

**REPORT OF THE**  
**GOVERNMENT OPERATIONS AND AUDIT COMMITTEE**  
**2008**

**YELLOW = This area will need to be updated with information once available/finalized**

**Green = This area was updated as a result of the latest GOAC meeting.**

**COMMITTEE MEMBERS**

**Senator Jason M. Gant, Chair**  
**Representative Deb Peters, Vice Chair**

**Representative Michael Buckingham**  
**Representative Margaret V. Gillespie**  
**Representative Garry A. Moore**  
**Representative Larry Tidemann**

**Senator Jerry Apa**  
**Senator Scott N. Heidepriem**  
**Senator Jean M. Hunhoff**  
**Senator Dan Sutton**

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## **Executive Summary**

### **Committee Responsibilities**

The ten member statutorily created Government Operations and Audit Committee's responsibilities include inquiry and review of any phase of the operations and fiscal affairs of any department, institution, board or agency of the state and the review of operations of the state's correctional system including review of abuse or neglect in juvenile correction facilities.

### **Committee Activities**

During the interim, the Committee was very active in reviewing:

- cash and accumulated fund balances of "Other Funds"
- juvenile correction monitor reports
- reports of alleged abuse or neglect of juveniles in private placement facilities
- audit findings included in the Statewide Single Audit
- obsolete, inconsistent or unnecessary statutes concerning "Other Funds"
- numerous miscellaneous areas and concerns raised by current events or individual members of the Committee

### **Review of Cash Balances of Various State "Other" Funds**

The Committee completed its review of cash balances and accumulated fund balances of the various "Other Funds" of the State of South Dakota.

### **Juvenile Corrections Issues and Reports**

The Committee reviewed the semi-annual Juvenile Corrections Monitor Reports as well as any reports on substantiated cases of abuse or neglect involving juveniles in the custody and care of the Department of Corrections. The Committee also received and reviewed semi-annual reports on Alleged Abuse and Neglect of Juveniles in Private Contracted Facilities. The Springfield Correctional Facility was toured by the Committee.

### **Review of Audit Findings and Reports**

The Committee requested four agencies to appear before the Committee and respond to their respective audit findings. Corrective action included:

- hiring staff with the needed expertise for the necessary function
- agreement to improve internal control over administering various aspects of external financial reporting

An prior audit finding concerning a fee increase approved by a professional and occupational licensing board without going through Legislative Rules Review Committee and the Administrative Procedures Act as required by statute lead to an expanded review of all boards and commissions. The statutory construction of fee establishment and setting of maximums allowed for a fee within statute were inconsistent between the various boards and commissions. An omnibus bill was passed during the 2008 Legislative session but excluded the Electrical Commission and the Board of Technical Professions. The Committee requested the Electrical Commission and the Board of Technical Professions prepare draft legislation to be introduced during the 2009 legislative session to bring consistency and uniformity to these entities as well.

The Department of XYZ's fiscal year 2008 audit findings were reviewed with the Committee. The Committee asked that the Department of XYZ appear at the December 2008 meeting to respond to questions and concerns relating to the department's audit findings.

### **General Fund Contract Encumbrances**

The Committee continued to review encumbrances at fiscal year end given issues raised in previous years. Agencies with encumbrances of interest were asked to appear and explain what the encumbrance was and why it was necessary to be carried over.

### **Review of Specific Matters Pertaining to Various State Agencies**

Other areas addressed by the Committee included:

- New leases entered into by the Board of Regents
- Department of Social Services Constituent Liaison activities
- Contractual services expenditures for departments under Agency Sunset Review
- Effect of rate decrease on the Future Fund
- Status report on State Comptroller activities
- The progress and status of the Medicaid Management Information System Project
- Aircraft donation by SD Corn Utilization Council
- Interest rates established for the various Loan programs of the State
- Catastrophic County Poor Relief Fund
- Provisions relating to the promulgation of laws and rules for setting various fees for professional and occupational licensing boards and commissions, including passage of legislation to bring uniformity and consistency to this process
- Historical trend of General Fund Appropriations involving Higher Education
- Historical information on revenues and expenditures concerning the employee spending accounts
- Continuation of the Classroom Connections Laptop Computer program
- Establishment and operations of State Auditor-State Treasurer approved local checking accounts

