

State Board of Internal Control (SBIC)

Capitol Building 4th Floor Room 414

Pierre, SD

August 25, 2016

1:30 to 4:00 pm (CST)

1. Roll Call of Board Members

- a. Members in Attendance: Jason Dilges Chair, Steve Barnett, Monte Kramer, Laura Schaeffer, Tami Darnall, Kari Williams, Greg Sattizahn.

2. Approval of Agenda

- a. IT WAS MOVED by Monte Kramer, seconded by Greg Sattizahn to approve the agenda. The motion carried with unanimous voice vote.

3. Approval of Minutes

a. July 27, 2016 Minutes

i. Monte Kramer proposed changes to meeting minutes

1. Suggested using page numbers on minutes
2. Item 4.c.i on page 2, change line two of item strike "and" insert "or"
3. Item 4.c.iii.1.a.ii on page 3, should read "Moved substitute motion by Darnall"

- ii. IT WAS MOVED by Monte Kramer, seconded by Tammy Darnall to adopt the minutes as amended. The motion carried with unanimous voice vote.

b. June 21, 2016 Minutes (RE-approval)

i. Monte Kramer proposed changes to meeting minutes

1. Item 7.n.iii on page 7 should read "Sattizahn made a motion to adopt the following language change on the Attestation Form: "If you, the recipient or subrecipient, have concerns regarding the requirements listed above, please contact your state agency representative before signing this form."
2. Item 11.a.xii.3 on page 11 should read "Sattizahn made a motion to adopt the proposed language."

- ii. IT WAS MOVED by Monte Kramer, seconded by Kari Williams to adopt the revised minutes as amended. The motion carried with unanimous voice vote.

4. Housekeeping Issues

- a. Today's meeting materials on "Open SD" - SBIC website
- b. Audio questions or feedback: email Brittini.Skipper@state.sd.us

5. Should the State seek outside help in developing and implementing an Internal Control Framework?

- a. Jason Dilges reviewed conversations he has had with other budget directors, as well as consultants about the processes and frameworks others have used to establish internal control standards in their states and organizations.
- b. Ron Wire and Keith Senger provided testimony about what has been accomplished across state government in implementing internal controls, as well as what the next steps should be. It was relayed that we have little experience in this area in state government as well as the fact that internal controls reach across several areas such as financial and legal, an outside expert would be very beneficial to establishing and implementing our processes.

6. Discussion on Annual Report to GOAC

- a. The board held discussion on when GOAC would be given the annual report. GOAC's next meeting is October 18th. Then they will meet sometime after November 25, but before the budget address in December. After that, the meeting would be during regular legislative session. Commissioner Dilges will contact the chairs of GOAC to determine the date of the annual report presentation. Commissioner Dilges will also present this information to the board at the decided upon date.

7. UGG Workgroup update

- a. Keith Senger gave an overview of where the workgroup is at and where they are going. Some states have centralized grant offices to ensure compliance with state and federal regulations. South Dakota does not currently have one. There are 45-50 people in this workgroup to develop some tools and best practices. There have been 5 meetings thus far and the group is making progress on their goals.

8. Subrecipient vs Contractor Determination tool

- a. Chris Petersen introduced the tool and gave an overview of the document used for making the determination.
- b. Discussion - Q&A
 - i. Commissioner Dilges recommended that the board look at other tools that may currently be used by agencies before adopting a formal policy.
 - ii. Williams does not agree with the last two questions in the determination tool. DOH has their own tool that they use for determinations.

- iii. Senger noted that there are other nationally recognized tools out there. This tool follows the uniform grant guidance.
- iv. Darnall had a concern with using the tool to make a determination that they already would know would be a grant.
- v. Petersen suggested that the form could be filled out one time for similar arrangements such as walk-in areas for Game, Fish & Parks.
- vi. Dilges discussed if the board should make determinations whether a tool that an agency is using is an effective tool rather than using a singular tool across all agencies.

9. PreAward Risk Assessment tool

- a. Emily Ward introduced the tool and gave an overview of the form to the board.
- b. Commissioner Dilges asked whether there is a point value assigned for every “yes or no” risk question. Ward confirmed that as correct. Commissioner Dilges asked how the value of each question was determined. Does it come from CFR? Ward said that the values were determined by the Risk Assessment workgroup. Dilges pended board action to a future date.

10. Suspension and Debarment

- a. Keith Senger provided the pros and cons of suspension and debarment and requested directions from the Board if the state should go the direction of keeping a list of suspensions and debarments.
- b. Dilges suggested that the board be very thoughtful before proceeding with any actions regarding suspension and debarment policy.
- c. Kramer asked whether policies on suspension and debarment that apply to federal funds should also apply to state dollars.
- d. Marty Guindon mentioned that the statute that would apply to this conversation is 5-18d-12.
- e. Sattizahn contended that there should be ways for an entity to get on the suspension and debarment list.

11. Items for Next Meeting

- a. The next meeting will be September 12th.

12. Adjourn

IT WAS MOVED by Monte Kramer, seconded by Tammy Darnall to adjourn. The motion carried with unanimous voice vote.