AWARDS FOR EXCELLENCE

IN GOVERNMENT FINANCE

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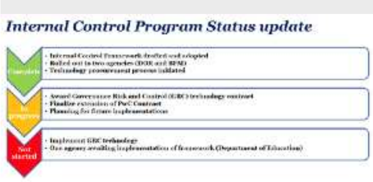

2020 Winner for Exceptionally Well Implemented Best Practice

STATE OF SOUTH DAKOTA
STATEWIDE INTERNAL CONTROL FRAMEWORK

South Dakota's Statewide Internal Control Framework gives the state and its agencies the ability to implement an adaptive, effective internal control system. This set of standards is aligned with Committee of Sponsoring Organizations of the Treadway Commission (COSO) principles, providing guidance for establishing, maintaining, assessing, and reporting effective internal controls across the state. The project aims to provide state leadership with a greater level of assurance that the state is accomplishing its operational, reporting, and compliance outcomes.

The project was undertaken after incidences of fraud. In response, the state created a Board of Internal Control to establish and maintain guidelines for an effective system of internal control.

State officials worked with consultants to create the initial draft of the Statewide Internal Control Framework. The joint team started off by working to understand the current state of internal control in South Dakota. A multi-agency steering committee, the Internal Control Framework Steering Committee, was created to gain more insight into the operations of each part of the state. The Statewide Internal Control Framework was then formally developed in 2018 by the Statewide Internal Control Officer, in collaboration with the Internal Control Framework Steering Committee. It took 10 to 16 weeks to implement the framework, including training. Agencies conduct their own risk identification, risk prioritization, control identification, and documentation, and they are required to report to the State Board of Internal Control twice a year about internal control at their respective agencies.

As of May 2019, the State of South Dakota Internal Control Framework had been effectively implemented in two agencies, the Bureau Finance and Management and Department of Revenue. Between the two agencies, 165 controls and 514 risks were identified, and 100% of self-assessments were completed on time.

GFOA Best Practice: Internal Control Network