



July 21, 2016

Memorandum

To: Members of the Joint Committee on Appropriations

From: Jason Hancock, Director
Legislative Research Council

A handwritten signature in black ink, appearing to be "JH", written over the name "Jason Hancock" in the "From:" field.

Re: Executive Board Support for Lean Audit

As I am sure you are aware, the Executive Board met by teleconference on July 13, 2016, to discuss a request from the lead co-chair of the Joint Committee on Appropriations (JCA) that the Board approve the transfer of spending authority from the Legislative Priority Pilot Project Contingency Fund to the Legislative Research Council, for the purposes of contracting for a Lean audit of the Bureau of Information and Telecommunications (BIT).

After much discussion, the Board approved a motion expressing their support for the concept of a Lean audit of BIT, and requested that JCA utilize whatever legal means necessary to identify an appropriate contract for the project, at which point the Board is willing to authorize up to \$200,000 for a contract that meets the objective of the request.

As it relates to the language of the motion, there are four legal means by which a state agency can sign a professional services contract in excess of \$50,000. They are:

- 1.) Go through the regular RFP process administered by the Bureau of Administration.
- 2.) Contract with an entity pursuant to an existing U.S. General Services Administration (GSA) contract (5-18A-22 (2)).
- 3.) Contract with an entity pursuant to an existing Midwestern Higher Education Compact (MHEC) contract (5-18A-22 (17)).
- 4.) Contract with a South Dakota state or local governmental entity (5-18D-21 (8)).

For your information, the Board's next regular meeting will be held on August 29, 2016. There are no further regular Board meetings scheduled after this until November 18, 2016.

Please feel free to contact me or Annie Mehlhaff if you have any questions.