

MINUTES

Government Operations & Audit Committee



Representative Sue Peterson, Chair

Senator Ryan Maher, Vice Chair

**Fourth Meeting, 2020 Interim
Wednesday, September 23 & 24, 2020**

**Room 414 – State Capitol
Pierre, South Dakota**

The fourth meeting of the 2020 Interim Government Operations and Audit Committee (Committee) was called to order by Chair Peterson at 9:17 a.m., September 23, 2020, in room 414, State Capitol Building, Pierre, South Dakota.

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

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

Item 1 – Department of Legislative Audit to provide an update on Coronavirus Aid, Relief, and Economic Security Act (CARES Act) statewide expenditures

- [Coronavirus Relief Fund Tracking Sheet Doc.2](#)
- [Other Funds FY2020 Doc.2a](#)
- [Blue Book Analysis Doc.2b](#)

Bob Christianson, State Government Audit Manager with the Department of Legislative Audit (DLA), was present to address the Committee. He reviewed the updated [Coronavirus Relief Fund Tracking Sheet](#). The total expenditures for the month of August totaled around \$43 million, of which about \$31 million was from the Coronavirus Relief Fund (CRF). The majority of the increase in the CRF was due to grants through the Bureau of Finance and Management (BFM) to cities and counties. Additional increases were in Small Rural Hospital Grant and Medicaid funding.

Representative Haugaard asked who was looking at the vouchers being submitted. Mr. Christianson advised that the BFM portal is where entities submit the vouchers and documentation, which are then reviewed by a contracted CPA firm, and finally reviewed by BFM before payment approval. He advised these disbursements might bump some cities and counties up to needing a single audit.

Mr. Christianson presented the [Other Fund Information by Agency](#) book (GOAC Blue Book) to the Committee. He provided background information and explained that the cash flow portfolio is similar to the State's checkbook. The GOAC Blue Book is broken out by State agency and the Board of Regents and provides four years of cash basis information on each of the fund's revenue, expenses and cash balances. The first section provides a fund ranking, followed by the balances in the State's cash flow portfolio sorted by fund. The last section contains Other Fund information by State agency.

Mr. Christianson also provided an analysis of the fund changes to equity over \$500,000 ([Blue Book Analysis](#)). The information is useful for identifying funds that warrant a closer review.

Representative Peterson advised the information was presented to the Committee now to allow them time to review for further discussion in a future agenda item. Senator Wismer asked Mr. Christianson if he had any suggestions for the Committee to look at. Mr. Christianson advised that most of the fund changes appear to be reasonable or explainable.

Item 2 – South Dakota High School Activities Association to discuss member survey relating to Association policies

- [Letter to High School Activities Association Doc.3](#)
- [SDHSAA Survey Doc.3a](#)

Dr. Dan Swartos, Executive Director of the South Dakota High School Activities Association (SDHSAA), was present to address the Committee. He provided information on a [survey](#) conducted by the SDHSAA in June, July & August 2019. The survey was sent to all member schools.

Representative Haugaard asked who responded to the survey. Dr. Swartos advised question 2 showed that it varied by schools. Representative Peterson asked how things would look if there was no transgender policy. Dr. Swartos advised he would need to check with legal, but it could either mean a defacto ban on transgender participation or it would be where schools handled it locally. Dr. Swartos advised the results of the survey showed overall support for their current transgender policy. He stated that any school can petition for a change to policy and provided an outline of the process. Representative Haugaard stated he thought it was prudent to leave the decision to local control and there needs to be more work done.

Item 3 – Department of Human Services to:

- **Present their agency performance measures (SDCL 2-6-37)**
- **Provide an update on the Continuum of Care Study**
- **Provide an update on Senate Bill 147 (2017 Session)**
- [Letter to Human Services Doc.4](#)
- [DHS Performance Measures Doc.4a](#)
- [Continuum of Care Report Doc.4b](#)

Shawnie Rechtenbaugh, Secretary of the Department of Human Services (DHS), was present to address the Committee. She presented the [DHS Performance Measures](#) and explained their mission is to enhance the quality of life for people with disabilities in partnership with stakeholders. She advised their measures were aligned with four goals. Ms. Rechtenbaugh reported that they were on track to hit most of their targets, but COVID 19 has had an impact on some of the items.

Goal one is to provide and facilitate individualized services to support people with disabilities to meet the goals they choose. She described three activities they were doing to meet the goal. Goal two is to raise awareness of the resources available to people with disabilities for making an informed choice. She described two activities they were doing to meet the goal. Goal three is to retain and support a knowledgeable, engaged, and prepared workforce. They identified three activities to work towards this

goal. Goal four is to integrate a culture of exceptional service with both internal and external stakeholders. She described two activities they were doing to reach this goal.

