

# State Board of Internal Control

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ANNUAL REPORT TO GOVERNMENT OPERATIONS AND AUDIT COMMITTEE

OCTOBER 27, 2021

# Highlights

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**3 Subrecipient audits reviewed**



**Implemented the Internal Control Framework to 4 agencies**



**Received GFOA's Awards for Excellence**

Exceptionally Well-Implemented Best Practice:  
Internal Control Network

# Statewide Internal Control Office

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Manages the implementation of the state internal control framework

Reviews, researches, interprets, and advises all state agencies on internal control

Creates an annual work plan and report

Staffs the South Dakota Board of Internal Control

SDCL 1-56

# Subrecipient Audit Reviews

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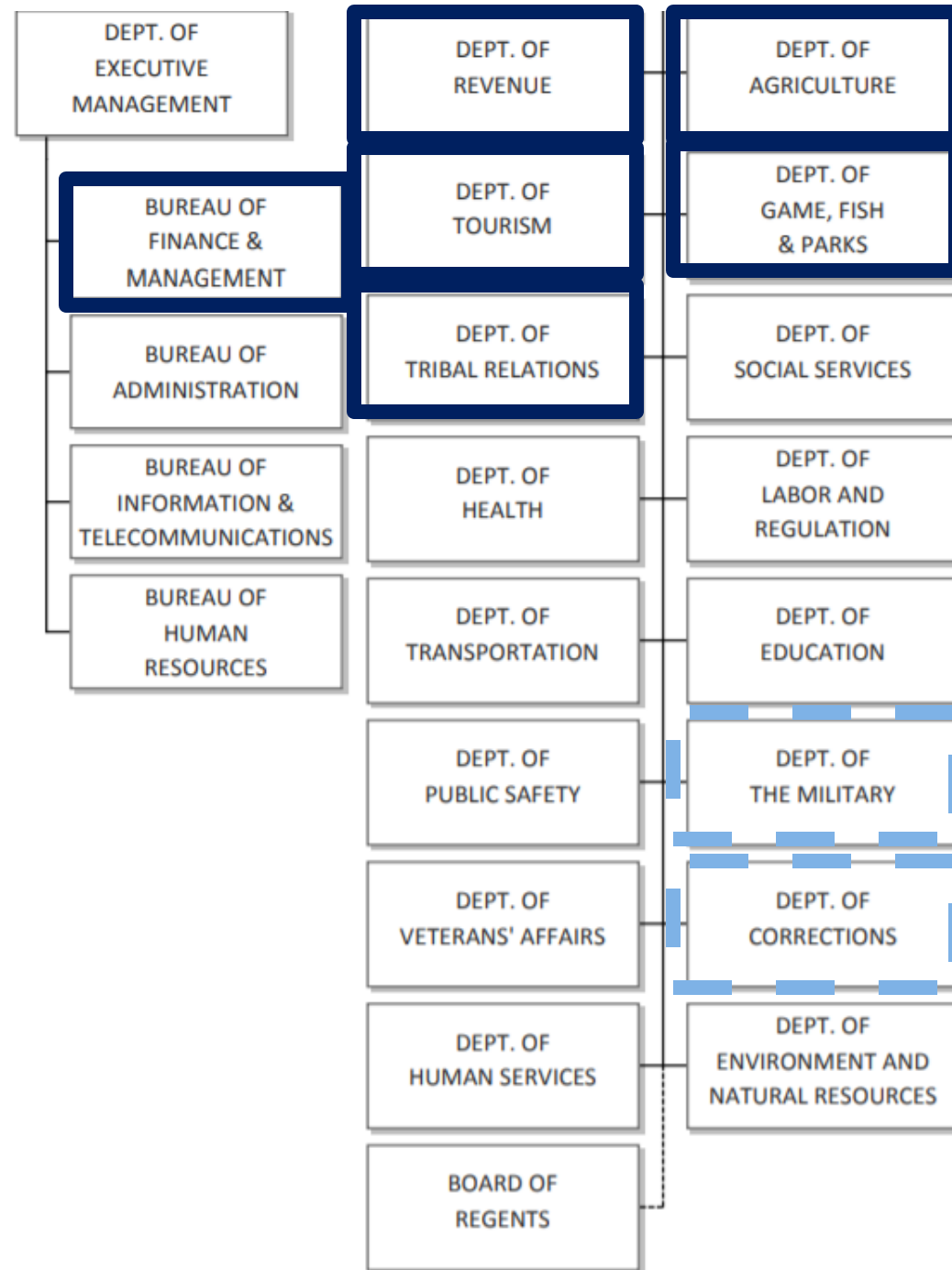
- Reviewed three audit reports received from Legislative Audit as required by SDCL 1-56-9

