JOINT LEGISLATIVE FISCAL COMMITTEE
Legislative Office Building, Rooms 210-211
Concord, NH
Friday, January 30, 2025

MEMBERS PRESENT:

Rep. Kenneth Weyler, Chair
Rep. Keith Erf
Rep. Jess Edwards
Rep. Mary Jane Wallner
Rep. Peter Leishman
Rep. Gerald Griffin
Sen. James Gray
Sen. Sharon Carson
Sen. Regina Birdsell
Sen. Cindy Rosenwald
Sen. David Watters

(1) Organization of Committee

KENNETH WEYLER, State Representative, Rockingham County, District #14: It being 10 o'clock, I will call the Fiscal Committee meeting to order on February -- January 30th, 19 -- 2025.

The first item is to elect the officers. As the Chairman of the House Finance Committee, I am by law the Chairman of the -- the Fiscal Committee. We will look for a nomination for the Vice-Chair. Senator Carson.

** SHARON CARSON, State Senator, Senate District #14: Thank you. Thank you, Mr. Chairman. I'd like to nominate Senator Jim Gray.

CINDY ROSENWALD, State Senator, Senate District #13: Second.

CHAIRMAN WEYLER: Motion and a second to nominate Senator Gray as the vice Chair of the Finance Committee. Any other -- Any other nominations? All in favor say aye? Opposed no?

***** {MOTION ADOPTED}**

KEITH ERF, State Representative, Hillsborough County, District #28: Who seconded?

CHAIRMAN WEYLER: Senator Rosenwald. We will now elect a clerk of the Fiscal Committee. Representative Wallner.

** MARY JANE WALLNER, State Representative, Merrimack County, District #19: Thank you, Mr. Chair. I would nominate Representative Erf to be Clerk.

CHAIRMAN WEYLER: Nomination for Representative Erf to be the clerk of the Committee for the -- for the next biennium. And a second? Further discussion? Seeing none. All in favor say aye? You are elected.

***** {MOTION ADOPTED}**

CHAIRMAN WEYLER: Further we have the adoption of the Fiscal Committee Rules and Procedures.

REP. ERF: Have to appoint the -- the Legislative Budget Assistant.

CHAIRMAN WEYLER: Well, the really important thing, I appoint Michael Kane to be the Legislative Budget Assistant for this biennium with the approval of this Committee. All in favor say aye? Opposed no? He is re-elected.

***** {MOTION ADOPTED}**

CHAIRMAN WEYLER: Okay. Then we go to the Fiscal Committee Rules and Procedures. I think everybody's got it, a one-page thing. Look for motion adopt those rules for the biennium.

** SEN. CARSON: Second.

** JAMES GRAY, State Senator, Senate District #06: So move. second.

CHAIRMAN WEYLER: Motion and a second. All in favor say aye? And opposed no? That is adopted.

***** {MOTION ADOPTED}**

CHAIRMAN WEYLER: We also had a motion from Representative Erf, which I'll recognize him to describe it.

** REP. ERF: Thank you, Mr. Chair. So you, hopefully, all have it's one page in front of you. I think you all understand what it's for. Basically, it will allow the audits to come before us to be automatically released ahead of time so that not only we can see them, but our constituents can see them and we can get input from them if they want to -- um -- give it to us so we can then question, pose those questions to people that come before us. So that's basically it. It will add that to the rules and then it'll be a permanent part of the rules.

CHAIRMAN WEYLER: Question? Representative Edwards.

JESS EDWARDS, State Representative, Rockingham County, District #33: Thank you, Mr. Chair. And thank you for taking my question, Representative Erf. I -- I just am trying -- I agree with the concept. I just want to make sure I'm reading the semantics and the timing of this. It says all audits will be accepted - skipping ahead - upon inclusion on the Fiscal Committee agenda. I -- I -- the -- the trigger to accepting an audit, I thought, was an action by the Fiscal Committee, not merely placing it on agenda -- an agenda. Is that terminology the way you want it?

REP. ERF: So that's what we're changing. Rather than having to wait for the Fiscal Committee to see it and approve it, this is basically saying as soon as it goes onto the Fiscal Committee agenda, it'll be put onto the website, released to the public, released to us, and there will be no further motions necessary to release it after we have -- even after we hear the report from the auditors.

REP. EDWARDS: Follow-up.

CHAIRMAN WEYLER: Go ahead.

REP. EDWARDS: Have we ever rejected an audit, do you know?

CHAIRMAN WEYLER: Representative Wallner and I couldn't remember any in our many years of experience. I don't think anybody else is.

REP. EDWARDS: Okay. Then I'm fine with the language.

CHAIRMAN WEYLER: Yeah. It saves the Clerk from having to make that lengthy thing. I make the motion that we accept the report, place it on file, and release in the usual manner. Senator Gray.

SEN. GRAY: Um -- this fits in with another thing that I want to try to accomplish, and that is getting people to use a tablet to get the bulk of this material so that the clerks don't have to go do that. This is one of my first days, I've got the agenda up on my tablet here, and I'm going to try to use the links that are in that, like Representative Erf does here. We can save some money if we can get everybody to do it that way. But I understand that they probably won't get everybody. That even -- even -- even getting most of us, you know, could be helpful.

CHAIRMAN WEYLER: Save a lot of heavy lifting.

SEN. GRAY: And having these audits on -- being able to be put into the agenda and not just paper copies in your book is a furtherance towards that. So I am in favor of this.

REP. ERF: You second?

CHAIRMAN WEYLER: Very good. Did you second it?

SEN. GRAY: Yes.

CHAIRMAN WEYLER: Very good. Further discussion on Amendment 5? Seeing none. All in favor say aye? Opposed no?

***** {MOTION ADOPTED}**

CHAIRMAN WEYLER: A second motion that it be -- we accept this Amendment to the rules that we've already --

REP. ERF: The rules as amended.

CHAIRMAN WEYLER: Rules as amended. We'll vote now on the rules as amended with Amendment 5. Further discussion? Seeing none. All in favor say aye? Opposed no? Okay. That Amendment is adopted, and we'll be moving on to the Regular Agenda.

***** {MOTION ADOPTED}**

(2) Acceptance of Minutes of the November 15, 2024 meeting

CHAIRMAN WEYLER: Acceptance -- Tab 2 is acceptance of the minutes of November 15th, 2024, the last meeting of --

****** SEN. GRAY: Move to approve.

CHAIRMAN WEYLER: Motion by Senator Gray. Second by?

REP. ERF: Second.

REP. EDWARDS: Second.

CHAIRMAN WEYLER: Second by Senator -- Representative Edwards. Is there any additions or corrections? Seeing none. All in favor of the motion say aye? Opposed no? The minutes are adopted.

***** {MOTION ADOPTED}**

SEN. CARSON: Abstain.

CHAIRMAN WEYLER: And those who were not present at that have abstained.

SEN. CARSON: Yes.

CHAIRMAN WEYLER: Three of them. Senator Carson, Senator Rosenwald, Senator Watters. Okay.

(3) Old Business:

CONSENT CALENDAR

(4) RSA 9:16-a, Transfers Authorized:

(5) RSA 9:16-c, I, Transfer of Federal Grant Funds:

(6) RSA 14:30-a, VI Fiscal Committee Approval Required for Acceptance and Expenditure of Funds Over $100,000 from any Non-State Source:

(7) RSA 124:15, I, Positions Authorized:

(8) RSA 14:30-a, VI Fiscal Committee Approval Required for Acceptance and Expenditure of Funds Over $100,000 from any Non-State Source:

CHAIRMAN WEYLER: We have a Consent Calendar for Tabs 4 through 8. Um -- there are some bills that have been removed if -- Representative Edwards asked to remove under Tab 6, Item 25-004. And I also would make notice that under that same Tab 6, Item 25-016 has been withdrawn by the Department of Education.

Under Tab 7, Representative Erf removed 25-007. Are there any further ones that the Senate wishes removed?

SEN. GRAY: This one is also pull --

CHAIRMAN WEYLER: And 25-001 was also removed on -- under Tab 4. Okay. And did I -- I did mention that 25-016 was withdrawn. Anything further to come off Consent?

**   SEN. GRAY: Move to approve the Consent Calendar as amended.

CHAIRMAN WEYLER: Motion by Senator Gray, second by Senator Rosenwald to approve the Consent Calendar with the aforementioned changes. Any further discussion? All in favor say aye? Opposed no? We have adopted the Consent Calendar.

***** {MOTION ADOPTED}**

REP. ERF: Who seconded?

CHAIRMAN WEYLER: Senator Rosenwald. Okay. So we're moving on to Tab 8. Let's go to the ones that have been removed. Under Tab 4 or rather under Tab --

SEN. GRAY: Six.

CHAIRMAN WEYLER: -- six, 25-004.

