

State Board of Internal Control (SBIC)
State Capitol Building 4th Floor Room 413
May 30th, 2019
10:00 am to 11:24 am (CST)

1. Roll Call of Board Members

- A. Liza Clark called the meeting to order
- B. Mark Quasney called the roll.

Members present:

- i. Kellie Beck – DOT
- ii. Liza Clark – BFM
- iii. Monte Kramer – BOR
- iv. Greg Sattizahn – UJS
- v. Brenda Tidball-Zeltinger – DSS
- vi. Kari Williams – DOH
- vii. Rich Sattgast - State Auditor
 - a. Quorum is present

Also in attendance:

- i. Ann Holzhauser – Board Council - Asst. Attorney General

2. Approval of Agenda

- A. Motion to approve agenda
 - i. IT WAS MOVED by Beck, seconded by Kramer
 - ii. The motion carried with unanimous voice vote.

3. Approval of Minutes

- A. Motion to approve minutes from 1/03/19
 - i. IT WAS MOVED by Sattizahn, seconded by Beck
 - ii. The motion carried with unanimous voice vote.

4. Recurring Discussion Items

- A. Sub-recipient Audit Notifications from DLA (SDCL 1-56-9)
 - i. Tyler Steen, with the Department of Public Safety, explained the Audit notification for DPS. FEMA inadvertently duplicated the costs. Kramer asked if the audit done in 2018 was a separate audit and if there was a requirement when the audit has to be done. Steen explained that subrecipients are audited if they meet the \$750,000 threshold and it also depends on when the funds are received or expended. They didn't meet the threshold when the funds were expended.
 - ii. Matt Flett, with the Department of Education, explained how the YMCA of Rapid City received an audit finding. They didn't document the updated wages for an employee in an employee wage agreement. They have a corrective action plan and support it.
 - iii. Jack Dokken, with the Department of Transportation explained the management decision letter. One finding was a significant deficiency with Prairie Hills Transit. The auditor didn't understand the format for asset management. The DOT agrees with Prairie Hills and their corrective action plan. They agree with the remainder of the six corrective action plans. Kramer asked if the subrecipients are audited every year. Dokken explained that they do if they receive more than

\$750,000 annually. Prairie Hills Transit was the only one with a finding. Others don't meet the audit threshold. Clark asked which board has oversight as indicated in the management letter. Dokken explained that it is the Prairie Hills Transit board. Tidball-Zeltinger asked if there been discussion on the issue of deficiency from the independent auditor. Dokken explained that this was a newer auditor and they didn't understand the transit business.

- iv. Laurie Mikkonen, with the Department of Social Services, reviewed the audit finding from Children's Home Society. They had two findings from 2018. The funding is related to the Victim's Services Program which was under the Department of Social Services at the time. They are under the Department of Public Safety. The recommendation was to incorporate a secondary review of the spreadsheets for payroll allocations. Grant supervisors will also receive training on payroll allocations. They updated their policies and reporting section on what allowable costs are. They also require employees to track their time on employee timesheets. The program manager will also review all drawdown requests. The second finding was related to a monthly draw down. The recommendation was to review the procedures of the quarterly processes. The provider agreed with the recommendation and updated their policies. The board finance committee approved these changes.

B. GOAC Update

- i. Liza Clark discussed the GOAC meeting. She discussed how DSS and DOR explained their audit findings. DSS provided updates on the MMIS. Tourism, Ag, and Educations provided updates on performance indicators. In a previous meeting, they discussed the University Center at Sioux Falls and how they are changing their name. The next meeting is June 11, 2019. At some point, Clark will report to that committee when they put it on their agenda.

5. Internal Control Quarterly Report

- A. Quasney explained the process so far and the implementation of the framework in the Department of Revenue and the Bureau of Finance and Management. In March, the control owners were sent assessments and they completed those. He compiles those and issues a statewide report. There will eventually be 33 agencies that report twice a year. There were 30 control deficiencies that were identified, and agencies are working to mitigate those deficiencies. Tidball-Zeltinger asked if the self-assessment available for agencies that will be onboarding later on. Quasney explained that it is not on the portal, but he is working to implement the GRC technology and that will automate the assessment. He provided examples of some of the deficiencies and what constitutes a risk. Quasney explained how risks can fall into multiple categories and how they are weighted.

B. Agency Reports

- i. Bureau of Finance and Management
- ii. John Hansen, with the Department of Revenue, explained the audit findings from DLA. Staff vacancies caused these findings. They have had audit findings regarding reconciliations. Staff vacancies compounded what wasn't getting done. Subsidiary ledgers weren't getting updated in CEDAR, but the amount was correct in the accounting system.

6. Framework Project Update

- A. Quasney provided an update on the framework. The technology procurement process has been initiated. The PwC contract will be extended to help assist with technical expertise. The Department of Education is awaiting implementation of the framework.

7. Updated Monitoring Guide Adoption

- A. Quasney provided an update on the monitoring guide.
- B. IT WAS MOVED by Kellie Beck, seconded by Monte Kramer to adopt the updated procedure.
- C. The motion was carried with unanimous voice vote.

8. Other Discussion Items

- A. None.

9. Agenda Items for Next Meeting

- A. Clark- We talked about adding criminal cases to the agenda for the next meeting.

10. Public Comment

- A. None.

11. Adjourn

- A. IT WAS MOVED by Monte Kramer, seconded by Greg Sattizahn.
- B. The motion carried with unanimous voice vote.