



# MINUTES

## GOVERNMENT OPERATIONS AND AUDIT COMMITTEE

**Fifth Meeting  
2005 Interim  
Monday, July 18, 2005**

**LCR 1  
State Capitol  
Pierre, South Dakota**

The fifth meeting of the Government Operations and Audit Committee was called to order by Chair Klaudt at 8:05 a.m., July 18, 2005, in the Legislative Conference Room 1, State Capitol Building, Pierre, South Dakota.

A quorum was determined with the following members answering the roll call: Senators Jerry Apa, William Earley, Jason Gant, John Koskan; and, Representatives Michael Buckingham, Ted Klaudt, and Deb Peters.

Staff members present were Mr. Marty Guindon, Auditor General, and Mr. Gary Hoscheid and Mr. Robert Christianson, State Government Audit Managers for the Department of Legislative Audit (DLA). Ms. Sue Cichos, Senior Fiscal Analyst represented the Legislative Research Council.

(NOTE: All referenced documents are on file with the Master Minutes.)

### **Approval of Minutes**

*Senator Gant requested that his name be correctly spelled on page 14 of 15, paragraph three of the June 16<sup>th</sup> 2005 minutes.*

*Representative Buckingham moved, seconded by Representative Peters, subject to the change, the minutes of the June 14, 15 & 16, 2005 meeting be approved. Motion prevailed unanimously on a voice vote.*

### **Internet Crimes Involving Children**

Mr. Larry Long, Attorney General, provided the committee with an overview of internet crimes involving children. Mr. Kevin Thom and Mr. Bill Mickelson from the Division of Criminal Investigation were also present to answer committee questions.

### **Cost Savings**

Mr. Rodger Leonard, State Comptroller, gave the committee an update concerning his activities and associated cost savings to the State of South Dakota.

### **Forestry Fund Reserves**

Mr. Ken Anderson, Department of Game, Fish and Parks provided handouts to the committee concerning the Forestry Fund Reserves (**Documents #1 and #2**) and answered committee questions.

### **Condition Statements**

Condition statements for companies 3016, 3032, 3043, and 3044 were provided by DLA (**Documents #3, #4, #5, and #6**). The committee requested more information be provided the committee regarding

the future plans for expending resources out of company 3016 and 3044 to be provided at the next meeting.

*Senator Apa moved, seconded by Representative Peters that letters be sent requesting more information be provided to the committee regarding the actual and planned disbursement from Companies 3016 and 3044. Motion prevailed unanimously on a voice vote.*

### **Television Stations Provided to Prisoners**

A listing (**Document #7**) of the television stations available on the cable systems that are accessible by prisoners at the various correctional institutions was provided to the committee. Mr. David Schieffer, Department of Corrections, gave the committee an overview of the handout and answered committee questions.

### **Homeland Security Grant Funds**

A handout was provided to the committee (**Document #8**) which provided information concerning the Homeland Security Grant funding by federal grant year. Mr. Gary Hoscheid gave an overview concerning the grant funding, expenditures and obligations of funds. Committee discussion followed.

### **Social Services**

A handout (**Document #9**) which contained the Department of Social Services response to the FY 2004 audit findings was provided to the committee. Ms. Darla Mayer and Ms. Kim Malsam-Rysdon, Department of Social Services, provided the committee with an update of the resolution of the finding pertaining to the Department of Energy Assistance.

### **Military and Veteran's Affairs**

Mr. Gary Hoscheid gave an overview of the handout provided by DLA (**Document #10**) concerning the Department's planned corrective actions to resolve the reported audit deficiencies.

### **Quasi-Governmental Entities and Non Profit Agencies**

A handout was provided by DLA (**Document #11**) concerning external audit requirements relating to quasi-governmental entities.

### **Draft Legislation**

The committee discussed draft legislation (**Document #12**) pertaining to audits of associations of school boards.

The committee requested that representatives from the South Dakota Municipal League, Associated School Boards of South Dakota, and South Dakota Association of County Commissioners, appear before the committee to answer committee questions at the next meeting.

### **Encumbrances FY 2004**

A General Fund Encumbrance listing was provided by DLA (**Document #13**). The committee requested that an update concerning outstanding encumbrances and a year-end reversion listing be provided at the next meeting.

*Senator Apa moved, seconded by Representative Peters that a letter be sent to Mr. Randy Morris requesting that he provide the committee with a listing of all contracts and grant agreements that are currently in effect with the state of South Dakota in which he or organizations for which he is a director, officer or employee have either a direct or indirect interest in the contract or grant agreement. Motion prevailed unanimously on a voice vote.*

### **State Aircraft Purchases**

A handout was provided by DLA (**Document #14**) which described the process followed in reviewing the purchase of the new state executive aircraft. Mr. Gary Hoscheid gave the committee an overview of the process followed and the results of the review.

### **Social Services on Child Protection Services**

Ms. Kim Malsam-Rysdon and Ms. Virgena Wieseler, Department of Social Services, gave the committee an overview of the Child Protection Services policies and procedures, and provided the committee with an update of information requested by the committee from the previous meeting. They also provided the committee with a handout (**Document #15**) on the Foster PRIDE/Adopt PRIDE training program.

### **DOT**

DLA provided the committee with a handout of SDCL's (**Document #16**) related to DOT and a copy of the South Dakota DOT Right of Way Program Manual (**Document #17**). Gary Hoscheid gave an overview and responded to committee questions. The committee requested additional information concerning how other states approach this issue.

### **Division of Insurance**

DLA provided the committee with a summary of information obtained on the Division of Insurance investigations (**Document #18**). The committee requested that representatives from the division be present at the next committee meeting to discuss the Division of Insurance's policies and procedures relating to insurance complaints and investigations. The committee would also take public testimony at the next meeting concerning the Division of Insurance.

### **Future Meetings**

The committee requests that Mr. Paul Kinsman, Commissioner of Bureau of Administration, appear before the committee to provide an update on procurement policies and procedures and to discuss the systems furniture contract for the new Attorney General/DCI building. The next meeting is scheduled for September 12<sup>th</sup> at 8:00 am, in Pierre. There will also be a meeting October 3<sup>rd</sup>, 4<sup>th</sup>, and 5<sup>th</sup>, in Rapid City and Custer.

The committee adjourned the meeting at 2:15 p.m.



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