REP. ERF: What about Tab 4, 001? Didn't you say you were taking something off Tab 4?

CHAIRMAN WEYLER: That was removed. Was removed by the Department. All right. Then we have the Department of Health and Human Services here -- uh -- to address the item. Representative Edwards is recognized for a question on 25-004.

REP. EDWARDS: Okay. Thank you, Mr. Chair, and thank you for taking my question. This -- this is related to -- um -- a great program where we gather information from our population. And I am curious if the collection of personnel data around this program, whether it's done on an opt-in or an opt-out basis?

IAIN WATT, Director, Division of Public Health, Department of Health and Human Services: Good morning. Iain Watt. I'm the Director for Division of Public Health Services. Thank you for your question, Representative Edwards. So there is an RSA 132:10-a which requires newborn screening for any child born in New Hampshire. That same statute 132:10-c does allow for an opt-out for parents who may not want to have their children participate. So it's -- it's a -- a mandatory program with an opt-out should parents not want to participate.

REP. EDWARDS: So to say that a little differently, it's designed as an opt-out program and the default assumption is that everyone is opted in until they opt-out.

MR. WATT: That's correct. And the reason we do this screening, just by example, we test for -- babies born in New Hampshire are tested for a series of potential hereditary disorders. Some of these disorders by example may be something like a children's not able -- a child's not able to absorb fats. So it's really critical that you test that in the first 24 to 48 hours. You wouldn't be able to see the effects of these conditions. None of them have any -- any visible symptoms. You would have what looks like a very healthy baby with a condition that may not be detectable and may cause extreme health outcomes or even death if not treated and addressed -- addressed quickly.

For example, if you continue feeding breast milk or regular formula to that child, they may have fairly dire health outcomes or death.

REP. EDWARDS: One more follow-up.

CHAIRMAN WEYLER: Follow-up.

REP. EDWARDS: Well, I -- I would like to -- this is one of many programs it seems that the Department runs that are set up on a default of requiring people to opt-out in order to avoid the data collection. And -- and I understand the desire to do it that way; but in the coming next year, and during my -- my bill preparation, I'm going to look at mandatory opt-ins for every data collection. And I'd like to be able to talk to you about the various programs that you have so that we can review them and -- and do what makes sense.

MR. WATT: Happy to discuss that. Thank you.

REP. EDWARDS: All right. Thank you.

CHAIRMAN WEYLER: We'll entertain a motion to adopt the item. Question from Senator Rosenwald.

SEN. ROSENWALD: Yes, Thank you. Could you tell us please what the opt-out rate or the rate of babies, newborns getting this screening is?

MR. WATT: Yes. And thank you for your question, Senator Rosenwald. In 2023, 99.2% of all newborns in New Hampshire were screened by dried blood spot. So we had a less than 1% opt-out rate in 2023.

****** REP. EDWARDS: I move to accept.

REP. ERF: Second.

CHAIRMAN WEYLER: Senator Edward moves to accept item 25-004. Senator Gray -- excuse me -- Senator Gray seconds. Is there any further discussion on the item? Seeing none. Are you ready for the question? All in favor say aye? Opposed no? The item is adopted.

***** {MOTION ADOPTED}**

CHAIRMAN WEYLER: Moving on to Tab 7 and Item 25-007. Again, Health and Human Services. Representative Erf is recognized for a question.

REP. ERF: Thank you, Mr. Chair. Thank you for being before us. So my understanding is that the only thing that's remaining, I guess, in this or being funded with the last part of this grant are the Community Health Workers. And my question is are any of these Community Health Workers co-located in school, in our public schools?

MR. WATT: Thank you for your question. No, none of the Community Health Workers we work in schools. They work based out of largely Family Resource Centers, they work with our Public Health Networks, and then a few other health-based facilities.

REP. ERF: Thank you.

CHAIRMAN WEYLER: Representative Edwards for a question.

REP. EDWARDS: Thank you, Mr. Chair. This is -- this is kind of a related topic but not directly applicable. On the DHHS HR website there's a statement DHHS also has many positions that are eligible for telework. And with the current national focus on getting government employees back into the offices, I'm just curious the extent to which DHHS may need to go back through those positions eligible for telework and -- and just validate or re-validate that tele- working is -- is the appropriate solution for the good of the taxpayer.

NATHAN WHITE, Chief Financial Officer, Department of Health and Human Services: So the Department of Health and Human Services we follow the statewide policy on telework, and -- and our policies and procedures are consistent with that. And -- and we've been engaging in telework for some time. We have seen the -- the -- the national indications at the -- at the federal level, but -- but ultimately at this point in time we are following the State procedures and policies that are in place.

REP. EDWARDS: Thank you.

CHAIRMAN WEYLER: Further questions? Further discussion? Representative Erf.

REP. ERF: No, I was just going to move to approve.

REP. WEYLER: Okay.

** REP. ERF: Move to approve.

SEN. GRAY: Second.

CHAIRMAN WEYLER: Motion by Representative Erf, second by Senator Gray to adopt item 25-007. Is there any further discussion? Seeing none. Are you ready for the question? All in favor say aye? Opposed no? The item is adopted.

***** {MOTION ADOPTED}**

REGULAR CALENDAR

(9) RSA 21-I:8, II, (a) Division of Accounting Services

CHAIRMAN WEYLER: We'll move on to the Regular Calendar under Tab 9, Department of Administrative Services. And I think we all understand what's happening and everybody read the item? There is a request to extend the CAFR release -- relief -- release date till August -- till March 31st of this year. Everyone understand what -- what the reasoning is? And we -- the -- Mr. Kane will try to make sure that we don't go astray on any of the numbers that might have resulted from this. It will be up-to-date pretty much on all the other numbers. But the official release of the numbers for the end of the Fiscal Year '24 won't take place till a later date; in this case March 31st. Normally, it would be January 1st. I'll entertain a motion.

****** SEN. GRAY: Move to approve

CHAIRMAN WEYLER: Senator Gray moves to approve the item.

SEN. ROSENWALD: Second.

CHAIRMAN WEYLER: Second by Senator -- is that Senator Birdsell?

SEN. GRAY: Rosenwald.

CHAIRMAN WEYLER: Senator Rosenwald. Sorry. Senator Rosenwald, sorry. I heard it from that side, but I wasn't looking. Further discussion? Seeing none. All in favor say aye? Opposed no? That motion is adopted. The CAFR will be released on 3/31. We hope no later.

***** {MOTION ADOPTED}**

(10) RSA 206:33-b, Transfers From Fish and Game Fund:

CHAIRMAN WEYLER: Item 10 or Tab 10. Item is 25-008 from Department of Fish and Game. Are there questions on the item? Representative Leishman moves to approve.

SEN. GRAY: Senator Birdsell.

CHAIRMAN WEYLER: Senator Birdsell seconds. Any further discussion? Seeing none. Are you all -- are you ready for the vote? All in favor say aye? Opposed no? We've adopted 25-008.

***** {MOTION ADOPTED}**

(11) RSA 228:12, Transfers From Highway Surplus Account:

CHAIRMAN WEYLER: Tab 11.

** REGINA BIRDSELL, State Senator, Senate District #19: Move to approve.

CHAIRMAN WEYLER: Is the winter maintenance motion. Winter maintenance funding. Senator Birdsell moves to approve.

SEN. GRAY: Second.

CHAIRMAN WEYLER: Senator Gray seconds. Is there --

REP. ERF: Senator Rosenwald has a question.

CHAIRMAN WEYLER: What's that? Senator Rosenwald for a question.

SEN. ROSENWALD: Of the Department. Of the Department.

CHAIRMAN WEYLER: Question from Department of Transportation. Please introduce yourselves and make sure the microphones are turned on.

DANIELLE CHANDONNET, Director of Finance, Department of Transportation: Good morning. I'm Daniel Chandonnet, the Director of Finance for DOT.

ALAN HANSCOM, Maintenance Engineer, Department of Transportation: Alan Hanscom, the State Maintenance Engineer for DOT.

SEN. ROSENWALD: Thank you.

CHAIRMAN WEYLER: Senator Rosenwald's recognized.

SEN. ROSENWALD: Just simply do you expect that this is the only request you'll be making or are you planning on coming back this Fiscal Year?

MR. HANSCOM: That -- that depends entirely on the winter that's ahead of us that we're not aware of. There's several storms predicted over the next ten days, and -- and winter goes on for a while longer. Um -- on average this would not be an adequate transfer to get us through the end of the year, so.

SEN. ROSENWALD: Would not be.

MR. HANSCOM: Would not be.

SEN. ROSENWALD: Okay.

MS. CHANDONNET: You could -- you could expect that -- that -- uh -- a storm -- a small storm would cost in excess of a million dollars. So if you look at that, if you look at that number, it wouldn't take many storms to hit the 5.7 million that we're asking for here.

