

On page 1, line 1, of the Introduced bill, delete " authority" and insert " duties and administration"

On page 1, line 1, of the Introduced bill, after "the" insert " State"

On page 1, line 1, of the Introduced bill, delete " Controls" and insert " Control"

On page 1, line 3, of the Introduced bill, after "Dakota:" delete "Section 1. That § 1-56-3 be AMENDED:"

On page 1, line 4, of the Introduced bill, after "AMENDED:" delete "1-56-3. "

On page 1, line 4, of the Introduced bill, after "1-56-3. " delete "The board may promulgate rules, pursuant to chapter 1-26, to implement, manage, and ensure compliance with a system of internal control in accordance with internal control standards."

On page 1, after line 6, of the Introduced bill, insert: "

Section 1. That § 1-56-1 be AMENDED:

1-56-1. Terms used in this chapter mean:

- (1) "Board," the State Board of Internal Control;
- (2) "Code of conduct," a set of ethical principles and guidelines that constitutes appropriate behavior within ~~an organization~~ a state agency;
- (3) "Internal control," ~~a process that integrates the plans, activities, policies, attitudes, procedures, systems, resources, and efforts of an organization and that is~~ procedures within a state agency designed to provide reasonable assurance that the organization will achieve its objectives and missions and to detect and prevent while identifying and preventing financial malfeasance;
- (4) "Pass-through grant," a grant awarded by a federal entity ~~to the state entity~~ a state agency and transferred or passed to a sub-recipient by the state;
- (5) "State agency," ~~the Legislature, any~~ Any constitutional officer, ~~the Unified Judicial System, and any department, division, bureau, board, commission, committee, authority, or agency of the State of South Dakota under the authority of the Governor, and the Board of Regents~~;
- (6) "Sub-recipient," an entity that expends a pass-through grant."

On page 1, after line 6, of the Introduced bill, insert: "

Section 2. That § 1-56-2 be AMENDED:

1-56-2. There is hereby created a State Board of Internal Control that consists of ~~seven members. Three members shall represent~~;

- (1) ~~Three individuals representing state agencies under the control of the Governor and shall be,~~ appointed by the Governor. ~~Each member appointed by the Governor shall serve a three-year term. However, the initial appointments shall be for staggered terms. The remaining members shall be the;~~
- (2) ~~The commissioner of the Bureau of Finance and Management, the;~~
- (3) ~~The state auditor, a Board of Regents administrator's designee, and a member appointed by the Chief Justice of the Supreme Court, who shall serve as the chair;~~
- (4) ~~The executive director of the Board of Regents; and~~
- (5) ~~The state treasurer.~~

The term of each individual appointed by the Governor is three years and must be staggered. Any four of the seven members constitutes a quorum. The commissioner of the Bureau of Finance and Management shall be chair of the board.

On page 1, after line 6, of the Introduced bill, insert: "

Section 3. That § 1-56-4 be AMENDED:

1-56-4. The board shall ~~meet monthly for the first twelve months, and shall meet at least quarterly after the first~~ every year. A record of the proceedings of the board shall must be kept pursuant to § 1-25-3."

On page 1, after line 6, of the Introduced bill, insert: "

Section 4. That § 1-56-5 be AMENDED:

1-56-5. ~~The Bureau of Finance and Management state auditor~~ shall provide administrative support to the board. ~~If necessary, the board shall seek the advice of the auditor general.~~"

On page 1, line 8, of the Introduced bill, after "maintain" insert ", for use by each state agency"

On page 1, line 15, of the Introduced bill, after "agencies" delete ", excluding the Unified Judicial System"

On page 1, line 17, of the Introduced bill, delete " conflict of interest" and insert " conflict-of-interest"

On page 1, line 17, of the Introduced bill, after "agencies" delete ", excluding the Unified Judicial System"

On page 1, line 19, of the Introduced bill, after "System." delete "The Unified Judicial System may implement the code of conduct and conflict of interest policy in accordance with the code of judicial conduct and employee policies utilized within the Unified Judicial System."

On page 1, after line 21, of the Introduced bill, insert: "

Section 6. That a NEW SECTION be added to chapter 1-56:

The state auditor shall employ an internal control auditor who shall:

- (1) Make available to each state agency the guidelines, policies, and code of conduct developed by the board under § 1-56-6; and
- (2) Periodically inspect and review the implementation by each state agency of the guidelines, policies, and code of conduct developed under § 1-56-6.

The internal control auditor shall work with each state agency internal control officer, as designated under § 1-56-8, to ensure that the state agency implements the guidelines, policies, and code of conduct developed under § 1-56-6. Each state agency shall provide the internal control auditor with access to any state agency personnel or facility and any data, document, information, policy, or record needed to ensure adequate procedures are being implemented to comply with the guidelines, policies, and code of conduct developed under § 1-56-6. If a state agency fails to comply with the access requirements provided under this section, the state auditor may initiate action in accordance with chapter 21-34.

The state auditor may employ and compensate necessary personnel to assist the internal control auditor in performing the duties of this section."

On page 2, line 5, of the Introduced bill, after "agencies" insert ". Each internal control officer shall cooperate with the internal control auditor to implement the requirements of this chapter"

On page 2, after line 10, of the Introduced bill, insert: "

Section 9. That § 1-56-3 be REPEALED.

~~The board may promulgate rules, pursuant to chapter 1-26, to implement a system of internal control in accordance with internal control standards."~~

On page 2, after line 10, of the Introduced bill, insert: "

Section 10. On July 1, 2025, the term of the individual appointed to the State Board of Internal Control by the chief justice of the Supreme Court expires."