DEPARTMENT OF LEGISLATIVE AUDIT

FY 2028 EXECUTIVE BOARD BUDGET REQUEST

Presented August 26, 2026

State of South Dakota
Department of Legislative Audit
427 South Chapelle
c/o 500 East Capitol
Pierre, SD 57501-5070

FY 2028 EXECUTIVE BOARD BUDGET REQUEST
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427 SOUTH CHAPELLE
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RUSSELL A. OLSON
AUDITOR GENERAL

August 26, 2026

To: Executive Board of the Legislative Research Council

From: Russell A. Olson, Auditor General

Subject: FY 2028 Budget Request for the Department of Legislative Audit

Introduction

This memorandum contains a summary of the budget request for the Department of Legislative Audit for FY 2028. Following this memorandum are exhibits that provide additional details regarding the FY 2028 request.

In my past meetings with the Executive Board, I discussed with you my appreciation for the Executive Board and the Appropriations Committee approval of increasing our starting salary and the additional salary dollars for competitiveness during last year's budget process. I also discussed with the Board that, based on our analysis, the salaries that we are currently able to offer, although gaining on what the comparable market is offering, is still behind the surrounding states and private business.

Thus, I have prepared the FY 2028 budget request to address the challenges we discussed:

- additional salary dollars for increasing our starting salary offering,
- additional salary dollars for Legislative Audit's compensation plan.

The following paragraphs provide additional details. I will also have additional commentary at the meeting on Wednesday.

FY 2028 Budget Request

I am requesting a $71,502 increase (1.19% increase) in Legislative Audit's General Fund budget for FY 2028 when compared with the FY 2027 authorized budget. The increase requested is for personal services (salaries and benefits). We are not requesting any increases in travel, contractual services, supplies and materials or capital assets.

Legislative Audit's Need for Increase in Starting Salary

I am requesting an increase to the budget for FY 2028 to allow for an increase for the starting salary offered by Legislative Audit from $65,000 to $67,500.

<u>*Hiring New Educated and Qualified Candidates*</u>

As has been discussed with the Executive Board in the past meetings, I feel it is necessary for Legislative Audit to increase the starting salary we offer to be competitive in today's labor market. Based on an analysis I have performed, using the National Association of State Auditors, Comptrollers and Treasurers (NASACT), *Auditing in the States – 2026 Edition*, I have determined that our salary for new auditors (0-1.5 years) is below the surrounding state audit organizations average salary (shown on Exhibit B on page 9). In addition, increasing the starting salary creates a parity issue with the newer employees recently hired and creates a compaction issue in the future. I have factored this into the request that I have submitted.

I believe it is necessary to increase the starting salary we are able to offer if we are going to get well educated and qualified professionals to consider our department.

Legislative Audit's Compensation Plan

I am requesting an increase to the budget for FY 2028 to allow for the partial funding of Legislative Audit's compensation plan.

<u>*Keeping our Knowledgeable and Experienced Professional Auditors*</u>

As was discussed with the Executive Board in previous years, a key component of our compensation plan includes a performance-based incentive annual increase for staff when they have reached our career Auditor III classification. This annual increase is to recognize the value added by the increased knowledge, skills, and experience (KSE) as an auditor progresses with Legislative Audit.

I believe this annual adjustment is critical in maintaining our salary competitiveness and ensuring that we retain experienced senior staff to train and mentor our new auditors and to address upcoming retirements of senior members of the team. It is also extremely critical that Legislative Audit be able to retain our experienced staff with the State's transition to the new ERP system.

As a reminder, the actual use of salary funding provided through the appropriations process is considered by the Executive Board each May/June when I present my personnel report and seek the Board's approval for implementation of the salary package approved during the legislative session.

Summary of FY 2028 Request

A summary by object of the FY 2028 General Fund budget request compared with the FY 2027 budgeted amounts for each expenditure object follows:

Expenditure Object	FY 2027 Budget	FY 2028 Requested	Increase/ (Decrease)	% Increase/ (Decrease)
Personal Services	$ 4,381,346	$ 4,441,490	$ 60,144	1.38%
Employee Benefits	1,115,593	1,126,951	11,358	1.02%
Travel	181,809	181,809	0	0.00%
Contractual Services	347,974	347,974	0	0.00%
Supplies and Materials	19,100	19,100	0	0.00%
Capital Assets	1,642	1,642	0	0.00%
Totals	**$ 6,047,464**	**$ 6,118,966**	**$ 71,502**	**1.19%**

FY 2028 Budget Request Changes by Object

The details of budget requests by objects can be found in Exhibit A on pages 4 to 8.