SEN. ROSENWALD: Thank you.

CHAIRMAN WEYLER: Further from the Committee? Several of us discussing the fact that we were coming to work behind a plow that was driving along with -- on a dry road and rarely put down the blade. So we're wondering how prevalent that is and whether there's a savings, and when they decide when to send out the plows and does someone look at the road before or is that person driving the plow the one that decides whether any plowing is needed?

MR. HANSCOM: Um -- thank you for the question. Um -- there's a patrol foreman in charge of the crew and there's a -- I mean, a supervisor in charge of the foreman that generally put eyes on the road. This morning it likely -- more likely was clean-up, clean-up the shoulder and the snowbank along the edge of the road more than anything. They may have been called out at 4:00 a.m. for conditions. So -- um -- so that's most likely what you're seeing today was just clean-up after yesterday's storm.

CHAIRMAN WEYLER: Thank you. Senator Rosenwald, anything further? Your light's on.

SEN. ROSENWALD: Oh, I'm sorry.

CHAIRMAN WEYLER: We had a motion and a second?

REP. ERF: Yes.

CHAIRMAN WEYLER: All right. Motion and a second to approve. Any further discussion? Seeing none. All in favor say aye? Opposed no? The -- that motion is adopted, 25-033.

***** {MOTION ADOPTED}**

(12) RSA 604-A:1-b Additional Funding:

CHAIRMAN WEYLER: All right. Tab 12, two items. The first one 25-023, Judicial Council.

****** SEN. GRAY: Move to approve.

CHAIRMAN WEYLER: Senator Gray moves to approve. Second by.

SEN. BIRDSELL: Second.

CHAIRMAN WEYLER: Senator Birdsell. Further discussion? Seeing none. All in favor say aye? All opposed no? The motion is to approve and it is adopted.

***** {MOTION ADOPTED}**

CHAIRMAN WEYLER: Moving on to Item 25-024. Same tab.

** SEN. GRAY: Move to approve.

SEN. CARSON: Second.

CHAIRMAN WEYLER: Senator Gray moves to approve. Senator Carson seconds to approve 25-024. Further discussion? Seeing none. All in favor say aye? Opposed no? That item is adopted.

***** {MOTION ADOPTED}**

(13) Chapter 224:217, III, Laws of 2011 as amended by 2017, 156:130, Joint Committee on Legislative Facilities; Funds:

CHAIRMAN WEYLER: Moving on to Tab 13, 25-009. The Office of Legislative Budget Assistant. We need -- need to move some money as it's going to be a place we're all going to move to after July. Any further discussion on that item?

** SEN. GRAY: Move to approve.

CHAIRMAN WEYLER: Senator Gray moves to approve. Senator Birdsell seconds. Is there any further discussion? Seeing none. All in favor say aye? Opposed no? That motion is adopted.

***** {MOTION ADOPTED}**

(14) Miscellaneous:

(15) Informational Materials:

CHAIRMAN WEYLER: The rest of the items are for information. Does anybody wish to have any discussion? Senator Rosenwald.

SEN. ROSENWALD: Thank you. I did have a few questions on the Health and Human Services Dashboard.

CHAIRMAN WEYLER: Okay. The Dashboard for Health and Human Services. All right. What's the item?

SEN. ROSENWALD: Oh, it is 25-011.

CHAIRMAN WEYLER: 25-011.

SEN. ROSENWALD: It's sort of in the middle of the pack.

CHAIRMAN WEYLER: All right. 25-011. Senator Rosenwald is recognized.

SEN. ROSENWALD: Thank you. Thank you. My first question is on Table 6. Why -- um -- are those Sununu Youth Center statistics only through November?

PATRICIA TILLEY, Associate Commissioner, Department of Health and Human Services: Good morning. My name's Patricia Tilley. I'm Associate Commissioner here at the Department of Health and Human Services. Thank you, Senator Rosenwald. When we submitted this we had not yet finished the end of the month of December when we had submitted the Dashboard.

SEN. ROSENWALD: Okay. Then thank you. And if I could follow-up?

CHAIRMAN WEYLER: Follow-up question.

SEN. ROSENWALD: My second question is on the next page. The aid to the permanently and totally disabled caseloads continued to decrease, and I'm wondering is it because we have fewer people who are permanently and totally disabled under State's definition or they're over income or why are we seeing those caseloads decrease?

MS. TILLEY: I'm going to defer to Nathan if he has an answer. If not, I'll follow-up.

MR. WHITE: I -- I -- I think, ultimately, I need to go back and talk to Melissa Hardy today to understand the full trend. There is a data error though that you will see in the APS clients line that says five. That should be 333 for the month of November. Um -- but I can talk to Melissa Hardy and Chris Santaniello to see if there's more larger systematic trends that they're seeing and what are the causes of that.

SEN. ROSENWALD: That would be great.

MR. WHITE: Sure.

SEN. ROSENWALD: And my final question is on the next page, the Community Mental Health Centers caseloads. Um -- this Committee was told that by September 1st of last year we would have accurate caseload data. So my question is, is this caseload data now accurate?

MS. TILLEY: Thank you. No, it is not yet accurate. There are two Community Mental Health Centers who are going through EHR conversions and when that is -- and that has taken longer than planned. And so when that is complete we will go back and fix the data going backwards.

SEN. ROSENWALD: Do you know when that will be?

MS. TILLEY: They have been working on it full -- they're working on it full tilt.

SEN. ROSENWALD: Thank you. Thank you, Mr. Chair.

CHAIRMAN WEYLER: Thank you, Senator Rosenwald. Any further questions on the item? Representative Edwards.

REP. EDWARDS: Thank you, Mr. Chair. I -- I notice the positive trend with the Sununu Youth Development Center, the census is staying, you know, low. Um -- I -- I had asked a few months ago for a presentation or a briefing or a conversation, however you want to call it, on how -- what the explicit mechanisms are for being aware of the census and anticipating what kind of actions may be necessary in terms of -- of transferring people to different locations and the like. I'm still looking forward to that conversation. Are you aware that we're developing that -- that presentation? It's going to be more relevant for the new center than our existing center; but I'm sure the methods are very, very similar.

MS. TILLEY: We are currently working with courts and law enforcement around how we're going to address, especially when we have constraints in the new facility that we will have a -- we will need to maintain that low -- its enrollment. So we are working on that. We're working with those partners to give you those explicit answers. I'm going to talk at a very high level about it this afternoon. I won't be going into too much detail other than to acknowledge that the census has been going in the right direction; and yet we know we need to be prepared for the potential for when we're in a new facility and we're much more constrained, how we will make sure that we stay below the numbers that are expected.

REP. EDWARDS: Okay. Well, good. I'm glad -- I'm glad you're working on it and coordinating it with the community. Just when you're ready I'd really like to know.

MS. TILLEY: Thank you.

CHAIRMAN WEYLER: Further discussion on the Dashboard? Seeing none. Are there any other items on Information that anybody wishes discussion for? Representative Leishman.

PETER LEISHMAN, State Representative, Hillsborough County, District #33: Thank you, Mr. Chairman. I was -- just had a couple of questions on Item 38, the Youth Development Center claims.

CHAIRMAN WEYLER: Okay. Do we have anybody to represent that? Anybody from Attorney General or I don't see --

SEN. GRAY: [Inaudible-31:32].

CHAIRMAN WEYLER: Okay. Have the whole office. Representative Leishman for a question.

REP. LEISHMAN: Thank you, Mr. Chairman. So in the letter that we received from the Former Chief Justice, he points out that we need an efficient, fair, resolution to these potential claims. Yesterday, Representative Weyler and I heard from the Judicial Branch that this has been a daunting task to get these claims through and get them resolved in a timely manner, and there are hundreds more still out there to be decided by the Court.

Um -- however, the Judicial Branch has been asked for a 4% cut to try to meet the budget deficits that we're facing. So I'm kind of concerned that we're hearing from the Judicial Branch, which I have a great respect for, that they're looking at potentially a 4% cut in their budget, and whether what you've seen from the Court already, have you seen any sort of slow-up in cases because of the volume; and, if so, to me it would appear that by suggesting the Courts take a 4% cut, it may actually impact the efficiency of handling these cases. So I'm just kind of curious, are you seeing things move fairly quickly or as far as the resolution of the cases before the Court?

JENNIFER FOLEY, General Counsel, Youth Development Center Settlement Fund: It sounds like your question is -- is directed towards the case.

REP. EDWARDS: Move closer to the mic.

ATTORNEY FOLEY: Sure. And --

REP. EDWARDS: I'm deaf.

ATTORNEY FOLEY: Sure. Jenn Foley, General Counsel for the YDC Settlement Fund. It sounds like your question is about cases pending in court -- um -- and how quickly those are moving. Um -- I can certainly --

REP. LEISHMAN: That's a fair -- yeah.