- Status of the renovation of the State Library and future operating plans including FTE levels
- Department of Revenue and Regulation Tax Relief Fund process and revenue collections to date
- Licensure issues involving the SD Electrical Commission
- Transitional issues involving the brand inspection program and Feasibility Study
- Northern State University – International Business Institute
- South Dakota Science and Technology Authority
- The Committee going to a paperless environment
- Future Fund expenditures for FY 2008
- Reciprocity/Endorsement agreements relating to each of the Professional and Occupational Licensing Boards and Commissions

## **Committee Responsibilities**

The Government Operations and Audit Committee was established by South Dakota Codified Laws (SDCL) 2-6-2. The Committee is appointed at each regular session of the Legislature. The Committee consists of ten members, five members from the Senate appointed by the President Pro Tempore of the Senate, one of whom shall be a member of the Judiciary Committee and five members from the House appointed by the Speaker of the House, one of whom shall be a member of the Judiciary Committee.

The responsibilities of the Committee are:

- To inquire and review any phase of the operations and the fiscal affairs of any department, institution, board or agency of the state;
- To examine records and vouchers, summon witnesses, examine expenditures and the general management of departments, as deemed necessary;
- To review any findings of abuse or neglect in a juvenile corrections facility;
- To make a continuing study of the operation of the state's correctional system; and,
- To make a detailed report to the Senate and House of Representatives and submit a copy of its report to the Appropriations Committee of each House of the Legislature at the next succeeding session of the Legislature or any special session of the Legislature upon request of the body.

## **Committee Activity**

The Committee conducted the following review activities during 2008:

- Audit reports issued including the Statewide Single Audit
- General Fund contract encumbrances
- Specific matters pertaining to various state agencies
- Juvenile Corrections Monitor Reports and activities
- Cash balances of various state funds

## **Reviewed Audit Reports**

The Committee reviewed the South Dakota Single Audit Report for the fiscal year ended June 30, 2007 **and separately issued audit reports issued during 2008**. The following summarizes the actions that were taken by the Committee.

Financial and compliance audits involve testing financial transactions of the state to determine that all money is properly accounted for and expended in accordance with state and federal laws and regulations. All audits conducted of state agencies were consolidated and reported in the Single Audit Report. The Single Audit Report includes

the Comprehensive Annual Financial Report for the State of South Dakota prepared by the Bureau of Finance and Management, a schedule showing the federal awards administered by the state and related expenditures, and audit findings and recommendations issued by the Department of Legislative Audit.

The Single Audit Report was issued in accordance with Auditing Standards Generally Accepted in the United States of America, Government Auditing Standards issued by Comptroller General of the United States and South Dakota Codified Laws. A copy of this report may be obtained from the Department of Legislative Audit.

The Committee reviewed financial reporting, internal control and compliance deficiencies written on twenty-one (21) state organizations, containing fifty-eight (58) recommendations for corrective action. Four (4) recommendations related to violations of state laws and regulations; twenty-one (21) recommendations related to violations of federal laws and regulations; one (1) recommendation related to violations of both state and federal laws and regulations; and, thirty-two (32) recommendations related to inadequate internal control procedures over receipts, revenue collections, expenditures and financial reporting.

The following represents the state agencies with audit findings and recommendations from fiscal years 2007 and 2006 and the implementation of fiscal year 2006 audit recommendations:

State Agency	Recommendations		
	Fiscal Year 2007	Fiscal Year 2006	FY2006 Implemented
Bureau of Finance and Management	2	1	1
Bureau of Administration	1	0	N/A
Department of Revenue and Regulation	1	1	0
Department of Agriculture	3	0	N/A
South Dakota Corn Utilization Council	2	0	N/A
Economic Development Finance Authority	1	0	N/A
Department of Tourism and State Development	2	0	N/A
Science and Technology Authority	5	0	N/A
Board of Regents	3	1	1
University of South Dakota	1	0	N/A
South Dakota State University	1	0	N/A
South Dakota School of Mines and Technology	4	0	N/A
Department of Education	2	3	1
Department of Health	3	2	2
Board of Medical and Osteopathic Examiners	1	0	N/A
Department of Labor	4	0	N/A
Department of Public Safety	0	1	1
Department of Transportation	14	1	1
Department of Social Services	5	5	3
School and Public Lands	2	0	N/A
South Dakota Housing Development Authority	1	0	N/A
N/A This agency did not have any FY 2006 audit recommendations.			

