

SOUTH DAKOTA ONE CALL NOTIFICATION BOARD

LIMITED REVIEW

**Fiscal Years 2023, 2024, and
First Six Months of 2025**



**State of South Dakota
Department of Legislative Audit**
427 South Chapelle
% 500 East Capitol
Pierre, SD 57501-5070

SOUTH DAKOTA ONE CALL NOTIFICATION BOARD
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RUSSELL A. OLSON
AUDITOR GENERAL

LIMITED REVIEW REPORT PERFORMED AS AGREED TO BY THE
SOUTH DAKOTA ONE CALL NOTIFICATION BOARD

South Dakota One Call Notification Board
P.O. Box 187
Rapid City, South Dakota

We have made a limited review of selected procedures and transactions at the South Dakota One Call Notification Board (One Call Board) for fiscal years 2023, 2024, and the first six months of 2025. Our review was limited to the procedures and testing of transactions selected by us and agreed to in an engagement letter by the One Call Board. The specific areas, that were reviewed were limited to the following areas:

1. Review a selection of cash receipts for proper depositing procedures, proper support and proper monitoring of outstanding balances.
2. Review procedures over the monitoring of the Boards service provider.
3. Review a selection of cash disbursements for proper supporting documentation, proper approvals, proper use within the function of the One Call Board, that the amounts are in agreement with any board approved contract terms, where applicable, potential fraud, waste and abuse, and reasonableness.

Our review was not conducted in accordance with the standards established by the American Institute of Certified Public Accountants for the purpose of giving an opinion related to the One Call Board activities or on internal controls in effect at the One Call Board. Accordingly, we do not express an opinion on the activities or internal controls of the One Call Board in effect for fiscal years 2023, 2024, and the first six months of 2025.

The management of the One Call Board is responsible for establishing and maintaining internal controls. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control policies and procedures. The objective of internal controls is to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly. Because of inherent limitations in internal controls, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the internal controls to future periods is subject to the

risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operations of policies and procedures may deteriorate.

Our review disclosed the following issues at the One Call Board for the periods of fiscal years 2023, 2024, and the first six months of 2025, as discussed below:

1. We reviewed 49 cash disbursements and identified issues with 19 of the cash disbursements as follows:
 - a. Eight of the cash disbursements, relating to eight different vendors, reviewed did not have adequate support to determine if the disbursements were properly authorized.
 - b. Four of the cash disbursements, relating to one vendor, did not have proper supporting documentation to determine if the amount billed on the contractor's invoice was in agreement with the rate on the approved contract.
 - c. Two of the cash disbursements, relating to one vendor, were partially paid at an improper hourly rate based on the approved contract. This resulted in a total overpayment of \$587.00. The overpayment was subsequently refunded after it was brought to management's attention.
 - d. One of the cash disbursements, relating to a reimbursement to the current executive director, lacked proper supporting documentation to support part of the disbursement. A carbon copy of a personnel check was the only support attached for that portion of the disbursement.
 - e. Two of the cash disbursements, relating to two different vendors, went to caterers for hosting legislative breakfasts at the state capitol during legislative session. The executive director informed us that these breakfasts were for "networking / check in for our Board of Directors to interact with legislators and lobbyists in the Capitol". These two payments totaled \$4,375.35. Using board resources (i.e. state resources) for these activities is not appropriate.
 - f. One of the cash disbursements tested, relating to the contract of the former executive director, was paid at one-sixth of the maximum amount as established in the contract rather than at the contractually stated hourly rate.
 - g. A portion of one cash disbursement, relating to reimbursements to the former executive director, who was under contract with the board, included costs that are not appropriate disbursements of state resources. These included reimbursements for two board member jackets, a flower arrangement for a funeral, paying for meals of others in attendance at meetings, three meals for the executive director and deputy director for meetings that were held in Rapid City which is where both resided, and various alcohol purchases for dinners and business meetings. The improper reimbursements totaled \$636.20.
 - h. Portions of two cash disbursements, relating to reimbursements to the former executive director, included the costs of meals of board members. These meals should be reimbursed through the board members reimbursement requests at the State Board of Finance approved rates not at cost through the executive director's reimbursement request. The average cost per person was \$33.24 and \$37.69 which is above the State Board of Finance approved rates of \$20 for in-state dinners.

RECOMMENDATIONS:

The One Call Board should design and implement an internal control system to provide for and document proper authorizations of all cash disbursements. This system should include a review of supporting documentation to determine the amounts being paid are proper; and where applicable, in agreement with the board's approved contracts.

No future resources of the Board should be used for inappropriate costs. South Dakota Codified Law (SDCL) 49-7A-2 states, "The Statewide One-Call Notification Board is established as an agency of state government"; and as such, costs should be limited to those that are appropriate for an agency of state government.