ATTORNEY FOLEY: Okay. I can address with respect to how quickly the claims are moving in the settlement process; but the -- with respect to the litigation, I would defer to the Attorney General's office.

LAURA RAYMOND, Assistant Attorney General, Office of Attorney General, Department of Justice: Hi. I'm Laura Raymond from the Attorney General's Office working on the YDC Claim Fund. Um -- I also similarly to Attorney Foley am not involved day-to-day in litigation matters and, rather, I'm focused on the claim fund; but it's my understanding that any potential proposed budgetary cuts to the Judicial Branch are not having at least a current impact on the status of the litigated matters relating to YDC in Court, any more than the other factors that would affect the pace of those cases including, of course, the volume. The budget itself is not having a specific impact at this point.

REP. LEISHMAN: Follow-up, Mr. Chairman.

CHAIRMAN WEYLER: Follow-up.

REP. LEISHMAN: Thank you. So I guess in Division I we haven't seen any presentation yet as far as the Justice Department, that I'm aware of, as far as the budget. Are you being saddled with an unfair burden with trying to handle all these cases? I know like the Court -- the Court hasn't seen any increase in staff, and I don't believe you've asked for any significant increase in staff to handle this mounting claim process.

JOHN FORMELLA, ESQ., Attorney General, Office of Attorney General, Department of Justice: Thank you for the question, Representative. I -- we are presenting next -- we're presenting next week, so just as a heads up on that. So we will be presenting on our budget and our operations. I don't think -- I would not say that we're experiencing an unfair burden. I mean, this is the YDC cases RIT large are quite an undertaking for both the Judiciary and our office and the settlement fund process, that's for sure. But we -- we have been utilizing a combination of in-office resources and outside counsel to handle the YDC litigation.

The spending on that has been pretty consistent for the last few years, and so we are handling it. It's hard work, and people are working hard; but I wouldn't describe the burden as unfair, and I think we're prepared to continue handling the work with the budget that I anticipate will be put before you.

With that said, I can't get out in front of Governor Ayotte. She hasn't presented her budget yet. So I would -- I don't want to get out in front of her on that; but I don't anticipate issues on that front.

That said, I just want to give a shout out to the team and to the administrator's office because people are working very hard, and we're endeavoring to utilize resources efficiently as we can. So it's hard work, but I wouldn't describe it as an unfair burden by any means.

REP. LEISHMAN: All right. Thanks. Thanks, Mr. Chairman.

CHAIRMAN WEYLER: Make it clear. The Honorable Broderick and his staff are on your budget, not the Court budget, until those cases get to Court; is that correct?

ATTORNEY GENERAL FORMELLA: The settlement fund dollars are technically, yes, appropriated to the Department of Justice. We reimburse the Judicial Branch for any costs that the administrator's office has. So that's technically correct. But the employees of the settlement fund process are technically employees of the Judicial Branch. So it's a little bit of a unique arrangement. So the money is appropriated us. So I would say they are technically on our budget, because that fund is appropriated to the DOJ. But that's -- that's -- the settlement fund though is separate, I would say, from our regular ongoing Operating Budget.

CHAIRMAN WEYLER: Thank you.

ATTORNEY FOLEY: Do you mind if I add just a little bit of color to that? So the fund itself pays for the cost of the administration. So the Administrator Broderick's office and staff and consultants that is essentially billed to the fund, and the Attorney General's Office is the one who essentially cuts the checks for those costs.

In addition to that, the Department of Justice under the statute, to the extent that there's some extraordinary costs beyond their typical budget, is also paid for under the fund. And so the Administrator and General Formella work closely together on watching the -- just the costs of administrating the claims, in addition to the awards that are paid out from the fund itself.

CHAIRMAN WEYLER: If there's anything we can do in the Legislature, please let us know. Uh -- this is a big effect on the entire budget. We may be able to put some -- something in, perhaps another limit into HB 2. We're happy to entertain some limit to what can be recovered, rather than these ridiculous multi-million dollar settlements that we see. They don't seem to make any sense. So you want us to put any further limits, we're happy to include that in HB 2. Senator Rosenwald.

SEN. ROSENWALD: Thank you. So it seems like you've got 600 or so pending claims, and the average payout is around $500,000. If you -- if we continue on that trajectory of average payout, I guess part of my question is do you think we will? That seems to me like we're looking at a $300 million total exposure going forward about. Is my math right?

ATTORNEY GENERAL FORMELLA: I'll take the first shot at that and I will let Attorney Raymond also add -- add her thoughts.

I guess, Senator, I would start by saying I can't argue with your math. If we were to go --

SEN. ROSENWALD: Well, you should.

ATTORNEY GENERAL FORMELLA: Well, look, I -- I am a lawyer. So I never try to argue on the math front. But -- um -- yeah, the average to this point has been about $500,000 per resolution. And -- and if you were to multiply that by the pending claims, you would -- you would get the number that -- that you just mentioned.

That said, I think as we go through the claims it would be, I think, a mistake to make any assumptions about where the average resolution is -- is going to be. It could go down. It -- it could go up. It -- it just -- it really depends on -- on whether as we get further into the claims that have been filed we start to see less meritorious claims or more meritorious claims. It's difficult to make assumptions. So I would just caution on that.

SEN. ROSENWALD: Hm-hum.

ATTORNEY GENERAL FORMELLA: But if the average were to hold at 500,000, you can just multiply by that by the number of claims that come in. But I -- based on what we have seen so far, I don't think we should assume that all of the claims to come will look like the claims that have been resolved to this point. They may not.

CHAIRMAN WEYLER: As -- as you go forward and prosecute the abusive forces, are we seeing a pattern? There's so many of them that claim both physical and sexual abuse. Are we seeing a pattern? Is there an exaggeration here over some of these things on the people you -- you're prosecuting that -- that supposedly did the abuse? What -- what kind of numbers are you seeing relative to the numbers that are being accused of? I mean, these people would have to spend hours every day doing sexual abuse to see the numbers that we see. Doesn't -- doesn't jive in my mind.

ATTORNEY GENERAL FORMELLA: Yeah, I'm a little bit limited in the detail I can go into on that; but -- but I will say this. Based on what I've seen in the criminal investigation over the last three to four years, and based on what we have seen come through the claims fund so far -- um -- I -- I -- I am not surprised, let me say it this way, by what we've seen in the claims fund because we've seen a lot of similar allegations in the claims fund to what we saw during the criminal investigation. And while we only bring -- we can only bring criminal charges when we think we can prove a case beyond a reasonable doubt, that doesn't mean we haven't seen a lot more allegations across the decades that we may not have brought criminal charges for.

So, so far, with the 242 claims I believe that have been resolved, when I compare what we saw in those claims to everything I've seen in the criminal investigation, I think the best -- the best way for me to phrase it is I'm not surprised by what we've seen there. It seemed -- there is enough consistency between those two groups that I'm not surprised.

Beyond that, it's difficult for me to go into much more detail. And I would also just, again, caution that there are a lot of claims that will come into the claims fund that we may not have even seen on the criminal side yet. And so I just caution against making any assumptions about the hundreds of claims to come and what those will look like.

CHAIRMAN WEYLER: Thank you. Further from the Committee? Seeing none. Thank you for the update. If we're done with the regular Fiscal agenda, we'll move on to the audits.

Audits:

CHRISTINE YOUNG, Director, Audit Division, Office of Legislative Budget Assistant: Good morning, Mr. Chairman, and Members of the Committee.

CHAIRMAN WEYLER: Good morning.

MS. YOUNG: For the record, I'm Christine Young, Director of Audits for the LBA. As you know, we contract with KPMG to conduct the audit of the Turnpike System. Joining us is Bob Mahoney, Partner from KPMG. He will present the report. And also joining us is Danielle Chandonnet, the Director of Finance for DOT. And, with that, I will go ahead and turn it over to Bob for the presentation of the report.

ROBERT MAHONEY, Partner, KPMG: Great. Thanks, Christine. Good morning. So within your materials you'll see three reports. Um -- I will cover each of those, and then I will go through the required communications to the Committee under the auditing standards.

So the first report in your materials is the Annual Financial Report of the Turnpike System, and within that report is our Audit Opinion, which we issued on December 23rd, 2024. That Audit Opinion is an unmodified opinion. So also known as a clean opinion. Um -- within that opinion it indicates that we conducted our audit in accordance with Generally Accepted Auditing Standards, as well as Government Auditing Standards, and it also indicates that Management is ultimately responsible for the accuracy of the financial statements and we are responsible for expressing an opinion on the financial statements.

