



Office of the State Auditor

Kerri L. Hunter, CPA, CFE
State Auditor

Legislative Audit Committee

June 16, 2025

Minutes

The Legislative Audit Committee (LAC) convened on June 16, 2025, at 8:34 a.m. in the Old Supreme Court Chambers. Representative William Lindstedt called the meeting to order. Roll call conducted with the following members present or excused:

Committee Members

Representative Max Brooks, Representative Jarvis Caldwell, Senator Rod Pelton, Senator Dylan Roberts (temporary replacement for Senator Dafna Michaelson Jenet) (remote), Senator Mike Weissman, Representative Jenny Willford (remote and in-person), 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; Duygu Day, Crystal Dorsey, Rhianna Hruska, Derek Johnson, Hudson Marsh, Trey Standley, Heidi Wagner, Stefanie Winzeler

Other Attendees

Colorado Division of Reclamation, Mining, and Safety

Dan Gibbs, Executive Director, Department of Natural Resources
Michael Cunningham, Director of Division of Reclamation, Mining, and Safety
Jeff Graves, Director of Inactive Mine Reclamation Program
Rachael Nickless, Mine Subsidence Protection Program Administrator and Senior Project Manager

Department of Corrections

Andre Stancil, Executive Director
Ashley Clark, Director of Finance and Administration

Johnson Lambert LLP

Sarah McConnell, Partner

Kevin Vikander, Manager

Joint Budget Committee

(in attendance for the Evaluation of Colorado Department of Corrections, Budgeting Practices, May 2025, presentation)

Senator Jeff Bridges, Chair

Representative Shannon Bird, Vice Chair

Senator Judy Amabile, Member

Senator Barbara Kirkmeyer, Member

Representative Rick Taggart, Member

Craig Harper, Staff Director

Justin Brakke, Principal Legislative Budget & Policy Analyst

PFM Group Consulting LLC

Sarah Schirmer, Managing Director

Pinnacol Assurance

John O'Donnell, CEO and President

Kathy Kranz, CFO and Vice President

Jesus Salazar, Board Vice Chair and Audit Committee Chair

Regional Transportation District

Jack Kroll, Executive Manager, RTD Board Office

John McKay, Executive Business Partner, RTD Executive Office

8:35 a.m.

Evaluation of Colorado Department of Corrections, Budgeting Practices, May 2025

Senator Frizell made a motion to release the Evaluation of Colorado Department of Corrections, Budgeting Practices, May 2025. Senator Weissman seconded the motion, and the motion passed unanimously.

Ms. Colin introduced self, staff, and contractor.

Mr. Stancil (Department of Corrections) introduced self and staff.

Sarah Schirmer (PFM Group Consulting LLC) presented an overview of the evaluation and recommendations.

Chapter 1 presented.

Discussion ensued regarding how organizational changes affected the Department of Corrections (Department) processes.

Recommendation 1 reviewed, discussed, and agreed to by the Department.

Discussion ensued regarding how changes to the Department's budget process may have affected the past budget requests, balancing fiscal constraints against predictability of staff and inmate populations, process for implementing the recommendations, methodology employed for the jail backlog supplemental request to the Joint Budget Committee (JBC), and funding for private beds.

Recommendation 2 reviewed, discussed, and agreed to by the Department.

Discussion ensued regarding the amount of time required to implement the recommendation, and future technology requirements.

Recommendation 3 reviewed, discussed, and agreed to by the Department.

Discussion ensued regarding the cost of maintaining beds versus providing behavioral health treatment, outstanding lawsuits, cost of implementing recommendation, analysis of recruitment and retention trends, and issues driving vacancies among clinical and behavioral health staff.

Recommendation 4 reviewed, discussed, and agreed to by the Department.

Discussion ensued regarding the time required to implement the recommendation, and the possibility of moving up the implementation date.

Recommendation 5 reviewed, discussed, and agreed to by the Department.

Discussion ensued regarding the time required to implement the recommendation, and the Governor's Office review of the Department's budget requests.

Recommendation 6 reviewed, discussed, and agreed to by the Department.

Discussion ensued regarding changes instituted to ensure the accuracy of cash fund budgets in reflecting operational needs, and improvements to clarity surrounding inmate-generated revenue used for the inmates' benefit.

Recommendation 7 reviewed, discussed, and agreed to by the Department.

Recommendation 8 reviewed, discussed, and agreed to by the Department.

Discussion ensued regarding fees for medical care.

Recommendation 9 reviewed, discussed, and agreed to by the Department.

10:18 a.m.

Department of Natural Resources; Division of Reclamation, Mining, and Safety; Mine Subsidence Protection Program, Performance Audit, May 2025

Representative Willford made a motion to release the Department of Natural Resources, Division of Reclamation, Mining, and Safety, Mine Subsidence Protection Program, Performance Audit, May 2025. Senator Pelton seconded the motion, and the motion passed unanimously.

Ms. Colin introduced staff.

Mr. Gibbs (Department of Natural Resources) introduced self and staff.