Thank you for your consideration of this request. I look forward to discussing the budget with all of you on August 26th.

Budget Request Narrative

Fiscal Year: 2028 — Department: LEGISLATURE

Center: 2880 Auditor General — Object: 51 EMPLOYEE SALARIES

Subobject		Actuals 2025	Actuals 2026	Current OPB	Inflation	Exp/Red	Request Amount
5101010	F-T EMP SAL & WAGES	3,812,375	4,081,089	4,381,346	0	60,144	4,441,490
5102010	OASI-EMPLOYER'S SHARE	280,056	293,670	335,216	0	4,558	339,774
5102020	RETIREMENT-ER SHARE	227,754	239,858	258,940	0	3,499	262,439
5102060	HEALTH INSURANCE-ER SHARE	440,809	480,554	517,056	0	3,240	520,296
5102080	WORKERS COMPENSATION	0	0	0	0	0	0
5102090	UNEMPLOYMENT COMPENSATION	610	1,905	4,381	0	61	4,442
	TOTAL:	4,761,604	5,097,077	5,496,939	0	71,502	5,568,441
	FTE:	37.5	39.1	43.0	0	0.0	43.0

Narrative Justification

The base appropriation includes the following positions:

1	Auditor General
2	Audit Managers
1	Information Systems Audit Manager
2	Local Government Audit Supervisors
1	Director of Local Government Assistance
1	Assistant Director of Local Government Assistance
1	Special Investigation Position
30	Auditors
1	Finance Officer
2	Administrative Assistants
1	Overtime/Part-time
43	

The following is requested for salaries for FY28:

	Personal Services: Salary	Personal Services: Benefits
FY 2027 Budget - Salaries and Benefits	$ 4,381,346	$ 1,115,593
Starting Salary Increase and Equitable Adjustment	27,000	
Legislative Audit Compensation Plan	17,000	11,358
New Auditor Progression, Certification and Longevity	16,144	
Total FY 2028 Salary and Benefits Request	**$ 4,441,490**	**$ 1,126,951**
FY 2027 Salary and Benefits Budget	$ 4,381,346	$ 1,115,593
Additional Requested for Salaries and Benefits	**$ 60,144**	**$ 11,358**

The $71,502 requested increase in salary and benefit dollars has three components (and additional benefits related to the increase) are as follows:

1. $27,000 is requested to fund a portion of an increase to the starting salary for new hires and to provide equitable parity adjustments to avoid compaction. It is necessary to increase the starting salary to remain competitive in the market for quality professional candidates. Based on a comparative analysis to other governmental audit organizations, our current starting salary is not competitive with the market. It is critical for our mission to have quality professional candidates applying for our positions and to avoid compaction with existing employees.

2. $17,000 is requested to fund a portion of Legislative Audit's compensation plan which compensates individuals for an increase in knowledge, skills and experience of staff. The compensation plan is critical in maintaining salaries that are competitive and in the retention of these more experienced staff which are critical to our mission and to being able to provide services in a timely manner.

3. $16,144 is requested to fund a portion of another component of the compensation plan, salary progression for Auditor I's, longevity and certification pay. It is critical if we are going to stay competitive and retain good staff, we must show them that the effort and hard work is rewarded. This compensation component is necessary in recruiting and retaining staff. These components have been funded in previous years regardless of the statewide salary policy that has been adopted.

In addition, $11,358 is requested in benefits to match the requested salary dollars bringing the total increase in personal services dollars to $71,502.

