



MINUTES

GOVERNMENT OPERATIONS AND AUDIT COMMITTEE

**Sixth Meeting
2008 Interim
September 23, 2008**

**LCR 2
State Capitol
Pierre, South Dakota**

The sixth meeting of the 2008 Interim Government Operations and Audit Committee was called to order by Chair Gant at 8:03 a.m., September 23, 2008, in LCR 2, State Capitol Building, Pierre, South Dakota.

A quorum was determined with the following members answering the roll call: Senators Jerry Apa, Jason Gant, Jean Hunhoff, and Scott Heidepriem; Representatives Michael Buckingham, Deb Peters, Garry Moore, and Larry Tidemann. Senator Dan Sutton and Representative Margaret Gillespie were excused.

Staff members present were Mr. Martin L. Guindon, Auditor General, Mr. Bob Christianson, Mr. Gary Hoscheid, and Mr. Tim Flannery, State Government Audit Managers for the Department of Legislative Audit (DLA).

Approval of Minutes

Representative Moore moved, seconded by Representative Tidemann, the minutes of the August 19, 2008 meeting be approved. Motion prevailed unanimously on a voice vote.

Department of Education and Bureau of Finance and Management – Classroom Connections and Birth to Three Program (Doc's. # 4 & 5)

Dr. Rick Melmer, Secretary of the Department of Education, and Mr. Wade Pogany, Director of Curriculum and Instruction, Department of Education handed out Documents # 46 and 47 in addition to # 4 and 5. Dr. Melmer and Mr. Pogany summarized the information as a measurement of the laptop program and answered Committee questions. Dr. Melmer remained optimistic that the initiative is moving in the right direction in improving student skills in communication, higher-level thinking, and internet technology.

Birth to Three – Ms. Susan Sheppick, Director of Birth to Three Program, Department of Education, and Ms. Tamara Darnall, Finance Officer for the Department of Education addressed the Committee on (Doc. # 48), recommendations on revision of the fee schedule to providers in order to stay within the appropriated budget. The Committee also heard testimony from the following providers in the private sector who oppose this revision in fees: Ms. Shauna Klipfel, Ms. Kathy Mays, Ms. Becky Deelstra-Speck, Ms. Kari Diamond, Ms. Terri Kussart, Ms. Karen Gallagher, and Ms. Jill Hanley. These providers testified to the possible consequences to the Birth to Three Program should providers discontinue services. The Committee has requested the Department of Education provide information on quality assurance of the Program.

Brand Board Feasibility Study – (Doc's. # 6 & 7)

Mr. Larry Stearns, South Dakota Brand Board responded to Committee questions concerning the Feasibility Study and Brand Inspection Program. There was no further discussion.

Juvenile Corrections Monitor Semi-Annual Report – (Doc's. # 10,11 & 13)

Mr. John Ellis, Juvenile Corrections Monitor for the Department of Corrections presented the Committee with an overview of the Semi-Annual Report for the period January 1, 2008 – June 30, 2008. The Committee suggested the Department of Corrections also provide a historical perspective on the number of complaints received. There was no further discussion.

Department of Corrections – Report on Abuse and Neglect in Private Placement Facilities – (Doc's. # 14 & 14a)

Mr. Doug Herrmann, Department of Corrections addressed the Committee on the public version of the Report on Abuse and Neglect in Private Placement Facilities.

At 10:40 Senator Apa moved, seconded by Representative Peters, the Committee go into Executive Session to discuss the confidential portion of the Report on Abuse and Neglect in Private Placement Facilities. The Committee came out of Executive Session at 10:58.

Legislative Research Council – Updates on GOAC Going Paperless

Mr. Jim Fry, Director for the Legislative Research Council addressed the Committee on proceeding with the plan to go paperless. Mr. Fry was optimistic about the plan, and the October GOAC mailing will be available on the LRC website.

South Dakota Electrical Commission – Discussion on Memos and Questions on Fees (Doc's. # 8, 9, & 9a)

Chair Gant reviewed the documents submitted to the Committee. In addition to these documents, the Department of Labor also provided materials requested from the August meeting, which will be handed over to Representative Gillespie for further review. The Committee requested Secretary Pamela Roberts attend the October meeting for an update on the Electrical Commission.