The Committee sent letters to state agencies with audit findings and encouraged the state agencies to implement the audit recommendations. The Committee requested state agencies to provide written reports to the Committee on the status of actions taken to implement the audit recommendations. Four state agencies with audit findings were asked to appear before the Committee to discuss the audit findings. The Committee continues to monitor the responses and corrective actions taken by state agencies.

#### Department of Transportation

The Department of Transportation appeared before the Committee to respond to Committee questions regarding the department's policies and procedures established for third party billing and associated accounts receivable. The Department explained actions taken already to resolve the issues raised by the audit findings. The Committee will continue to monitor this progress.

#### South Dakota Board of Regents

The South Dakota Board of Regents appeared before the Committee to respond to questions concerning the audit findings relating to each respective university or central office. The Committee requested the Board provide the Committee with its proposed action plan and time line established by the Board to improve the external financial statement reporting process and timeliness of the report preparation including progress made to date. The Committee also desired a cost report on the total costs incurred to implement the new Banner accounting system to date including projected future costs that includes maintenance costs of the system. The Board appeared again before the Committee and provided the proposed time line for preparing financial reports and the costs data on the new accounting system. The Committee was informed that the Board would be including in its 2010 budget request as request for an additional 10 FTE's and funding to obtain the necessary manpower to improve the external financial reporting process. The Board also provided the Committee with information and answered Committee questions concerning the South Dakota State University Research Park and associated leases.

#### Bureau of Finance and Management

The Bureau of Finance and Management appeared before the Committee to discuss an audit finding relating to the Bureau's proposed action plan and time line established to improve the external financial statement reporting process and timeliness of the report. Also provided to the Committee was a progress report on hiring new accounting analysts and their respective roles. No further action was deemed necessary by the Committee.

#### Department of Revenue and Regulation

The Department of Revenue and Regulation appeared before the Committee to discuss the repeat audit finding which related to not properly calculating and collecting interest on late payments of bank franchise/bank cards taxes. The Department explained

actions taken to resolve the issue. No further action was deemed necessary by the Committee.

### Department of Agriculture

The Committee requested an update on the June 30, 2008 cash balance of the Department's indirect cost fund that was report to be in violation of state statute in FY 2007. The update was provide by DLA to the Committee and no further action was deemed necessary.

### Fiscal Year 2008 Audit Findings Issued by DLA

The Committee reviewed audit comments issued for the fiscal year ended June 30, 2008 involving the Department of XYZ. This continues to be an agenda item and the Department of XYZ has been requested to appear before the Committee at the December meeting to address concerns raised as a result of the audit findings.

### **Reviewed General Fund Contract Encumbrances**

This area continues to be an on going agenda item of Committee interest. In prior years, issues were identified concerning how General Fund appropriations were being carried over from one fiscal year to the next by inappropriate means. The Committee decided that encumbrances should be reviewed periodically to identify potential issues on a timelier basis. The Committee decided that quarterly updates concerning encumbrances would be adequate.

The Committee reviewed the General Fund contract carryovers that were in effect during fiscal year 2008. The General Fund contract encumbrances include contract carryovers totaling \$16,895,923.64.

The Committee reviewed the General Fund contract encumbrances that are in effect during fiscal year 2009. The General Fund contract encumbrances included 94 contract carryovers totaling \$13,608,131.90. This continues to be an ongoing agenda item for the Committee.

### **Reviewed Specific Matters Pertaining to Various State Agencies**

#### Department of Social Services – Constituent Liaison

In the summer of 2005, the Committee had conducted public hearings concerning issues surrounding foster children in the care of the Department of Social Services, Division of Child Protection Services and its handling of cases. The Constituent Liaison position was created to provide an independent source of information and explanation of services provided by the Department and to receive complaints from the public about services. The Committee requested that the department provide periodic updates on the progress being made and the types of activities and complaints being handled by the Constituent Liaison.

