

MINUTES

Government Operations & Audit Committee



Senator Dean Wink, Chair
Representative Ernie Otten, Vice Chair

**Fourth Meeting, 2023 Interim
Thursday, October 19, 2023**

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

The fourth meeting of the 2023 Interim Government Operations and Audit Committee (Committee) was called to order by Chair Wink at 9:00 a.m., October 19, 2023, in room 414, State Capitol Building, Pierre, South Dakota.

A quorum was determined with the following members answering the roll call: Representatives Peterson, Reisch, Otten, Bartels and Senators Wheeler, Hunhoff and Wink. Representative Duba and Senator Nesiba joined after roll was called. Representative Reed was excused.

Staff members present were Russell Olson, Auditor General for the Department of Legislative Audit (DLA) and Kelly Mikkelsen, IS Audit Manager 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.

Approval of Minutes

Representative Otten moved, seconded by Representative Reisch, the minutes of the August 25, 2023 meeting be approved with the correction of the meeting dates to August 25, 2023 in the minutes ([Minutes 8-25-23 Doc.1](#)). Motion prevailed unanimously on a voice vote.

Item 1 – Department of Labor and Regulation to present their agency performance measures (SDCL 2-6-37)

- [Letter to DLR Doc.2](#)
- [DLR Performance Measures Doc.2a](#)

Marcia Hultman, Secretary of the Department of Labor and Regulation (DLR) was present to address the Committee. She provided the [DLR Performance Measures](#) that include four goals.

Goal one is to deliver quality, responsive, and excellent services. Kendra Ringstmeyer, Director of Workforce Development for DLR was present to address the Committee. She discussed the workforce measurements included throughout the goals.

Goal two is to achieve a skilled workforce contributing to economic development by serving businesses, job seekers, and community partners. The Committee offered several suggestions for changes and encouraged DLR to use metrics that show we have a skilled workforce.

Bret Afdahl, Director of the Division of Banking with DLR advised that goal three is to ensure safe and sound business environments and practices. Larry Deiter, Director of the Division of Insurance and Securities (DOI) with DLR provided DOI metrics.

Goal four is to develop a sustainable, skilled Department of Labor and Regulation workforce.

Senator Wheeler moved, seconded by Representative Otten, to accept the Department of Labor and Regulations's performance measures as presented. The motion passed 9-0 on a roll call vote.

Item 2 – Board of Regents to present financial reports of the University Centers per SDCL 13-51-1.4 and discuss compliance with SDCL 13-51-1.3

- [Letter to BOR Doc.3](#)
- [BHSURC Report Doc.3b](#)
- [USDSF Report Doc.3a](#)
- [BHSU Rapid City Power Point Doc.3c](#)

Heather Forney, System Vice President of Finance and Administration with the Board of Regents (BOR) was present to address the Committee. She verified the BOR is in compliance with SDCL 13-51-1.3 with no issues.

Kathy Johnson, Vice President for Finance and Administration with Black Hills State University (BHSU) was present to address the Committee. She provided an update on the West River Health Science Center and reviewed the mission adjustment for Black Hills State University – Rapid City (BHSU-RC) including four goals for the overall project. Ms. Johnson provided the [BHSURC Report](#), which is a comprehensive overview of the finances of BHSU-RC for fiscal year 2023. They ended the year with a positive net revenue.

Sheila Gestring, President of the University of South Dakota (USD) was present to address the Committee. She reported that the University of South Dakota – Sioux Falls (USD-Sioux Falls) is on track with their five-year plan and a lot of opportunity remains in Sioux Falls.

Jay Perry, Vice President for USD – Sioux Falls was present to address the Committee. He advised they have been aggressively marketing themselves and engaging members in the Sioux Falls area. He described ways they are addressing regional workforce needs and unique partnerships they have formed.

Julie Kriech, Vice President for Finance and Administration with USD was present to address the Committee. She provided the [USDSF Report](#), which is a statement of operations for fiscal year 2023. Ms. Kriech advised the financials seem to be tracking fairly closely with the new model they are using.

Representative Otten moved, seconded by Representative Reisch, to accept the Board of Regents reports as presented. The motion passed 9-0 on a roll call vote.

Item 3 – South Dakota Board of Technical Education to present the annual accountability report from the Technical Institutes (SDCL 13-48A-7)

- [Letter to SDBOTE Doc.4](#)
- [SDBOTE Accountability Report Doc.4a](#)

Nick Wendell, the Executive Director of the South Dakota Board of Technical Education (SDBOTE) was present to address the Committee. He introduced the four presidents of the technical colleges: Tiffany Sanderson, President of Lake Area Technical College; Ann Bolman, President of Western Dakota Technical College; Mark Wilson, President of Mitchell Technical College; and Bob Griggs, President of Southeast Technical College.

Mr. Wendell advised they are in a season of strategic planning focusing on attainment, affordability and alignment. He provided the [SDBOTE Accountability Report](#) that includes data related to graduate outcomes, enrollment, and retention. He also reviewed the impact of key appropriations across the system.

Representative Otten moved, seconded by Representative Bartels, to accept the SDBOTE Accountability Report presented. The motion passed 9-0 on a roll call vote.

Item 4 – Auditor General to report on compiled authorizations to drive a direct benefit from a contract (SDCL 3-23-3)

- [Report from Auditor General Doc.5](#)

Russell Olson, Auditor General with the Department of Legislative Audit (DLA) was present to address the Committee. He presented a Compilation of Conflict of Interest Disclosures for State Authorities, Boards and Commissions [report](#) for fiscal year 2023. He advised that he is going to reach out to all the State Boards and Commissions to make sure they are remembering to file these. He did not see any concerns when viewing from an auditor's perspective.

