

**STATE OF SOUTH DAKOTA**  
**AUDITEE PREPARED CORRECTIVE ACTION PLANS**  
**For the Fiscal Year Ended June 30, 2018**

**DEPARTMENT OF REVENUE**

**Finding No. 2018-001: Inadequate Controls Over Business Tax Revenue Reconciliations**

*Corrective Action Plan:* As discussed last year, the department had experienced turnover in a critical position for an extended period of time. Following filling that critical position, Department of Revenue had also conducted Lean events and identified gaps in our staffing efforts. During the 2018 Legislative Session, we requested and were approved to hire an additional accountant for the Finance team. We have filled that position and have been working diligently to train, document and re-distribute the work load to strengthen the internal controls of the reconciliations. The Legislative Audit team has provided helpful feedback as we are developing policies and procedures.

The Department of Revenue Finance team has identified a primary accountant and a back-up for the completion of each reconciliation to ensure proper coverage in the event of absence or vacancy. All variances will be investigated with assistance from accounting staff within the respective division. Completed reconciliations will be approved by the Director of Finance each month, including documentation on reconciling items carrying over. Additionally, an internal audit by independent staff will occur to assure policies and procedures are appropriately followed.

*Contact Person:* John Hanson, Finance Officer

*Anticipated Completion Date:* October 1, 2018

**Finding No. 2018-002: Inadequate Controls Over Motor Fuel Tax Revenue Reconciliations**

*Corrective Action Plan:* As discussed last year, the department had experienced turnover in a critical position for an extended period of time. Following filling that critical position, DOR had also conducted Lean events and identified gaps in our staffing efforts. During the 2018 Legislative Session, we requested and were approved to hire an additional accountant for the Finance team. We have filled that position and have been working diligently to train, document and re-distribute the work load to strengthen the internal controls of the reconciliations. The Legislative Audit team has provided helpful feedback as we are developing policies and procedures.

The Department of Revenue Finance team has identified a primary accountant and a back-up for the completion of each reconciliation to ensure proper coverage in the event of absence or vacancy. All variances will be investigated with assistance from accounting staff within the respective division. Completed reconciliations will be approved by the Director of Finance each month, including documentation on reconciling items carrying over. Additionally, an internal audit by independent staff will occur to assure policies and procedures are appropriately followed.

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**DEPARTMENT OF REVENUE**  
(Continued)

The refund and payment policy has been updated to include a notification to the originator when a refund or requested payment has been processed. This will help to avoid the oversight that occurred with respect to the refund.

*Contact Person:* John Hanson, Finance Officer

*Anticipated Completion Date:* October 1, 2018

**Finding No. 2018-003: Inadequate Controls Over Motor Vehicle Titles & Registrations (T&R) Revenue Reconciliations**

*Corrective Action Plan:* As discussed last year, the department had experienced turnover in a critical position for an extended period of time. Following filling that critical position, DOR had also conducted Lean events and identified gaps in our staffing efforts. During the 2018 Legislative Session, we requested and were approved to hire an additional accountant for the Finance team. We have filled that position and have been working diligently to train, document and re-distribute the work load to strengthen the internal controls of the reconciliations. The Legislative Audit team has provided helpful feedback as we are developing policies and procedures.

The DOR Finance team has identified a primary accountant and a back-up for the completion of each reconciliation to ensure proper coverage in the event of absence or vacancy. All variances will be investigated with assistance from accounting staff within the respective division. Completed reconciliations will be approved by the Director of Finance each month, including documentation on reconciling items carrying over. Additionally, an internal audit by independent staff will occur to assure policies and procedures are appropriately followed.

While the variances were not listed on the cover sheet of the reconciliation, they were documented and were actively investigated and resolved. We have also spent a significant amount of time working with Bureau of Information and Telecommunications (BIT) programmers to re-design monthly reports to improve the reconciliation efforts between SDCars and the state accounting system.

*Contact Person:* John Hanson, Finance Officer

*Anticipated Completion Date:* October 1, 2018