

GOAC Meeting 3-7-14

Called to order 8 am

Roll Call:

Present Members: Senators Heineman, Hunhoff, Lucas, and Tidemann
Representatives Cronin, Dryden, Mickelson, and Wismer

Excused: Senator Curd

Conference Call: Representative Magstadt

Item 1: The Governor's Office of Economic Development (GOED) provided opening remarks.

Commissioner Pat Costello of GOED gave a brief background on when and why the investigations and the three engagements of the GOED began.

Item 2: Eide Bailly, LLP presented their internal controls examination report followed by responses from the GOED, the Bureau of Human Resources, and the State Auditor. The Committee asked questions and received responses regarding the Eide Bailly, LLP report.

Jeremy Bendewald, Director of Forensic Accounting and Jason Olson, Senior Manager, from Eide Bailly, LLP, provided an overview of the results of their internal controls review of the GOED.

Mr. Bendewald and Mr. Olson answered Committee questions regarding their report. Commissioner Costello was also available during the Committee questions to help with answers.

Laurie Gill, Commissioner of the Bureau of Human Resources (BHR), discussed the changes the state has made and other considerations regarding the Eide Bailly recommendations as they related to the BHR.

Steve Barnett, State Auditor, discussed the changes the state has made and other considerations regarding the Eide Bailly recommendations as they related to the State Auditor's Office.

Item 3: Stulken, Petersen, Lingle, Walti & Jones, LLP presented their agreed-upon procedures report followed by a response from the GOED. The Committee asked questions and received responses regarding the Stulken, Petersen, Lingle, Walti & Jones, LLP report.

Dave Lingle, Partner, and Jesse Carlisle, Senior Accountant, from Stulken, Petersen, Lingle, Walti & Jones, LLP, provided an overview of the results of their agreed-upon procedures engagement with the GOED. Mr. Lingle gave a brief background of when and why Stulken, Petersen, Lingle, Walti & Jones, LLP was contacted to conduct its engagement. Mr. Carlisle explained the exceptions noted in the agreed-upon procedures engagement applicable to the funds they were asked to review.

Mr. Lingle and Mr. Carlisle answered Committee questions regarding their report. Commissioner Costello was also available as needed for questions regarding the Stulken, Petersen, Lingle, Walti & Jones, LLP report.

Item 4: Department of Legislative Audit (DLA) presented their audit report of the GOED's Governmental Funds followed by a response from the GOED. The Committee asked questions and received responses regarding the DLA report.

Martin Guindon, Auditor General, Bob Christianson, State Government Audit Manager, and Tim Flannery, State Government Audit Manager, from the Department of Legislative Audit, provided an overview of the audit report of the GOED's Governmental Funds.

Mr. Guindon explained that the report was an audit of activities not audited during a routine audit of the GOED. He gave a brief description of the scope of the audit as well as a brief overview of the results of testing relating to the \$1,000,000 futures fund grant to the Northern Beef Packers Plant. Mr. Christianson discussed the various sections within the audit report. Mr. Guindon, Mr. Christianson, and Mr. Flannery, along with Commissioner Costello, answered Committee questions regarding the audit report.

Item 5: The GOED provided an overview of the U.S. Citizenship and Immigration Service's Employment Based-5 (EB-5) program. The Committee asked questions and received responses regarding the EB-5 program.

Commissioner Costello and Nathan Lucas, Deputy Commissioner of the GOED, were present to discuss the EB-5 program. Mr. Lucas gave an overview of the EB-5 program. Commissioner Costello and Mr. Lucas answered Committee questions regarding the EB-5 program.

Item 6: Commissioner Costello provided closing comments.

Commissioner Costello made closing comments regarding the last year and how all of the departments involved have worked diligently to fix any issues that have arisen throughout the investigations and engagements that have been conducted.

Item 7: Public testimony

There was no one present who wished to speak during this portion of the meeting.

Item 8: Committee discussion regarding next steps

The Committee discussed the investigations and the reports resulting from the three engagements. The Committee also discussed possible topics for future meetings. There will be further discussion of future topics and a meeting date will be set at a later time.

Adjourned at 12:17 pm
Moved by: Cronin
Second by: Heineman

Unanimous by voice vote.