South Dakota Network Against Family Violence and Sexual Assault, Inc.

Young Men's Christian Association of Rapid City, Inc.

Western South Dakota Senior Services, Inc.

# Agency Implementations





# GFOA's Awards for Excellence

★ EXCEPTIONALLY WELL-IMPLEMENTED BEST PRACTICE:  
INTERNAL CONTROL NETWORK

## State of South Dakota *Statewide Internal Control Framework*

BY JAMIE PORTER

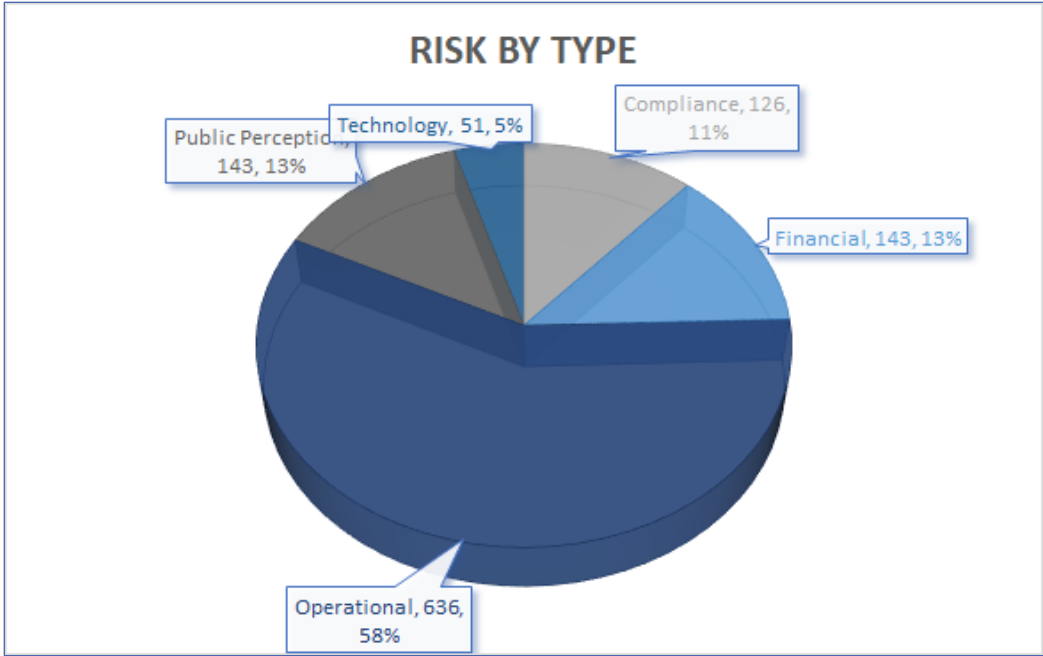
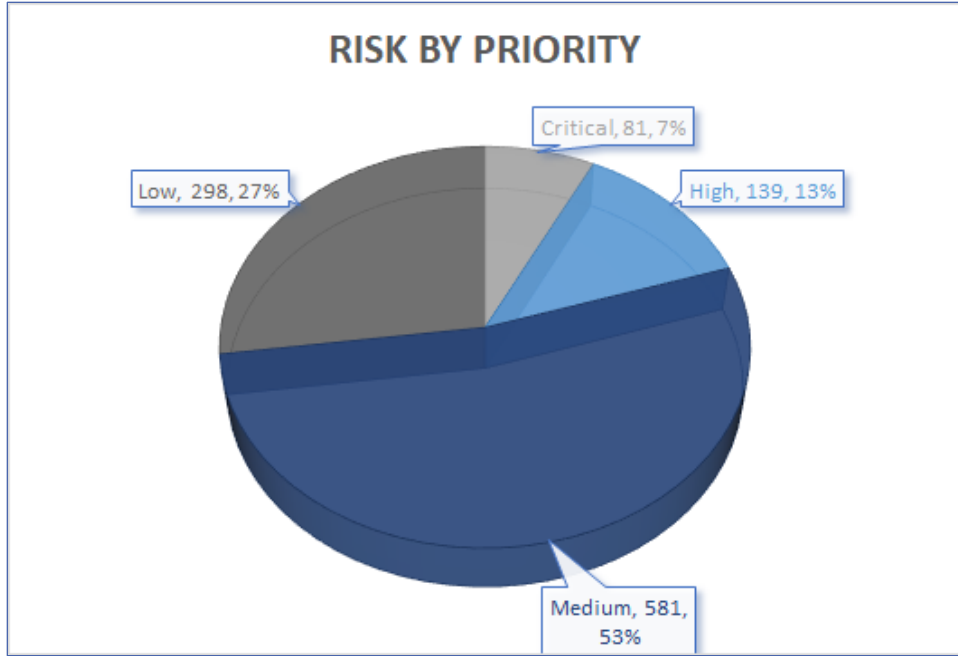


