



# MINUTES

## GOVERNMENT OPERATIONS AND AUDIT COMMITTEE

**Second Meeting  
2009 Interim  
March 31, 2009**

**Room 413  
State Capitol  
Pierre, South Dakota**

The second meeting of the 2009 Interim Government Operations and Audit Committee was called to order by Chair Peters at 9:03 a.m., March 31, 2009, in Room 413, 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, and Charles Turbiville. Senators Julie Bartling and Margaret Gillespie, and Representative Kent Juhnke 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 December 1, 2008 meeting be approved. Motion prevailed unanimously on a voice vote.*

### **Juvenile Corrections Monitor Semi-Annual Report for July 1, 2008 through December 31, 2008**

Mr. John Ellis, Juvenile Corrections Monitor for the Department of Human Services addressed the Committee on the Public Section of the report. Mr. Ellis stated this was a quiet reporting period and answered committee questions regarding the report. Mr. Doug Herrmann, Director of Juvenile Services, Department of Corrections joined the meeting via telephone to address questions on the Semi-Annual Report of Incidents and Allegations of Abuse and Neglect (handout) in private contracted facilities for the same 6 month period. The Committee is requesting the Department of Corrections provide a breakdown with information on length of care, financial costs, etc. of youth in out-of-state private placement facilities.

### **Office of Procurement Management – Follow-up Discussion on Office Supplies Contract**

Mr. Tim Flannery, Department of Legislative Audit reviewed comments from Mr. Jeff Holden, Director, Office of Procurement Management, Bureau of Administration. Mr. Holden had testified at the February 25, 2009 meeting that in early July of 2009 the Office of Procurement Management will re-bid the office supplies contract. The Committee would like to be informed on the design of the new process for bidding. This topic will be discussed at a future meeting.

### **Audit Reports and Written Findings**

Mr. Bob Christianson, Department of Legislative Audit reviewed the audit reports and written findings for Fiscal Year 2008. As a result of this review, the Committee requested Mr. Flannery notify the South Dakota High School Activities Association for a response to a 3<sup>rd</sup> consecutive audit finding in violation with (SDCL) Chapter 43-41B. The Committee also requested further testimony from the

Department of Revenue, the Department of Human Services, and the Department of Tourism and State Development (REDI) regarding their agency's findings.

Mr. Martin Guindon, Auditor General for the Department of Legislative Audit addressed the Committee on the Department's plan for monitoring the flow through of approximately \$395,000,000 of additional federal dollars from the stimulus bill. Mr. Guindon testified that he has been in contact with the Government Accountability Office (GOA) regarding concerns and questions about the spending. Mr. Guindon is also working with Mr. Jason Dilges, Commissioner of the Bureau of Finance and Management regarding the spending process. The Committee will be updated on this topic as developments take place.

### **Blue Book Review – Other Fund Information by Agency**

Mr. Christianson explained and reviewed the Blue Book. Chair Peters, Vice Chair Tieszen, and Mr. Christianson will meet and determine which top one hundred funds will be reviewed by the Committee. There were no further questions.

### **Future Items for Discussion**

- Quarterly Encumbrance Report
- CAFR ( Comprehensive Annual Financial Report)
- School For The Deaf
- Birth to Three
- Archeological Research Center
- Blue Book – Top 100 Funds
- Tour of State/Private Juvenile Correction Facility
- Audit Findings
- Department of Social Services – Medicaid Recovery
- Streamlined Sales Tax Fund

### **Future Meeting Dates**

At this time the Committee will meet on April 21, 2009, June 23, 2009, and tentatively the 2<sup>nd</sup> week in August for a possible tour of a Department of Corrections juvenile facility.

*Representative Burg moved, seconded by Representative Dennert, to adjourn the meeting. Motion prevailed unanimously on a voice vote.*

The Committee adjourned the meeting at 12:05 p.m.



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