Budget Request Narrative

Fiscal Year: 2028 | Department: LEGISLATURE
Center: 2880 Auditor General | Object: 5203 TRAVEL

Subobject		Actuals 2025	Actuals 2026	Current OPB	Inflation	Exp/Red	Request Amount
5203010	AUTO-STATE OWNED IN-STATE	43,788	56,090	54,687	0	0	54,687
5203020	AUTO PRIV (IN-STATE) L/RTE	4,759	6,340	2,400	0	0	2,400
5203030	AUTO PRIV (IN-STATE) H/RTE	5,289	4,455	43,192	0	0	43,192
5203080	OTHER-PUBLIC-IN-STATE	0	0	0	0	0	0
5203100	LODGING/IN-STATE	7,671	11,729	36,640	0	0	36,640
5203140	MEALS/TAXABLE/IN-STATE	17,682	16,226	17,297	0	0	17,297
5203150	NON-TAXABLE MEALS/IN-STATE	4,616	5,542	9,594	0	0	9,594
5203220	AUTO PRIV (OUT-STATE) L/RTE	0	243	0	0	0	0
5203230	AUTO PRIV (OUT-STATE) H/RTE	0	0	0	0	0	0
5203260	AIR-COMM-OUT-OF-STATE	571	0	9,500	0	0	9,500
5203280	OTHER-PUBLIC-OUT-OF-STATE	46	0	380	0	0	380
5203300	LODGING/OUT-STATE	529	2,215	8,119	0	0	8,119
5203350	NON-TAXABLE MEALS/OUT-STATE	148	390	0	0	0	0
		85,100	103,230	181,809	0	0	181,809

Narrative Justification

In-state travel finances the costs associated with travel incurred by the audit staff to and from the work site during the performance of audits away from their home station. This program object of expenditures also provides for travel undertaken by the Auditor General and staff to participate in meetings of governmental groups such as city, school, and county officials' associations, and provides technical assistance on-site to political subdivisions.

The FY 2028 In-State Travel costs are based on the following estimates:

State Car - 116,355 miles X $.47 (average) = $54,687
Private Auto - High rate, 61,703 miles X $.70 = $43,192
Low rate, 7,619 miles X $.315 = $2,400

Per Diem:
Lodging (333 X $110 plus tax) = $36,640
Meals - Overnight (240 X $40) = $9,594
Meals - Not Overnight (1,235 X $14) = $17,297

Out-of-state travel is necessary for training and participation in regional and national meetings on governmental audit affairs. Each member of the audit staff is required to have 80 hours of continuing education every two years. The average cost per trip, per individual is estimated to be approximately $3,000.

Budget Request Narrative

Fiscal Year: 2028
Center: 2880 Auditor General

Department: LEGISLATURE
Object: 5204 CONTRACTUAL SERVICES

Subobject		Actuals 2025	Actuals 2026	Current OPB	Inflation	Exp/Red	Request Amount
5204010	SUBSCRIPTIONS	6,047	7,407	7,700	0	0	7,700
5204020	DUES & MEMBERSHIP FEES	10,392	10,993	6,000	0	0	6,000
5204060	ED & TRAINING CONSULTANT	1,936	40	0	0	0	0
5204160	WORKSHOP REGISTRATION FEE	30,190	20,860	14,000	0	0	14,000
5204180	COMPUTER SERVICES-STATE	145,438	150,231	160,672	0	0	160,672
5204200	CENTRAL SERVICES	538	2,231	1,261	0	0	1,261
5204220	EQUIPMENT SERV & MAINT	1,010	960	200	0	0	200
5204230	JANITORIAL & MAINT SERV	4,776	4,776	5,322	0	0	5,322
5204320	AUDIT SERVICES-PRIVATE	0	10,000	0	0	0	0
5204340	SOFTWARE MAINTENANCE	44,359	48,318	41,000	0	0	41,000
5204410	JOB FAIRS	350	575	0	0	0	0
5204480	MICROFILM & PHOTOGRAPHY	616	581	0	0	0	0
5204490	RENTS-PRIVATE OWNED PROP.	2,390	0	0	0	0	0
5204525	REV BOND LEASE PAYMENTS	69,472	71,179	74,500	0	0	74,500
5204530	TELECOMMUNICATIONS SRVCS	21,171	24,747	21,000	0	0	21,000
5204540	ELECTRICITY	3,683	3,800	4,800	0	0	4,800
5204550	GARBAGE & SEWER	2,361	2,753	1,600	0	0	1,600
5204560	WATER	1,057	1,235	675	0	0	675
5204580	TRUCK-DRYAGE & FREIGHT	33	9	500	0	0	500
5204590	INS PREMIUMS & SURETY BDS	8,400	8,198	7,344	0	0	7,344
5204960	OTHER CONTRACTUAL SERVICE	1,365	1,977	1,400	0	0	1,400
		355,584	370,871	347,974	0	0	347,974

Narrative Justification

This program object primarily provides space rental, computer services, software maintenance and telephone services. These areas account for about 85 percent of the budget request in this program object.