In addition, that opinion also references what is known as the Yellow Book Report, which is another report within your materials, also known has the Report on Internal Control Over Financial Reporting and Compliance In Other Matters, and within that report there were no significant deficiencies or material weaknesses that we identified during the course of the Turnpike Audit.

And then, lastly, the third report in your materials is the Debt Compliance Report, and that report indicates that the Turnpike is in compliance with the provisions and covenants of the bond resolutions. So all good news to report with respect to the audit reports.

And, with that, I will go through the required communications as well under the auditing standards.

So during the course of the audit, we did not identify any significant unusual transactions. We did identify one uncorrected audit misstatement which is consistent with prior years related to the trusted other post-employment benefit plan, which is not -- the liability is not recorded in the Turnpike statements, which is consistent with the other enterprise funds as well. We did not identify any corrected misstatements during the course of the audit.

In addition, we did discuss the significant accounting policies with Management during the course of the audit and determined that they were reasonable. In addition, we did evaluate accounting estimates during the course of the audit, and we also determined those to be reasonable. Um -- there were no subsequent events identified. There were no illegal acts or fraud that we identified during the course of the audit. There were no non-compliance with laws or regulations. No disagreements with Management. We're not aware of any consultation with other accountants. Um -- and we did not have any difficult encounters or situations that required us to consult, you know, internally either.

And, lastly, there are written communications which include the engagement letter, as well as the Management representation letter on file with Management, and we are independent with respect to the Turnpike as of December 23rd.

So, with that, happy to answer any questions you may have.

CHAIRMAN WEYLER: Statement from the finance officer.

MS. CHANDONNET: Good morning. Yes. We -- we are happy to have a clean opinion. That's everything that we hope for. That's what we work towards, you know. I -- I do want to thank my staff. We have in finance experienced quite a bit of turbulence. We had about a 45 percent turnover rate and -- um -- so the staff that are doing this were relatively new. It took -- they did a great job. I will say that. They did a great job, and I -- I just wanted to thank them and thank Bob and Christine for their help as well.

CHAIRMAN WEYLER: On behalf of the Committee we congratulate you on your good work.

MS. CHANDONNET: Thank you.

CHAIRMAN WEYLER: Representative Erf.

REP. ERF: Oh, we don't need to do any approval. We're good because we did that vote earlier.

CHAIRMAN WEYLER: We already -- okay. Very good. All right. Next group. Next audit. I see smiles. That's good.

MS. YOUNG: Okay. The next presentation will be for the Audit of the Lottery Commission financial statements and this audit was performed by our office.

With me is Jean Mitchell. She's the Financial Audit Supervisor from our office who supervised the audit that our Senior Manager, Kimberly Bisson was responsible for managing. Kimberly's presenting the next audit. So we're trying to allocate responsibilities here. And joining us from the Lottery Commission is Charlie McIntyre, Executive Director, and Jim Duras, Chief Financial Officer, who will be available for questions. And, with that, I will turn it over to Jean for the presentation.

CHAIRMAN WEYLER: Yes, you have audited the Department that sees the most audits of all.

JEAN MITCHELL, Financial Audit Supervisor, Audit Division, Office of Legislative Budget Assistant: Good morning, Mr. Chairman, and Members of the Committee. My name is Jean Mitchell, and we're here today to report the results of our audit of the financial statements contained in New Hampshire Lottery's Annual Comprehensive Financial Report for the Fiscal Year ended June 30, 2024.

The financial statements begin on Page 48 of the Lottery ACFR. Lottery Management is responsible for the preparation and fair presentation of the financial statements in accordance with Generally Accepted Accounting Principles. Our Auditor's Report and Opinion dated December 23rd, 2024, can be found on Pages 29 through 32 of the financial section of the report.

As noted in the Opinion paragraph on Page 29, we issued an unmodified or clean opinion on the Lottery Commission's basic financial statements, which also includes the notes and -- and other supplementary information.

While our Opinion speaks directly to the financial statements and notes, no matters came to our attention that caused us to believe that the other information in the financial section of the report was inconsistent with the basic financial statements.

Auditing standards require that we make a number of disclosures to you. These disclosures are similar to the disclosures discussed by KPMG for the Turnpike's Audit. We included our required disclosures as an insert in your copy of the report.

In the interest of time, I will not go through each of them individually. However, we can say that we are satisfied with the cooperation of the Lottery staff in the progress of the audit, and there is nothing that we need to bring to the Committee's attention related to any concerns with the required disclosures.

In accordance with Government Auditing Standards, we will issue a report on our consideration of the Lottery's Commission Internal Control Over Financial Reporting and On Compliance in Other Matters as a byproduct of the audit of the financial statements. The report will be included in the Management letter which will be presented to the Fiscal Committee at a future meeting.

This concludes my presentation. I'd like to thank the Lottery Commission Management and staff for their assistance during the audit. And with your permission, Mr. Chairman, I will turn the presentation over to Director McIntyre, who can provide Management's perspective on the Lottery and on their report. Thank you very much.

<u>CHARLIE MCINTYRE, Executive Director, New Hampshire Lottery Commission</u>: Good morning, Mr. Chairman, Members of the Fiscal Committee I'm Charlie McIntyre. I have the privilege of being the Director of the New Hampshire Lottery. I initially want to thank the folks at the LBA audit staff, Jean and Kimberly who spent a lot of time with, for their hard work; and, also, I want to thank the Finance staff, in particular our CFO, Jim Duras.

When I started in the Lottery our transfer was $62 million in FY 11. Last year was 207 million. You don't grow 3X without effort and time and commitment and to continually have a clean audit every time, despite the number of verticals we've attained is a testament to the folks that I get to work with, including our CFO Duras. And so, with that, I'd like to open up to any questions the Committee may have for us.

<u>CHAIRMAN WEYLER</u>: Congratulations to you and your finance officer, and I know Miss Mitchell rarely misses anything. You're both doing very well. Questions from the Committee? Representative Leishman.

<u>REP. LEISHMAN</u>: Thank you, Mr. Chairman. Maybe not a question, Charlie, but just thank you. Your revenues have always been impressive, and I think they went up about 5% from '23 to '24. And if you could rub off on some of our other

agencies; but no, thank you for your work and what you've done. Thanks.

MR. MCINTYRE: I appreciate that, Representative Leishman. I'm certainly -- it's a testament to the folks I get to work with. As I recall, I think we were 47 million over plan last year which is, I would suggest to you, better than good. So we have an amazing team.

CHAIRMAN WEYLER: We'll really need that money for the next two years as well. We're having great hopes. Further from the Committee? All right. Understand we've already accepted the report and placed it on file.

REP. ERF: Yes.

CHAIRMAN WEYLER: Thank you very much. Good work.

MS. YOUNG: Okay. And for the last audit of the day we'd like to present our assessment of the internal controls in place over the revenues and expenditures process at the Department of Information Technology. This audit was performed by our office. Kimberly Bisson, Senior Manager with our office, was the in-charge manager on the audit, and she will present the report. And joining us from DoIT is Denis Goulet, Commissioner of the Department, and he'll be available for questions as well.

And now I'll turn it over to Kimberly for the presentation.

KIMBERLY BISSON, Senior Audit Manager, Audit Division, Office of Legislative Budget Assistant: Good morning, Mr. Chairman, and Members of the Committee. For the record, my name is Kimberly Bisson, and I'll be presenting the report on our assessment of the internal controls in place over the receipt, deposit, recording and reporting of the Department of Information Technology's revenues and the authorization, payment, recording and reporting of its expenditures during the nine months ended March 31st, 2024.

If you turn to the Table of Contents, you will see that the report contains 14 comments and recommendations, two of which suggest legislative action may be required. Auditee responses were prepared by the Department, as well as the Department of Administrative Services, who provided responses for Observations Nos. 3, 5, and 8.

A recommendation summary is provided on Page 3, and background information is included on Page 7.

On Page 10 you will find a summary of the Department's revenues and expenditures for the nine months ended March 31st, 2024.

Our Objective, Scope, and Methodology are described on Page 12. In the interest of time, I won't cover the background information, and I'll go right into our audit objective and the results of the audit.

We conducted this performance audit in accordance with Government Auditing Standards. The objective of the audit was to evaluate whether the Department had designed, implemented, and operated suitable internal controls over the receipt, deposit, recording, and reporting of its revenues, and the authorization, payment, recording, and reporting of its expenditures during the nine months ended March 31st, 2024.

As reported in the Executive Summary beginning on Page 1, we found the Department has not established adequate internal controls over its revenue and expenditures. We found certain financial accounting processes were overly complex, outdated, insufficiently documented, lacked oversight or did not fully comply with State Law.

The Department's control environment continues to be impacted from its failure to fully resolve all comments from the 2018 Performance Audit, and the 2016 -- I'm sorry, excuse me -- 2006 Financial Audit of the Office of Information Technology. The Observations begin on Page 14.