The Department of Social Services (DOSS) provided the Committee with an update on the activities of the Constituent Liaison since the positions inception including any feedback received by the Department concerning this newly created position. The Secretary of the Department of Social Services agreed to provide the Committee with an annual report on the results of the activities relating to the Constituent Liaison and any actions taken. The Committee reviewed the annual report from the Constituent Liaison and discussed several issues. The Department provided the Committee with brochure available at all DOSS offices explaining the Constituent Liaison services.

### Contractual Services Expenditure

In prior years, the Committee requested contractual services expenditure information to gather insight into the operations of various state agencies including such things as hiring of consultants versus hiring additional FTE's and in-state versus out-of state contractors. This information was considered useful for the Agency Sunset Review Committees and copies of the reports were provided to those Committees.

### Department of Tourism and State Development – Contract Review

The Committee requested a listing of all contractual services expenditures incurred by the Department of Tourism and State Development during FY 2008 which was reviewed by the Committee. This information was then provided to the Department of Tourism and State Development Agency Review Committees. The GOAC Committee requested further information on the Kelly Services, Bockorny Group, and the Lawrence & Schiller Inc. contracts including a breakdown of the expenditures and nature of services to be provided. This information was received and the Committee requested further clarification from the Department regarding the Lawrence & Schiller contract.

The Committee requested an update on the Future Fund expenditures for FY2008. This information was provided to the Committee resulting in the Committee requesting further clarification from the Department on the \$1.55 million grant to Eagle Creek Software to locate in Pierre.

### South Dakota Department of Game, Fish and Parks – Contract Review

The Committee requested a listing of all contractual services expenditures incurred by the South Dakota Department of Game, Fish and Parks during FY2008. This information was then provided to the South Dakota Department of Game, Fish and Parks Agency Review Committee. The Committee requested further information on the Bockorny Group contract including a breakdown of the expenditures and nature of services to be provided. No further action was deemed necessary by the Committee.

### South Dakota Board of Regents

Several years ago, DLA identified a lease that was a less than arms length transaction involving a related party. As a result of this situation, an agreement was reached with the Legislative leadership that the Board would provide a quarterly report of all new

leased entered by the various higher education institutions and Board of Regents central office for review. Additional issues have been identified with leases entered into by the Board of Regents in subsequent years.

The Committee reviewed the All New Leases Signed quarterly reports of the Board of Regents Higher Education. No further action was deemed necessary at this time.

#### Northern State University and the International Business Institute

The Committee requested information from the University concerning the Institute's nature and purpose; work performed; who has oversight and responsibility over the Institute and its employees; its organizational structure; the number of job opportunities created as a result of its activities since its creation; a recap of the funding sources utilized by the Institute since its inception to fund its operations; and, the economic impact the Institute and its activities has had on the State since its inception. The Committee received this information but requested additional information concerning who makes the decisions on which projects to invest in and how much to invest. The Committee also requested profit/loss statements for the last three years in reference to the annual International Business Conference they sponsor.

#### Science and Technology Authority

The Committee requested that a letter be sent to the Authority requesting an update on the progress made in hiring a Chief Financial Officer. The Committee received the requested information and requested additional information be provided concerning staffing and salary levels by position. Staffing and salary levels by position was provided to the Committee and no further action was deemed necessary at this time.

#### Office of Attorney General

The Attorney General was asked to provide the Committee with the number of back ground checks conducted on behalf of local law enforcement. The Attorney General supplied the Committee with this information. No further action was deemed necessary at this time.

#### Governor's Office and Department of Education

The Committee requested information surrounding the continuation of the Governor's Classroom Connection Project into FY 2009 and the prior and future spending of various funding sources for this program. The Committee requested a report detailing the FY07 and FY08 e-rate revenue collections and associated expenditures along with the month end cash balances of the e-rate funding. The Committee was provided a report containing the requested information and took no further action.

The Committee requested copies of the annual evaluation report concerning the effects of the Classroom Connection Project. The Department provided the Committee with the first year of the project report and answered Committee questions. This subject will continue to be an agenda item for future Committee meetings.

