



August 4, 2017

Mr. Randy Schoenfish  
Schoenfish & Co., Inc.  
105 East Main Street  
Parkston, South Dakota 57366

Dear Mr. Schoenfish:

The Government Operations and Audit Committee has scheduled a meeting for August 29, 2017, in room 362, in the State Capitol Building, to review various issues involving state government.

The Committee requests that you provide written answers to the following questions from Committee members by August 21, 2017 and be present on August 29, 2017 to discuss your answers with the Committee:

1. Was there an engagement letter signed for each of the annual audits you conducted of Mid Central Educational Cooperative?
2. Was a signed management representation letter from Mid Central Educational Cooperative provided to Schoenfish & Co., Inc. for each of the annual audits you conducted?
3. How many employees did Schoenfish & Co., Inc. have over the course of the years the firm conducted the annual audit of Mid Central Educational Cooperative?
4. How many different employees worked on the audit over the course of the years the firm conducted the annual audit of Mid Central Educational Cooperative?
5. Provide a breakdown of the hours spent on each of the annual audits of Mid Central Educational Cooperative.
6. In the audits that you carried out how was the information accessed that you used to base your findings on?
7. What conversations did you have with the South Dakota Department of Education regarding the audit findings for the fiscal years your firm audited Mid Central Educational Cooperative?
8. Was the manner in which the findings of the Mid Central Educational Cooperative audits reported to their authority similar to presentations to other agencies you have completed audits for?
9. Were there any times when you requested information from Mid Central Educational Cooperative for your audit that Mid Central Educational Cooperative could not produce the information your firm requested?
10. Who were your contacts for the information needed in the audit from Mid Central Educational Cooperative?
11. Were there any differences in process or access to information among the audits you completed for Mid Central Educational Cooperative?
12. Were there Board representatives present when you presented your audit findings to Mid Central Educational Cooperative?

13. If they were present did they ask any questions about the findings?
14. Who provided the responses to the recommendations from the audits? Was it only in writing or were there verbal responses?
15. Were the responses to the audit findings typical for agency responses?
16. Were you invited to attend the Mid Central Educational Cooperative board meetings to present your audit report? In the last 5 years, how many times were you invited? If you did attend, did any board members express an interest in any particular part of the audit report?
17. Was the gym constructed at Mr. Westerhuis' home ever a topic of conversation at Mid Central Educational Cooperative? Was it acknowledged as an asset of the GEAR-UP program by board members? By management? By any other employees?
18. How long has Schoenfish and Company conducted audits of Mid Central Educational Cooperative?
19. How many years were you Kyle Schoenfish personally involved with doing the audits and what years were they?
20. What was your response Kyle as an auditor to the discrepancies in the monthly balances shown in Mid Central's financial reports from June 2011 through March 2014?
21. What other irregularities did your audits find in Mid Central's finances that might be related to the improper use of funds that has led to criminal charges for Mid Central personnel?
22. When did you first become aware or suspect in your audits of businesses associated with the Westerhuis's of what SD Attorney General has described as misappropriating "at least" \$1.2 Million from the state and federally funded GEAR UP program?
23. When, to whom, and how did you report these \$1.2 misappropriations?
24. When did you first become aware or suspect what SD Attorney General describes as 17 illegal secret contracts let by Dan Guericke, worth \$3.8 million, that were not lawfully approved?
25. When, to whom, and how did you report these \$3.8 million worth of illegal contracts?
26. When did you first become aware or suspect what SD Attorney General reports was evidence in the Gear Up financial records of over \$300,000 of "...misuse, or misapplication of monies designated for Native Americans and their education." By Stacy Phelps, Dan Guericke, and Stephanie Hubers?
27. When, to whom, and how did you report \$300,000 of "...misuse, or misapplication of monies designated for Native Americans and their education?"
28. Name what specific Schoenfish employees worked on each audit.
29. What specific state and Mid Central personnel did each Schoenfish employee brief or discuss any of the audits with?
30. If Schoenfish auditors or company did not inform the Mid Central Board of the audits, why?
31. Provide a detailed list of any and all items of financial worth received by any member of the Schoenfish accounting, from any person involved with Mid Central Education Cooperative, the US Department of Education, SD Department of Education, or any other federal or state agency or official.

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Please submit your answers to Tim Flannery, Department of Legislative Audit, 427 South Chapelle, Pierre, SD, 57501 by August 21, 2017 so that the information can be sent to all Committee members in advance of the actual meeting date. The meeting is scheduled to begin at 8:00 a.m. on August 29, 2017.

If you have any questions, please contact Tim Flannery with the Department of Legislative Audit at 773-3595.

Sincerely,

A handwritten signature in blue ink that reads "Deb Peters". The signature is written in a cursive style with a large initial "D".

Senator Deb Peters, Chair  
Government Operations and Audit Committee

A handwritten signature in blue ink that reads "Jean Hunhoff". The signature is written in a cursive style with a large initial "J".

Representative Hunhoff, Vice-Chair  
Government Operations and Audit Committee