Many of the issues noted above have been resolved since the Department of Public Safety has taken over fiscal duties of the One Call Board.

2. A potential conflict of interest existed with the bookkeeping firm accountant under contract with the One Call Board also being the accountant for the Board's legal counsel.

RECOMMENDATION:

The Department of Public Safety is now handling the accounting duties for the One Call Board; however, the Board should remain alert for any future conflicts of interest and respond appropriately based on each unique situation.

3. Official state records are being stored in a storage unit rented by the One Call Board. This increases the risk that these records will be damaged or disposed of in violation of state statute.

RECOMMENDATION:

The State has established a state records management program that the Board should consider using to store all official state records.

4. Penalties are currently being remitted to the executive director in Rapid City who then forwards them to the One Call Board's accountant to be deposited. The executive director is also responsible for monitoring the outstanding balances. While the penalty revenue does not pose a significant revenue source for the Board, there is a segregation of duties issue as it relates to these procedures.

RECOMMENDATION:

We recommend the payments for the penalties be remitted to either the lock box or the Board's accountant directly for deposit. The payment information can then be forwarded on to the executive director for the purpose of performing the monitoring procedures.

This report is intended solely for the use of management and the governing board and should not be used for any other purpose. This restriction is not intended to limit the distribution of this report, which is a matter of public record.



Russell A. Olson, Auditor General
Pierre, South Dakota

August 11, 2025



SOUTH DAKOTA
DEPARTMENT
OF PUBLIC SAFETY

prevention — protection — enforcement

October 3, 2025

South Dakota Department of Legislative Audit
427 South Chapelle
Pierre, SD 57501-5070

RE: South Dakota One Call Notification Board Limited Review

Dear Mr. Olson:

The South Dakota Department of Public Safety (DPS) has received your limited review report of South Dakota One Call Notification Board (the board) transactions for fiscal years 2023 and 2024 and the first six months of FY25.

With the passage of HB 1012 during the 2025 legislative session, the One-Call Board officially became part of DPS on July 1. DPS had assumed the board's accounting duties in January of 2025, and since then we have been working with board staff to identify and rectify many of the issues documented in your report. I am confident DPS administrative procedures and oversight will continue to improve the board's processes, including the establishment of necessary internal controls.

Below you will find an explanation of our corrective actions in response to your findings, by section:

Cash Disbursements

The review of cash disbursements revealed a lack of supporting documentation, improper billing procedures, overpayments, and payment of inappropriate costs.

Going forward, each board invoice will contain the written approval of the board's executive director, along with the proper documentation, including copies of contracts. These payment requests are reviewed by DPS finance staff for accuracy, proper billing, and proper documentation before they are submitted to the State Auditor for payment. As you stated in your report, many of the issues noted in the cash disbursement review have been resolved since DPS has assumed the board's accounting processes. Payment requests will continue to follow established DPS policy and procedure.

Following established DPS policy and procedure will also ensure that inappropriate expenses noted in your report will be flagged and will not move forward in the payment process. We have provided the board staff with additional training and information on appropriate and inappropriate uses of state taxpayer dollars. The board's staff were contractors previously and were not familiar with state policy and processes. This training and communication process will continue as the board is integrated into DPS operations.

Conflict of Interest

As you stated in your report, now that DPS is handling accounting duties for the board, the potential conflict of interest with the contracted bookkeeping firm has been addressed and is no longer a

concern. For each DPS contract, all DPS managers in the contract approval chain (including the DPS finance officer, deputy cabinet secretary and cabinet secretary) must attest in writing that no conflict of interest exists with the proposed vendor. This process will assist the board executive director and DPS managers with identifying potential conflicts of interest before establishing a contractual relationship.

Official State Records

The board's records have been removed from the rented storage unit and are now in Pierre at DPS headquarters. DPS staff is working with the board executive director to fold the board's records into the state records management program, which includes a routine review of records currently being stored by each DPS program. The DPS records management plan will be updated to include the 811 board, and that plan will be communicated to the board staff. Any records that still need to be retained will be forwarded to Records Management for proper storage. Records falling outside the DPS retention period will be destroyed.

Penalties Remitted

DPS finance and administrative staff and the board's executive director are establishing procedures for penalty remittances to be mailed directly to the DPS finance staff. Following receipt of any payment, DPS finance staff will forward payment information to the board's executive director for monitoring purposes. Any letters to an excavator announcing a penalty will include a payment remittance address, which is DPS headquarters.

We appreciate DLA's review of the One-Call Board's financial records and the opportunity to explain how we will remedy the issues and concerns highlighted in your report. I'm confident the board's financial and record-keeping practices are on the proper track now that DPS is assisting the board's staff.

Please reach out to me with any further questions or suggestions.

Sincerely,



Kristi Turman
Deputy Cabinet Secretary