



MINUTES

GOVERNMENT OPERATIONS AND AUDIT COMMITTEE

**First Meeting
2013 Interim
May 14, 2013**

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

The first meeting of the 2013 Interim Government Operations and Audit Committee was called to order by Chair Dryden at 9:05 a.m., May 14, 2013, in LRC Room 413, State Capitol Building, Pierre, South Dakota.

A quorum was determined with the following members answering the roll call: Senators Jean Hunhoff, Larry Tidemann, Phyllis Heineman, and Angie Buhl O'Donnell; Representatives Dan Dryden and Susan Wismer. Senator Corey Brown and Representatives Justin Cronin, Melissa Magstadt, and Mark Mickelson were excused.

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

Approval of Minutes

Senator Tidemann moved, seconded by Senator Buhl O'Donnell, the minutes of the December 3, 2012 meeting be approved. Motion prevailed unanimously on a voice vote.

Item 1 – Juvenile Corrections Monitor Semi-Annual Report for the July 1, 2012 through December 31, 2012 reporting period

Ms. Laurie Gill, Secretary for the Department of Human Services introduced Ms. Kat Colson, Juvenile Corrections Monitor for the Department of Human Services. Ms. Colson addressed the Committee with a brief overview of her duties as Juvenile Corrections Monitor. Ms. Colson gave a summary of the investigations making up the Public Section of the Semi-Annual Report for July 1, 2012 through December 31, 2012. Ms. Colson referenced the increase in contacts for the most recent reporting period. There was no further discussion at this time.

Item 2 – Report on Abuse and Neglect in Private Placement Facilities for the July 1, 2012 through December 31, 2012 reporting period

Mr. Doug Herrmann, Juvenile Services Director for the Department of Corrections addressed the Committee on the Confidential Report on Abuse & Neglect in Private Placement Facilities for July 1, 2012 through December 31, 2012. Mr. Herrmann explained to the Committee how this report was generated and answered Committee questions. There was no further discussion at this time.

Item 3 – Senate Bill 70 Criminal Justice

Mr. Tim Flannery, Department of Legislative Audit gave an outline of key provisions of Senate Bill 70, which was the Criminal Justice bill from the 2013 Legislative Session. The Committee had follow-up questions regarding how to create performance measures. Mr. Josh Larson, Sr. Budget Analyst, Bureau of Finance and Management addressed the Committee and testified that the Department of Corrections is currently working on performance measures. Some Committee discussion followed. The Committee would like input from the oversight council. This topic will be revisited in the future.

Item 4 – Senate Bill 235 Economic Development

Mr. Nathan Lukkes, Deputy Commissioner for the Governor's Office of Economic Development (GOED) was present to address the Committee. Senate Bill 235, which was the Economic Development bill from the 2013 Legislative Session, creates the Building South Dakota Fund (BSDF). The Committee questioned how results will be measured and reiterated the need to track the progress of the BSDF. Mr. Lukkes answered Committee questions regarding the application process, when the money is awarded, when construction starts, and when it needs to be completed. Mr. Lukkes assured the Committee that this fund will be monitored closely, as with any new process there will be details to work out as they arise. Mr. Lukkes also testified that as the program evolves there may be a need to change the percentages going to the five sub-funds outlined in Document 9. Ms. Julie M. Johnson with Absolutely Aberdeen addressed the Committee. Ms. Johnson testified that she helped draft Senate Bill 235 and that some of the agencies receiving monies from the BSDF are already drafting rules for their respective agencies. The Committee would like testimony in the future regarding the goals these agencies have for using the money from the BSDF. The Committee would also like to have minutes from the Board of Economic Development meetings, possibly in October 2013. This topic will be re-visited.

Item 7 – Single Audit Report for Fiscal Year 2012

Mr. Bob Christianson, Department of Legislative Audit addressed the Committee on the Single Audit Report for fiscal year 2012. Mr. Christianson answered Committee questions regarding the Single Audit and audits done by private accounting firms. Committee discussion followed on selecting certain agencies to testify regarding audit findings. This topic will be re-visited in the future.

Item – 5 Bureau of Administration - Property Insurance and Insurance Coverage Alternatives

Mr. Paul Kinsman, Commissioner for the Bureau of Administration addressed the Committee on the Bureau of Administration's purchasing of property insurance. Mr. Kinsman testified that a work group was formed to study the options and the Hartford Company was selected as the State's property insurance carrier. A contract with the Hartford Company was executed on May 1, 2013. Mr. Kinsman also testified that more options will be looked at this summer to see if it is possible to join with another group to find additional savings. This topic will be re-visited as more information becomes available.

Item 6 – Teach for America

Mr. James Curran, Executive Director for Teach for America was on hand to answer Committee questions about the Teach for America program and how it impacts South Dakota schools. Mr. Curran provided two handouts (Documents #10 and #11) to the Committee to help in answering Committee questions. Document 10 is Teach for America's responses to the following questions from Committee:

1. How long has the program functioned in South Dakota schools?
2. How many folks / teachers have participated in the program since it started? Average per year. How many in the 2012-2013 school year.
3. Which schools utilized this program? How many of the schools were BIA funded?
4. How many of the TFA participants have stayed for more than 2 years? What is the average length of stay?
5. Scores by students provided by DOE do not reflect positive impact of this program. Please provide the performance metrics for the TFA program. What are the specific measureable goals to prove this program is working?
6. What is the total dollar amount of student loans that has been written off because of participation in TFA in South Dakota?
7. We heard many times that "It is working" – "This is a program that works." Please provide the specific data that shows the program has improved the scores. We do not want testimonials.
8. How does this compare to the program currently offered at BHSU?
9. Provide a total and detailed financial report covering the total life of the program in South Dakota – include private and public (state and federal) dollars involved in the program.

Mr. Curran explained that the expenses for Teach for America are primarily for recruitment, training, and support. The Committee requested that Mr. Curran supply data on the progress and results of students under the leadership of Teach for America. The Committee heard testimony from the following private individuals: Senator Jim Bradford, District 27; Ms. Dianna Miller, Lobbyist for Large School Group; and Mr. John Pedersen, Lobbyist for the United School Group. All three individuals expressed concern for taxpayer dollars being given to Teach for America. Senator Bradford requested Teach for America provides the Committee an audit of their organization. Ms. Miller requested data on what districts pay Teach for America teachers and what the schools pay out to have the teachers on board. This topic will be re-visited as more information becomes available. Document 11 is a financial overview of years 2003 through 2012.

Future Items for Discussion

- Department of Revenue – Audit Findings FY2012
- FY 2012 Comprehensive Annual Financial Report (CAFR) Audit Adjustments
- BHSU Education Program
- DOSS – New MMIS System Update
- Department of Labor – Health Insurance Companies Licensed in South Dakota under the Affordable Care Act

Future Meeting Dates

The next meeting will be held June 11, 2013 at 9:00 a.m.

Senator Tidemann moved, seconded by Senator Buhl O'Donnell to adjourn the meeting. Motion prevailed unanimously on a voice vote.

The Committee adjourned the meeting at 4:20 p.m.



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