

# MINUTES

## Government Operations & Audit Committee

Representative Jean Hunhoff, Chair  
Senator Deb Peters, Vice Chair



**Second Meeting, 2018 Interim  
Monday, June 11, 2018**

**Room 362 – State Capitol  
Pierre, South Dakota**

The second meeting of the 2018 Interim Government Operations and Audit Committee (Committee) was called to order by Chair Hunhoff at 8:33 a.m., June 11, 2018, in room 362, State Capitol Building, Pierre, South Dakota.

A quorum was determined with the following members answering the roll call: Representatives Wismer, Steinhauer, Bartels, Anderson, and Hunhoff. Senators Sutton, Greenfield, Cronin and Peters joined by conference call. Senator Tapio joined after roll was called.

Staff members present were Kelly Mikkelsen, IS Audit Manager, Tim Flannery and Bob Christianson, State Government Audit Managers for the Department of Legislative Audit (DLA).

*NOTE: For purpose of continuity, the following minutes are not necessarily in chronological order. The bulleted items below each agenda item are documents sent out by the Committee.*

### **Approval of Minutes**

Representative Anderson moved, seconded by Representative Steinhauer, the minutes of the April 24, 2018 meeting be approved ([Minutes – 04/24/2018](#)). Motion prevailed unanimously on a roll call vote.

### **Item 1 – Department of the Military to discuss performance management indicators**

- [Letter to Department of the Military Doc.2](#)
- [Military Presentation Doc.2a](#)

Timothy Reisch, Adjutant General of the South Dakota National Guard (NG), was present to address the Committee. He discussed the NG's mission, as well as his vision, listed on the [Military Presentation](#) document. General Reisch discussed his priorities and advised they are found on the Adjutant General (TAG) priority card. Priorities have changed over time. He discussed the four lines of effort used to meet TAG priorities.

General Reisch advised that South Dakota competes in the Army Communities of Excellence (ACOE) program that is based on the Baldrige Excellence Framework. Last year they were the overall national winner and won \$100,000. General Reisch explained there are 5,000 national guard units in the nation of which there are 31 superior units. South Dakota has 30 of the 31 superior units in the nation. He discussed their use of a metrics briefing, and reviewed some examples in this report. General Reisch explained that they are a goal oriented, metrics driven organization. He explained that the mission of the NG is evolving and national reliance on the NG is as high as it has ever been.

The NG is working on a formalized mentorship program. General Reisch reviewed the charts on the military presentation and explained the goals. Representative Hunhoff gave suggestions for improving the goals and charts.

Senator Cronin asked if training has changed in anticipation of the various threats in the world. General Reisch stated that the units change the focus of the training in response to these threats and this is built into their strategic plan. He added that the survival of the soldiers is taken very seriously throughout the training process.

Representative Steinhauer asked what the NG was doing regarding suicide prevention. General Reisch explained there is mandatory training for suicide awareness. He stated that for every two-day drill, the staff Sergeant or assistant squad leader is required to talk to every soldier for at least five to ten minutes. During this conversation the leader asks the soldier about their job, family and how the soldier is doing. In addition, there is a suicide intervention person in every unit.

**Item 2 – Department of Veteran Affairs to discuss performance management indicators**

- [Letter to Department of Veteran Affairs Doc.3](#)
- [VA Presentation Doc.3a](#)

Larry Zimmerman, Secretary of the Department of Veteran's Affairs (Department), was present to address the Committee. Mr. Zimmerman discussed the Department's vision and mission. There are over 72,000 veterans in South Dakota. He discussed several recognition operations he was a part of. Education and bringing awareness for those who have served is a major role of the Department. He discussed focusing on three pillars to work towards their vision and goals. The Department uses strategic planning to help care for the veterans and their families. Mr. Zimmerman touched on the Michael J. Fitzmaurice State Veterans Home (MJFSVH). It is a new, state of the art facility used to care for South Dakota veterans.

Mr. Zimmerman explained the various graphs in the VA Presentation and advised paying special attention to the Economic Impact graph. The last pie charts show revenues for the MJFSVH and Mr. Zimmerman advised that \$2.1 million of the State General Fund were reverted back to the State in FY16 and FY17.

