

**MINUTES**  
**Approved by Council**  
**Legislative Council**  
**Monday, June 17, 2024**  
**8:30 A.M.**  
**Room WW17**  
**Boise, Idaho**

Speaker Moyle called the meeting to order at 8:34 a.m.; a silent roll call was taken.

Legislative Council (council) members in attendance: Speaker Mike Moyle, Pro Tem Chuck Winder; Senators Kelly Arthur Anthon, C. Scott Grow, Treg A. Bernt, and Melissa Wintrow; Representatives Jason Monks, Wendy Horman, Ilana Rubel, Brooke Green, and Sonia R. Galaviz.

Legislative Services Office (LSO) staff present: Director Terri Kondeff and Hayley Kaae-Domgaard.

**Opening Remarks**

Speaker Moyle welcomed those in attendance and referred the council to their binders and the meeting minutes from the Legislative Council meeting held on November 2, 2023.

**Senator Anthon made a motion to approve the meeting minutes as presented for the Legislative Council meeting on November 2, 2023; Senator Wintrow seconded the motion, and the motion passed by voice vote.**

**Director's Report (Tab 1)**

LSO Director Terri Kondeff addressed the council and referred them to the FY 2026 LSO Budget Request in Tab 1 and reminded the council of Senate Bill 1312. This bill moved LSO's budget submission to an earlier date, which was why the budget request was being brought forward during the June council meeting. Ms. Kondeff explained the budget request presented.

**Representative Grow made a motion to approve the LSO FY 2026 Maintenance Budget Request as presented and shown in Tab 1 with the flexibility for LSO to amend this request based on budget development guidance provided by the Division of Financial Management (DFM); Representative Horman seconded the motion, and the motion passed by voice vote.**

Director Kondeff presented the findings the Research and Legislative Division had on the bill drafting process. Ms. Kondeff shared that Division Manager Matt Drake and the drafting team proposed two small changes that would significantly improve the drafting process while also minimizing impact on DFM and executive agencies. The first change proposed would be to request that DFM deliver agency bills to LSO by September 15. This is a month earlier than previous years. The second change would be to encourage agencies to provide LSO drafting attorneys with final concepts that don't need significant changes. This would be accomplished by asking agencies to limit their bill change requests to one per draft and to incorporate a new change request deadline of November 1. Both proposed changes would provide LSO staff more time to prepare executive agency legislation while prioritizing LSO's work for the Legislature.

**Representative Monks made a motion to adopt the changes as presented by Director Kondeff; Pro Tem Winder seconded the motion, and the motion passed by voice vote.**

**Senator Anthon made a motion for the council, pursuant to Senate Rule 20(e), House Rule 26(2), and Section 74-207, Idaho Code, to convene in executive session to discuss records that are exempt from public disclosure. Senator Bernt seconded the motion, and the motion passed with a roll call vote with a two-thirds vote in favor of the motion.**

Executive Session Convened.

**Representative Monks made a motion to reconvene the public meeting; Senator Anthon seconded the motion, and the motion passed by voice vote.**

**Representative Monks made a motion to authorize the Legislative Services Office to conduct an examination of a local government entity as requested by Idaho State Police (ISP) pursuant to section 67-702(1)(f), Idaho Code; Representative Rubel seconded the motion, and the motion passed by voice vote.**

### **HJR 5 – Approval of Statement of Meaning & Purpose and Arguments FOR & AGAINST (Tab 2)**

Research and Legislation Division Manager Matt Drake referred the council to Tab 2 in the binder and introduced the drafted statement of meaning and purpose and the FOR & AGAINST arguments that will appear on the election ballot in November for HJR 5 of 2024. Mr. Drake explained the statutory process and obligations of the council to provide this statement and the arguments to the Secretary of State's Office 120 days before the election which is July 8, 2024. The council discussed concerns with language and made multiple suggestions to alter the FOR & AGAINST arguments as well as the statement. Speaker Moyle requested that Mr. Drake incorporate the feedback received from the council while they moved on to other items on the agenda. Speaker Moyle stated that they would return to the topic later in the meeting to review the amended draft.

