

State Board of Internal Control (SBIC)
State Capitol Building 4th Floor Room 414
June 18, 2018
9:30 am to 9:57 am (CST)

1. Roll Call of Board Members

- A. Clark called the meeting to order
- B. Mark Quasney called the roll. Members present:
 - i. Steve Barnett – State Auditor
 - ii. Tamara Darnall – DOE
 - iii. Monte Kramer – BOR
 - iv. Greg Sattizahn – UJS
 - v. Kellie Beck – DOT
 - vi. Kari Williams – DOH
 - vii. Liza Clark – BFM
 - a. Quorum is present

2. Approval of Agenda

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

3. Approval of Minutes

- A. Motion to approve minutes
 - i. IT WAS MOVED by Kramer, seconded by Sattizahn.
 - ii. Kramer – suggested correction to section 9 item A, “entity does not confirm” should be “entity does not conform”.
 - iii. The motion carried with unanimous voice vote.

4. Recurring Discussion Items

- A. Sub-recipient Audit Notifications from DLA (SDCL 1-56-9)
 - i. No new notifications from DLA at this time.
- B. GOAC Update (06/11/2018)
 - i. Clark stated GOAC discussed performance management indicators with agencies, Single Audit findings (GFP, DOE, DSS), and local bank accounts.
 - a. GOAC received an update on the status of the audit findings from each of the agencies.
 - b. BFM will be reviewing GOAC’s suggestions to make a timeline and/or checklist for the internal control framework.

5. Code of Conduct for Boards and Commissions

- A. Ann Holzhauser discussed the modification of the Code of Conduct for comments from the last meeting. Added language regarding modifying the provisions of the code.
- B. Clark discussed that all changes to the form would go through Ann Holzhauser and Mark Quasney. They will determine if the changes are substantial and should be brought to the Board.
- C. Sattizahn requested language be added to address that UJS boards and commissions should be exempt under the purview of UJS

- D. IT WAS MOVED by Kramer to approve the Code of Conduct and Conflict of Interest with changes to include language stating “with the exception of those under the purview of UJS” seconded by Williams.
- E. Roll call vote
 - i. Sattizahn - aye
 - ii. Kramer – aye
 - iii. Barnett – aye
 - iv. Clark – aye
 - v. Darnall – aye
 - vi. Williams – aye
 - vii. Beck – aye
 - viii. Motion passed.

6. Sub-recipient Agreement Template Update

- A. Quasney discussed the new requirements for Senate Bill (SB) 100 regarding conflicts of interest being posted to opensd for agreements between agencies and nonstate agencies. Section 8 has been amended to be in compliance with this senate bill.
- B. Kramer discussed other changes needed
 - i. Section 10 – “Byrd Anti Lobbying Amendment” should be “Lobbying”.
 - ii. Section 25 – the box is marked “no”, should this be blank so that the agency can fill out the correct answer?
 - a. Mark responded with yes, it is a form error and will be reviewed.
- C. IT WAS MOVED by Darnall to approve the revised subrecipient agreement form, seconded by Kramer.
- D. Roll call vote
 - i. Sattizahn - aye
 - ii. Kramer – aye
 - iii. Barnett – aye
 - iv. Clark – aye
 - v. Darnall – aye
 - vi. Williams – aye
 - vii. Beck – aye
 - viii. Motion passed.

7. Internal Control Framework Project Update

- A. Quasney discussed a survey sent to internal control officers and agency staff requesting information on their current internal controls in the agencies. A steering committee has been formed to help with the framework.
- B. Clark discussed that the Bureau of Finance and Management (BFM) is currently identifying their risks and determining what information to bring forth to the Board. BFM is the pilot implementation agency, and will be working to put a team of employees together to implement at the agency level.
- C. Kramer questioned if the boards and commissions application of the framework will be applied in a similar way since they are structurally different than state government.
- D. Quasney responded that the framework being built needs to be flexible so that it can be applied to different situations.

- E. Clark discussed that a lot of information regarding how state government, UJS, and BOR structure works. If there are agencies that are interested in being part of the steering committee, they can reach out to Mark Quasney.

8. Other Discussion Items

- A. Kramer discussed questions on SB100 guidance. The initial memorandum referred to section 21, but there were no changes made to that section.
- B. Quasney responded that section 8 was better suited for the changes. The changes approved today put us in compliance with the SB100.
- C. Kramer discussed record retention. BOR will need to alter their policies and retain records longer than previously done.

9. Agenda Items for Next Meeting

- A. Clark discussed that Board members will be contacted prior to the fall meeting. At this time no agenda items were discussed for the next meeting.

10. Adjourn

- A. IT WAS MOVED by Beck, seconded by Barnett.
- B. The motion carried by unanimous voice vote.