

# State Board of Internal Control Meeting Minutes

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

**Date:** 3/31/2022

**Time:** 11:00 AM

## Agenda items

### 1. Roll Call of Board Members

A. Keith Senger called the meeting to order at 11:01AM

B. Allysen Kerr called the roll

Members present:

- i. Kellie Beck – DOT (Not Present, Excused)
- ii. Keith Senger – BFM
- iii. Heather Forney – BOR
- iv. Aaron Olson – UJS
- v. Brenda Tidball-Zeltinger – DSS
- vi. Chris Petersen – GFP
- vii. Rich Sattgast – State Auditor (Not Present, Excused)
  1. Quorum is present

### 2. Approval of Agenda

A. Motion to approve agenda

- i. IT WAS MOVED by Olson, seconded by Petersen
- ii. The motion carried with a voice vote.

### 3. Approval of Minutes

A. Motion to approve minutes from December 20<sup>th</sup>, 2021.

- i. IT WAS MOVED by Petersen, seconded by Forney
- ii. The motion carried with a voice vote.

### 4. Recurring Discussion Items

A. Sub-recipient Audit Notifications from DLA (SDCL 1-56-9)

- i. None to report.

B. GOAC Update

- i. None to report.

### 5. Internal Control Quarterly Report

A. Statewide

- i. As a state we have identified 1,530 risks to date. After adding the Department of Military, we are still trending approximately 60% of those risks being in the operational category which are those risks tied to the execution day-to-day activities.

- ii. Additionally, roughly 16% of those identified risks being high or critical to the state. Agencies are asked to document and implement controls for those high and critical risks at a minimum, and to date 393 controls have been identified.
- iii. We had 14 control issues identified in this reporting period
  - 1. 13 of those were related to a high risk and 1 to a critical risk. 12 have been remediated and closed, and the remaining 2 have documented remediation plans in progress that should be wrapped up in the next quarter.

## **B. Agency**

### **i. Department of Game, Fish and Parks**

- 1. Petersen: Is 2 years into the internal control process. Last quarter they took a step back in how well they are doing on-time review and testing. Some challenges GFP have run into are first, moving their in-house hunting and fishing license system to outside vendor. This move took more hands-on deck leaving less people to work on their quarterly assessments. GFP is currently a few months into new system rollout. Second challenge mentioned for GFP was turnover with staff in doing reviews.
- 2. Tidball-Zeltinger asked what was done to enhance controls with roll out to new systems? Petersen responded new system is for both licenses and for camping reservations instead of using two different systems.
- 3. Forney asked would you say that the process you have gone through has helped with session planning? Petersen responded yes. GFP has found that they can do some internal promotions to help with session planning. They run into issues when they don't have a defined session plan.

### **ii. Department of Military**

- 1. Connie Hohn: over 95% of risks fall into operation and compliance. Department of Military is a required service delegated by federal government, so both federal and state employees are working both side by side. DOM has a higher than state average in compliance risk. Recognized 1 internal control risk and plan to work side by side with Allysen Kerr in the

coming months. DOM plans to review control process yearly to stay up to date.

2. Petersen commented GFP has used the control matrix to help set priorities when allocating resources. Has DOM similarly used the control matrix to help set priorities within their agency? Hohn responded DOM hasn't really gotten into the matrix on the state side, however, the federal side does use the control matrix.

## 6. Framework Project Update

- A. Key program updates for this period include the finalization of both School and Public Lands and the Office of the State Auditor as the 9<sup>th</sup> and 10<sup>th</sup> agencies onboarded.
  - i. Implementation at School & Public Lands wrapped up on March 15<sup>th</sup> with Office of the State Auditor following on the 16<sup>th</sup>. We broke School & Public Lands into 3 sections: finance, land management, and Oil, Gas & GIS, and the Office of the State Auditor also into 3 sections of Auditing, Accounting and Payroll
  - ii. A complete overhaul of our training material was done in December that really streamlines the process and makes it even more interactive with the participants. These two offices were the first to utilize our new training, and it was well received.
  - iii. School and Public Lands went through a commissioner transition from Ryan Brunner to Jarrod Johnson during the implementation which highlights a major risk that all state agencies face: succession planning. This program not only helps document risks and controls but ensures that agencies are well equipped for future organizational needs. Having well documented policies and procedures will help agencies take expedient action during turnover as it will facilitate effective knowledge transfer and aid in responsibility reassignment.
  - iv. These two agencies will share their results at the next meeting in June.
- B. In addition to planning for future implementations, a contract extension for INRY or Integrhythm, who provides the development and programming support for ServiceNow was completed. We are also in the process of getting the PwC consulting contract extended as well as that expires in June.
- C. The Department of Public Safety has been selected as the 11<sup>th</sup> agency to implement the IC framework and work already started this month.

D. Allysen will prepare and present the FY 2023 Work Plan at the June meeting as well.

**7. Other Discussion Items (Ally's Notes)**

A. Current Updates of Board Approved Documents

i. Uniform Sub-Recipient Grant Agreement Template

1. Change in identification number due to change from Federal government (DUNS to UEI). Not a substantial change.

B. Keith Senger mentioned how Allysen Kerr took the Statewide Internal Control Officer position in early 2020 and has been doing a great job moving the long-term plan forward and implementing in the agencies. Senger also remarked that he has heard a lot of good comments from the agencies.

**8. Agenda Items for Next Meeting**

A. No discussion items for the next meeting.

**9. Public Comment**

A. None

**10. Adjourn at 11:24**

A. IT WAS MOVED by Peterson, seconded by Tidball-Zeltinger