**About South Dakota**  
South Dakota is a large, sparsely populated state where rolling prairie gives way to the dramatic Badlands and Black Hills. It has 884,659 residents distributed between rural areas and a few smaller cities.

**T**he State of South Dakota's Statewide Internal Control Framework allows the state and its agencies to implement an adaptive, effective internal control system. The framework's standards provide guidance for establishing, maintaining, assessing, and reporting effective internal controls across the state government. The purpose of this project is to provide a greater level of assurance to state leadership that the state is accomplishing its operational, reporting, and compliance outcomes.

The idea for the framework came about because of an instance of fraud committed by vendors that received funding from the state. As Mark Quasney, former statewide internal control officer and current state economist, explained, "The investigations into the incident made state officials realize agencies weren't following guidance consistently. A standardized form of internal control across state government was needed to avoid running from issue to issue. The framework would give agencies the tools they needed to be able to identify issues before problems occurred and to put measures in place to mitigate those risks."

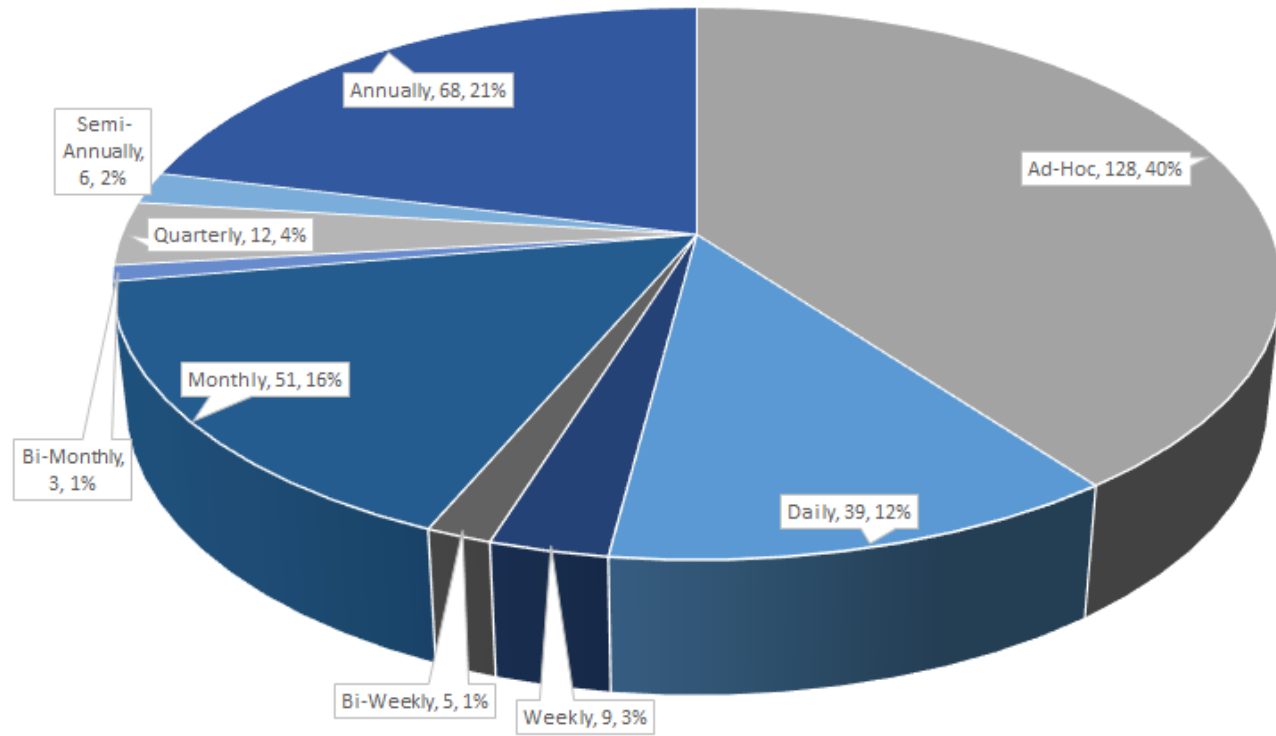
The State of South Dakota was looking for a way to implement a system of internal control that went beyond what was already in place, Quasney explained. The state wanted to ensure that it was being proactive, not just reacting to instances of fraud as they occurred but actually preventing fraud from occurring.



# Statewide Reporting Results

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### CONTROLS BY FREQUENCY



97.53%

Control attestations  
completed on time