Observation No. 1 notes that the Department has not implemented sufficient controls over the cost allocation process. The Department did not maintain an updated cost allocation methodology listing, nor sufficient description of the mechanics behind the cost allocation process, and was ultimately unable to provide a recalculation of the cost allocations performed by its CAP95 system for three out of 45 items selected for review.

The Observation recommends the Department establish comprehensive and documented policies and procedures for all cost allocation financial accounting and reporting activities, and also notes that Management should be able to recalculate and substantiate all costs invoiced to its user agencies.

CHAIRMAN WEYLER: Did you want to ask a question now? Representative Edwards for a question.

REP. EDWARDS: Thank you, Mr. Chair. As long as the topic is up, I -- I -- I've -- I've read the recommendation and the background. What -- what I'm missing is -- is a little bit of the -- the "so what" factor. Of course, we want to do proper cost allocation; but in -- in the absence of -- of good reliable repeatable cost allocation, is the State losing any money or is this really about arguing who -- who picks up the check at dinner?

MS. BISSON: They're recouping all the costs, but it's just more are the agencies being accurately charged. So we're able -- we were unable to recalculate some of those selections.

REP. EDWARDS: Right.

MS. BISSON: So, therefore, you can't be entirely certain that the amount charged to each agency, maybe it was too much, maybe it was too little, maybe some of those costs should have been allocated to another one.

REP. EDWARDS: But it's all internal to the State. This cost allocation isn't reaching out to external third parties, and it's not costing the State additional money. It's just a poor methodology is what I'm hearing.

MS. BISSON: Correct.

REP. EDWARDS: Is that --

MS. BISSON: Yes.

REP. EDWARDS: Okay. Thank you.

MS. BISSON: On Page 17, Observation No. 2 recommends that the Department expand accounts payable policies and procedures to ensure invoices paid are in compliance with significant contract payment provisions. The Observation also recommends that the Department perform a monthly reconciliation of NHFirst detail transaction register to supporting documentation as required by State policy.

Moving on to Page 19, Observation No. 3, recommends the Department establish policies and procedures for assigning activity codes in NHFirst for use in tracking expenditures and employee time by user agency. The policy should include a comprehensive and descriptive listing of the activity codes available for use or specify the process to follow when the choice of activity code is unclear.

The Observation also recommends that the Department of Administrative Services consider implementing a security check to limit access to activity codes within the time management module, similar to those used by other NHFirst modules, if feasible.

Observation No. 4 on Page 21 identified segregation of duties weaknesses within the Department's request and requisition system, and recommends that the Department review the assignment of authorities within the system to ensure employee approval authorities are compatible and limited to only those individuals requiring access. It also recommends the Department perform a periodic review of R&R system authorities.

Continuing on to Page 22, Observation No. 5 noted that the internal controls related to the Department's telecommunications process exhibited weaknesses that impacted its ability to process telecommunications revenues accurately, efficiently, and timely. The Observation recommends the Department establish policies and procedures governing the telecommunications process and adopt a comprehensive Manual to conform with statute.

The Observation also recommends the Department ensure duties are appropriately segregated, document the basis for surcharges billed to customers, and publish a comprehensive fee schedule.

Additionally, the Department should consider documenting the review and approval of invoice batches in NHFirst and consult with DAS regarding the feasibility of establishing an audit trail of invoice batch approvals.

Observation No. 6 on Page 24 recommends that the Department strengthen controls over salaries and benefits monitoring and review process and also document the processes through written policies and procedures. The Department should also develop document and implement policies and procedures covering employee termination payouts to include a review and approval by the appropriate level of management.

CHAIRMAN WEYLER: Question.

REP. EDWARDS: Thank you, Mr. Chair.

CHAIRMAN WEYLER: Representative Edwards.

REP. EDWARDS: So the numbering of these Observations with this being six, number six.

MS. BISSON: Hm-hum.

REP. EDWARDS: Is that meant to imply what you think the priority for fixes ought to be or is this just a -- kind of a -- more of a random numbering of Observations?

MS. BISSON: We ordered the Observations in terms of the most impactful. So, like, the ones that we thought were most important in order and so on down.

REP. EDWARDS: All right. This one reads to me like it may be the most important but -- but okay. Thank you.

MS. BISSON: I think with the telecommunication expend -- revenues and expenditures, they're less than the total DoIT revenues and expenditures. So there are some -- you did --

REP. EDWARDS: I defer to your judgment. You guys do this for a living. I just do this as a hobby so thank you.

MS. BISSON: Yeah, okay.

MS. YOUNG: You're on number six. Actually, you just finished number six, I believe.

MS. BISSON: Okay. Sorry. Um -- on Page 26, Observation number 7, recommends that the Department establish and document a formal risk assessment process for recognizing, evaluating, and responding to risks that could affect its ability to reach its financial accounting and reporting objectives. The process should include an IT security risk assessment to ensure its information assets are adequately considered. It also recommends the Department routinely review and periodically test its continuity of operations plans to ensure they remain reliable and practical.

Observation No. 8 discusses the lack -- sorry, we're on Page 28 -- discusses the lack of a consistent audit trail to evidence the review and approval of invoice batches in NHFirst, and is also directed toward the Department of Administrative Services. The Observation recommends that DAS consider whether it should take steps to implement an effective audit trail for the review and approval of invoice batches within NHFirst, and also recommends that DoIT implement policies and procedures to evidence review and approval of telecommunications invoices prior to their release in NHFirst and posting to Department accounts.

REP. EDWARDS: Could you get closer to the mic?

MS. BISSON: Can you hear me now? Better?

REP. EDWARDS: Better.

MS. BISSON: Okay.

REP. EDWARDS: You were trailing off.

MS. BISSON: Okay. Sorry. Observation No. 9 on Page 29 recommends that the Department test its backup process at least annually as outlined in its contingency planning policy.

Turning to Page 30, Observation No. 10 recommends that the Department prioritize the results of prior audit findings resulting from the 2018 Performance Audit and the 2006 Financial Audit of the Office of Information Technology, and create a Corrective Action Plan for resolution as soon as possible.

SEN. GRAY: Just a --

CHAIRMAN WEYLER: Question.

SEN. GRAY: Just a comment on that one. I have been in communications with the Governor's Office through the LBA about this. It's an ongoing thing. It's something that I've complained about through the system on other audits that there's not sufficient tracking of the audit findings so that we know how they're being done, what they're being done. And I'm told that Mr. James Gerry from the Governor's Office will be the one in charge, not only of these audit items, but for the whole system to make sure that there is progress being made on those audit findings, because it repeating, and repeating, and repeating these, you know, some of the most egregious go back to 2006 and haven't been resolved, but we've been talking about them. The staff that involved in this, I know that the people up here at this table are cheap, you know, but the staff -- uh -- time that it takes to repeat these is tremendous. So we need to get them resolved and put the attention that needs to happen onto them. Thank you.

MS. BISSON: Thank you. On Page 32, Observation No. 11.

CHAIRMAN WEYLER: Question from Senator Watters.

DAVID WATTERS, State Senator, Senate District #04: Thank you, Mr. Chairman. On that same item on number ten, that first reference to the 2006 Audit. I mean, it takes me back to Observation No. 1 where we have departments that are under great stress trying to complete their budgets and not knowing whether they can rely on the figures that they're supposed to allocate for their technology. And in Observation No. 1 it says that it's an ongoing process. So there's -- is there any assurance that agencies can actually depend on the accuracy of what they're being billed or is that -- it's going to still unfold over time?

MS. BISSON: Okay. Sorry. Um -- during that review of the costs that were allocated to the agencies, it's very involved. So costs that were allocated using one method, we found that those were allocated correctly. We were able to recalculate them and determine that they were accurate. Where it gets more complicated is when the system allocates costs using a method within a method. So then you have to take one method, use that in the other method and allocate those costs, and that's where we found the struggle where we weren't able to fully recalculate those costs and the CAP95 system is doing that.

So for what we found, it was three out of 45. So for the vast -- for the majority of them we were confident in that those costs were allocated properly; but for a small piece of them it would be harder to determine.

CHAIRMAN WEYLER: Question.

REP. ERF: Do you have any sense of how far off the errors may be? Are we talking about large variations potentially or relatively small ones?

MS. BISSON: It wasn't necessarily that there were errors. It's just that we couldn't get an understanding of how the system was calculating, allocating those costs. So we couldn't recalculate it. So it --

CHAIRMAN WEYLER: Follow-up.

MS. BISSON: -- could very well be accurate, but we just couldn't determine that because we couldn't get a good understanding of the process to do the calculation.

REP. ERF: So I understand that. So does that mean that you really have no idea how far off they could be?

MS. BISSON: For those particular ones, correct.

