



MINUTES

GOVERNMENT OPERATIONS AND AUDIT COMMITTEE

**Third Meeting
2009 Interim
April 21, 2009**

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

The third meeting of the 2009 Interim Government Operations and Audit Committee was called to order by Chair Peters at 9:00 a.m., April 21, 2009, in Room 414, State Capitol Building, Pierre, South Dakota.

A quorum was determined with the following members answering the roll call: Senators Jean Hunhoff, Craig Tieszen, and Jeffrey Haverly; Representatives Deb Peters, Quentin Burg, Paul Dennert, Charles Turbiville, and Kent Juhnke. Senators Julie Bartling and Margaret Gillespie were excused.

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

Approval of Minutes

Representative Turbiville moved, seconded by Senator Haverly, the minutes of the March 31, 2009 meeting be approved. Motion prevailed unanimously on a voice vote.

Department of Tourism and State Development – Finance Authority and REDI Audit Findings, and Archeological Research Center Billing Structure

Mr. Mike Youngberg, Finance Manager for the Governor's Office of Economic Development, Ms. Kim Olson, Deputy Secretary of the Department of Tourism and State Development, and Ms. Marty Davis, Director of Administrative Division of the Department of Tourism and State Development addressed the Committee regarding added internal controls and a new accounting system that should help in preventing the re-occurrence of these audit findings. On the topic of the Archeological Research Center, Mr. Jay Vogt, Director of the South Dakota State Historical Society, and Mr. Jim Haug, Director of the Archeological Research Center also gave testimony. Ms. Davis explained the billing procedure, which is an approved rate that cannot be raised. The Center sometimes does work in conjunction with other State Agencies. The Committee requested examples of billings, what services the Center bills for, and a list of statutes for the Center.

Department of Revenue and Regulation – Audit Findings on Various Funds (Doc's 4 and 20)

Mr. Paul Kinsman, Secretary of the Department of Revenue and Regulation, and Ms. Joan Serfling, Director of Administrative Services, Department of Revenue and Regulation addressed the Committee regarding audit findings and review of various funds. There was no further discussion.

Department of Human Services – Federal Compliance Findings

Mr. Jerry Hofer, Secretary for the Department of Human Services addressed the Committee with an explanation of the findings, and answered Committee questions on what procedures were in place to prevent re-occurrence of these findings. There was no further discussion.

Department of Labor – Unemployment Insurance Fund Audit Findings

Mr. Don Kattke, Director of the Division of Unemployment Insurance, Department of Labor, and Mr. Dick Flemmer, Director of the Division of Administrative Services, Department of Labor addressed the Committee regarding findings concerning the Unemployment Insurance Fund. There was no further discussion.

Department of Agriculture – Review of Various Companies (Doc's. 8, 17, 25, 26, and 27)

Mr. Chris Petersen, Finance Officer for the Department of Agriculture, Mr. Kevin Fridley, Director, Division of Agriculture Services, Department of Agriculture, and Mr. Brad Berven, Program Administrator, Division of Agriculture Services, Department of Agriculture addressed the Committee regarding various funds. In addition, Mr. Randy Englund, Executive Director for the South Dakota Wheat Commission, and Roxanne Harrison, Administrative Assistant for the South Dakota Wheat Commission were present to provide information regarding certain funds. There was no further discussion.

Department of Social Services and Department of Corrections – Discussion on the Juvenile Services Process (Doc's. 22, 28 and 29)

Ms. Deb Bowman, Secretary for the Department of Social Services, Ms. Virgena Wieseler, Director, Division of Child Protection Services, Department of Social Services, and Ms. Kim Malsam-Rysdon, Deputy Secretary, Department of Social Services answered Committee questions clarifying the role the Department of Social Services plays separately and in conjunction with the Department of Corrections in matters concerning juveniles in Department of Corrections placement facilities. Ms. Bowman also provided documentation outlining the state statute defining abuse and neglect that the Department of Social Services follows. The Department of Social Services will provide documentation with statistics on abuse cases substantiated by the department.

Mr. Tim Flannery, Department of Legislative Audit reviewed the documentation provided by the Department of Corrections concerning juveniles in out-of-state placement facilities. The Committee requested further information on the location of the out-of-state facilities. There was no further discussion.

Department of Labor – Boards and Commissions (Doc. 21)

The Committee reviewed the document from the Department of Labor explaining the department's policies and procedures used for training newly hired directors and support staff. There was no further discussion.

Department of Education – Birth to Three (Doc.18)

Chair Peters reviewed the response from the Department of Education with the Committee. Committee discussion followed. The Committee will be following this topic closely and will discuss further as developments take place.

Committee Review and Discussion on Follow-up Items From Previous Meetings:

Mr. Flannery reviewed the response from the South Dakota High School Activities Association (Doc. 13) regarding audit findings.

Mr. Flannery reviewed the response from the South Dakota Corn Utilization Council (Doc. 19) regarding audit findings.

Mr. Flannery reviewed the response from the South Dakota Housing Development Authority (Doc. 15) regarding audit findings and how the Authority plans to manage and account for money received for the American Recovery and Reinvestment Act. The Committee will be following further developments regarding findings and the stimulus money coming into the Authority.

Mr. Flannery reviewed the response from the Board of Medical and Osteopathic Examiners (Doc. 23) regarding audit findings.

Mr. Flannery reviewed responses from departments regarding orientation/training (including training over financial reporting) provided for new personnel hired by various boards and commissions.

As a result of the review of these audit findings, Mr. Martin Guindon, Department of Legislative Audit explained the role his department plays in the audit process as required by state statute. Mr. Guindon assured the Committee that developments with the stimulus money are being monitored and any new information would be passed on to the Committee.

Blue Book Review – Other Fund Information by Agency

Mr. Bob Christianson, Department of Legislative Audit explained the updates to the Blue Book. There were no further questions.

Future Items for Discussion

- Quarterly Encumbrance Report
- South Dakota Comprehensive Annual Financial Report (CAFR)
- Additional Other Funds
- Birth to Three
- Board of Regents – Hiring a Replacement for Dr. Perry
- Blue Book – Top 100 Funds
- Tour of State/Private Juvenile Correction Facility
- Update from Purchasing
- Department of Social Services – Medicaid Recovery
- Stimulus Update

Future Meeting Dates

The Committee intends to meet on June 23, August 18, and October 13, 2009.

Representative Turbiville moved, seconded by Senator Haverly, to adjourn the meeting. Motion prevailed unanimously on a voice vote.

The Committee adjourned the meeting at 2:37 p.m.



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