Budget Request Narrative

Fiscal Year: 2028
Department: LEGISLATURE
Center: 2880 Auditor General
Object: 5205 SUPPLIES & MATERIALS

Subobject		Actuals 2025	Actuals 2026	Current OPB	Inflation	Exp/Red	Request Amount
5205010	MERCHANDISE FOR RESALE (CODING ERROR)	9,325	0	0			
5205020	OFFICE SUPPLIES	3,811	2,835	7,000	0	0	7,000
5205040	EDUC & INSTRUC SUPPLIES	378	2,384	3,200	0	0	3,200
5205060	MAINT & JANITORIAL SUPPL	492	1,145	300	0	0	300
5205218	MEDICAL SUPPLIES	0	373	0	0	0	0
5205310	PRINTING-STATE	2,917	2,584	3,000	0	0	3,000
5205330	SUPP PUBLIC & REF MATERIAL	0	0	1,500	0	0	1,500
5205340	MICROFILM SUPP & MATERIAL	0	0	100	0	0	100
5205350	POSTAGE	3,955	3,636	3,000	0	0	3,000
5205510	HEATING & COOKING FUELS	1,043	997	1,000	0	0	1,000
52059480	PROMOTION SUPPLIES	880	0	0	0	0	0
52059700	PROC CARD PURCH-NOT APPROVED	0	6	0	0	0	0
		22,802	13,961	19,100	0	0	19,100

Narrative Justification

This program object provides for office supplies and materials necessary to conduct audits, educational and instructional supplies to maintain the professional proficiency of the audit staff, supplements to South Dakota Codified Laws and postage. It also provides for office supplies and materials necessary to generate audit reports, state and commercial printing costs, and financial statement forms.

Budget Request Narrative

Fiscal Year: 2028 | Department: LEGISLATURE

Center: 2880 Auditor General | Object: 5207 CAPITAL OUTLAY

Subobject		Actuals 2025	Actuals 2026	Current OPB	Inflation	Exp/Red	Request Amount
5207450	OFFICE FURN & FIXTURES	0	675	1,000	0	0	1,000
5207490	TELEPHONE EQUIPMENT	0	0	0	0	0	0
5207900	COMPUTER HARDWARE	10,363	35,285	642	0	0	642
5207960	COMPUTER SOFTWARE	76	0	0	0	0	0
		10,439	35,960	1,642	0	0	1,642

Narrative Justification

Office Furniture and Fixtures:

Funds are budgeted to replace furniture as needed. Most office furniture is over 30 years old.

Computer Hardware:

Funds are budgeted to replace computer equipment that breaks down.

DLA Salaries Compared with Other States

Entry Level Auditor	2026 Auditing in the States Average	Yrs Experience
Iowa	$ 60,832	0.7
Minnesota Legislative Auditor	$ 81,169	1.2
Minnesota State Auditor	$ 69,869	1.0
Montana	$ 69,425	1.7
Nebraska	$ 65,000	1.0
North Dakota	$ 59,064	2.0
Average of Other Neighboring States	$ 67,560	1.3
Average of All State Audit Organizations	$ 64,398	1.5
SD Legislative Audit	$ 65,282	1.0
Legislative Audit vs. neighboring states	***$ (2,278)***	
Legislative Audit vs. all states	***$ 884***	

Middle Level Auditor	2026 Auditing in the States Average	Avg Experience
Iowa	$ 66,608	3.2
Minnesota Legislative Auditor	$ 97,210	5.4
Minnesota State Auditor	$ 81,338	8.9
Montana	$ 76,009	6.4
Nebraska	$ 83,500	3.0
North Dakota	$ 80,316	6.0
Average of Other Neighboring States	$ 80,830	5.5
Average of All State Audit Organizations	$ 76,566	5.0
SD Legislative Audit	$ 79,273	2.4
Legislative Audit vs. neighboring states	***$ (1,557)***	
Legislative Audit vs. all states	***$ 2,707***	