### **Appointment of Interim Committees (Tab 3)**

Pro Tem Winder directed the council to Tab 3 of the binder and went over appointed committees that did not need council approval as well as ones that did need approval. Pro Tem Winder highlighted that the Medicaid Review Panel was replacing Senator Adams with Senator Cook.

**Pro Tem Winder made a motion to approve appointments to the Natural Resources Committee as presented; Speaker Moyle seconded the motion, and the motion passed by voice vote.**

**Pro Tem Winder made a motion to approve the appointment to the Pacific Fisheries Legislative Task Force as presented; Speaker Moyle seconded the motion, and the motion passed by voice vote.**

**Pro Tem Winder made a motion to approve appointments to the Joint Legislative Oversight Committee as presented; Senator Wintrow seconded the motion, and the motion passed by voice vote.**

Representative Rubel made a request of Speaker Moyle to change the appointment the Child Protection Oversight from Committee Representative Necochea to Representative Galaviz due to Representative Necochea not returning to the Legislature this upcoming term. Representative Rubel also requested that the appointment of Representative Egbert to the Medicaid Review Panel be change to herself because of Representative Egbert's inexperience in the subject matter of the panel. Speaker Moyle approved of the changes.

### **Luma IT Audit Report (Tab 4)**

LSO Audit Division Manager April Renfro addressed the council and directed them to Tab 4 of the binder. Ms. Renfro updated the council on LSO's Luma IT project and the external audit of the state accounting system, Luma. She pointed out that due to the nature of the IT functions being examined, some details cannot be shared during an open meeting for security reasons. Ms. Renfro gave an overview of the history of the new accounting system and how it was acquired. She explained that the system transitioned from a known mainframe system to a Cloud ERP Software as a Service (SaaS) that resulted in many changes. Due to these changes, an IT audit had always been planned. This audit would support the opinions provided for the Annual Comprehensive Financial Report (ACFR) and Single Audit that rely on the functionality and security of Luma to build reliable financial statements. Ms. Renfro discussed the decision-making behind how they structured the audit and explained that it evolved into including both LSO staff and an external accounting and advisory services firm, Baker Tilly. She briefly went over Baker Tilly's background, their qualifications for the project, and the selection process LSO went through that led to selecting Baker Tilly.

Ms. Renfro explained the controls that were selected for examination and the IT audit objectives. She then shared that LSO received the results from two reports Baker Tilly provided. The first being the Luma System Optimization Root Cause Analysis, which due to the sensitive material it contained, could not be discussed during an open meeting. The second, was the Luma IT Audit Report which Ms. Renfro provided an overview of.

Baker Tilly performed an assessment of 101 relevant IT general controls (ITGCs) identified within the Federal Information Systems Controls Audit Manual (FISCAM) framework over the Luma system. Baker Tilly also assessed the reliability of key data across 62 sampled interfaces into 21 identified modules within Luma from adjacent systems. While ITGCs tend to operate in a homogenous manner across a system, interface controls were scoped based on the identification of key financial data necessary for financial reporting including but not limited to the following Luma Modules: General Ledger, Cash Management, Account Payables, Account Receivables, Payroll, and Benefits. Out of the 101 controls tested, 60 were identified to have deficiencies that are largely comprised of gaps in the design and implementation of in-scope controls against the FISCAM control framework and illustrative procedures.

The deficiencies identified during the review can be attributed to two main areas for risk: lack of data validation (23 deficiencies), and informally managed security and privacy programs (37 deficiencies). Ms. Renfro shared Baker Tilly's perspective pertaining to Luma data validation and integrity. The first was that interfaces are inconsistently configured and specification documentation does not consistently capture information related to error handling, unit and/or user acceptance testing performed, interface custodians or owners, etc. However, technologies and processes have been implemented to reactively respond to issues as the State Controller's Office (SCO) is made aware. The second was that automated mechanisms for ensuring data validity are not consistently implemented or documented within specification documentation or system configurations. Lastly, SCO does not own or currently assume ownership over processes for data validation and reconciliations that leverage reporting capabilities of the system. Detective controls to proactively identify issues with interfacing data and/or system functionality in processing are not currently established.