The Committee requested the Department provide an update on the Birth to Three Program and the implications of the fee reductions on the various service providers. Public testimony from various service providers was received by the Committee and the Committee requested that the Department provide the Committee with its quality assurance policies and procedures. This continues to be an ongoing agenda item.

#### Governor's Office

The State Comptroller provided the Committee with a written report on the status of progress being made on the implementation of a new Medicaid computer system. The Committee requested that the Comptroller appear again before the Committee to provide the Committee an update on progress being made. The Comptroller appeared at the July meeting and updated the Committee on the MMIS system. The Comptroller informed the Committee that he was the project director and has been heavily involved in this matter for several years already. This continues to be an ongoing agenda item.

#### State Brand Board

The Committee requested that the Brand Board appear before the Committee to provide an update on the transition from the SD Stockgrowers performing the brand inspections to the Brand Board performing the brand inspections. The Committee also requested that the Board appear to discuss with the Committee the feasibility study performed on transitioning the brand inspection program into a state program. The Board appeared before the Committee and responded to Committee questions. No further action was deemed necessary by the Committee.

#### Department of Education

The Committee requested a written report on the status of the State Library FTE's, the continued need for the FTE's, and the future plans for utilizing all the FTE's authorized by the General Appropriation Bill be provided to the Committee. The Committee received the report and took no further action.

#### Department of Labor

The Committee requested and received an updated report on what effects of the rate decrease approved by the Legislature had on the Future Fund. The Committee requested that the Department supply the Committee with a quarterly report on the total collection, amount charged for administrative purposes and the actual amount transferred to the Future Fund on a quarterly basis.

#### South Dakota Electrical Commission

The Committee requested that the Commission appear before the Committee twice to address concerns surrounding reciprocity with North Dakota and issues involving apprentice and journeyman's licenses. The Administrator responsible for the professional boards and commissions attached to the Department of Labor also attended a meeting and responded to Committee questions and concerns. He assured the Committee that he also had similar questions and shared the same concerns as the Committee. The Administrator indicated that action would be taken and the various

issues and concerns would be looked into and appropriate corrective action taken to resolve the matters. The Committee requested additional information from the Commission concerning licensure issues and applicable supporting documentation. This information was provided and is being reviewed by a Committee member to report back to the Committee as a whole. The Committee requested that the Department of Labor appear again to provide the Committee with an update on the corrective actions taken and issues remaining. This continues to be an ongoing agenda item.

#### South Dakota Board of Medical and Osteopathic Examiners

The Committee requested an update on the rationale for changing the licensure period for physicians' assistants. The Committee desired an explanation on why refunds were not provided since the license period was shortened. The Committee directed that a letter be sent to the Board requesting that the Board prepare a letter which would be sent to all physicians' assistants in the state explaining the recent change in licensure periods and explaining what occurred and the resulting over charge to each licensed physician assistant. The letter should also provide the rights of each licensed physician assistant and the procedures to be followed in obtaining a refund for the amount of the overcharge. A response was sent to the Committee by the Board. As a result of the response, the Chair directed that the Chair and Vice Chair would meet with the Board's representative in an attempt to resolve the issue to everyone satisfaction.

#### South Dakota Lottery

The Committee requested Lottery to appear before the Committee to discuss the status of updating the old protocol controlled VLT terminal machines and the Lottery's monitoring efforts over these old machines. The Committee requested and received an update regarding any recent RFP's regarding its online lottery services and whether the two systems (VLT and online) could be combined for efficiency purposes. The Committee also inquired as to what the State does to insure that it gets the best price and latest technology without being locked into one vendor. The Committee took no further action.

#### Department of Revenue and Regulation

The Committee requested the Department be present to discuss issues involving the Tax Relief Fund (SDCL 10-45C-14 and 10-45C-15). Specifically, the Committee sought an explanation of the process including where funds get deposited and the various terminologies used. The Committee also desired an explanation as to why "voluntary sellers who are not registered through the Streamlines Sales Tax System were not being deposited into the Tax Relief Fund. The Committee received the requested information and no further action was deemed necessary.

