

State Board of Internal Control Minutes

Date: 10/6/25

Time: 9:00 am

Location: Room 414, State Capitol Building (4th floor),
500 E. Capitol Ave., Pierre, SD

1. Call to Order

2. Roll Call of Board Members

- Jim Terwilliger called the meeting to order at 9:00 a.m.
- Allysen Kerr called the roll.

Members present:

- Kellie Beck – DOT Absent/Excused
- Heather Forney – BOR
- Amanda Jost – BIT
- Chris Petersen – GFP
- Rich Sattgast – State Auditor
- Brenda Tidball-Zeltinger – DSS
- Jim Terwilliger – BFM
- 1. Quorum is present

3. Approval of Meeting Agenda

- Item 8A removed from the agenda, Board will discuss in November.
 - IT WAS MOVED by Petersen, seconded by Sattgast

4. Approval of Minutes from Last Meeting

- Motion to approve minutes from June 30, 2025. The Typo on page 2 was corrected.
 - IT WAS MOVED by Petersen, seconded by Sattgast
 - The motion carried with a voice vote.

5. Recurring Discussion Items

a) Sub-recipient Audit Notifications from Department of Legislative Audit (SDCL 1-56-9)

1. Department of Public Safety (1)
 - Presenter: Dustin Height
 - Entity: Avera Health
 - Findings: Activities Allowed and Allowable Costs.
 - Issues: A lack of controls related to the maintenance of the original monthly census data used in the calculation of contracted labor related to COVID-19 resulted in a reasonable possibility that Avera would not be able to detect and correct noncompliance in a timely manner.
 - Amounts: None reported.

- Comments/Action:
 - Project went through FEMA review, no issues. Went through single audit, census data reviewed by auditors, system limitations to data availability were noted. Data and reporting issues have been resolved.

2. Department of Public Safety (1)

- Presenter: Dustin Height
- Entity: Monument Health
- Findings: Activities Allowed or Unallowed and Allowable Costs.
 - Issues: Monument Health's control did not detect or correct the calculation error identified. As a result, expenditures were claimed under the federal program that may be unallowable, and there is a reasonable possibility that Monument Health would not be able to detect and correct noncompliance in a timely manner.
 - Amounts: \$58,985
- Comments/Action:
 - Monument Health returned Federal and State portions back to the state and implemented better policies, so the issue has been deemed resolved.

b) **GOAC Update**

- 7/16/25: Annual report from GF&P, South Dakota High School Activities Association, Building SD, GOED, SD Jobs and DLA.
- 9/24/25: Performance management reviews from DANR and DPS. Annual report from the Obligation Recovery Center. DSS & DOR update on improper use of government resources.

6. Internal Control Quarterly Report

a) **Statewide:**

1. Framework has been rolled out to 23 agencies, with 5 in progress.
2. Once onboarded, agencies are required to attest to the effectiveness of controls for high and critical risks on a semi-annual basis.
3. During this reporting period, we achieved a statewide attestation response rate of 97.1% for these control attestations.
4. Identified 10,522 risks, which reflect changes from last quarter with the addition of SDRS & DANR. 2,081 of those fall into the high or critical risk category, which represents 20% of the total risks.

5. Agencies are required to document and implement controls for all high and critical risks at a minimum. 2,980 controls have been identified and documented.
6. During this period, we had a total of 62 control issues identified. Each internal control officer will discuss their respective control issues and remediation plans in their report.

b) **Agency**

i. **Department of Game Fish and Parks – Chris Petersen**

- a. Risks: 375 documented
- b. Completion: 87.7% attestations on time
- c. Issues: 18 | 1 repeat

ii. **Department of Military - Leanne Reindl**

- a. Risks: 81 documented
- b. Completion: 100% attestations on time
- c. Issues: none

iii. **Department of Public Safety – Angie Lemieux**

- a. Risks: 264 documented
- b. Completion: 100% attestations on time
- c. Issues: none

iv. **Department of Social Services – Kayla Dowling**

- a. Risks: 711 documented
- b. Completion: 100% attestations on time
- c. Issues: 19 | 5 repeat

v. **Department of Health - Callie Hall**

- a. Risks: 437 documented
- b. Completion: 85.9% attestations on time
- c. Issues: 8 | 2 repeat

vi. **Department of Education – Cody Stoeser**

- a. Risks: 529 documented
- b. Completion: 100% attestations on time
- c. Issues: none

vii. **Department of Labor & Regulation – Jacob Frohreich**

- a. Risks: 348 documented
- b. Completion: 100% attestations on time
- c. Issues: 15 | 4 repeat

viii. **Department of Veterans Affairs - Leanne Reindl**

- a. Risks: 192 documented
- b. Completion: 100% attestations on time
- c. Issues: none

- ix. **Public Utilities Commission – Cindy Kemnitz**
 - a. Risks: 112 documented
 - b. Completion: 100% attestations on time
 - c. Issues: none
- x. **South Dakota Retirement System – Brittne Adamson**
 - a. Risks: 346 documented
 - b. Completion: 100% attestations on time
 - c. Issues: none
- xi. **Department of Agriculture & Natural Resources – Darcy Keiser**
 - a. Risks: 814 documented
 - b. Completion: 100% attestations on time
 - c. Issues: 2 | none repeat

7. Framework Project Update

- a. Finalized the implementations for SDRS and DANR. In addition, implementation efforts are ongoing with SOS, DOT, ATG, BHRA, and GOED. UJS has completed its implementation and will be included in the next report. We anticipate that all remaining agencies will complete their processes and be ready to report at the December meeting.
- b. State Internal Control Team has been collaborating with several agency divisions to complete the annual RCM review process, as well as provide training and communication to the new Internal Control Officers. We will continue supporting new hires in the coming weeks as additional officers are brought on board.
- c. Plan to establish quarterly meetings with all state Internal Control Officers to foster open communication, encourage the sharing of best practices, and provide ongoing training and support.

8. Other Discussion Items

- None

9. Agenda items for Next Time

- None

10. Public Comment

- Chris Petersen, GFP
- BISON update on procurement management.

11. Adjourn meeting at 10:11 AM

- IT WAS MOVED by Petersen, seconded by Forney.