Committee members made suggestions for additional performance measures and asked them to return to a future meeting for review and approval. Representative Peterson advised it was important to include their stakeholders when reviewing and revising the measures.

Ms. Rechtenbaugh provided the [Continuum of Care Report](#) and background information. The report is an assessment of DHS's entire continuum of services. The goal of the report was to identify their strengths and opportunities. She described how the information and data was gathered for the report. The report was released on August 20, 2020 and identifies 18 recommendations. DHS has already started on one recommendation, focusing on developing a system of regional crisis diversion centers. Representative Wismer urged DHS to focus on unaddressed issues affecting the workforce.

Ms. Rechtenbaugh explained that Senate Bill 147 from the 2017 Legislative Session laid out a timeline for reviewing provider rates. She stated DHS has conducting two rate methodology workgroups with nursing homes and community support providers.

Ms. Rechtenbaugh advised that Yvette Thomas, Division Director of Long Term Services and Supports (LTSS), is leading the nursing home rate workgroup. Ms. Thomas provided the timeline of their work. She advised that in December 2018, the Centers for Medicare and Medicaid Services (CMS) announced changes to Medicaid payments to a patient driven payment model (PDPM) for Medicaid patients. They recognized that this change would have a significant impact on the payments for Medicaid supported nursing home care, prompting them to split their project into two phases. They have completed phase one and a draft report will be available next month. There was an overall satisfaction with the rate methodology as it exists. There was a concern that the methodology was not 100% funded.

Ms. Thomas explained that the CMS delayed their implementation of the PDPM in order to allow states to gather data in order to make a reasonable fiscal impact evaluation. DHS will begin collecting data this fall to utilize it in phase two. Their contractor will help them develop options and determine the feasibility of moving to a PDPM methodology by July 1, 2022.

Representative Peterson asked how we can mitigate the effects of what is happening at the federal level in order to get things done expediently for our providers. Ms. Rechtenbaugh advised there are a lot of moving parts to the rate work and they assess regulations as they come.

Ms. Rechtenbaugh advised that Joey Younie, Division Director of Developmental Disabilities, is leading the community support providers rate workgroup. Ms. Younie explained that work was commissioned last fall, but work has been suspended due to COVID 19. They plan to resume and complete work by early next fall. Ms. Rechtenbaugh advised that community support providers were hit very hard by COVID 19 and are just now indicating they are ready to start again.

Item 4 – Bureau of Human Resources to present their agency performance measures (SDCL 2-6-37)

- [Letter to Bureau of Human Resources Doc.5](#)
- [BHR Performance Measures Doc.5a](#)

Darin Seeley, Commissioner of the Bureau of Human Resources (BHR), was present to address the Committee. He presented BHR's [Performance Measures](#) and identified five goals in support of State government agencies. He stated that the COVID 19 pandemic was the focus of much of their work from March through June.

Goal one is to increase the percentage of employees and covered spouses completing all three wellness qualifications by 3%. Goal two is to increase individual case utilization of the Employee Assistance Program from 6.2% to 7%. Goal three is to increase usage of preventive care services available at no cost to the member. Goal four is to ensure average time to fill positions for State agencies is less than the national average. Goal five is to implement four on-demand, 24/7 e-learning modules in FY18 and increase annually each of the next four years. Mr. Seeley advised they will be reviewing their metrics and reassessing their goals moving forward.

The Committee made suggestions for performance measures and requested that they bring them back at a future Committee meeting for approval.

Item 5 – Department of Revenue to present their agency performance measures (SDCL 2-6-37)

- [Letter to Revenue Doc.6](#)
- [Revenue Performance Measures Doc.6a](#)

Toni Richardson, the Director of Administration for the Department of Revenue (DOR), was present to address the Committee. She presented the DOR [Performance Measures](#). Ms. Richardson explained that they recently concluded their strategic plan, referred to as Revenue 2020, focusing on four key areas. They are currently involved in the development of the next strategic plan, which will identify new goals and performance measures. She reviewed six areas of emphasis for the new plan.

Goal one is our workforce. Goal two is remote seller voluntary compliance. Goal three is Lottery. Goal four is business partner outreach. Goal five is ensuring customer service. Goal six is title turnaround efficiency.

Senator Wiik asked if adopting LEAN methodologies has helped with reaching their goals. Ms. Richardson advised yes, they have realized a lot of progress in multiple areas. Ms. Richardson advised they are working through their strategic plan and hope to have update measures for a future Committee meeting.