REP. ERF: And those particular ones are particularly significant? Sorry, can I continue?

MS. BISSON: I don't have -- I don't have it in front of me right now. I can find that information for you, but I don't have that information right at this moment.

REP. ERF: I think it be really helpful if we could get order of magnitude idea of how serious these problems are, especially they go back for whatever decades if that's possible.

MS. BISSON: Okay. Commissioner Goulet I think will address that in his comments, he's saying.

REP. ERF: Thank you.

MS. BISSON: I think I'm -- thank you. Sorry. On Page 32, Observation No. 11 recommends the adoption of administrative rules as required by statute. If the Department deems administrative rules are necessary, statutory revision should be requested.

On Page 33, Observation No. 12 recommends that the Department seek to amend statute to clarify unclassified position titles and ensure division directors are being compensated correctly; and also to consult with DAS to determine if further statutory revision regarding its tenth unclassified position is necessary. The Department should also seek clarification from DAS or the Attorney General to determine whether employees working a 40-hour week are properly classified.

CHAIRMAN WEYLER: Question.

REP. EDWARDS: Is this -- is this -- thank you for taking the question. Is Observation 12 really tightly related to Observation 6 or is it -- is this just base -- basically a specific example of the problem that six presents?

MS. BISSON: Observation 6 had to do with monitoring of the payroll. So more with monitoring of the bi-weekly payroll process and -- and the cost; and Observation No. 12 has to do with the Department has some unclassified positions that aren't clearly defined in the statute. Like it will just say director versus the specific director. So Observation 12 is really aimed at being more clear in the statute so that we can be able to determine that a specific division director's pay was accurate. So --

REP. EDWARDS: All right. Well, thank you. These personnel issues to me get to be very significant, just for the faith and integrity of the system.

MS. BISSON: Okay. On Page 36, Observation No. 30 -- 13 notes that the Department did not complete timely performance evaluations for 60% of the employees selected for review. It recommends that the Department comply with statute and administrative rule and perform timely annual performance reviews for all full-time classified employees.

Finally, Observation No. 14 on Page 37 recommends that the Department ensure biennial reports are filed as required by statute.

The Appendix beginning on Page 39 reports on the current status of prior audit findings. The status key on Page 47 shows 12 audit findings are fully resolved while nine are in the process of remediation and ten remain unresolved.

This concludes my presentation. I'd like to thank the Commissioner and the Department of Information Technology staff, as well as the Department of Administrative Services for their cooperation throughout the audit. And I'll now turn the presentation over to Commissioner Goulet for any comments he might have. Thank you.

CHAIRMAN WEYLER: Commissioner.

DENIS GOULET, Commissioner, Department of Information Technology: Good morning.

CHAIRMAN WEYLER: Good morning.

MR. GOULET: Mr. Chair, Members of the Committee, my name is Denis Goulet. I'm the Commissioner of the Department of Information Technology. I want to start by thanking the LBA audit staff. They're professional and thorough and -- and, you know, we did enjoy working with them.

So, first of all, I want to say that we do care about this stuff and we, you know, we're taking what we see here seriously. We've already started working on all of these items and some of them are close to resolution or in process. So I'll talk about some of the more important ones because the -- the CAP95, the allocation methodology software that we're using, is antiquated. We went through many years with -- without actually prioritizing funding to replace that. And so we're in the process now of running -- we've actually been, thanks to a Capital appropriation in recent biennium where we implemented a project to replace that system with a more modern system that actually has the transparency that we require for those more complex allocation methods, the 3 of 45 that were described.

Right now we are running that system in parallel. We're planning on cutting it over at -- at the -- the Fiscal Year boundary. The numbers are coming out -- so the numbers are coming out the same on the new system as the old system right now. And it gives us confidence that our -- those allocation methodologies that were in question can be -- can be counted on.

And, additionally, one of the things we've -- we've asked for a vendor to help us with is providing that level of transparency that I think has been lacking at least for, you know, from my perspective. I think if you asked an agency finance person as well, you know -- you know, what -- what's all this mean and why am I getting charged this amount. So while -- while I think the LBA auditors are correct in, you know, when they see those methodologies and they can't back into how that number came about, I think that's absolutely correct. We will be able to do that and -- and I think for me the fact that we're seeing the same allocations come out on the new system as the old system is -- builds some confidence.

That -- that system is also the -- the system's called CAP Plus. It's basically a new version. We did a competitive procurement on that, found that cost effectively for us. We actually don't spend a lot of money on our own technology. It's kind of like the landscaper in their yard. But in this case I think it's important and we will be -- um -- you know, going live on that, barring any unforeseen things, going live on that on the Fiscal Year boundary.

So -- um -- the -- one of the other factors I think and a mitigating factor I wanted to share is that a lot of -- if you peel back the onion on a lot of these findings, what it comes down to is we may be doing something correctly or nearly correctly, but we can't prove it through policy or documentation. And so we're a couple years into a new program in DoIT where we're completely revamping our policies and procedures, and we actually assign staff to do that. Staff who used to be working on, you know, more -- not the same people; but, you know, authorized positions that used to be working on more technical stuff to focus on that, and we've made a lot of progress.

But where we hadn't really focused them on this particular stuff previously, we were more focused on the federal financial audits that we were getting, which we were pretty much continuously audited. So, you know, both on the financial side, as well as on the operational cyber security and -- and continuity operation side. So we could share with you audit findings, but our findings from the Feds have been pretty good lately and we -- we will -- and that came about mostly because we were focusing on making sure we were paying attention to and updating our own policies and then following them.

So we're going to do that here as well. We've already started that process, both on the payroll side, as well as on the accounts payable and some of the other stuff that was found in this -- in these findings.

And going to Representative Edwards' concern around Item 6, and then the other item which was really more of a legislative change. The -- I think was 12, I think. Um -- so on 12 that's -- we did ask James Gerry to put some language in House Bill 2 to square that away. To me, that's just getting document what -- how things exist today. And so that assuming, you know, at some point if it remains in House Bill 2 and if that passes, that particular finding will be taken care of, except for one piece which is the -- when DoIT was formed, there were people that came in as classified 37 and a half hour people, and there were people that came in, a small number of them, as 40-hour people.

So what we're going to do to address that over time, so that one's going to hang out for a while, because as people retire, we'll just stop, you know, we won't refill that position as a non-compliant position. We'll fill it as a compliant, whatever's compliant at that time, assuming we do refill the position.

So with respect to Item 6, we're not making major mistakes on paying people. We're not making major mistakes on paying out people. But what you can see in the findings is that you have a separation of duties issue there where we've got to make sure that somebody else can say that, and there has to be a policy and procedure that, you know, that we follow that is rigorous so that we can prove it, and that's what we're working on. In fact, as soon as we saw this, we started working on that and I expect to have that resolved soon.

And so, sorry, I could comment on every one of these, but I don't want to take up your time. I want you to get to ask about the ones you're most concerned with. So I'll be quiet now and take questions.

CHAIRMAN WEYLER: Representative Leishman.

REP. LEISHMAN: I'd just like to second what Senator Gray said earlier. A number of these issues dealing with billing and fraud issues date back to like 2006 and haven't been addressed. So my concern is we have the LBA doing this work pointing out these issues and some of them are holdovers from ten years ago. So I, again, as Senator Gray said we should be getting on these a little quicker than we are.

MR. GOULET: Yes, I -- I agree, and there's really no excuse. I won't -- I'm not going to make an excuse for that. I will say we've been working on that, particularly the one cost allocation one we've been working on that since I joined in 2015. And things just take a while sometimes, funding and -- and ability to deliver. But I agree with you that, you know, those -- the fact that we hadn't, you know, dealt with those 2006 audit findings which predate me by nine years. So, you know, and I've been here almost ten now. So it's a -- it's pretty long time and there's no excuse for it.

CHAIRMAN WEYLER: Senator Watters for a question.

SEN. WATTERS: Thank you, Mr. Chairman, and thank you. So back to 2006, the recommendation on having Memoranda of Understanding with agencies on services. Um -- do you think that that's necessary or is that something that you -- you think should be done or should not be done? I mean, I -- I -- I'm concerned about what I -- when I -- when I discuss with agencies about their arrangements with information technology issues come up and I -- I'm unclear as to how -- what kind of --

MR. GOULET: I'll share my thoughts on that. And so we have an enterprise approach to things. So we don't want -- we don't generally and, you know, every agency is different and their requirements are different. So, obviously, you have to take that into account. And, again, that relates back to the federal audits which were all potentially different based on which, you know, which federal agency and the agency in question who's being audited.

Um -- but with respect to a Memorandum of Understanding or what we -- what I would call a service level agreement, no way -- in no way do I think a service level agreement should be different for every agency. I -- we wouldn't be able to do that. We run pretty lean. We don't have a big staff and -- but what I -- how we operate is baseline plus.

