

State Board of Internal Control Minutes

Date: June 30th, 2021

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

Time: 1:30 PM

1. Roll Call of Board Members

A. Liza Clark called the meeting to order at 1:30 PM

B. Allysen Kerr called the roll

Members present:

- i. Kellie Beck – DOT
- ii. Liza Clark – BFM
- iii. Heather Forney – BOR - excused
- iv. Aaron Olson – UJS
- v. Brenda Tidball-Zeltinger – DSS
- vi. Chris Petersen – GFP
- vii. Rich Sattgast – State Auditor

1. Quorum is present

2. Approval of amended Agenda

A. Motion to add FY22 Workplan to the Agenda

- i. IT WAS MOVED by BECK, seconded by Sattgast

B. Motion to approve amended agenda

- i. IT WAS MOVED by Sattgast, seconded by Tidball-Zeltinger
- ii. The motion carried with a voice vote.

3. Approval of Minutes

A. Motion to approve minutes from March 18th, 2021.

- i. IT WAS MOVED by Peterson, seconded by Beck
- 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 discuss this meeting

B. GOAC Update

- i. Liza updated on the one meeting GOAC had since the last SBIC meeting.

5. Internal Control Quarterly Report

A. Statewide

- i. Kerr – A total of 6 agencies have been implemented (latest are DTR and TOUR). There are 5 remediation plans in progress for this period. Even with adding new agencies the high/critical risk numbers are trending the same.

Plan to start implementing DOC at beginning of August, which will take about 7-8 weeks to complete.

ii. Bureau of Finance & Management

1. Keith Senger – BFM had 2 audit findings dealing with CAFR & CEFA – there were accounting and financial reporting errors made by BFM and by agencies that BFM didn't catch. COVID, a new financial reporting system, inexperienced finance staff in agencies, and receiving over \$1B in COVID money contributed to the issues. What we're doing to do better: hired 3 new staff, hosted 9 face-to-face trainings for state agency finance staff, BFM staff have completed over 15-20 trainings themselves, and are revamping our review/checklist/scheduling processes.
 - a. Sattgast: Are you working on retention of employees?
Senger: Yes, we are looking at ways to retain staff.
 - b. Petersen: What do you see being your biggest challenge now embarking on the CAFR 2021 project? Will it be ARPA?
Senger: We learned about from CARES Act. We'll have a better handle on how to account for ARPA money spending.
Clark: BFM has been cross-training staff. We've learned that involving our financial reporting staff earlier in the process would have been helpful.
 - c. Beck: Are you seeing a lot of agency accountants at trainings your staff have been going to? Senger: We invite agency finance staff to a few trainings each year. We're trying to provide training to agency finance staff.

iii. Department of Revenue

1. Toni Richardson – This is a repeat, single-audit finding that was discussed in December. DLA found a significant deficiency in internal controls regarding edit permissions for employees with access to both the state accounting system and the CEDAR tax system. DOR has worked with BIT staff to create new security classes inside CEDAR system. Programming was to be completed in the spring of 2020 but was delayed due to COVID. Programming was completed in October 2020.
 - a. Clark: What was the programming changes? Richardson: CEDAR Tax System is an internally developed system that didn't have security classes developed when made 13 years ago.
 - b. Peterson: This was a 2020 Audit Finding and because programming was delayed due to COVID, this is now a repeat finding? Richardson: Correct.

B. Agency

i. Bureau of Finance & Management

1. Kohler – BFM had 187 documented risks, most operational. 14% high/critical

ii. Department of Revenue

1. Richardson – DOR had 297 risks, 36% high/critical, 100% self-assessments completed on time. Two major issues being worked on in DOR: securing Instant Ticket inventory, and reconciliation and distribution of the local highway and bridge fund.
 - a. Petersen: DOR did a lot of work as a pilot agency. Is DOR fully using the Internal Control system? Richardson: Yes, we are, especially now that the system is using the new software.

iii. Department of Tribal Relations

1. Gaede – DTR had 10 main agency objectives and 41 sub, 147 risk. 10% critical/high.
 - a. Petersen: Was the same process used to onboard DTR as GFP? Kerr: Yes, we'll continue to use that same process and Zoom meetings for the implementation process going forward.

iv. Department of Tourism

1. Goodman – TOUR had 102 risks, 5 high, 5 critical

6. Framework Project Update

A. Department of Corrections –

- i. Kerr – we will start beginning of August

7. FY22 work plan –

- A. This work plan is structured very similarly to the workplan the board approved last year. The goal is to implement one new agency per quarter. In the interim I will work on planning next agency implementations. Vote will be taken on this at next meeting.
 - i. Tidball-Zeltinger: Do you have an idea of what agencies will be rolled out next? Kerr: We do not plan out too far because things come up. Clark: We'll schedule a smaller agency during session.

8. Other Discussion Items

9. Agenda Items for Next Meeting – Vote on FY22 work plan

10. Public Comment

11. Adjourn at 2:11

- A. IT WAS MOVED by BECK, seconded by Petersen

Note: This meeting is being held in a physically accessible location. Individuals with disabilities who require a reasonable accommodation in order to participate in the meeting should contact the Bureau of Finance and Management at 605-773-3411. Please request the accommodation at least 2 business days prior to the meeting.