frizell seconded the motion, and the motion passed unanimously.

Audit Request of the Department of Revenue's Marijuana Enforcement Division Related to its Enforcement of Consumer Protection Standards

Ms. Colin presented an overview of the OSA research related to a request for an audit of the Department of Revenue's Marijuana Enforcement Division Related to its Enforcement of Consumer Protection Standards submitted by Senators Byron Pelton and Rod Pelton.

Senator Frizell made a motion to approve the Audit Request of the Department of Revenue's Marijuana Enforcement Division Related to its Enforcement of Consumer Protection Standards. Senator Michaelson Jenet seconded the motion. A roll call vote was conducted, and the motion passed 6-2. The results were as follows:

Representative Brooks - Yes
Representative Caldwell - Yes
Senator Michaelson Jenet - Yes
Senator Pelton - Yes
Senator Weissman - No
Representative Willford - Yes
Senator Frizell - Yes
Representative Lindstedt – No

8:50 a.m.

Audit Request of Cell Phone Usage and Costs within Colorado State Agencies

Ms. Colin presented an overview of the OSA research related to a request for an audit of Cell Phone Usage and Costs within Colorado State Agencies submitted by Senator Byron Pelton.

Senator Frizell made a motion to approve the Audit Request of Cell Phone Usage and Costs within Colorado State Agencies. Senator Michaelson Jenet seconded the motion. A roll call vote was conducted, and the motion passed unanimously. The results were as follows:

Representative Brooks - Yes
Representative Caldwell - Yes
Senator Michaelson Jenet - Yes
Senator Pelton - Yes
Senator Weissman - Yes
Representative Willford - Yes
Senator Frizell - Yes
Representative Lindstedt – Yes

8:52 a.m.

Audit Request of the Colorado Bureau of Investigation's (CBI) Forensic Services Section at the Colorado Department of Public Safety

Ms. Colin presented an overview of the OSA research related to a request for an audit of the Colorado Bureau of Investigation's (CBI) Forensic Services Section at the Colorado Department of Public Safety submitted by Representatives Lindstedt and Willford.

Chris Schaefer (Colorado Bureau of Investigation) introduced self and presented additional comments regarding the audit request.

Senator Frizell made a motion to approve the Audit Request of the Colorado Bureau of Investigation's (CBI) Forensic Services Section at the Colorado Department of Public Safety. Representative Willford seconded the motion. A roll call vote was conducted, and the motion passed unanimously. The results were as follows:

Representative Brooks - Yes
Representative Caldwell - Yes
Senator Michaelson Jenet - Yes
Senator Pelton - Yes
Senator Weissman - Yes
Representative Willford - Yes
Senator Frizell - Yes
Representative Lindstedt – Yes

8:56 a.m.

Audit Request of the Department of Local Affairs Related to its Oversight of Colorado Metropolitan Districts

Auditor Hunter presented an overview of the Audit Request of the Department of Local Affairs Related to its Oversight of Colorado Metropolitan Districts submitted by Senator Weissman.

Senator Frizell made a motion to approve preliminary research time for the Audit Request of the Department of Local Affairs Related to its Oversight of Colorado Metropolitan Districts. Senator Weissman seconded the motion. A roll call vote was conducted, and the motion passed unanimously. The results were as follows:

Representative Brooks - Yes
Representative Caldwell - Yes
Senator Michaelson Jenet - Yes
Senator Pelton - Yes
Senator Weissman - Yes
Representative Willford - Yes
Senator Frizell - Yes
Representative Lindstedt – Yes

8:57 a.m.

Proposed 2025 LAC Interim Calendar

Senator Frizell made a motion to approve the Proposed 2025 Interim Calendar. Senator Michaelson Jenet seconded the motion, and the motion passed unanimously.

8:58 a.m.

Reports Released Without a Hearing

Senator Frizell made a motion to release the Reports Released Without a Hearing. Senator Michaelson Jenet seconded the motion, and the motion passed unanimously

Ms. Edwards presented an overview of the reports.

Additional Discussion

Discussion ensued regarding the Audit Request of the Department of Revenue's Marijuana Enforcement Division Related to its Enforcement of Consumer Protection Standards and the pending lawsuit's potential effect on the audit.

Hearing adjourned at 9:00 a.m.

Minutes submitted by:

Jayne Watson

Executive Assistant, Office of the State Auditor