

MINUTES

Government Operations & Audit Committee

Representative Jean Hunhoff, Chair
Senator Deb Peters, Vice Chair



Sixth Meeting, 2018 Interim
Thursday, October 25, 2018

Room 414 – State Capitol
Pierre, South Dakota

The sixth meeting of the 2018 Interim Government Operations and Audit Committee (Committee) was called to order by Chair Hunhoff at 8:32 a.m., October 25, 2018, in room 414, State Capitol Building, Pierre, South Dakota.

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

Staff members present were Martin Guindon, Auditor General, 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

Senator Greenfield moved, seconded by Senator Peters, the minutes of the September 25, 2018 meeting be approved ([Minutes 9/25/18](#)). Motion prevailed unanimously on a roll call vote.

Item 1 – Department of Public Safety to discuss:

- The State's terrorism preparedness efforts
- Security for the pipeline project
- [Letter to Department of Public Safety Doc.2](#)
- [Letter from Department of Public Safety Doc.2a](#)

Representative Hunhoff advised that they received a written update from the Department of Public Safety. Senator Peters moved, seconded by Senator Greenfield, to forward the letter received from the Department of Public Safety to both the House and Senate State Affairs Committee for their review and follow-up. Motion prevailed unanimously on a roll call vote.

Item 2 – Department of Social Services to discuss the child support collection process

- [Letter to Department of Social Services Doc.3](#)
- [DSS Child Support Collection Process Doc.3a](#)

Nichole Brooks, Assistant Director of the Division of Child Support (DCS) in the Department of Social Services (DSS), was present to address the Committee. She explained the roles of DCS and the services provided. Ms. Brooks discussed the State Disbursement Unit, enforcement measures and the collection process. She provided information on program outcomes, effectiveness and answered Committee questions.

Item 3 – South Dakota Board of Technical Education to present the revised annual accountability report of the Technical Institutes

- [Letter to SDBTE Doc.4](#)
- [SD Board of Technical Education Report Doc.4a](#)

Nick Wendell, Executive Director of the South Dakota Board of Technical Education (SDBTE), was present to address the Committee. Also present for input and questions were Mike Cartney, President of Lake Area Technical Institute, Mark Wilson, President of Mitchell Technical Institute, and Robert Griggs, President of Southeast Technical Institute. Mr. Wendell presented the revised [SDBTE Accountability Report](#) and discussed enrollment, the Dual-Credit program, retention, graduate placement and additional data that was requested by the Committee. Senator Peters moved, seconded by Representative Bartels, to approve the revised annual accountability report. Motion prevailed unanimously on a roll call vote.

Item 4 – Department of Legislative Audit to:

- **Provide trend information for Other Funds**
- **Present the draft GOAC Annual Report**
- [Average Daily Cash to Expenses for Other Funds Doc.5](#)
- [GOAC Draft Annual Report 2018 Doc.5a](#)

Bob Christianson, State Government Audit Manager for the Department of Legislative Audit (DLA), was present to address the Committee. At the request of the Committee, DLA prepared a [report](#) which compared annual expenses to average daily cash balances for Other Fund companies to get a better idea of those companies that need attention and possible increased funding in the future. Pages one through four identify funds that are trending lower, pages five through six show funds trending higher, pages seven through eight are internal service funds and pages nine through ten are funds of Boards and Commissions. The report also reflected Other Fund companies that appeared to have over 100% of their annual expenses accounted for when compared to their average daily cash balances. The Committee discussed various identified funds and will continue to monitor them.

Tim Flannery, State Government Audit Manager for DLA, was present to address the Committee. He provided the [2018 GOAC Draft Annual Report](#) for Committee review. He advised that typically, the Committee authorized the Chair to finalize the Annual Report after today's information has been added. The Chair then signs the report and presents the report at the November 9, 2018 Executive Board meeting. Senator Peters moved, seconded by Representative Anderson, to approve the Annual Report with the additional items from today's meeting included. Motion prevailed unanimously on a roll call vote.

Item 5 – Department of Corrections to present revised performance indicators

- [Letter to Department of Corrections Doc.6](#)
- [DOC Goals Doc.6a](#)

Laurie Feiler, Deputy Secretary of the Department of Corrections (DOC), was present to address the Committee. She presented the revised [DOC Goals](#) report, identifying performance measures and three main goals: safe and secure facilities, effective community supervision and evidence-based practices/rehabilitation. Senator Peters moved, seconded by Senator Greenfield, to approve the DOC's performance indicators report. Motion prevailed unanimously on a roll call vote.

Item 6 – Department of Transportation to provide an update on railroad issues

- [Letter to Department of Transportation](#)

Darin Bergquist, Secretary of the Department of Transportation (DOT), was present to address the Committee. He presented the [re-inspection report](#), dated October 15, 2018, from the Federal Railroad Administration (FRA). The subject of the report stated, “Re-inspection of non-compliance deficiencies noted during the Dakota Southern Railway Company 2018 Multi-discipline Focused Safety Compliance Audit conducted the week of April 30 through May 4, 2018.” The conclusion of the re-inspection report acknowledged the continuous efforts made by the operator to become compliant with Federal Safety Laws and Regulations and the commitment the operator has made to becoming a safer and more efficient railroad. Mr. Bergquist told the Committee that the South Dakota Railroad Board has not yet had an opportunity to review the FRA re-inspection report, but they plan to review it at their November 2018 meeting.

Mr. Bergquist answered numerous Committee questions about the FRA inspection, the nature of the defects and violations noted in the inspection report, and the DOT’s efforts to monitor the State-owned rail line in the future. He stated that a new State inspector has been hired and will be inspecting the State-owned line. In addition, subcommittees of the South Dakota Railroad Board have been assigned specific sections of rail line to complete their own inspections and report back to the full board. The results of their inspections will be included in the meeting minutes of the South Dakota Railroad Board. Mr. Bergquist has asked the FRA to notify the DOT when they will be performing future inspections on State-owned rail lines. The Committee will continue to monitor the oversight of the rail lines.

Item 7 – Public testimony

Dick Huff, former owner of the Dakota Southern rail line, was present to address the Committee. He voiced his concerns with the safety, violations and payment history of the current owners of the Dakota Southern rail line. He also voiced his concerns about past conflicts of interest he had identified.

Item 8 – Future Topics:

- **Review selected Other Funds from the GOAC Blue Book**

Representative Hunhoff asked for suggestions for future meetings. Representative Steinhauer stressed the importance of taking the performance metrics seriously and making a qualitative assessment by the Committee. Representative Bartels suggested asking the policy committees during session to review the performance indicator reports and provide feedback to their agencies.

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