Review of FY 2007 Statewide Single Audit Report – (Document # 15 & 16)

Mr. Bob Christianson reviewed the Statewide Single Audit and CAFR (Comprehensive Annual Financial Report). Mr. Christianson reported that the new Blue Book is almost complete, with several agencies yet to load financial statements. The Committee is requesting an update on the Blue Book in October.

Committee Review and Discussion on Follow-Up Items From Prior Meetings

Encumbrance Report – FY09 – (Doc's. #17, 18, 19, & 20) Mr. Gary Hoscheid reviewed the contracts submitted for Syscon Justice Systems and Southern Folgers. The Committee will look at the Encumbrance Report again in May or June 2009. There was no further discussion.

Summary of Various State Loan Programs – (Doc. #21) Mr. Hoscheid reviewed the information. No action was taken.

Department of Human Services – WICHE (Doc. #22) Mr. Hoscheid reviewed the response from Secretary Hofer. The Committee requested Department of Human Services Secretary Jerry Hofer attend the October meeting to answer any further questions on this contract.

Science and Technology Authority – Hiring Status of CFO (Doc's. # 23, 24, 25, & 25a) Mr. Hoscheid reviewed the information submitted. There was no further discussion.

NSU – International Business Institute – (Doc's. # 26, 27, 28, & 29) Mr. Hoscheid gave a brief description of the International Business Institute, their function, and their budget. The Committee requested further information about who makes the decision 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.

Board of Medical and Osteopathic Examiners – Physicians Assistants (Doc's. # 45 & 52) Mr. Hoscheid reviewed the information submitted. Chair Gant and Vice-Chair Peters will set up a meeting with Ms. Margaret Hansen, Executive Director for the Board of Medical and Osteopathic Examiners to resolve this issue and report to the Committee in October.

Response from Department of Labor on Technical Professions Board – Deferred to October meeting.

Cash Flow Portfolio – (Doc. # 30) Mr. Christianson reviewed the information. The Committee is requesting a three year comparison of the Cash Flow Fund by Fund Balances and percentage of increase or decrease. The Committee requested this information also be shared with the Executive Board of the LRC.

GOAC Annual Report to the Executive Board – (Doc. # 31) Mr. Hoscheid explained how to read the report. There was no further discussion.

Board of Regents – Quarterly Lease Update (Doc. # 34) Mr. Hoscheid explained the purpose of the report. There was no further discussion.

Department of Agriculture – Indirect Cost Fund Update (Doc. # 35) Mr. Hoscheid reviewed the information. There was no further discussion.

Future Fund Expenditure Update for FY08 – (Doc's. # 36, 37, 39, 40, 41, 42, & 43) Mr. Hoscheid reviewed the documents with the Committee. The Committee requested further clarification from the Department of Tourism and State Development regarding the contract with Lawrence & Schiller, Inc., and the Future Fund expenditure of 1.55 million for Eagle Creek Software to locate in Pierre.

Inmate Labor Hourly Rate – Mr. Hoscheid explained that this information was requested at the May GOAC meeting in Springfield, but a follow-up letter was never sent to Department of Corrections Secretary Tim Reisch. This information will be requested and put on the October agenda.

Amtrak Funds – Transfer of Funds – (Doc's. #32 & 33) Mr. Hoscheid reviewed the documents. Committee discussion followed, but no further action was taken.

Professional and Occupational Licensing Boards and Commissions Reciprocity Review – (Doc. #38) Mr. Marty Guindon reviewed the information and answered Committee questions. No further action was taken.

Proposed Draft Legislation – South Dakota Board of Technical Professions and Electrical Commission – (Doc. 44) The Legislative Research Council submitted the draft legislation. The Committee requested the draft be sent to Department of Labor Secretary Pamela Roberts for review and will request Secretary Roberts address the Committee at the October meeting.

Committee Discussion on Future Potential Items

- Catastrophic County Poor Relief Fund – Update on revenues and expenditure, by County, for calendar year 2008 to date.
- Department of Social Services Constituent Liaison Update

Future Meeting Dates

October 21, 2008, 8:00 am – LCR 1 & 2
December 1, 2008 – LCR 1 & 2, back up room 464

Representative Moore moved, seconded by Representative Tidemann, to adjourn the meeting. Motion prevailed unanimously on a voice vote.

The Committee adjourned the meeting at 3:10 p.m.



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