Representative Steinhauer suggested linking the pillars to the metrics and asked about their success in customer service. Mr. Zimmerman advised that they meet with the Veteran's Council on a quarterly basis and gain feedback. Representative Hunhoff gave additional suggestions for metrics. Representative Wismer asked about noticed differences since the Department of Veterans Affairs was separated from the Department of the Military. Mr. Zimmerman advised that there has been a greater focus on veterans, as well as an increase in education and awareness, all at a very minimal cost.

**Item 3 – Department of Game, Fish & Parks to discuss the FY17 Single Audit findings and answer Committee questions. The Department of Agriculture to discuss the County Site Analysis Program.**

- [Letter to Game, Fish & Parks Doc.4](#)
- [GF&P audit findings FY17 Doc.4b](#)
- [GF&P Handout Doc.4d](#)
- [Letter to Agriculture Doc.4a](#)
- [Corrective Action Plans Doc.4c](#)

Chris Petersen, the Finance Officer for the Department of Game Fish & Parks (GF&P), was present to address the Committee. Mr. Petersen discussed the two audit findings in the FY17 Single Audit. Finding

number 2017-009 identified a deficiency in internal controls over federal reporting for the Fish and Wildlife Cluster. Mr. Petersen advised their process has been in place for several years, but a more formal process with additional documentation has been implemented. Mr. Petersen advised that the Department of Legislative Audit is comfortable with the new process and believes it will satisfy the requirements.

Finding number 2017-010 identified noncompliance with special provisions of the Fish and Wildlife Cluster. The annual transfer from the Game and Fish fund to the General Fund representing the GF&P's portion of radio communication costs was improperly calculated using budget rather than actual costs. Mr. Petersen advised this was a work in progress and they hope for federal resolution by the end of June 2018. If the calculation method is deemed appropriate, they will continue as is. If not, GF&P will work with the US Game Fish and Wildlife to correct. Senator Peters asked if State statute needed to be changed to be in compliance with the rules. Mr. Petersen advised that he did not believe a change would be needed.

Jeremy Freking, Outreach & Operations Director for the Ag Development Division with the Department of Agriculture, was present to address the Committee. He discussed the County Site Analysis Program and advised that 57 out of 66 counties in South Dakota have voluntarily requested the analysis. Currently, 56 out of 57 analyses have been completed. The final county reports are available on their website at <http://sdda.sd.gov/ag-development/CSAP/default.aspx>. The results of the study cost about \$7,000 and took 4-6 weeks to complete. This program is funded by the Value Added Ag Subfund at no cost to the counties.

Representative Anderson asked if they have tracked any results from the program. Mr. Freking advised that they lack a tracking program, but are reaching out to the counties through an interactive website. Representative Anderson encouraged Mr. Freking to compile result information from county auditors and report back to the Committee. Representative Hunhoff asked what the cost has been for the program. Mr. Freking advised they were allocated \$100,000 per year for four years. They have currently spent \$393,500.

**Item 4 – Department of Education to discuss:**

- **FY17 Single Audit finding and answer Committee questions**
- **The English as a second language program**
- [Letter to Education Doc.5](#)
- [Corrective Action Plans Doc.4c](#)
- [English Learners – Special Education Presentation Doc.5c](#)
- [Education audit finding FY17 Doc.5a](#)
- [English Learners Presentation Doc.5b](#)

Tami Darnall, Director of the Division of Finance and Management with the Department of Education (DOE), was present to address the Committee. The audit finding was due to a lack of written policy over cash management. This relates to the process used to draw down funds from the Federal Government. DOE had policies in place; they were just not able to locate them at the time of the audit. This was due to the folder with policies being moved on the computer. They now all have desk guides with a hard copy of the policies, as well as access to PDF copies. Ms. Darnall advised that the desk guides will be reviewed during new employee orientation and annually with employees.

