



SOUTH DAKOTA
GOVERNOR'S OFFICE OF ECONOMIC DEVELOPMENT

January 29, 2014

Governor Dennis Daugaard
500 E. Capitol Avenue
Pierre, SD 57501

RE: GOED Reports

Governor Daugaard,

In accordance with your directive, the Governor's Office of Economic Development initiated an audit, external review and internal controls examination to ensure the accountability of its funds and the existence of adequate internal controls. Enclosed please find copies of the final reports from the external review conducted by Stulken, Petersen, Lingle, Walti & Jones LLP and the final report from the internal controls examination conducted by Eide Bailly. In addition, I have also enclosed GOED's responses and corrective actions to the findings as well as a response from the Bureau of Human Resources and the Office of the State Auditor. We are awaiting receipt of the final audit report being prepared by the Department of Legislative Audit and anticipate receiving the report within the next few weeks. I will provide a copy to you as soon as it's received.

I am pleased that these reports do not indicate wrongdoing beyond the findings of the Attorney General's investigation report.

As anticipated, each of these reports point out a number of areas in which our office can improve. The internal control examination identified potential weaknesses and while the external review of the Future Fund, Dakota Seeds and Proof of Concept found that every payment had a corresponding file and a properly authorized agreement or contract, it also identified a number of shortcomings in our tracking and monitoring procedures. These reports provide an opportunity for our office to strengthen and refine our methods. We have already initiated a number of changes to better our operations within the office.

GOED stands to address any questions or concerns regarding the foregoing reports and to implement any further safeguards necessary to ensure the accountability of our funds and the existence of adequate internal controls.

Sincerely,



J. Pat Costello
Commissioner

Enclosures

1. Future Fund Report - Stulken, Petersen, Lingle, Walti & Jones LLP
2. GOED Response to Future Fund Report
3. Dakota Seeds/Proof of Concept Report - Stulken, Petersen, Lingle, Walti & Jones LLP
4. GOED Response to Dakota Seeds and Proof of Concept Report
5. Internal Controls Examination Report – Eide Bailly
6. GOED Response to Internal Controls Examination Report
7. BHR Response to Internal Controls Examination Report
8. Office of the State Auditor Response to Internal Controls Examination Report