Item 6 – Bureau of Information and Telecommunications to present their agency performance measures (SDCL 2-6-37)

- [Letter to BIT Doc.7](#)
- [BIT Performance Measures Doc.7a](#)

Jeff Clines, the Commissioner of the Bureau of Information and Telecommunications (BIT), was present to address the Committee. He presented the [BIT Performance Measures](#) and their mission to partner and collaborate with clients in support of their missions through innovative information technology consulting systems and solutions through three goals.

Goal one is to provide a reliable, secure and modern infrastructure. Goal two is to deliver valued services at economical costs. Goal three is to build and retain a highly skilled workforce.

Representative Haugaard asked how many breaches of security they have seen regarding the State's system. Mr. Clines said external breaches are rare.

Senator Maher moved, seconded by Senator Wiik, to approve the BIT performance measures presented. Motion prevailed unanimously on a roll call vote. Pat Snow, Chief Technology Officer at BIT, was present to address the Committee. He advised the LEAN methodologies allowed them to track various measures they had not been tracking in the past.

Item 7 – Bureau of Administration to present the annual report of the Obligation Recovery Center (SDCL 1-55-16)

- [Letter to BOA Doc.8](#)
- [BOA Cover Letter Doc.8a](#)
- [Obligation Recovery Center Report Doc.8b](#)

Scott Bollinger, Commissioner of the Bureau of Administration (BOA), was present to address the Committee. He provided the [Obligation Recovery Center Report](#) for FY2020. He highlighted the significant events and their response to COVID 19. FY2020 was the fourth year of operations for the Obligation Recovery Center and Mr. Bollinger predicts they will see an increase of older accounts starting to drop off. The BOA contracted with two debt collection agencies and they are in their final year of the contract effective July 1, 2020. During FY2020, the Center collected \$3.3 million for State agencies and established payment plans for \$10.5 million (total financial impact of collection activities of \$13.8 million).

The Commissioner reported that due to COVID-19, the Center ceased the notification process for the suspension of hunting licenses, driver's licenses and motor vehicle registrations for roughly two months to assist those struggling financially. The Center also worked with any debtors that were financially impacted by the pandemic to establish repayment terms that were acceptable to all parties. The Committee accepted the report and will continue to review the activity of the Center on an annual basis.

Item 8 – Auditor General to report on compiled authorizations to derive a direct benefit from a contract (SDCL 3-23-3)

- [State Board Disclosures FY2020 Doc.10](#)

Russell Olson, Auditor General with the Department of Legislative Audit, was present to address the Committee. He provided the [State Boards Disclosures](#) for FY2020, a compilation of authorizations to derive a direct benefit from a contract. He advised that there were 34 State board members who had submitted waivers. He did not see any concerns when viewing from an auditor's perspective. Representative Peterson asked if there were any instances where the waiver was denied. Mr. Olson advised that he only receives approvals.

Item 9 – Secretary of State to discuss:

- **County Auditor election training**
- **Status of absentee ballot requests**
- [Letter to Secretary of State Doc.12](#)
- [Secretary of State Outline Doc.12a](#)

- [Precinct Manual Doc.12b](#)

Steve Barnett, the Secretary of State (SOS), was present to address the Committee. He described the office's many efforts to prepare for the 2020 elections. He also provided a copy of the [Election Precinct Manual](#). Mr. Barnett advised that 20,327 absentee ballots had been returned at this time. Representative Peterson asked what kind of feedback they have heard from County Auditors. Mr. Barnett advised that Auditors are working with County Commissioners to have everything ready before the election. He also informed the Committee of measures taken to provide a safe environment for election workers and voters across the State.

Kea Warne, Director of the Division of Elections with the SOS, discussed the two processes for counting absentee ballots. She advised 36 counties use Absentee Precinct Boards. Senator Kolbeck recommended District 13 be well staffed in order to process their absentee votes. Ms. Warne advised that she served on the Absentee Task Force and they were taking action to be prepared.

Item 10 – Department of Veterans Affairs to provide an update on the South Dakota State Veteran's Cemetery

- [Letter to Veterans Affairs Doc.11](#)
- [DVA Presentation Doc.11a](#)

Aaron Pollard, Deputy Secretary of the Department of Veterans Affairs (DVA), was present to address the Committee. He provided a [presentation](#) on the South Dakota State Veterans Cemetery located in northeastern Sioux Falls. They broke ground on September 9, 2019 and they are in Phase one of the full buildout plan. Mr. Pollard advised that precertification applications are currently available on their website. They have currently received about 350 precertification applications. They hope to have construction complete in January or February 2021 and hope to open next spring. Senator Maher asked about the financing for the project. Mr. Pollard explained the various funding sources including their endowment fund, State General Funds and federal funds.

Representative Peterson tentatively set the next meeting date for October 21, 2020.

A motion was made by Representative Karr to adjourn, seconded by Senator Maher. The motion passed on a voice vote.