Ms. Darnall then discussed the English as a second language program. She defined an “English learner” and compared them to special education students. Shannon Malone, Title Programs Administrator with the DOE, was present to address the Committee. She explained that it is a federal requirement for each state to set up its own criteria and an English Learner Workgroup developed the newest criteria for entrance and exit to the program.

Senator Tapio asked how long the program had been in place. Ms. Malone explained that the No Child Left Behind (NCLB) was put in to place in 2001. South Dakota has been participating in Title I and Title III Funding since the inception. Ms. Darnall explained that there were currently 3,952 students that were eligible for the State Aid LEP Adjustment. Ms. Darnall and Ms. Malone explained how the school districts received funding and what they were to use the funds for.

#### **Item 5 – Department of Legislative Audit to discuss local bank accounts**

- [Memo from DLA on local account Doc.6](#)

Bob Christianson, State Government Audit Manager with the Department of Legislative Audit (DLA), was present to address the Committee. He reviewed which State entities had local bank accounts, the balances and where the funds were accounted for in the CAFR. He provided the State statutes and administrative rules regarding the receipt of monies and the procedures authorizing agencies to open local bank accounts. The [Memo](#) also provided a list of all of the approved local bank accounts.

#### **Item 6 – Department of Social Services to discuss:**

- **FY17 Single Audit finding and answer Committee questions**
- **Operational issues at the Human Services Center**
- [Letter to Social Services Doc.7](#)
- [Corrective Action Plans Doc.4c](#)
- [HSC Presentation Doc.7c](#)
- [Social Services audit finding FY17 Doc.7a](#)
- [DSS Audit Response Doc.7b](#)

Laurie Mikkonen, Finance Officer for the Department of Social Services (DSS), was present to address the Committee. She discussed the Single Audit finding for DSS relating to the inadequate controls over subrecipient monitoring of the Aging Cluster (finding number 2017-008). Yvette Thomas, Director of the Division of Long Term Services and Supports (LTSS) within the Department of Human Services (DHS), was present to address the Committee. She provided additional information as to what they were doing and where they were at in the implementation of the corrective action plan. She reviewed the step taken listed in the [DSS Audit Response](#). Representative Hunhoff asked what they thought contributed to the finding. Ms. Thomas advised there was a vacant position and they moved from one location to another and were unable to find documentation that they thought they had.

Amy Iversen-Pollreis, Deputy Secretary of DSS, and Ken Cole, Administrator of the Human Services Center (HSC) with DSS, were present to address the Committee. Mr. Cole provided his background in the human services field. He also provided an overview of HSC and reviewed the three types of treatments provided. Mr. Cole is the fourth Administrator since 2011 and he reviewed the organizational chart for HSC, as well as several HSC Committees.

Mr. Cole provided information about their current full-time equivalent staff numbers, as well as vacancies and turnover rates. Year to date, staff injuries are lower than last year. Representative Anderson asked for additional information about the admissions broken down by treatment, as well as how long they wait to be admitted, or are being admitted to a private facility. Mr. Cole also reviewed several incentives and recruitment tactics they are using to address the staffing vacancies.

**Item 7 – Bureau of Finance and Management to discuss performance management indicators**

- [Letter to BFM Doc.8](#)
- [BFM Performance Indicators Doc.8a](#)

Liza Clark, Chief Financial Officer and Commissioner of the Bureau of Finance and Management (BFM), was present to address the Committee. She reviewed the [BFM Performance Indicators](#) document and discussed the numerous duties performed by BFM. Ms. Clark discussed BFM's six goals and how they are achieving them or what they are doing to reach them. Representative Hunhoff provided suggestions for including measurable metrics.

**Item 8 – Future meeting topics**

The next meeting is scheduled for July 24, 2018. The Committee will plan to review the remaining agencies performance management indicators and the annual report from the South Dakota High School Activities Association.

Representative Steinhauer advised that he would like an update from the Bureau of Human Resources on hiring, outsourcing and pay scales. Representative Wismer advised that she would like more information on property tax valuation and the Ag Land Tax Force.

A motion was made by Representative Steinhauer to adjourn, seconded by Representative Anderson. The motion passed unanimously on a roll call vote.