

State Board of Internal Control Minutes

Date: 3/24/25

Time: 11:00 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 11:00 a.m.
- Allysen Kerr called the roll.

Members present:

- Kellie Beck – DOT
- Heather Forney – BOR
- Aaron Olson – UJS
- Chris Petersen – GFP
- Rich Sattgast – State Auditor
- Brenda Tidball-Zeltinger – DSS
- Jim Terwilliger – BFM
- 1. Quorum is present

3. Approval of Minutes from Last Meeting

- Motion to approve minutes from December 20, 2024
 - IT WAS MOVED by Chris Petersen, seconded by Heather Forney
 - The motion carried with a voice vote.

4. Recurring Discussion Items

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

1. Department of Social Services (1)
 - Presenter: Jason Simmons
 - Entity: Early Childhood Connections
 - Finding: Written Uniform Guidance Policies
 - Issue: Lack of policies and procedures written
 - Comments/Action:
 - Working with CPA firm to establish policies and procedures.
2. Department of Social Services (2)
 - Presenter: Jason Simmons
 - Entity: Western SD Community Action, Inc.
 - Finding: Internal Control over Compliance
 - Issue: Lack of eligibility documentation
 - Comments/Action:
 - Increased training

3. Department of Public Safety (1)
 - Presenter: Dustin Height
 - Entity: West Central Electric Cooperative, Inc.
 - Findings: Preparation of the Schedule of Expenditures of Federal Awards, Material Weakness in Internal Control over Compliance
 - Issues: Lack of internal control on tracking spreadsheet
 - Amounts: Received overpayment of \$3,184
 - Comments/Action:
 - Tracking sheet has been eliminated, and employees are more diligently tracking their labor time
4. Department of Education (1)
 - Presenter: Cody Stoeser
 - Entity: YMCA of Rapid City
 - Finding: Payroll Testing Errors (Repeat Finding)
 - Issue: Payroll Errors
 - Amount: \$25.00
 - Comments/Action:
 - Change in personnel
 - Payroll accounting systems that are now automated

b) **GOAC Update**

- None

5. Internal Control Quarterly Report

a) **Statewide:**

1. To date, our framework has been rolled out to 20 agencies, with one additional agency pending implementation.
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 99.4% for these control attestations.
4. We have identified 8,677 risks, which is reflecting changes from last quarter with addition of the Public Utilities Commission. 1,716 of those fall into the high or critical risk category, which represents 20% of the total risks.
5. During this period, we had a total of 32 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: 96.2% attestations on time
 - c. Issues: Financial reporting
- ii. **Department of Military - Leanne Reindl**
 - a. Risks: 81 documented risks
 - b. Completion: 100% attestations on time
 - c. Controls: 7 documented controls
 - d. Issue: None
- iii. **Department of Public Safety – Angela Lemieux**
 - a. Risks: 264 documented
 - b. Completion: 100% attestations on time
 - c. Comments: Looking to possibly share an Internal Control Officer position with another agency
- iv. **Department of Social Services - Jason Simmons**
 - a. Risks: 537 risks documented
 - b. Completion: 100% attestations on time
 - c. Issues: 11 control issues
 - d. Future: Working with Ally and Karlee to update all of the Department of Social Service Risk and Control Matrices.
- v. **Department of Health - Callie Hall**
 - a. Risks: 437 risks documented
 - b. Completion: 100% attestations on time
 - c. Issues: 5 control issues
- vi. **Department of Education – Cody Stoeser**
 - a. Risks: 529 documented risks
 - b. Completion: 100% attestations on time
 - c. Issues: Certification testing rollout caused timing issues with teacher recertifications
- vii. **Department of Labor & Regulation – Emily Ward**
 - a. Risks: 348 Risks documented
 - b. Completion: 100% attestations on time
 - c. Issues: Continue to educate staff on internal controls and the attestation process
 - d. Future: Hiring an Internal Control Officer
- viii. **Department of Veterans Affairs - Leanne Reindl**
 - a. Risks: 192 Risks documented
 - b. Completion: 100% attestations on time
 - c. Issues: A superintendent was not employed during current attestation period causing duties to go

incomplete. The Department is in the process of hiring a new superintendent.

ix. Public Utilities Commission – Cindy Kemnitz

- a. Risks: 112 documented risks
- b. Completion: 100% attestations on time
- c. Issues: none

6. Framework Project Update

- a. Bureau of Information & Telecommunications
 - i. Workshops have concluded
 - ii. Finishing up documenting controls, policies, and procedures
 - iii. Will report in June on the same cycle as BFM
- b. Unified Judicial System
 - i. Workshops have begun
- c. Department of Transportation
 - i. Begin workshops in May
- d. South Dakota Retirement System
 - i. Begin workshops next quarter
- e. Secretary of State's Office
 - i. Begin workshops next quarter
- f. Next quarter activities
 - i. Finish work with BIT
 - ii. Begin working with DOT, SOS, UJS, SDRS

7. Other Discussion Items

- a. SB 61
 - i. Board Composition
 - ii. Agency responsibilities
 - iii. Annual review requirement
 - iv. Provide additional board authority and agency accountability
- b. SB 60
 - i. Expand access in OSA

8. Agenda items for Next Time

- None

9. Adjourn meeting at 1:32 PM

- IT WAS MOVED by Forney, seconded by Chris Petersen.