#### State Auditor and State Treasurer

The Committee requested information concerning the approval, controls over and review of approved local bank accounts. A report was to be provided to the Committee of all approved local bank accounts. This report was provided to the Committee. The Committee also requested a report identifying accounts containing idle cash that could

possibly be invested and earning additional interest for the state/entity. That report was also provided and reviewed by the Committee. The Committee requested that the Unified Judicial System perform some research into what other states do with idle cash held in a fiduciary capacity and report back to the Committee.

#### South Dakota Corn Utilization Council

The Committee began a review of the aircraft involved in ethanol research and the Council involvement in the research. Inconsistencies in the correspondence received by the Committee resulted in several requests for additional information and a request that the Council appear before the Committee to answer questions. The Committee was provided additional registration material and a recap of the dates and events surrounding the ownership of the two aircraft in question. **No further action was deemed necessary by the Committee.**

#### Various Loan Programs and Applicable Interest Rates

The Committee requested information from various state agencies concerning the rate of interest being charged by the various loan programs of the state and the process followed in establishing the rate of interest and the period of time when interest begins to accrue. The Committee requested that the DLA prepare a summary of the various programs and interest rate and procedures and provide the summary to the Committee for its use. **This summary was prepared and provided to the Committee. No further action was deemed necessary by the Committee.**

**The Committee was provided a recap concerning the state's Cash Flow Portfolio by DLA. The Committee requested a three year comparison of the Cash Flow Fund by Fund Balances along with the corresponding percentage increase/decrease and that this information be shared with the Executive Board of the LRC.**

#### Professional and Occupational Licensing Boards and Commissions

**The Committee requested that the various Boards and Commissions provide the Committee with information concerning reciprocity agreements and endorsements with other states. This information was received and recapped by DLA and provided to the Committee. No further action was deemed necessary at this time.**

### **Reviewed Juvenile Corrections**

The Committee is charged with the responsibility to review any findings of abuse or neglect of juveniles in a juvenile correctional facility.

The Committee receives a semi-annual report covering a six month period from the Juvenile Corrections Monitor (JCM) as required by state law. This report details 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.

The Committee requested the Attorney General review various juvenile corrections reports to assure that no personally identifiable confidential information was contained in the reports prior to releasing the documents as public information.

The Semi-Annual Juvenile Correction Monitor Reports for the period July 1, 2007 through December 31, 2007, and for the period January 1, 2008 through June 30, 2008, along with the Department of Corrections Semi Annual Reports on Allegations of Abuse and Neglect in Private Placement Facilities for the period July 1, 2007 through December 31, 2007, and for the period January 1, 2008 through June 30, 2008, were reviewed by the Committee. The report contained two sections which is in compliance with the new law passed during the last Legislative session. The first section contains the public information portion of the report and the second section contains the confidential information which is not open to public inspection. The Committee requested that more information be placed in the public information section of the report to provide the public with a description of the allegation, the outcome of the investigation and what was done to resolve the issue. The Department of Human Services agreed to provide this general information as an addendum for this report and will include this general information in future reports.

Beginning with the July 1, 2006 through December 31, 2006 report entitled Allegations of Abuse and Neglect in Private Contracted Facilities which was voluntarily prepared by the Department of Corrections, the Committee began receiving a this report on juveniles under the Department of Corrections supervision that have been placed in private placement facilities. The Committee reviewed the report and discussed policies and procedures with the Department of Corrections. The Committee requested and was provided these reports on a semi-annual basis like the Juvenile Corrections Monitor Report. Committee discussion centered on policies and procedures and correction action taken by the Department to correct any problems/issues identified.

The Department of Corrections was requested to provide the Committee with the current inmate hourly pay rate; the economic impact of inmate labor; the entities using inmate labor; and, how much entities are spending on inmate labor. This information was provided to the Committee.

### **Reviewed Cash Balances of Various State Funds**

During a previous interim, the Committee was provided a handout prepared by the Department of Legislative Audit that contained June 30, 2006 cash basis financial data and budgetary information covering all funds of the state. This report was then updated once FY2007 year-end information was available. After reviewing that document, the Committee decided to review all state agencies as part of an ongoing project to identify any unused and unneeded statutorily created funds and the associated enabling legislation concerning those funds. Representatives from the various state agencies were requested to appear before the Committee to review and discuss the funds under

their control. The Committee completed that review with no additional action being taken.

