

State Board of Internal Control (SBIC)
Capitol Building 2nd floor Governor's Large Conference Room (207)
Pierre, SD
January 27, 2017
9:00 AM (CST)

1. Roll Call of Board Members - 9:05 AM Call to Order
 - a. Members in attendance:
 - i. Liza Clark – Chair – BFM Commissioner
 - ii. Monte Kramer – BOR
 - iii. Laura Schaeffer – DSS
 - iv. Tami Darnall – DOE
 - v. Greg Sattizahn – UJS
 1. Quorum present
 - b. Members not in attendance:
 - i. Kari Williams – DOH – excused
 - ii. Steve Barnett – State Auditor
2. Approval of Agenda
 - a. Motion to remove items 10 and 11 from the agenda
 - i. IT WAS MOVED by Darnall, Seconded by Kramer
 - b. Motion to approve agenda as amended
 - i. IT WAS MOVED by Kramer, Seconded by Darnall. The motion carried with a unanimous voice vote.
3. Approval of Minutes
 - a. Motion to approve the minutes
 - i. IT WAS MOVED by Kramer, Seconded by Schaeffer. The motion carried with a unanimous voice vote.
4. Housekeeping Issues
 - a. The meeting was streaming live online
5. Question from Department of Revenue:
 - a. John Hanson, DOR–
 - i. Do all Boards & Commissions need to formally vote on adopting the Code of Conduct in the BHR Employee Handbook?
 1. If so, would we identify pertinent pages, as the entire handbook is not pertinent to Boards & Commissions?
 - ii. Should every employee be required to sign off identifying that they have read and understand the Code of Conduct?
 - iii. Have other state agencies with Boards & Commissions in their organization structure had this question come up? What are other Boards & Commissions doing?
 - b. Discussion on the questions listed above:
 - i. Clark–
 1. Introduced Heather Perry from BHR to talk about State employees
 - ii. Perry–
 1. New employees sign off on BHR Employee Handbook during onboarding process

2. Sent out email to all employees in January with changes and updates and where to find the BHR Employee Handbook
 3. Looking at ways to have employees sign a conflict of interest statement similar to BOR or sign off on entire BHR Employee Handbook
 4. Looking to possibly implement in 2017
 5. Possibly include with ACES process
 - a. DSS does some of this for system access and HIPAA
 - b. Looking at fiscal year 2018
- iii. Kramer–
1. Added Governor’s letter to BOR handbook along with Executive Director letter
 2. Have not formally adopted Code of Conduct since it is in BOR handbook
 3. Only certain classes of employees sign the Conflict of Interest form
 4. Discussing if everyone should sign off on BOR handbook
 5. Preferably electronically
 6. Probably going to differ from board/commission to board/commission based on whether board/commission has a Code of Conduct
- iv. Clark–
1. Discussed the motion for Code of Conduct from the July meeting
- v. Sattizahn–
1. UJS is co-mingling with what they already have
 2. Create something relevant for their boards/commissions
- vi. Senger–
1. Read final motions that were previously approved in July, 2016
 2. Focuses on control environment of the entity
 3. First step in developing an internal control system
 4. All boards/commissions should have a Code of Conduct
- vii. Clark–
1. We will continue to work with BHR for state employees
- viii. Kramer–
1. Will all employees sign a Conflict of Interest statement?
- ix. Perry–
1. Will continue to look at this but the Code of Conduct includes Conflict of Interest
- x. Clark–
1. No formal action needs to be taken
6. UGG Work Group update
- a. Senger–
- i. UGG workgroup did not meet for some time, however they met last week
 1. Regarding subrecipients – reviewing ways to make sure the State is following guidance
 - ii. UGG workgroup brought two forms before the Board a couple of months ago
 1. Talked about SBIC approving minimum guidance
 - a. Is it needed since the State is required to follow Federal guidance?

- iii. Idea is to provide tools
 - 1. Personal opinion – it makes sense for the State to operate the same whenever possible. It is not fair to the subrecipients to follow different methods for each agency they are receiving pass-through money from.
 - iv. We asked all agencies to review
 - 1. Subrecipient versus Contactor Checklist
 - 2. Pre-Award Risk Assessment
 - 3. Subrecipient Monitoring Guide
 - 4. Grant Agreement
 - a. BFM received responses from all the agencies
 - b. BFM compiled responses – see attachment to the minutes
 - v. Would the board be willing to approve forms at a future meeting with an exception for agencies to document why they are not using the form and that their forms are meeting the requirements?
 - b. Darnall–
 - i. In favor of having a model but not that everyone has to use the same form
 - c. Senger–
 - i. Working to create standard forms with flexibility at the bottom to add grant specific criteria
 - d. Darnall–
 - i. Do all agencies have to use the exact same document? Or does it need to look similar and have the same elements? We use a system so it won't ever look exactly like forms created in Excel.
 - e. Senger–
 - i. Forms are for standard grants - signing on paper and posting online. In my opinion using a system would probably look different and this would be a good reason to document why it is different but that it meets the requirements
 - f. Schaeffer–
 - i. Will need a transition period to train staff on any new forms
 - ii. DSS could work with the UGG workgroup to get the forms closer to what we would like
 - g. Kramer–
 - i. BOR is still planning to use FDP (Federal Demonstration Partnership) forms; has the UGG group had a chance to look at these
 - h. Senger–
 - i. Haven't spent a lot of time looking at the forms – the form is in conjunction with the Federal government so it is probably proper to continue using
 - i. Clark–
 - i. Bring the forms forward at a future meeting and the Board will look at them
- 7. BFM Internal Control RFP 799 update
 - a. Senger–
 - i. BFM received 5 RFPs
 - ii. They are confidential per State law
 - iii. We have 5 very good candidates
 - iv. We have developed a team to review

1. John Hanson - DOR
 2. Laurie Mikkonen– DSS
 3. Shelly Anderson – BOR
 4. Terry Miller – BFM EMFO
 5. Ron Wire – BFM
 6. Keith Senger - BFM
- v. Measure each RFP individually regardless of cost – we excluded the cost proposals from RFPs given to the team
1. Ron and I tried to develop a criteria and points system
 2. Sent it to Steve Berg from BOA and the team are going to refine the criteria
 3. Then the team will be rating each RFP and making recommendations to BFM
 4. Will then factor in cost and negotiate with firms until we get to a satisfactory cost
8. Other discussion items
- a. Clark–
 - i. BFM posted a job announcement for a statewide internal control officer – we would like to have someone on board for when we start working with the firm selected during the RFP process
 - b. Lieutenant Governor Michels–
 - i. Recommend adding two standing agenda items
 1. Single Audits notifications from DLA (SDCL 1-56-9)
 2. Update on what was presented to GOAC
 - a. GOAC is functioning as State’s audit committee
 - b. Has broad authority to review State audit findings and other issues
 - c. SBIC has direct reference to GOAC in State Law (SDCL 1-56-7)
 - ii. Update on how Federal Government will be changing in fiscal areas
 - c. Kramer–
 - i. Was there a report to given to GOAC?
 - d. Senger–
 - i. Jason Dilges and I met with GOAC in October – Dilges said we would have a report to them in a year – we gave them where we are, where we are going. Probably this summer need to give them a paper report.
9. Adjourn - 10:01 AM
- a. IT WAS MOVED by Darnall, seconded by Sattizahn to adjourn the meeting. The motion carried by unanimous voice vote.