

MINUTES

Government Operations & Audit Committee

Senator Ryan Maher, Chair

Representative Sue Peterson, Vice Chair



Sixth Meeting, 2019 Interim

Room 414 – State Capitol, Pierre, SD and DDN

Wednesday, September 18, 2019

Room FADM-145 Community College for Sioux Falls

The sixth meeting of the 2019 Interim Government Operations and Audit Committee (Committee) was called to order by Chair Maher at 8:29 a.m., September 18, 2019, in room 414, State Capitol Building, Pierre, South Dakota.

A quorum was determined with the following members answering the roll call: Senators Wiik, Rusch, Kolbeck and Maher. Representatives Karr, Peterson and Senator Wismer joined by conference call. Representatives Bordeaux, Latterell and Haugaard were excused.

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

NOTE: For purpose of continuity, the following minutes are not necessarily in chronological order. The bulleted items below each agenda item are documents sent out by the Committee.

Approval of Minutes

Senator Wiik moved, seconded by Senator Kolbeck, the minutes of the August 22, 2019 meeting be approved ([Minutes 8/22/19](#)). Motion prevailed unanimously on a roll call vote.

Item 1 – South Dakota Board of Technical Education to present the annual accountability report from the Technical Institutes (SDCL 13-48A-7)

- [Letter to SD Board of Tech Ed Doc.2](#)
- [SD Board of Technical Education Report Doc.2a](#)

Nick Wendell, Executive Director of the South Dakota Board of Technical Education, was present to address the Committee. He presented the [2019 South Dakota Technical Institute System Accountability Report](#). He discussed enrollment, broken out between total unduplicated enrollment and unduplicated enrollment without dual-credit. Mr. Wendell explained how they calculate the full-time equivalent (FTE) count and provided history dating back to the fall of 2014. He discussed the possible factors for the decrease in FTE for the 2018-2019 year. In depth information on enrollment is included in Appendix A.

Mr. Wendell provided retention information, stating that the 2018 rate of 78% is higher than the national rate. He discussed student success tactics and other ways they are working to improve retention. Mr. Wendell provided graduate placement numbers, as well as a breakdown of the employed respondents for 2018. He spoke about instructor salary support and their multi-year maintenance and repair funding plan.

Senator Maher asked what the average salary was for instructors. Mark Wilson, President of Mitchell Technical Institute, was present to address the Committee. He advised that their average salary was

about \$60,000. With the salary support, they have been able to fill positions as people leave. Michael Cartney, President of Lake Area Technical Institute, was present to address the Committee. He advised that their average rate in FY17 was about \$57,000. He advised that the institutions saw about a 20% increase with the salary support.

Senator Wismer asked what Western Dakota Institute needed to do to increase their retention. Ann Bolman, President of Western Dakota Tech, was present to address the Committee. She anticipated they will always have a lower rate and explained why. She advised that over the last few years, they've seen the rate of students defaulting on federal loans decrease.

Item 2 – Department of Public Safety to present the annual report from the South Dakota 911 Coordination Board (SDCL 34-45-20)

- [Letter to Public Safety Doc.3](#)
- [FY2019 State 911 Coordination Board Report Doc.3a](#)

Jenna Howell, Counsel for the Department of Public Safety (DPS) and the South Dakota 911 Coordination Board (Board), was present to address the Committee. She presented the [FY2019 State 911 Coordination Board Annual Report](#). She provided Board membership information, as well as an executive summary. She reviewed the 911 Surcharge Distribution graph showing how surcharges are split. Every three years, the Public Safety Answering Points (PSAPs) are reviewed by the Board for compliance. The four PSAPs reviewed during FY19 were compliant, maintaining a 100% compliance rate of all eleven PSAPs in South Dakota.

Ms. Howell discussed the progression of the Next Generation 9-1-1 (NG9-1-1) internet-based system. They are currently working on geographic information system (GIS) database cleanup and hope to have a 98% accuracy rate soon. Ms. Howell advised the Board is moving forward with litigation for the 911 outages that occurred in the fall of 2018. The request for proposal for a new NG9-1-1 carrier was issued in January 2019. The Board awarded the contract to CenturyLink.

Item 3 – Department of Tourism to discuss revised performance management indicators from the May 23, 2019 meeting (SDCL 2-6-35)

- [Letter to Tourism Doc.4](#)
- [Tourism Presentation Doc.4a](#)

Wanda Goodman, Deputy Secretary for the South Dakota Department of Tourism (Tourism), was present to address the Committee. She reviewed their current performance indicators that were presented to the Committee in May. She discussed the two additional measures that were requested by the Committee: Tribal Tourism and Visitor Perception. Tourism has developed a relationship with the International Institute of Tourism Studies at George Washington University and are working with them to build sustainable tribal tourism. Ms. Goodman advised that at this point, regarding growing tribal tourism, there is not really anything tangible that can be measured consistently. Tourism will continue to update the Committee on their progress going forward.