OSA staff presented an overview of the audit and recommendations.

Recommendation 1 reviewed, discussed, and agreed to by the Division of Reclamation, Mining, and Safety (Division).

Discussion ensued regarding the role of the Mine Land Reclamation Board, as well as the Board's meeting schedule.

Recommendation 2 reviewed, discussed, and agreed to by the Division.

Discussion ensued regarding distribution of program information to homeowners, marketing costs, rulemaking regarding responsiveness to claims, educating homeowners about the program's availability, and participation rates.

10:53 a.m.

Pinnacol Assurance, Audited Statutory Financial Statements and Supplementary Information, Years ended December 31, 2024 and 2023, with Report of Independent Auditors

Senator Frizell made a motion to release the Pinnacol Assurance, Audited Statutory Financial Statements and Supplementary Information, Years ended December 31, 2024 and 2023, with Report of Independent Auditors. Representative Willford seconded the motion, and the motion passed unanimously.

Ms. Edwards introduced self, staff, and contractor.

Mr. Salazar (Pinnacol Assurance) introduced self and staff.

Johnson Lambert LLP staff presented an overview of the audit.

Discussion ensued regarding surpluses, reserves for unpaid losses, payment of claims not budgeted for, benefit ratios, and recognition of Pinnacol's work with the agricultural and energy industries.

11:23 a.m.

Minutes

Senator Frizell made a motion to approve the March 26, 2025, LAC hearing minutes. Representative Brooks seconded the motion, and the motion passed unanimously.

11:24 a.m.

Regional Transportation District, Fiscal Governance, Performance Audit, July 2024, Status Report

Ms. Colin introduced staff.

Ms. Day presented an overview of the report, noting that the Regional Transportation District (RTD) implemented most of the recommendations.

Mr. Kroll (RTD) introduced self and Mr. McKay, and presented the RTD Board's portion of the status report, noting that the Board implemented four of the seven recommendations, with the remaining recommendations implemented by the end of the year.

Mr. McKay (RTD) presented the RTD Management's portion of the status report, noting that they implemented 10 of the 14 recommendations, with the remaining recommendations implemented by the end of the first half of next year.

11:28 a.m.

Audit Request of the Colorado Energy Office

Ms. Colin presented an overview of the OSA research related to Senator Pelton's request for an audit of the Colorado Energy Office.

Discussion ensued regarding the Colorado Energy Office's increased responsibilities, implementation of federal programs, and current expenditures.

Senator Pelton made a motion to approve the audit of the Colorado Energy Office. Senator Frizell seconded the motion. Roll call vote conducted, and the motion failed 4 - 3, with one excused (audit approval requires a majority vote of all LAC members, not just those present). The results were as follows:

Representative Brooks – Yes
Representative Caldwell – Yes
Senator Pelton – Yes
Senator Roberts - Excused
Senator Weissman – No
Representative Willford – No

Senator Frizell – Yes

Representative Lindstedt – No

11:34 a.m.

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

Ms. Colin presented an overview of the OSA research related to Senator Weissman’s request for an audit of the Department of Local Affairs Related to its Oversight of Colorado Metropolitan Districts.

Discussion ensued regarding the Department of Local Affairs’ oversight authority.

Senator Weissman made a motion to approve the audit of the Department of Local Affairs Related to its Oversight of Colorado Metropolitan Districts. Representative Willford seconded the motion. Roll call vote conducted, and the motion passed unanimously. The results were as follows:

Representative Brooks – Yes

Representative Caldwell – Yes

Senator Pelton – Yes

Senator Roberts - Yes

Senator Weissman – Yes

Representative Willford – Yes

Senator Frizell – Yes

Representative Lindstedt – Yes

11:38 a.m.

Audit Request of the Colorado Bureau of Investigation’s (CBI) Forensic Services Section of the Colorado Department of Public Safety (Revised Memo)

Ms. Colin presented an overview of the OSA’s research on how the OSA proposed to revise the scope of work due to concerns with some of the originally planned work possibly affecting the ongoing criminal case. This was related to Representative Lindstedt’s and Representative Willford’s request for an audit of the Colorado Bureau of Investigation’s (CBI) Forensic Services Section of the Colorado Department of Public Safety.

Discussion ensued regarding the scope of the audit request.

Senator Frizell made a motion to approve the audit of the Colorado Bureau of Investigation’s (CBI) Forensic Services Section of the Colorado Department of Public Safety with the scope as amended by staff. Representative Willford seconded the motion. Roll call vote conducted, and the motion passed 7 – 0, with one excused. The results were as follows:

Representative Brooks – Yes
Representative Caldwell – Yes
Senator Pelton – Yes
Senator Roberts - Excused
Senator Weissman – Yes
Representative Willford – Yes
Senator Frizell – Yes
Representative Lindstedt – Yes

Hearing adjourned at 11:44 a.m.

Minutes submitted by:

Jayne Watson

Executive Assistant, Office of the State Auditor