Baker Tilly also shared their perspective on the security and privacy programs. First, management has not formally designed and documented policies and procedures related to the security and privacy programs for Luma to be maintained and updated on a periodic basis. Second, while a role-based access model is utilized, management has not implemented controls to periodically and continuously evaluate potential segregation of duties conflicts and enforce the principle of least privilege when allocating permissions to users. Third, key security processes, such as an Incident Response Program, Business Continuity Plan/Disaster Recovery Plan, IT Risk Assessment, and Audit Logging/Monitoring capabilities, have not been designed or implemented to the expected level of maturity outlined in the FISCAM framework.

Ms. Renfro highlighted the summarized implementation roadmap that was distributed to SCO to assist them in rectifying the deficiencies identified. Baker Tilly recommended establishing data validation controls, validating functional and technical requirements, and strengthen consistency of interface and system configurations first. They then recommend formalizing and strengthening governance of existing security and privacy processes and controls, ensuring user access controls incorporate segregation of duties considerations, and implementing key incident response and risk assessment programs. Then SCO should focus on optimizing the platform's security and privacy programs and implementing processes to continuously improve and monitor the operation of the system and its expected controls. Ms. Renfro then concluded the first portion of her presentation.

**Senator Anthon made a motion for the Council, pursuant to Senate Rule 20(e), House Rule 26(2), and Section 74-207, Idaho Code, to convene in executive session to statewide security and related information Senator Wintrow seconded the motion, and the motion passed with a roll call vote with a two-thirds vote in favor of the motion.**

Executive Session Convened

**Representative Monks made a motion to reconvene the public meeting; Senator Wintrow seconded the motion, and the motion passed by voice vote.**

**Senator Anthon made a motion that the council authorize the Pro Tem of the Senate and the Speaker of the House to engage legal counsel to review the Luma contract's terms and possible remedies; Senator Wintrow seconded the motion, and the motion passed by voice vote.**

#### **General Fund Update (Tab 5)**

LSO Budget and Policy Division Manager Keith Bybee referred the council to Tab 5 of the binder and displayed a PowerPoint to update the council regarding the state budget outlook. Mr. Bybee briefly updated the council on the status of his division highlighting that they officially completed the annual fiscal report and that they were still hiring for open budget analyst positions. He then reviewed figures related to the FY 2025 adopted budget of \$13.89 Billion. Mr. Bybee highlighted the forecasted impact of HB521, which was approximately a \$150 million general fund reduction related to tax cuts and the change of order in the budget book. He then directed the committee to the presentation slide explaining the Permanent Building Fund. Mr. Bybee brought the council's attention to some of the larger FY 2025 appropriations including the \$25 million appropriation for the IDOC New Female Prison, the \$25 million appropriation for the IDOC Secure Mental Health Facility, and the \$10 million appropriation for the IDOC 100-bed Minimum Security Dorm in Orofino. Mr. Bybee reviewed FY 2025 sources of revenue for the general fund and how FY 2025 appropriations were allocated. He then highlighted the sales tax distribution trends over the three years leading into FY 2025 and expressed that sales tax revenue is expected to be on a downward trend. He then updated the committee on the status of the of the General Fund Rainy Day Fund, the Education Rainy Day Fund, and anticipated FY 2025 ending cash balances compared to FY 2009. He then concluded his presentation.

#### **Office of Performance Evaluations Update**

OPE Director Rakesh Mohan updated the council on the status of the Luma evaluation with a report expected to be issued in October. He also updated the council on upcoming projects on the Idaho Residential Care Programs for Children and Youth, and K-12 Education Funding. Mr. Mohan briefly went over the structure and different components of the Luma project he then concluded his presentation.

Mr. Mohan took the opportunity to express his gratitude for the opportunity of serving the Legislature for 21 years. Speaker Moyle congratulated Mr. Mohan on his retirement and thanked him for his service to the Legislature. Senator Wintrow expressed gratitude on the behalf of herself and representative Pickett as Co-Chairs of JLOC for his hard work and shared logistical details of his retirement party.