Ms. Goodman provided data on visitor perception and satisfaction obtained from various surveys. She also defined the halo effect and explained how tourism impacts economic development. Ms. Goodman advised that beginning in early 2016, they started emailing surveys to people who requested vacation

guides from their website. In addition to the survey results, they also receive a lot of comments. Senator Kolbeck suggested looking at ways to get travelers to spend one more day in South Dakota.

Item 4 – South Dakota Housing Development Authority to present their annual report of operations and results of the Housing Opportunity Fund (SDCL 1-16G-49)

- [Letter to Housing Doc.5](#)
- [Housing Opportunity Fund 2019 Report Doc.5a](#)

Mark Lauseng, Executive Director of the South Dakota Housing Development Authority (SDHDA), was present to address the Committee. He reviewed background information, funding information and the purpose of the Housing Opportunity Fund (HOF). Mr. Lauseng provided a list of the HOF awards for FY19, totaling \$2,760,593. SDHDA has received twenty-two applications for the FY2020 funds, requesting \$3.5 million. Those funds will be awarded in November.

Senator Kolbeck asked if the declining applications were due to a lack of need. Mr. Lauseng advised the application process is restrictive and feels that there is still a large need. Senator Wismer asked how the recent flooding would impact their allocation of funds. Mr. Lauseng advised their allocation plan was approved earlier this year, so it will not be adjusted for the current flooding. They have a disaster recovery fund, which awards up to \$5,000 to people who are in disaster declared counties.

Item 5 – Auditor General to report on compiled authorizations to derive a direct benefit from a contract (SDCL 3-23-3)

- [State Board Disclosures FY2019 Doc.6](#)

Martin Guindon, Auditor General for the Department of Legislative Audit (DLA), was present to address the Committee. He presented the [State Board Disclosures](#) for FY19. He provided background information and explained who was included in this report. The Table of Contents lists the agency involved, the person, the type of document, whether it was approved and the page number in the report. Mr. Guindon advised that he did not see anything that caused him concern during his review. He pointed out a waiver authorization for a former board member who was hired as a contractor within one year. Mr. Guindon referenced South Dakota Codified Law 3-23-10 which lists the board subject to the waiver rule. He believes these boards were chosen due to their administrative nature, rather than advisory boards.

Item 6 – Department of Legislative Audit to provide the GOAC Blue Book of Other Funds for fiscal year 2019

- [Other Funds FY2019 Doc.7](#)

Bob Christianson, State Government Audit Manager with the Department of Legislative Audit (DLA), was present to address the Committee. He presented the [FY2019 Other Funds](#) report (2019 Blue Book). The majority of the book contains information about the Other Funds administered by the State. The amounts included are unaudited and are primarily obtained from the State's central accounting system.

The first section of the book includes the fund rankings broken out by each agency, which can be used as a secondary index. It provides a ranking that is updated annually and also includes the last time the Committee reviewed a fund. The next section includes a listing of the cash balances of all the State

funds that are held in the State Treasury. The final sections are broken out by State agency and the Board of Regents, providing four years of information on each of the fund's revenue, expenses and cash balances. It also includes a comprehensive budget to actual report, including general, federal and other funds. Mr. Christianson will provide a report showing the funds with equity changes over \$500,000. Senator Maher advised Committee members who identify funds they would like more information on, to forward them to Tim Flannery, State Government Audit Manager with DLA.

Item 7 – Future meeting date

The next Committee meeting date will be October 30, 2019.

Senator Wismer voiced her concern with the number of municipal embezzlements reported in the news over the last several years. She requested a summary of what the Department of Legislative Audit (DLA) found in local government embezzlement cases organized by the type of government. Marty Guindon, Auditor General for DLA, advised that they don't put together a summary. He explained some of the reasons why municipalities are more susceptible to fraud, including having one person responsible for all financial functions, with no other oversight.

Senator Rusch questioned if these types of situations should be directly brought to the Committee's attention. Mr. Guindon advised that the scope of authority of the Committee is predominantly related to the operations of State government. He advised that going forward he could provide reports to the Committee on what was found on all reports.

A motion was made by Senator Wiik to adjourn, seconded by Senator Kolbeck. The motion passed on a voice vote.