



MINUTES

GOVERNMENT OPERATIONS AND AUDIT COMMITTEE

**Third Meeting
2003 Interim**

**Conference call
October 15, 2003**

The fourth meeting of the Government Operations and Audit Committee was called to order by Chair Klaudt at 11:00 a.m., October 15, 2003.

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

Staff Members on the call 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 Brown moved, seconded by Senator Koskan, that the minutes of the September 9, 2003, meeting be approved. Motion prevailed unanimously on a roll call vote, with 7 ayes. Members voting aye: Brown, Craddock, Duniphan, Klaudt, Konold Koskan, and Lange.

Review letters to the Department of Corrections and Department of Social Services Agency Review Committees

Representative Craddock moved, seconded by Senator Duniphan, that the last sentence of the third paragraph be amended to read as follows: GOAC does not believe that a formal bid process is necessary in all cases. Competition could be in the form of companies submitting proposals and the selection of the contractor without requiring a formal bidding process. GOAC does believe that competition is essential in ensuring that the State receives good value for its dollar. Motion prevailed unanimously on a roll call vote, with 7 ayes. Members voting aye: Brown, Craddock, Duniphan, Klaudt, Konold Koskan, and Lange.

Representative Craddock moved, seconded by Senator Duniphan, that the letters be approved as amended. Motion prevailed unanimously on a roll call vote, with 7 ayes. Members voting aye: Brown, Craddock, Duniphan, Klaudt, Konold Koskan, and Lange.

Review letter to the Executive Board of the Legislative Research Council

Representative Craddock moved, seconded by Senator Duniphan, that the last sentence of the fourth paragraph be amended to read as follows: GOAC does not believe that a formal bid process is necessary in all cases. Competition could be in the form of companies submitting proposals and the

selection of the contractor without requiring a formal bidding process. GOAC does believe that competition is essential in ensuring that the State receives good value for its dollar. Motion prevailed unanimously on a roll call vote, with 7 ayes. Members voting aye: Brown, Craddock, Duniphan, Klaudt, Konold Koskan, and Lange.

Representative Craddock moved, seconded by Senator Duniphan, that the letter be approved as amended. Motion prevailed unanimously on a roll call vote, with 7 ayes. Members voting aye: Brown, Craddock, Duniphan, Klaudt, Konold Koskan, and Lange.

Review of letter to the Appropriations Committee

Representative Craddock moved, seconded by Senator Brown, that the last sentence of the fifth paragraph be amended to read as follows: GOAC does not believe that a formal bid process is necessary in all cases. Competition could be in the form of companies submitting proposals and the selection of the contractor without requiring a formal bidding process. GOAC does believe that competition is essential in ensuring that the State receives good value for its dollar. Motion prevailed unanimously on a roll call vote, with 7 ayes. Members voting aye: Brown, Craddock, Duniphan, Klaudt, Konold Koskan, and Lange.

Representative Craddock moved, seconded by Senator Brown, that the letters be approved as amended. Motion prevailed unanimously on a roll call vote, with 7 ayes. Members voting aye: Brown, Craddock, Duniphan, Klaudt, Konold Koskan, and Lange.

Review letters to the Bureau of Information and Telecommunications, Department of Corrections, Department of Education and Department of Social Services

Representative Craddock moved, seconded by Senator Duniphan, that the last sentence of the second paragraph be amended to read as follows: GOAC does not believe that a formal bid process is necessary in all cases. Competition could be in the form of companies submitting proposals and the selection of the contractor without requiring a formal bidding process. GOAC does believe that competition is essential in ensuring that the State receives good value for its dollar. Motion prevailed unanimously on a roll call vote, with 7 ayes. Members voting aye: Brown, Craddock, Duniphan, Klaudt, Konold Koskan, and Lange.

Representative Craddock moved, seconded by Senator Duniphan, that the letter be approved as amended. Motion prevailed unanimously on a roll call vote, with 7 ayes. Members voting aye: Brown, Craddock, Duniphan, Klaudt, Konold Koskan, and Lange.

Review of Committee Annual Report

Representative Craddock moved, seconded by Senator Duniphan, that the last sentence of the second paragraph on page four be amended by adding the follow sentence: GOAC does believe that competition is essential in ensuring that the State receives good value for its dollar. Motion prevailed unanimously on a roll call vote, with 7 ayes. Members voting aye: Brown, Craddock, Duniphan, Klaudt, Konold Koskan, and Lange.

Representative Craddock moved, seconded by Senator Koskan, that the letter be approved as amended. Motion prevailed unanimously on a roll call vote, with 7 ayes. Members voting aye: Brown, Craddock, Duniphan, Klaudt, Konold Koskan, and Lange.

Review of space lease contractors

The list of space lease contractors contained many contractors that were not on file or the contractor's officers were not on file at the Secretary of State's office. Responding to questions, Mr. Hornak stated that domestic and foreign corporations, limited liability companies, limited liability partnerships are required to file. Partnerships and sole proprietorships are not required to file.

The committee directed that Department of Legislative Audit determine why some limited liability corporations were not registered and why the officers of some limited liability corporations and partnerships were not on file.

The committee also requested that the Legislative Research Council attorneys research the possibility of requiring contracts to include the name(s) of individuals having substantial interest in the contracting organization or require a list of all officers of the contracting organizations. The results of this research should be presented to the committee at its next meeting.

New Topics

The committee directed the Department of Legislative Audit to document the process in effect for the past three years of approving contractors working on the Tank Removal Program and to review the approval and payment process for work completed. The committee is interested in the number of contracts that were cancelled in the last three years relating to this program. The committee recommended that a representative of the Department of Environment and Natural Resources attend the next meeting to provide an overview of the current program.

The committee would like Paul Kinsman, Commissioner of the Bureau of Administration to attend the next meeting to discuss any new developments regarding the Office of Procurement Management and contract management. The committee is interested in any proposed legislation relating to consulting contracts.

The next meeting of the committee will be scheduled in November, when the Executive Board of the Legislative Research Council is scheduled to meet.

The committee adjourned at 12:00 p.m.



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>).