



# **MINUTES**

## **GOVERNMENT OPERATIONS AND AUDIT COMMITTEE**

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**Third Meeting**  
**2003 Interim**  
**September 9, 2003**

**LCR 1 and 2**  
**State Capitol Building**  
**Pierre, South Dakota**

The third meeting of the Government Operations and Audit Committee was called to order by Chair Klautt at 9:00 a.m., September 9, 2003 in the Legislative Conference Room 1 and 2, State Capitol Building, Pierre, South Dakota.

A quorum was determined with the following members answering the roll call: Senators Arnold Brown, Marguerite Kleven and John Koskan; and, Representatives Rebekah Craddock, Margaret Gillespie, Ted Klautt, Gerald Lange and Claire Konold. Senators Garry Moore and J.P. Duniphan were excused.

Staff Members present were Marty Guindon, Auditor General and Rich Hornak, State Government Audit Manager representing the Department of Legislative Audit; and, Annie Mertz, Principal Fiscal Analyst represented the Legislative Research Council.

### **Approval of Minutes**

Senator Koskan moved, seconded by Senator Brown, that the minutes of the July 30, 2003, meeting be approved. Motion prevailed unanimously on a voice vote.

### **Review Department of Education Fiscal Year 2002 Encumbrances and Consulting Contracts**

Dr. Rick Melmer, Secretary, Mr. Stacey Krusemark, Director, Office of Finance and Management and Mr. Dan Prue, Grants Management Administrator from the Department of Education, testified before the committee regarding FY 2002 encumbrances and consulting contracts over \$100,000.

### **Office of Procurement Management Report on all space management leases**

Paul Kinsman, Commissioner, Bureau of Administration, provided the committee with an overview on the progress of the Office of Procurement Management and a review of all space management leases. A handout of all leases was provided to the committee. The committee directed the Department of Legislative Audit to provide a list of officers of companies leasing space to the State.

### **State Comptroller**

Rodger Leonard, State Comptroller provided the committee with an overview of the functions he performs as Comptroller for the State of South Dakota. He provided the committee with some examples of money saving procedures he has performed. Some procedures involved consolidation of contracts.

## **Review Update to Fiscal Year 2004 encumbrances**

A handout of the fiscal year 2004 contract encumbrances and related expenditures was provided to the committee. Rich Hornak provided an overview of Fiscal Year 2004 encumbrances.

## **State Auditor Update**

Rich Sattgast, State Auditor, gave an update to the committee concerning consulting contract administration and state accounting system issues. Mr. Sattgast informed the committee that he continues to update guidelines used to review contracts and accounting controls related to contract payments. A copy of contract guidelines developed by the State Auditor and Office of Risk Management was provided to the committee.

## **Review of Juvenile Corrections**

The Committee heard testimony from John Ellis, the Juvenile Corrections Monitor (JCM), a position created by SB141 in the 2000 Legislative session. He presented his semi-annual report detailing the complaints received at the state owned juvenile corrections facilities. The JCM must immediately notify the Governor, Department of Corrections Secretary, and the Government Operations and Audit Committee in writing of any substantiated abuse or neglect. From January 1 through June 30, 2003, the JCM received 145 complaints from students, parents, and other interested parties. Of the 145 complaints, only five resulted in a full investigative report. The monitor could not substantiate either abuse or neglect in any of the five cases.

## **Reports**

The Committee discussed the form of communication they should have with the agency summer study committees, appropriations committee and the executive board regarding committee activity. The committee directed the Department of Legislative Audit to draft a report to the appropriations committee and agency summer study committees identifying the review of contracts. The report to the executive board should consist of the previously referenced reports plus all other actions taken by the committee.

The next meeting of the committee will be a teleconference meeting to be held on October 15, at 9:00 a.m.

The committee adjourned at 4:14 p.m.



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