So what we try to do is every agency's a little different in terms of their tolerance for any down time. And so structuring our service approach with a baseline service level agreement and then different things for different agencies. For example, we have a 7 by 24, 365 on- call program that agencies can choose to buy into if they want. What happens there is those folks who are on-call at any given time, which include folks who can fix network problems, system problems, and other types of problems, are being paid for under the terms of the Collective Bargaining Agreement to be on-call all the time. And so some agencies buy into that because of the importance of their, you know, being able to respond within, you know, a really quickly at any time day or night. Some don't. And that's an example of a variable service level agreement for agencies.

Um -- in the -- in case of some of our other businesses, like for example you got, you know, Charlie from Lottery was up here. He has specific contracts for, you know, the machines all around the state that are super strict because of the potential revenue implications of, you know, having one of those down or more than one of those down. So -- so I've resisted, you know, service level agreements or MOU's with each agency. And I will continue to do that because I don't think it's a good idea. I think get a solid baseline and then do -- do -- um -- you know, tweaks by agency based on needs. And then, again, there's a funding issue. I'll be able to do what I'm able to do based on the funding as well. So that -- that is a factor.

CHAIRMAN WEYLER: Representative Edwards.

REP. EDWARDS: Thank you, Mr. Chair. Thank you, Mr. Commissioner. This is -- this is actually meant to be a helpful question. I'm looking at Page 9 at the Advisory Board and I see that the IT Council is established under statute, and that it's met twice in two and a half years. And it just makes me wonder aloud and to get your feedback did -- is this Advisory Board actually useful? Is it adding value? Is there something we should be looking at to -- to -- to change the statute? I -- I'm -- I'm just curious. This didn't show up in a finding, but meeting twice in two and a half years sort of flashes a red light if -- that it's not quite right.

MR. GOULET: Yeah. We -- we did -- so during Covid and -- and for some period of time after Covid, we were heads down surviving. And -- um -- and -- and the fact that that strategic body, who if you look prior to that on our website you'll see that we were meeting, you know, two to four times a year. We were, you know, generating activities, including, you know, multiple strategic plans and things like that, cyber security -- cyber security activities. It's a very important body, I think. I think it's over all or should be anyway the overall governing body for me to help guide what DoIT is doing for the State of New Hampshire.

And so -- um -- we have -- we're working on scheduling another one. We're in the process of revising our now three-year old strategic plan, which we'll be asking that body to help to ratify. So I think -- and I did notice that -- um -- uh -- a Senator was added to in the last -- I think it was in the last session to which I had -- I had asked for, but had been led to believe in Committee that wouldn't happen; but it looks like it did happen. I'd be, you know, the one thing I would say is that having -- trying to get two House Members to a meeting is difficult. So if I had four House Members on the Committee, then getting two to a meeting at any given time would be easier. That's the one thing I would potentially say. But I like the transparency. I like having the ability to get input from both the Legislature and my peers around, you know, the Department heads who are members, as well as folks from outside which includes higher-ed, county government, city government, and the private sector.

REP. EDWARDS: Thank you.

CHAIRMAN WEYLER: Commissioner Goulet, you have items 11 and 12 calling for legislative action. So if you get some proposal to me in the next four, five weeks, I can include it in HB 2.

MR. GOULET: Okay

CHAIRMAN WEYLER: So it would become law.

MR. GOULET: Will do. One of those we've been trying to pass that was in the performance audit, we've had it -- we've had language in it and it ended up I think a couple times, and one time it was in an omnibus bill that didn't pass and another time it didn't pass because the Committee didn't like it.
But -- um -- my -- my approach to this and I'd be happy to chat with anybody is -- is, you know, I don't think DoIT should be a rulemaking entity. I think we should be governed under -- under, you know, 21-R whatever we should be doing and -- and stick with that and that was the essence of the language. And I think that was what the contention for on the Committee was in terms of 'cause there's ambiguity. We have stuff to find in 21-R that

kind of says what we should do, and then we have that other language which I'd like to strike which says we should be making rules. And I don't -- in my opinion, I don't think we need to be making rules. So we'll -- we'll send language over and --

CHAIRMAN WEYLER: Yep.

MR. GOULET: -- thank you very much for that offer.

CHAIRMAN WEYLER: Since that experience that you've had it turned down, have they given you good reasoning that you can amend it to some degree?

(Mr. Goulet is nodding his head.)

CHAIRMAN WEYLER: Good. So if you send us the proposal, we will be able to put it in HB 2.

MR. GOULET: Thank you very much.

CHAIRMAN WEYLER: Thank you. There further from the Committee? I guess we are on record as having accepted the report and placed it on file. So we don't need to make that any further since it already has been accepted. Thank you for your good work. Hope you -- you can make progress on all these -- these items that are written up and stay in touch with us as how it goes.

MR. GOULET: We'll work it and keep you updated.

CHAIRMAN WEYLER: Thank you very much. Is there anything further on this audit? Thank you very much for your thoroughness.

MS. BISSON: Thank you.

CHAIRMAN WEYLER: All right. We'll move on to next meeting. Suggestion from LBA?

MICHAEL KANE, Legislative Budget Assistant, Office of Legislative Budget Assistant: Sure. So, historically, Fiscal has met on the third Friday, tried to meet on the third Friday of the month. That would put you out until February 21st.

CHAIRMAN WEYLER: Friday. Are we looking at 2025?

SEN. GRAY: Yep.

MR. KANE: Yes.

CHAIRMAN WEYLER: Okay. Yeah, the 21st.

MR. KANE: 21st, yes.

CHAIRMAN WEYLER: Looking on the wrong page here. All right. Friday the 21st. I appreciate everybody accommodating to this Thursday for me since I have a long time scheduled County meeting tomorrow on Friday. But Friday the 21st works for me. How about the rest of you?

REP. EDWARDS: It works for me. Just as a footnote, people may want to realize that's before the winter break, not that any of us are going to break; but that's the Friday before the winter break.

CHAIRMAN WEYLER: Yeah.

SEN. WATTERS: I just note that, Mr. Chairman, that is the same time as the Governor's Commission on Alcohol and Other Drugs, which both Representative and I serve on.

CHAIRMAN WEYLER: What time do they meet?

SEN. WATTERS: But so it may be on -- I'll try to be here as a priority but on occasion I may need to substitute.

CHAIRMAN WEYLER: What time does the Alcohol Commission meet?

SEN. WATTERS: It's 9:30 to 11:30.

CHAIRMAN WEYLER: 9:30. Senator Carson.

SEN. CARSON: I would also mention that the Oversight Commission on Children's Services meets at 9 o'clock.

CHAIRMAN WEYLER: If we put it in the afternoon would that be better?

SEN CARSON: That's fine.

REP. EDWARDS: As a personal problem, I think I have HHS Oversight in the afternoon, but -- but we'll figure it out if that's what you decide.

CHAIRMAN WEYLER: What time do you think that would be in the afternoon?

REP. EDWARDS: It starts at one, you know.

CHAIRMAN WEYLER: Okay. How long -- how long does it usually go?

REP. EDWARDS: If I am not asking questions it takes an hour.

CHAIRMAN WEYLER: Is it in this room?

REP. EDWARDS: No, sir. No.

CHAIRMAN WEYLER: Okay. You're on that as well. Should we make it at two? Is that an inconvenience, Mr. Kane?

MR. KANE: I can leave it up to the Committee. Fridays are going to be difficult for Fiscal just because we do also have historically -- yes -- um -- you have a new Education Funding Committee that meets in the morning, too. I can't say whether or not they're going to meet that Friday. So it will have to be a case by case every month. I don't know if an 11:00 a.m. works on

Friday the 21st for those members who have 9:30 meetings or not. 'Cause I know there are afternoon meetings. I don't anticipate a huge agenda in February which -- so shouldn't be too long.

SEN. GRAY: Eleven will be good.

SEN. CARSON: Yeah, 11 will be fine.

CHAIRMAN WEYLER: Eleven. All right. Friday at 11.

MR. KANE: Thank you.

CHAIRMAN WEYLER: Fiscal. The next day is Washington's birthday. I knew that was somewhere around then. All right. Anything further? Thank you all for your attendance and for reading the audits.

SEN. CARSON: It was fun.

CHAIRMAN WEYLER: Always have interesting information.

SEN CARSON: Always.

CHAIRMAN WEYLER: All right. Finance Committee is adjourned.

(The Committee adjourned.)

CERTIFICATION

I, Cecelia A. Trask, a Licensed Shorthand Court Reporter in the State of New Hampshire, do hereby certify that the foregoing transcript was transcribed by me from the official YouTube recording. I was not physically present at this meeting, and I have transcribed the recording to the best of my ability, skill, knowledge, and judgment.

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