

MINUTES

Government Operations & Audit Committee

Representative Jean Hunhoff, Chair
Senator Deb Peters, Vice-Chair



Monday, March 26, 2018

Room 362 – State Capitol
Pierre, South Dakota

An organizational meeting of the 2018 Joint Government Operations and Audit Committee (Committee) was called to order by Chair Hunhoff at 8:30 a.m., March 26, 2018, in room 362, State Capitol Building, Pierre, South Dakota.

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

Staff members present were Mr. Martin Guindon, Auditor General and Mr. Tim Flannery, State Government Audit Manager 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.

Item 1 – Set meeting dates for the upcoming interim period

Representative Hunhoff discussed the list of [2018 GOAC topics](#) prepared by the Department of Legislative Audit (DLA). With the known topics, Representative Hunhoff advised that they tentatively meet monthly.

The following dates were scheduled for Committee meetings: April 24th, June 11th, July 24th and August 28th. The Committee will set remaining dates in June or July.

Item 2 – Discuss potential topics for consideration by the Committee

The Committee discussed additional areas to review including: English as a second language, special education, the Board of Technical Education, Governor's Budget Summary and agency collection efforts. Representative Hunhoff urged Committee members to submit specific questions on what they are looking for regarding the topics.

Item 3 – Legislative Audit to provide an update on the status of the fiscal year 2017 Single Audit Report for the State of South Dakota

Tim Flannery, State Government Audit Manager with the Department of Legislative Audit (DLA), advised that the 2017 Single Audit Report, which is combined with the Comprehensive Annual Financial Report (CAFR), is due to be completed on March 29th. Mr. Flannery advised that the Committee has already reviewed findings for the Department of Revenue and the Department of Environment and Natural

Resources at previous Committee meetings. The Committee plans to spend time reviewing the Single Audit at a future meeting date.

Item 4 – Legislative Audit to provide an update on the status of the contract between the Department of Transportation and the independent accounting firm being hired to perform attestation services

Mr. Flannery advised the South Dakota Railroad Board granted the Department of Transportation (DOT) permission to enter into an agreement with an independent public accounting firm. The Department of Legislative Audit (DLA) is working with DOT on the contract and they are in the final stages of negotiation. Mr. Flannery explained that this will cover two years of history and the firm will have one year to complete the agreed-upon procedures engagement. The Railroad Board approved \$25,000 to spend on the agreed-upon procedures engagement. Marty Guindon, Auditor General with the DLA, advised they are encouraging them to include a completeness assertion relating to revenue being reported by the short line operators. He would also like the DOT to have the ability to perform this work themselves on an ongoing basis.

Item 5 – Committee discussion regarding the implementation of Senate Bill 125, 2018 Session

Representative Hunhoff advised that she asked Committee staff to develop a process in response to Senate Bill 125. Tim Flannery explained that they reviewed the bill and have established steps to follow on the [GOAC Subpoena Process](#) draft form. The process was forwarded to the Legislative Research Council for review. Doug Decker, Code Council with the Legislative Research Council, explained what the process would be once the Committee has requested a subpoena. The Committee discussed the format of the form.

A motion was made by Representative Anderson to adjourn, seconded by Representative Bartels. The motion passed on a voice vote.