



MINUTES

GOVERNMENT OPERATIONS AND AUDIT COMMITTEE

**Fifth Meeting
2009 Interim
September 21, 2009**

**Room 413
State Capitol
Pierre, South Dakota**

The fifth meeting of the 2009 Interim Government Operations and Audit Committee was called to order by Chair Peters at 9:00 a.m., September 21, 2009, in LRC Room 413, State Capitol Building, Pierre, South Dakota.

A quorum was determined with the following members answering the roll call: Senators Jean Hunhoff, Craig Tieszen, Julie Bartling, and Jeffrey Haverly; Representatives Deb Peters, Quentin Burg, Paul Dennert, Charles Turbiville, and Kent Juhnke. Senator Julie Bartling was in attendance via phone. Senator Margaret Gillespie was excused.

Staff members present were Mr. Martin L. Guindon, Auditor General, Mr. Bob Christianson, and Mr. Tim Flannery, State Government Audit Managers for the Department of Legislative Audit (DLA).

Approval of Minutes

Representative Turbiville moved, seconded by Representative Juhnke, the minutes of the June 23, 2009 meeting be approved. Motion prevailed unanimously on a voice vote.

Department of Transportation – Audit Findings & Rest Area Policy (Doc's 2, 3)

Mr. Darin Bergquist, Secretary of the Department of Transportation addressed the Committee regarding FY08 audit findings and the steps his department has taken to correct the findings. After Mr. Bergquist's testimony the Committee requested Mr. Bergquist supply an example of a 3rd party billing. Mr. Bergquist also explained the Department's policy on the use of rest areas by non-governmental organizations. At this time only Non-Profit/Church organizations may serve refreshments at rest areas. The organizations may take donations. Organizations may not use the rest area building or facilities. There was also brief discussion on the following topics: Right-of-way weed spraying and mowing, head-to-head one way traffic on twenty-two mile stretch of Interstate 90 between Kimball and Mt. Vernon, and maintenance cost of approaches where county roads meet state highways. There was no further discussion.

Department of Corrections – Juvenile Corrections Monitor Semi-Annual Report (Doc's 4, 5, 6, 14, 15, 19)

Mr. Tim Reisch, Secretary of the Department of Corrections, Mr. Jerry Hofer, Secretary of the Department of Human Services, Mr. John Ellis, Juvenile Corrections Monitor for the Department of Human Services, and Mr. Doug Herrmann, Juvenile Services Director for the Department of Corrections were present to address the Committee. Mr. Ellis reviewed the semi-annual report, detailing a summary of reports listing 10 cases, the allegations, and the investigation outcomes of those 10 cases. The Committee expressed their appreciation for the information provided by the semi-annual report.

Mr. Doug Herrmann handed out Document 19 and reviewed the summary report with the Committee. The Committee requested that further information be included on future reports specifying whether facilities are co-ed or gender specific.

Mr. Tim Flannery reviewed Document 15, the Department of Corrections response to questions regarding out of state placement facilities. There was no further discussion at this time.

Department of Education – Birth to Three Program (Doc's 7, 8)

Mr. Tom Oster, Secretary of the Department of Education, Ms. Susan Sheppick, Director of the Birth to Three Program for the Department of Education, Ms. Tamara Darnall, Finance Officer for the Department of Education, and Ms. Deb Bowman, Secretary of the Department of Social Services were present to address the Committee on the outcome of the administrative review of the Birth to Three program. Mr. Oster testified that a nineteen member workgroup with representation from parents, providers, service coordinators, the Department of Social Services, the Department of Education, and the Birth to Three Interagency Coordinating Council had been chosen to provide input on recommended changes to the program. Mr. Oster reviewed three recommendations that the workgroup compiled (Doc 8). The Committee expressed concerns regarding the following: the Medicaid billing process, what is deemed 'medical necessity' and who makes that determination, the procedure used to discontinue services, and providing services not outlined on an Individualized Family Service Plan (IFSP). Mr. Oster recognized that providers are experiencing a cut in pay due to billing at Medicaid rates. Mr. Oster reiterated that for the Birth to Three program to continue and be successful federal guidelines have to be followed. Mr. Oster offered to provide more information and training to providers in an ongoing attempt to clarify the process. Ms. Darnall reviewed the financial information included within Document 8. The Committee will possibly revisit this topic at a later date.

