

## **State Board of Internal Control (SBIC)**

Capitol Building 4<sup>th</sup> Floor Room 414

March 14th, 2018

9:30 to 10:30 pm (CST)

### **1. Roll Call of Board Members**

- A. Clark called the meeting to order
- B. Mark Quasney called the roll. Members present:
  - i. Rob Swanson – State Auditor Representative
  - ii. Tamara Darnall - DOE
  - iii. Monte Kramer - BOR
  - iv. Greg Sattizahn - UJS
  - v. Laura Schaeffer - DSS
  - vi. Kari Williams – DOH
  - vii. Liza Clark – BFM
  - a. Quorum is present

### **2. Approval of Minutes**

- A. Motion to approve minutes
  - i. IT WAS MOVED by Sattizahn, seconded by Darnall.
  - ii. Monte Kramer asked a question regarding the minutes on 6a. Clark suggested rewording the minutes. Kramer suggested further clarification be made to 7d to approve the agenda. The changes were made.
  - iii. The motion carried with unanimous voice vote.

### **3. Recurring Discussion Items**

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

##### **i. Department of Social Services- Lutheran Social Services**

- 1. Laurie Mikkonen discussed the audit report for the Lutheran Social Services of South Dakota, Inc. and walked through the report findings.
- 2. Mikkonen discussed the finding related to matching requirements and the changes that have been made to rectify the finding.

##### **ii. Department of Education- Feeding South Dakota**

- 1. Rob Huffman, DOE Grant Administrator, discussed the audit report related to Feeding South Dakota. The sub-recipient submitted a corrective action plan to address the finding. That plan was reviewed by DOE and a management decision was issued by DOE that accepted the plan.

## **B. GOAC Update (12/18/2017)**

- i. Clark discussed the most recent GOAC meeting on December 18, 2018. Among the agenda items was the discussion of the FY17 Single Audit findings incurred by the Department of Revenue.

## **4. Legislative Update**

- A. Clark discussed Senate Bill 100 that was passed during the 2018 Legislative Session. Clark walked through each section of the bill. The bill goes into effect on July 1 and BFM will be working with agencies on implementing this new law.

## **5. Code of Conduct for Boards and Commissions**

- A. Clark stated we would take information on this item, but would not take action until a future meeting.
- B. Aaron Arnold, BHR Director of Legal and Human Services, discusses the process of creating a template for entities to use for Code of Conduct. This template is meant to be a minimum requirement and if entities have stricter rules, those rules should be in addition to the template BHR created. BHR has worked with a number of stakeholders to develop this template. Over the past year, there have been a number of drafts that have incorporated the comments of all the agencies.
- C. Tim Engel, Attorney representing the Science and Technology Authority, stated these entities are not regulatory boards. Engel suggested changing certain language within the General Restrictions on Participation in Board Actions, paragraph 2.
  - i. Kramer stated he thought the policy seems to address Board members, but not the Board staff. This document seems to address Board members. The part that is missing is the code of conduct for the Board staff members.
  - ii. Arnold stated that if the employees are state employees they are required to follow the employee handbook. If the Board has a contract employee, that employee would have to follow the terms within the contract.
  - iii. Clark discussed the purpose and reason for Boards to adopt a Code of Conduct, rather than just adopting the South Dakota State Employee Handbook.
  - iv. Ann Holzhauser, Assistant Attorney General, discussed how they have worked over the past year to help make this document more clear for the reader.
  - v. Clark again stated the Board would consider this document at a future meeting.

## **6. Acknowledgement of Personal Responsibilities Basics Form**

- A. Mark Quasney, Statewide Internal Control Officer, provided an overview of the BHR Personal Responsibilities Basics Form. It seemed prudent to include an attestation document for all employees to sign during their annual ACES review.
- B. Kramer asked if this form will be collected annually. Quasney stated, "Yes."
- C. Kramer stated the language on outside employment seemed strong. Aaron Arnold stated this process is governed by administrative rule. This is to help make sure there is no conflict of interest. Kramer asked if this applies only to the executive branch, not constitutional boards. Aaron Arnold stated this document is for state employees under the control of the Governor.

## **7. Internal Control Consultant Update**

- A. Quasney discussed the process of selecting PricewaterhouseCoopers (PwC). Quasney will be working with PwC over the coming weeks and months to develop an internal control framework. Once that framework is approved by the Board of Internal Controls, it will be implemented in all state agencies. Quasney discussed forming a steering committee and asked the Board to think of staff that could serve on this Board.
- B. Clark stated Mark Quasney will be dedicating 100% of his time to this process, but also BFM would allow certain staff members to work on this project, in varying degrees, so that BFM would be able to help other agencies once the framework is ready to be implemented statewide. We will keep this Board apprised of the process. As such, there is a potential this Board meets more frequently than the typical quarterly meetings. In regards to the steering committee, we would like to look for staff that has a diverse knowledge of the multiple agencies.
- C. Kramer asked if this consultant would begin looking at BFM. Clark stated the consultant suggested to first look at the State as a whole for the framework, then look at a specific agency. Clark said BFM plans to have two agencies after BFM looked at with the consultant, but a lot of that depends on cost and time.

## **8. Other Discussion Items**

- A. Kramer stated the Board has adopted a number of documents and suggested those documents be posted on the website, or links within the minutes.

## **9. Agenda Items for Next Meeting**

- A. Darnall stated DOE has several entitlement grants that cannot be withheld if an entity does not conform with certain DOE, or SBIC, policies and rules. Darnall suggested we look at creating an exception for entitlement programs.
- B. Clark discussed revisiting the exemptions to the UGG forms that have been adopted before July 1.

## **10. Adjourn**

- A. IT WAS MOVED by Darnall, seconded by Kramer.