Senator Wintrow updated the committee on the transition of leadership for OPE. Representative Pickett and herself chose to appoint Ryan Langrill at the Interim Director of OPE until Legislative Council can conduct a national search for the position.

**Senator Wintrow made a motion to appoint Ryan Langrill as the Office of Performance and Evaluation Interim Director beginning July 1, 2024, with a temporary increase of 5 percent in salary while serving in this capacity and continuing until legislative council has selected a permanent director; Pro Tem Winder seconded the motion, and the motion passed by voice vote.**

#### **HJR 5 – Approval of Statement of Meaning & Purpose and Arguments Pro & Con (Tab 2) Continued**

Research and Legislation Division Manager Matt Drake went over the amended draft requested by Speaker Moyle that incorporated the council's initial feedback. The council discussed the new draft and pointed out a double negative within the draft that caused confusion and verbiage that could be changed to increase accuracy of a statement.

Senator Anthon motioned to strike out the word “will” and insert the word “should” in line 4 of the amended statement of the purposed draft presented by Mr. Drake; Pro Tem Winder seconded the motion.

Representative Rubel proposed a substitute motion that in addition to Senator Anthon's amendment, she motioned to strike out the word “covers” and substitute with “historically has covered”; Senator Wintrow seconded the substitute motion, and the motion failed by voice vote.

The council returned to the original motion of striking out the word “will” and insert the word “should” in line 4 of the amended statement of the purposed draft presented by Mr. Drake and the motion passed by voice vote.

The council returned to the topic of the double negative in the draft currently presented.

Representative Rubel motioned to amend section 1 of the FOR argument to address a double negative by striking out “because the current language does not” and substituting with “the eligibility to vote in Idaho is because the current language does not explicitly exclude non-citizens from being qualified electors.”; Senator Wintrow seconded the motion.

The council discussed whether continuing to amend the draft would be beneficial. Before taking the motion to a vote, the council consulted with Mr. Drake to make sure the language being presented in the motion would be adequate and not create unintended consequences. Mr. Drake informed the committee that he believed the language proposed was adequate. The Council continued to discuss the merits of continuing with the amended draft or if they should return to the original draft presented by LSO.

Senator Grow made a substitute motion to return to the original draft as presented by LSO before any amendments were made. Representative Monks seconded the motion. Speaker called for a roll call vote and the motion failed.

The Council returned to the original motion, of amending section 1 of the FOR argument to address a double negative by striking out “because the current language does not” and substituting with “the eligibility to vote in Idaho is because the current language does not explicitly exclude non-citizens from being qualified electors.” and the motion passed by voice vote.

Representative Monks motioned to add language to the FOR argument in section 3 saying “non-citizens have attempted to vote in Idaho. Allowing non-citizens to vote in Idaho elections would lead to concerns regarding election integrity and allow for foreign influence in Idaho elections the proposed constitutional amendment will protect the state of Idaho from such issues.”; Senator Anthon seconded the motion, and the motion passed by voice vote.

Representative Rubel motioned to approve the amended draft, motioned failed due a lack of a second.

Senator Wintrow motioned to approve amendments including the amendments within the AGAINST argument. Senator Bernt seconded the motion.

Representative Rubel made a substitute motion to approve the entirety of the of the amended draft as presented with all amendments that have been made and passed by council; Senator Wintrow seconded the motion.

Representative Monks proposed to have a redlined draft typed up by LSO for the council to review before taking a vote on approving the document. The council went at ease until they could see the redlined document. When the council returned, they compared the amended draft to the original draft Mr. Drake and LSO presented.

Representative Monks made an amended substitute motion to approve the original draft as presented by LSO staff at the beginning of the meeting with one amendment to Section 1 of the FOR argument inserting “government” to the ending sentence, so it states: “... do not vote in

any government elections in the State of Idaho.”; Senator Anthon seconded the motion, the motion passed by voice vote

Representative Horman motioned to adjourn the meeting; Pro Tem Winder seconded the motion, the motion passed by voice vote.

Meeting adjourned at 1:18pm.