Representative Otten moved, seconded by Representative Reisch, to accept the compiled authorizations report presented. The motion passed 9-0 on a roll call vote.

Item 5 – Bureau of Human Resources and Administration to provide the annual report of compiled authorizations to derive a direct benefit from a contract (SDCL 5-18A-17.2)

- [Letter to BHR Doc.6](#)
- [BHR Cover Letter Doc.6a](#)
- [BHR Report Doc.6b](#)

Mallori Barnett, Legal Counsel for the Bureau of Human Resources (BHR) was present to address the Committee. She provided the annual compilation of [conflict of interest authorizations](#), or waivers, compiled by BHR. Ms. Barnett advised there were four approved waivers received for the July 1, 2022 through June 30, 2023 reporting period.

Representative Bartels moved, seconded by Representative Otten, to accept the BHR Conflict of Interest Authorizations report presented. The motion passed 9-0 on a roll call vote.

Item 6 – South Dakota High School Activities Association to present their annual report (SDCL 13-36-4)

- [Letter to SDHSAA Doc.7](#)
- [Annual Report of SDHSAA Doc.7a](#)

Dan Swartos, Executive Director of the South Dakota High School Activities Association (SDHSAA) was present to address the Committee. He presented the [FY22 financial audit report](#) of the SDHSAA and advised it was a clean audit with no findings.

Representative Otten moved, seconded by Representative Duba, to accept the annual report of SDHSAA presented. The motion passed 9-0 on a roll call vote.

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

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

Rachel Williams, Director of the Executive Management Finance Office with the Bureau of Finance and Management was present to address the Committee. She provided highlights from the [Obligation Recovery Center \(ORC\) annual report](#). Ms. Williams advised that the ORC contracts with a company called Reliant Capital Solutions, and they subcontract with Government Performance Solutions. In fiscal year 2023 the ORC was able to focus on process improvements in serving customers.

Representative Otten moved, seconded by Representative Reisch, to accept the Obligation Recovery Center Report presented. The motion passed 9-1 on a roll call vote.

Item 8 – MWI Health (Monitor) to present a report on complaints related to the care provided to youth in the custody or care of certain treatment centers, shelter care facilities or programs (SDCL 26-6-52(5))

- [Letter to MWI Doc.9](#)

Abby Parlett, a Registered Nurse with Midwest Wellness Institute (MWI) Health was present to address the Committee. She is employed at MWI Health as the South Dakota Youth Services Grievance Monitor Coordinator. She provided a confidential report to the Committee.

The Youth Services Grievance Monitor Program launched on July 1, 2022 and responds to grievances received from youth placed in shelter care facilities, group care centers for minors, residential treatment centers, intensive residential treatment centers, and independent living preparation programs. She provided program milestones and reviewed their on-site visits to the facilities. Raising awareness with participants at the facilities and with the public at large is ongoing and of their larger goals for the coming year.

Senator Wheeler moved, seconded by Senator Nesiba, that the Committee go into executive session to discuss the confidential report. The motion passed on a voice vote.

The Committee went into executive session.

Representative Duba moved, seconded by Representative Otten, that the Committee come out of executive session. The motion passed on a voice vote.

The Committee came out of executive session.

Representative Duba moved, seconded by Representative Otten, to accept the MWI Health report presented. The motion passed 9-0 on a roll call vote.

Item 9 – Approve the draft 2023 GOAC annual report and authorize the Chair to finalize the report after the last meeting

- [Draft GOAC Annual Report Doc.10](#)

Kelly Mikkelsen, IS Audit Manager with the Department of Legislative Audit, provided the [Draft GOAC Annual Report](#) for 2023. He will add information from this October 19, 2023 meeting and submit to the Chair for final approval.

Representative Bartels moved, seconded by Representative Otten to approve the draft GOAC annual report and authorize the Chair to include the events of this meeting in the final report to the Executive Board. The motion passed 9-0 on a roll call vote.

Item 10 – Schedule a meeting time for the presentation of the Family Support 360 and Shared Living Program study report

Russell Olson, Auditor General with the Department of Legislative Audit (DLA) was present to address the Committee. He provided a follow up on the study of the Family Support 360 and Shared Living Program being conducted by Alvarez and Marsal. He proposed a joint meeting of GOAC and Joint Committee on Appropriations on Monday, November 13, 2023.

Item 11 – Consider a motion to bring the Department of Human Services and the Department of Social Services to the next GOAC meeting to answer questions on the Dakota at Home program

- [Representative Duba Bullet Points Doc.11](#)
- [Dakota at Home Presentation Doc.11a](#)
- [Dakota at Home Evaluation Report 2018 Doc.11b](#)

Representative Duba advised that the interim Study Committee on Sustainable Models for Long Term Care looked into the Dakota at Home program. Representative Duba provided the [2018 Dakota at Home Evaluation Report](#) from a Legislative Research Council study commissioned by the Executive Board. She also provided the [Dakota at Home Presentation](#) that was presented to the interim Study Committee on Sustainable Models for Long Term Care.

Representative Duba wants to invite the Department of Social Services (DSS) and the Department of Human Services (DHS) to come before the Committee in November and address her concerns outlined in the [Bullet Point](#) document. Senator Nesiba suggested inviting the Department of Education to provide an update on the progress with the Educator Certification renewal process. The Committee will plan to meet again on November 8, 2023 beginning at 9:00 am to cover these two topics.

A motion was made by Representative Bartels to adjourn, seconded by Representative Reisch. The motion passed on a voice vote.