**State Board of Internal Control**

**Minutes**

**Date: December 18th, 2019**

**Location:**  **Room 412**

**State Capitol Building (4th floor)**

**500 E. Capitol Ave.**

**Pierre, SD**

**Time: 10:00 AM to 10:22 AM**

1. **Roll Call of Board Members** 
   1. Liza Clark called the meeting to order at 10:00 AM
   2. Mark Quasney called the roll

Members present:

* + 1. Kellie Beck – DOT
    2. Liza Clark – BFM
    3. Heather Forney – BOR
    4. Greg Sattizahn – UJS
    5. Brenda Tidball-Zeltinger – DSS
    6. Kari Williams – DOH
    7. Rich Sattgast – State Auditor
       1. Quorum is present

Also in attendance:

1. Ann Holzhauser – Board Council, Asst. Attorney General
2. **Approval of Agenda**
   1. Motion to approve agenda
      1. IT WAS MOVED by Heather Forney, seconded by Rich Sattgast
      2. The motion carried with unanimous voice vote.
3. **Approval of Minutes**
   1. Motion to approve minutes from August 29th, 2019
      1. IT WAS MOVED by Brenda Tidball-Zeltinger, seconded by Kellie Beck
      2. The motion carried with unanimous voice vote.
4. **Recurring Discussion Items**
   1. Sub-recipient Audit Notifications from DLA (SDCL 1-56-9)
      1. None
   2. GOAC Update
      1. Liza Clark indicated that GOAC met in September and October on annual reports, accountability reports, blue book items, and performance management indicators; nothing pertinent to SBIC so there is nothing to report.

Liza Clark announced Allysen Kerr as BFM’s new Statewide Internal Control Officer starting December 30, 2019. Allysen is a CPA, the Deputy Director of Audit at DOR and previously worked in the CAFR office at BFM

1. **Internal Control Quarterly Report**
   1. Statewide
      1. Mark Quasney gave an update on the Statewide report that contains BFM and DOR at this point
         1. Control owners have completed 100% of the self-assessments
         2. 31 control deficiencies have been identified
         3. Agencies are working on remediation plans to assure the risks are being managed
         4. 12 new risks have been identified as a result of the agencies operating the internal control framework
         5. 13 new controls have been established
         6. Other discussion included
            1. Risks by type (public perception, operational, compliance, and technology)
            2. Risks by priority (low, medium, high, and critical)
            3. Preventative vs detective controls
            4. Control by frequency (daily, weekly, monthly, quarterly, semiannual, annual, and ad hoc)
      2. Rich Sattgast asked for the top couple public perception risks areas
      3. Mark Quasney indicated that we do not want to go into specifics about risk in a public setting because of confidentiality issues.
      4. Mark Quasney continue the update
         1. FY19 Single Audit is not completed or final yet thus any FY19 internal control findings will be reported in the next report
         2. Department of Corrections will be the next agency implementing the internal control framework
   2. Agency Metric Details
      1. Bureau of Finance and Management
         1. Steven Kohler, Director of EMFO and BFM Internal Control Officer for BFM gave an update of BFM’s status
            1. BFM has 187 risks currently documented
            2. Most of those are operational risks
            3. About 20% are high or critical risks
            4. 13 additional high risks
            5. All control owners completed self-assessment on time
      2. Department of Revenue
         1. John Hanson, Deputy Director of Administration and Finance and Finance Officer for the Department of Revenue (DOR) gave an update of BFM’s status
            1. Risks from prior report to this report have not changed much
            2. DOR is refining and updating the risk control matrix
            3. Single Audit findings from prior year have been resolved
2. **Framework Project Update**
3. Mark Quasney gave an update on the status of the Internal Control Framework.
   * 1. Service Now has been selected as the GRC vender.
        1. Implementation is expected to start next month
        2. Scheduled to last about 11 weeks

* + 1. The next agency to start implementation of the internal control framework will be DOC
       1. Starting in March

1. **Other Discussion Items**
2. None
3. **Agenda Items for Next Meeting**
4. Technology implementation and demonstration
5. **Public Comment**
6. None
7. **Adjourn**
8. Motion to Adjourn
   1. IT WAS MOVED by Kari Williams, seconded by Brenda Tidball-Zeltinger
   2. The motion carried with unanimous voice vote.