### **The Updated BLUE BOOK**

The Government Operations and Audit Committee had requested DLA to update the “Blue Book” (Other Fund Information by Agency) with current June 30, 2007 trial balances for all other funds of the state. While this would not identify funds available for appropriation, the information would be useful to identify those funds that would be candidates for closer review and work. The updated Blue Book was provided to the Committee. The Committee then approved the criteria for fund review approved by the Subcommittee on Informational Fund Balance and requested DLA to use those criteria plus several other criteria to rank all funds within the Blue Book for purposes of placing priority on which funds to review in depth. This criteria and ranking of all other funds was provided to the Committee. The Committee reviewed the listing and decided to take the first 100 ranked funds and determine which agencies have the most funds within the top 100 and then request that that the agency prepare and submit condition statements to the Committee for its review for all funds administered by those agencies. The Committee completed the review of the top 100 funds.

The Committee reviewed the following agencies and funds as part of this review and action taken by the Committee:

#### Secretary of State

1. Company 3013 – Filing Statement Filing Fee Fund – GOAC continue to review

The Committee requested additional information concerning why the cash balance had not been reduced to the statutory prescribed maximum cash balance at year-end. The office provided the Committee with an explanation of the adjustment after year-end information was available and no further action was necessary.

#### Department of Military and Veteran’s Affairs

1. Company 5017 – Resident Trust Fund – GOAC continue to review
2. Company 3021 – State Veteran’s Home Operating Fund – No further review

The Committee requested additional information on the process followed to determine veterans’ eligibility to reside at the home; whether the eligibility was need based and/or income based; and, whether veterans residing at the home are required to maintain all their cash assets in the Resident Trust Fund. This information was supplied to the Committee and no further action was taken.

#### Legislative Research Council

1. Company 6501 – Postage Administration – No further review

The Committee requested information concerning the policy for reimbursement of per diem for legislators involved with a legislative interim meeting the same

day that Legislative session begins. This information was provided to the Committee.

#### Attorney General's Office

1. Company 3000 – Attorney General Other Fund – GOAC continue to review

The Committee requested that the Attorney General Department provide the Committee with data on the number of back ground checks performed on behalf of local law enforcement for the past several years. This information was provided to the Committee and no further action was deemed necessary.

#### Bureau of Finance and Management

1. Company 6010 – Budgetary Accounting Fund – No further review

#### Bureau of Information and Telecommunications

1. Company 6002 – Capitol Communications System Internal Service Fund – No further review

#### South Dakota Building Authority

1. Company 6013 – Building Authority Fund – GOAC continue to review

The Committee requested the historical information on past bonds issued. This information was provided to the Committee and no further action was deemed necessary.

#### Department of Labor

1. Company 6503 – South Dakota Technical Professions Fund – GOAC continue to review
2. Company 8304 – Private Workers Compensation Fund – No further review

The Committee requested that the Department of Labor provide the Committee with the reason why personal services increased in FY2007 and also requested that the Board of Technical Professions prepare proposed legislation similar to that past last year to bring uniformity and consistency to the professional and occupational boards and commissions. The Board's response to the Committee indicated that the request to draft this legislation was not consistent with the administration's protocol for submitting legislation. The Committee therefore requested that a letter be sent to the Legislative Research Council to prepare draft legislation similar to the omnibus bill passed during the 2008 session. **The Committee received the draft legislation and requested that the draft legislation be submitted to the Department for its review.**

#### School and Public Lands

1. Company 5018 – Permanent Fund – No further action

#### Unified Judicial System

1. Company 3012 – Court Automation Fund – No further action

The Committee requested DLA update the "Blue Book" (Other Fund Information by Agency) with current June 30, 2008 trial balances for all other funds of the state. The Committee was informed that the Blue Book was almost complete and DLA was only waiting for some information for several funds to finish it. Once complete the Blue Book will be provided to the Committee.

### **GOAC Committee – Going Paperless**

The Chair desired that the Committee receive all Committee correspondence and requested information in electronic form. The Committee requested the Legislative Research Council research the best alternatives for going to a paperless environment and report back to the Committee. The Legislative Research Council provided the Committee with a proposal and the Committee decided to try utilizing the electronic environment going forward via an LRC website.