Department of Social Services – Audit Findings (Doc's 9, 10, 20)

Ms. Deb Bowman, Secretary of the Department of Social Services, and Ms. Brenda Tidball-Zeltinger, Chief Financial Officer for the Department of Social Services addressed the Committee on FY08 audit findings. Ms. Bowman explained the steps taken to assure findings had been corrected and handed out information on the Surveillance & Utilization Review Subsystem (SURS) (Document 20). The Committee requested a detailed breakout of fraud recoveries. There was no further discussion.

Board of Regents – Audit Findings and Midwest Higher Education Compact (Doc's 11, 12)

Dr. Jack Warner, Executive Director for the Board of Regents, Mr. Monte Kramer, Vice-President for Administration for the Board of Regents, and Mary Ellen Garret, Accounting Manager for the Board of Regents addressed the Committee regarding FY08 audit findings. Mr. Kramer testified to accounting staff issues and reiterated the need for an additional 6 FTE accounting positions at the larger universities. Dr. Warner explained some history of the Midwest Higher Education Compact (MEHC). MEHC makes up a twelve state area, of which the Board of Regents has been a member since July 2008. Some of the benefits include: discounted purchases of large scale technology (computers, etc.), taking part in a risk management program, and the opportunity for students/prospective students to utilize a student portal for information. The Committee requested Dr. Warner gather detailed information on potential savings by purchasing through MHEC. This topic may be revisited at a later date.

Legislative Audit – Update on American Recovery and Reinvestment Act

Mr. Marty Guindon, Auditor General for the Department of Legislative Audit updated the Committee on reporting requirements of the American Recovery and Reinvestment Act (ARRA). Mr. Guindon testified that the Bureau of Finance and Management has been proactive in preparing for this reporting process. Mr. Guindon informed the Committee that the Department of Legislative Audit could incur approximately 6,300 additional hours of audit work as a result of ARRA monies. This extra work load would cause a delay in the single audit report for FY2010. Mr. Guindon will continue to update the Committee as developments occur.

Other Fund by Agency (Blue Book) – (Doc 13)

Mr. Bob Christianson reviewed the contents of the Blue Book and explained the fund ranking. The Committee had questions regarding how receipt and expenditure of the ARRA money would be tracked. This topic will be a future agenda item. The Committee members will submit requests for funds of interest they would like to review. The Committee also had some discussion on Boards and Commissions. The Legislative Research Council provided a listing of Boards and Commissions for Committee inspection. This topic may be revisited at a later date.

Encumbrances (Doc 16)

Mr. Flannery reviewed a listing of encumbrances. After inspection of the listing, the Committee asked Mr. Flannery to obtain copies of selected contracts to be reviewed at the next meeting.

Budget Transfers (Doc's 17, 21)

Mr. Terry Miller, Senior Fiscal Analyst for the Legislative Research Council handed out Document 21 which outlined the internal control procedures for processing budget maintenance and budget transfer documents by Bureau of Finance and Management. There was no further discussion.

GOAC Annual Report – Working Draft Copy (Doc 18)

Mr. Flannery reviewed the working draft of the Report of the Government Operations and Audit Committee 2009 that will be presented to the Executive Board in November. This report will be updated after each meeting.

Future Items for Discussion

- Quarterly Encumbrance Report
- Birth to Three – Meeting With Providers
- Blue Book
- Stimulus Update
- Investment Council – Consulting Contract
- MHEC – Midwest Higher Education Compact
- Fire Mitigation – Bio-Fuels
- Driver's License Exam Station Closures

Future Meeting Dates

October 20, 2009.

Representative Turbiville moved, seconded by Representative Juhnke, to adjourn the meeting. Motion prevailed unanimously on a voice vote.

The Committee adjourned the meeting at 3:07 p.m.



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