

State Board of Internal Control Minutes

Date: 12/20/24

Time: 10:00 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 10:00 a.m.
- Allysen Kerr called the roll.

Members present:

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

3. Approval of Meeting Agenda

- Motion to approve agenda.
 - IT WAS MOVED by Beck, seconded by Sattgast
 - The motion carried with a voice vote

4. Approval of Minutes from Last Meeting

- Motion to approve minutes from September 23, 2024
- Petersen had minor grammar corrections
 - IT WAS MOVED by Petersen, seconded by Olson
 - 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 Health (1)
 - Presenter: Cally Hall
 - Finding: Sandford Health
 - Issue: A third party did not have a SOC form
 - Amount: \$238,000 in Covid funds
2. Department of Transportation (3)
 - Presenter: Jack Dokken
 - Findings:
 - Yankton Transit
 - Community Transit of Watertown-Sisseton (CTWSI)

- Actions:
 - SDDOT management decision letters
 - Agreed action plans implemented
 - Quarterly reports required for CTWSI

3. Department of Education (1)

- Presenter: Cody Stoesser
- Findings: Boys and Girls Club of Yankton 21st Century Learning
 - Time forms
- Actions: Corrective action plan and increased monitoring

b) **GOAC Update**

- October 8, 2024
 - Updates from VA, DHS, BOR, Tech Ed, GFP, 911 Board, BFM
- October 21, 2024
 - Follow- up with DVA, DHS, DOC, and DOR (Motor Vehicles)
- December 11, 2024
 - Meeting postponed

6. Internal Control Quarterly Report

a) **Statewide:**

- To date, our framework has been rolled out to 19 agencies, with one additional agency pending implementation.
- Once onboarded, agencies are required to attest to the effectiveness of controls for high and critical risks on a semi-annual basis. During this reporting period, we achieved a statewide attestation response rate of 100% for these control attestations.
- We have identified 8,565 risks, which is reflecting changes from last quarter with additions to DOC Security when we did a comprehensive review of their area.
- 1,706 of those fall into the high or critical risk category, which represents 20% of the total risks.
- 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. **Bureau of Finance & Management – Morgan Gruebele**

- a. Risks: 187 documented

- b. Completion: 100% attestations on time
- c. Issues: None noted
- ii. **Department of Revenue - Bobi Adams**
 - a. Issues: None noted
 - b. Hiring new internal control officer for DOR
- iii. **Department of Tribal Relations – Hallie Willey**
 - a. Risks: 124 documented
 - b. Completion: 100% attestations on time
 - c. Issues: One control failure pertaining to the monthly call log analysis, and this will be remediated by next meeting.
- iv. **Department of Tourism - Hallie Willey**
 - a. Risks: 102 risks documented
 - b. Completion: 100% attestations on time
 - c. Issues: none
 - d. Future: Planning on review risk and controls in the next year
- v. **Department of Corrections - Danna Humig**
 - a. Risks: 361 total risks with 40 high risks
 - b. Completion: 100% attestations on time
 - c. Issues: Inventory Logs not being completed
- vi. **School & Public Lands - Justin Nagel**
 - a. Risks: 78 documented risks
 - b. Completion: 100% attestations on time
 - c. Issues: None noted
 - d. Other Information: Meeting with the internal control office in 2025 to review SPL's risks and controls.
- vii. **Office of the State Auditor - Rich Sattgast**
 - a. Risks: 64 Risks documented
 - b. Completion: 100% attestations on time
 - c. Issues: None noted
- viii. **Office of the State Treasurer - Jason Williams**
 - a. Risks: 67 Risks documented
 - b. Completion: 100% attestations on time
 - c. Issues: None noted
- ix. **Department of Human Services - Greg Evans**
 - a. Risks: 444 documented risks. 81 high to critical
 - b. Completion: 100% attestations on time
 - c. Issues: 3 control failures at SDDC
 - d. Not updating daily medical process notes for a resident

- e. Failure to notify family members of aspects of treatment.
 - f. Vocational team not performing a risk assessment on the appropriate tools being used in the vocational area at SDDC
 - g. No report Failures
 - h. Other information:
 1. Improvement from 5 failures last quarter
 2. One year ago, had 19 failures indicating a great improvement. No repeat failures
 3. New division leaders worked with the Office of internal control to update risks and controls.
- x. **Board of Regents - Karlee Rinehart**
- a. Risks: 4,092 documented risks, 970 high or critical risks
 - b. Controls: 100% attestations on time
 - c. Failures: 27 control failures
 - d. Significant decrease from 66 control failures in the previous attestation period
 - e. BOR does have controls in place for many of the failure though they are not fully documented or as effective as they can be
 - f. Other Information: BOR will be working with the Internal Control office in 2025 to update their risk and control matrix.

7. 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. Public Utilities Commission
 - i. Workshops have concluded
 - ii. Finishing up documenting controls, policies, and procedures
 - iii. Will report in March
- c. Department of Transportation
 - i. Anticipated start time is in January
- d. Unified Judicial System
 - i. Met with UJS to start the process
 - ii. Anticipated start time is in January
- e. Next quarter activities
 - i. Finish up BIT and PUC
 - ii. Begin working with UJS and DOT

8. Other Discussion Items

- a. Uniform Subrecipient Grant Agreement Template changes
 - i. On page 1 and 2, the bullet points under item 1 have been updated to reflect what is in 2 CFR 200.332(b). This change is also reflected in Exhibit A on page 20.
 - ii. Second, in item 9 Closeout, the reference in the initial paragraph needs to be corrected from 2 CFR 200.332(a) to 2 CFR 200.332(b).
 - iii. The updated contract template will be available on the Bureau of Finance and Management website, as well as the Internal Control Boards and Commissions page, following this meeting.
 - iv. Motion to approve Petersen second Beck. Voice vote was carried.
- b. New Deputy Statewide Internal Control Officer
 - i. Karlee Rinehart joined on December 9, 2024
 - ii. Previous role: Internal Auditor (BOR), Legislative Audit

9. Agenda Items for Next Time

- Terwilliger: 2 FTE in the Governor budget for additional internal control officer. Chapter 1-56 legislation proposed changes, looking at some goals.

10. Agenda items for Next Time

- None

11. Adjourn meeting at 11:05 AM

- IT WAS MOVED by Olson, seconded by Forney.