22/24

Control issues identified  
and remediated

## Statewide Reporting Results



# State Board of Internal Control FY22 Work Plan

1. **1<sup>st</sup> Quarterly Meeting (July - September)**
  - a. **Meeting Work**
    - i. Sub-recipient audit findings
    - ii. GOAC update
    - iii. Quarterly state/agency internal control reports
    - iv. Discuss current and future agency framework implementations
  - b. **Interim Work**
    - i. Begin framework implementation at Department of Corrections
    - ii. Plan for further agency framework implementations
  
2. **2<sup>nd</sup> Quarterly Meeting (October - December)**
  - a. **Meeting Work**
    - i. Sub-recipient audit findings
    - ii. GOAC update
    - iii. Quarterly state/agency internal control reports
    - iv. Discuss current and future agency framework implementations
  - b. **Interim Work**
    - i. Begin framework implementation at Department of Military
    - ii. Plan for further agency framework implementations
  
3. **3<sup>rd</sup> Quarterly Meeting (January - March)**
  - a. **Meeting Work**
    - i. Sub-recipient audit findings
    - ii. GOAC update
    - iii. Quarterly state/agency internal control reports
    - iv. Discuss current and future agency framework implementations
  - b. **Interim Work**
    - i. Begin framework implementation at TBD
    - ii. Plan for further agency framework implementations
  
4. **4<sup>th</sup> Quarterly Meeting (April - June)**
  - a. **Meeting Work**
    - i. Sub-recipient audit findings
    - ii. GOAC update
    - iii. Quarterly state/agency internal control reports
      1. Discuss Single Audit Findings
    - iv. Discuss current and future agency framework implementations
    - v. FY23 Work Plan
  - b. **Interim Work**
    - i. Begin framework implementation at TBD
    - ii. Plan for further agency framework implementations

# FY22 Work Plan