



MINUTES

GOVERNMENT OPERATIONS AND AUDIT COMMITTEE

**Sixth Meeting
2012 Interim
December 3, 2012**

**Room 412
State Capitol
Pierre, South Dakota**

The sixth meeting of the 2012 Interim Government Operations and Audit Committee was called to order by Chair Haverly at 9:00 a.m., December 3, 2012, in LRC Room 412, State Capitol Building, Pierre, South Dakota.

A quorum was determined with the following members answering the roll call: Senators Jeff Haverly, Deb Peters, Jean Hunhoff, and Jim Hundstad; Representatives Charles Turbiville and Dan Dryden. Senator Larry Tidemann and Representatives Lance Carson, Paul Dennert, and Kim Vanneman 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

Representative Turbiville moved, seconded by Senator Peters, the minutes of the October 15, 2012 meeting be approved. Motion prevailed unanimously on a voice vote. (Doc.1)

Item 1 – Legislative Research Council – Budget Drivers and Performance Indicators

Ms. Denice Houlette, Fiscal Analyst for the Legislative Research Council, Mr. Rich Sattgast, State Treasurer, Office of the State Treasurer, State of South Dakota, and Mr. Jason Dilges, Commissioner for the Bureau of Finance and Management were present to address the Committee regarding budget drivers and performance indicators. Ms. Houlette testified that on October 29, 2012 a steering committee comprised of Mr. Jason Dilges, Mr. Dusty Johnson, Chief of Staff for the Governor's Office, and representatives from the Joint Committee on Appropriations, Department of Legislative Audit, and Government Operations and Audits Committee met to discuss budget drivers and performance indicators. Ms. Houlette stated that a Constitutional Office and a State Agency were selected to test this process, respectively the Office of the State Treasurer and the Department of Corrections. Ms. Houlette gave detailed information as to where the process is at this time. There was some Committee discussion. Mr. Sattgast and Mr. Dilges gave testimony reiterating the need to identify a system of value in relation to budget drivers and performance indicators, and that they are pleased to be part of the process. Mr. Dilges made several observations he would like the Steering Committee to be mindful of during this process, including possible changes in legislation in reference to SDCL 4-7-10. The Government Operations and Audit Committee voiced concern regarding the short time frame for making any changes in legislation. Mr. Fred Schoenfeld, Legislative Research Council acknowledged the Committee's concern and is aware of the time frame. Senator Haverly emphasized the need for cooperation and the sharing of information from all parties

involved to be successful. Senator Haverly also thanked all parties involved for their willingness to participate in this process.

Item 2 – Department of Legislative Audit – Comprehensive Annual Financial Report of the State of South Dakota and the Single Audit for Fiscal Year 2012

Mr. Bob Christianson, Department of Legislative Audit addressed the Committee on the completed 2012 audits and the audits currently in progress. Mr. Christianson also explained the audits that are in process with private accounting firms. Some Committee discussion followed on selecting certain agencies to testify regarding repeat audit findings.

Follow-up Item from Prior Meeting

Mr. Tim Flannery, Department of Legislative Audit handed out a document from Mr. Andy Gerlach, Secretary for the Department of Revenue and Regulation that the Committee had previously requested. This information related to the collection and use of the 4% wireless telecommunications gross receipts tax. There was no further discussion at this time.

Future Items for Discussion and Future Meeting Dates

The Committee decided to let the newly appointed Government Operations and Audit Committee set the next meeting date and agenda.

The Committee adjourned the meeting.



All Legislative Research Council committee minutes and agendas are available at the South Dakota Legislature's homepage: <http://legis.state.sd.us>. Subscribe to receive electronic notification of meeting schedules and the availability of agendas and minutes at **My LRC** (<http://legis.state.sd.us/mylrc/index.cfm>).