Audit Supervisor	2026 Auditing in the States Average	Avg Experience
Iowa	$ 95,673	15.1
Minnesota Legislative Auditor	$ 122,392	6.5
Minnesota State Auditor	$ 122,449	22.1
Montana	$ 91,678	13.2
Nebraska	$ 95,000	6.0
North Dakota	$ 98,520	
Average of Other Neighboring States	$ 104,285	12.6
Average of All State Audit Organizations	$ 107,771	14.3
SD Legislative Audit	$ 107,404	16.8
Legislative Audit vs. neighboring states	***$ 3,119***	
Legislative Audit vs. all states	***$ (367)***	

Audit Manager	2026 Auditing in the States Average	Avg Experience
Iowa	$ 131,807	23.3
Minnesota Legislative Auditor	$ 149,601	14.5
Minnesota State Auditor	$ 136,513	25.2
Montana	$ 111,792	21.5
Nebraska	$ 121,000	14.0
North Dakota	$ 117,500	22.0
Average of Other Neighboring States	$ 128,036	20.1
Average of All State Audit Organizations	$ 130,613	20.2
SD Legislative Audit	$ 141,673	29.5
Legislative Audit vs. neighboring states	***$ 13,638***	
Legislative Audit vs. all states	***$ 11,060***	
Deputies and Division Heads		
Average of all states midpoints of range	$ 148,764	
SD Legislative Audit Managers	$ 141,673	
Legislative Audit vs. all states	***$ (7,091)***	

State Laws Regarding Legislative Audit Compensation

4-2-4. Salary of auditor-general. The auditor-general's salary shall be set by the Executive Board of the Legislative Research Council.

4-2-6. Employment of personnel for department--Traveling expenses. The auditor-general shall appoint one or more persons qualified by special training and experience, as assistants and may employ such other examiners, auditors, and clerks as may be necessary to do the work of the Department of Legislative Audit, within the limits of existing appropriations, at salaries fixed by the auditor-general within policy guidelines established by the Executive Board of the Legislative Research Council. The auditor-general, his assistants, and employees shall receive their traveling expenses incurred in the performance of their official duties at state rates established by the Board of Finance.

Department of Legislative Audit
August 2026

Exhibit D

- Executive Board
  - Russell Olson, Auditor General
    - Laurel Sharp, Finance Officer
      - Sheri Doolittle, Senior Administrative Asst.
      - Sarah Sass, Administrative Asst.
    - Rod Fortin, Director of Local Government Assistance
      - Glenda Goens, CPA, Asst. Director of Local Government Assistance
      - Roger Schnabel, ICR Specialist (Part-time)
    - Kelly Mikkelsen, CPA, CISA, Information Systems Audit Manager
      - Dawn Headley, IS Auditor III
      - Matt Fickhohm, CGFM, IS Auditor III
    - Jeff Schaefer, Local Audit Supervisor, Parker
    - Toby Qualm, CPA, Local Audit Supervisor, Platte
    - Maria Schwader, Auditor III, Mitchell
    - Brandi Pitts, Auditor III, Huron
    - David Weidler, CPA, Auditor III, Sioux Falls
    - Jason Hill, Auditor III, Mobridge
    - Matthew White, Auditor II, Sioux Falls
    - Cassi Chase, Auditor III, Sioux Falls
    - Kasie Ingraham, Auditor II, Clark
    - Hunter Martell, Auditor II, Spearfish
    - Natalie Zirbel, Auditor II, Waubay
    - Madisyn Richards, Auditor II, Rapid City
    - Vacant, Auditor I, Brookings
    - Vacant, Auditor I, Rapid City
    - Vacant, Auditor I, TBD
    - Mike Kogelmann, CPA, State Government Audit Manager, Statewide ACFR
    - Lisa Schofield CPA, CFE, State Government Audit Manager, Single Audit
      - Ashlee Keyes, CIDA, Auditor IV
      - Adam Brech, CGFM, Auditor IV
      - Brianna Neuhauser, CPA, CIDA, Auditor III
      - Amy Macy, CPA, Auditor III
      - Nicole DeSloover, CFE, CGFM, Auditor III
      - Paul Mitchell, Auditor III
      - Mitchell Newman, Auditor III
      - Jasmine Louis, Auditor III
      - Shawn Van Sickle, Auditor II
      - Haylee Kroetch, Auditor II
      - Ashley Bruzek, Auditor II
      - Meghan Letellier, Auditor II
      - Kelsey Cropsey, Auditor II
      - Vacant, Auditor I
      - Vacant, Auditor I
      - Vacant-New Position, Specialist