



MINUTES

GOVERNMENT OPERATIONS AND AUDIT COMMITTEE

**First Meeting
2004 Interim**

**LCR 1
January 12, 2004**

The first meeting of the Government Operations and Audit Committee was called to order by Chair Klaudt at 1:00 p.m., January 12, 2004 in the Legislative Conference Room 1, State Capitol Building, Pierre, South Dakota.

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

Staff Members present were Marty Guindon, Auditor General and Rich Hornak and Gary Hoscheid, State Government Audit Managers. Annie Mehlhaff, Principal Fiscal Analyst represented the Legislative Research Council.

Approval of Minutes

Senator Duniphan moved, seconded by Representative Craddock that the minutes of the November 18th & 19th meeting be approved subject to amending the date under the comptroller paragraph from 1995 to 2005. Motion prevailed unanimously on a voice vote.

Encumbrance Update

Rich Hornak provided an update on the fiscal year 2003 encumbrances. A handout was provided by the Department of Legislative Audit. Stacy Krusemark provided an overview of the fiscal year 2003 encumbrances for the Department of Education.

Update on Bernie Opland Issue

Rich Hornak provided the committee with a summary of documentation received from Tom Dravland, Secretary of the Department of Public Safety regarding his research of work performed by Bernie Opland on the Spencer tornado cleanup. Senator Moore recommended that Mr. Opland be contacted and informed that the committee has reviewed the issue and that no further action will be taken.

Representative Craddock moved, seconded by Senator Brown that the committee send a letter to Mr. Opland stating that the committee would not take further action regarding his participation in the Spencer tornado cleanup. Motion prevailed unanimously on a voice vote.

Cellular Phones in State Government

Rich Hornak provided an overview of cellular phones provided to state employees. He informed the committee that approximately \$750,000 was expended for cell phone services in FY 2003. The committee expressed concern that the state did not have a formal policy on cell phone usage. The committee directed the Department of Legislative Audit to conduct a review of cell phone usage at the following state agencies: Black Hills State University; Bureau of Administration; South Dakota State University; Department of Agriculture; and, Game Fish and Parks.

State Fair Financial Status

Gary Hoscheid gave an overview of the financial status of the State Fair. A handout was provided by the Department of Legislative Audit. The committee agreed to have Secretary Gabriel come before the committee to discuss State Fair funding.

South Dakota School of Mines and Technology - Presidents Residence Lease

Gary Hoscheid gave an overview of the lease agreement for the School of Mines and Technology president's residence. Dr. Robert T. "Tad" Perry, Executive Director of the Board of Regents testified that the former president was provided \$25,000 per year for a housing allowance. A residence was purchased by the School of Mines and Technology Foundation for the new President. The residence is leased by the Board of Regents from the foundation. Representative Klaudt requested that Dr. Perry provide the committee with the compensation packages provided to each university President. The committee also requested that Dr. Perry provide a copy of all contracts with foundations relating to all types of real property.

Dakota State University - Business and Education Institute

Gary Hoscheid provided an overview of the activities of the Business and Education Institute (BEI). Dr. Perry and Michele Anderson from the Board of Regents responded to committee questions. Ms. Anderson informed the committee that the BEI did not have a current business plan. Dr Perry indicated that the Board or Regents directed the BEI to develop a business plan.

Other Committee Business

Senator Duniphan requested that the Department of Legislative Audit provide the committee with information on the VOITIS Grant funds. Representative Cradduck requested that the Department of Legislative Audit provide the committee with information on Homeland Security funds. The information requested is the amount of grant funding expended and what the money was spent on. The information should cover fiscal year 2003 and July 1, 2003 through December 31, 2003.

Representative Duniphan requested that the Department of Legislative Audit provide the committee with information on the Department of Tourism annual conference. The information requested is the funding sources for the conference and conference advertising.

The committee adjourned the meeting at 3:45pm.



All Legislative Research Council committee minutes and agendas are available at the South Dakota Legislature's homepage: <http://legis.state.sd.us>. Subscribe to receive electronic notification of meeting schedules and the availability of agendas and minutes at **My LRC** (<http://legis.state.sd.us/mylrc/index.cfm>).