

1.1.B.1 Fiscal Management

I Policy Index:



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Office of Primary Responsibility: DOC Administration

II Policy:

The Department of Corrections Operations Division is responsible for all institutional and agency fiscal policies and will develop and maintain procedures for fiscal management consistent with statutory requirements and Department of Corrections' (DOC) guidelines.

III Definitions:

Internal Auditor:

DOC staff required to examine the fiscal practices or procedures of the agency and its institutions.

External Auditor:

People who are not employed by or conducting business transactions for the DOC but examine the fiscal practices or procedures of a facility or agency.

Real Property:

Land or buildings owned by the agency.

IV Procedure:

1. Fiscal Procedures:

A. Fiscal procedures will be developed to cover, at a minimum:

1. Budget preparation;
2. Internal accounting;
3. Inventory and position controls;
4. Appropriations and expenditures of funds; and
5. Procurement.

- B. The Secretary of Corrections may waive the requirement for a written fiscal procedure if that particular fiscal management concern is already administered through state law, written policy or rule of another state department, or guidelines of a professional agency.
- C. In cases where the requirement for a written fiscal procedure is waived, institutions and agencies are required to follow the guidelines governed by state law, written policy or rule of another state department, or of a professional agency.

2. Fiscal Responsibilities:

- A. Each Warden, Director or Superintendent is responsible for preparation of their respective institution's annual budget and will participate in oral and written budget deliberations conducted by the DOC.
- B. All property with a value of five-thousand dollars (\$5000) or less, other than real property, owned or purchased by the State of South Dakota, will be accounted through the annual state-wide inventory as part of the Comprehensive Annual Financial Report.
- C. Each institution and department is required to maintain an inventory of all public personal property items with a value in excess of five-thousand dollars (\$5000) in the manner prescribed by rule by the Commissioner of the Bureau of Administration (See SDCL § 5-24-1.1).
 - 1. These items shall be entered on the State's Fixed Asset System (FAS) in accordance with rules by the Bureau of Administration.
 - 2. Real property and land purchased shall be recorded according to rules established by the Bureau of Administration.
 - 3. Whenever any personal property item with a value in excess of five-thousand dollars (\$5000) in the custody of the DOC is lost or destroyed, a note will be made of the same in the inventory for the current year, giving the date and circumstances of the loss according to rules prescribed by the Bureau of Administration (See SDCL § 5-24-5).
 - 4. State insured building and/or contents property losses over \$500 shall be reported to the office of Risk Management (See DOC policy 1.1.A.3 *Reporting Information to DOC Administration*).
- D. Each institution and agency will ensure all payroll positions are authorized in the budget, that all people on the payroll are employed, and employee attendance records support the payroll.
- E. Each institution and agency will maintain a system of regulations and practices designed to ensure the safekeeping of all funds and to require ongoing monitoring of fiscal activities by internal and external auditors.
- F. The procurement system will encourage the participation of qualified, competitive bidders who are able to meet facility requirements for supplies, equipment, or services.
 - 1. All institutional and agency purchases will be made according to the laws and rules of the Office of Procurement Management under the Bureau of Administration.

- G. Each Warden, Director or Superintendent is responsible to conduct their respective institution's operation in a fiscally responsible manner. They are expected to be proactive when considering work schedules and personnel management in order to maximize efficiency and effectiveness and minimize redundancy and overtime without jeopardizing the safety and security of the institution and the programs under it's direction.

3. Institutional Accounting Systems:

- A. Institutional accounting system operations will be structured to indicate the current status of appropriations and expenditures based upon information and reports from the South Dakota Accounting System (SDAS).
- B. Procedures will comply with regulations as prescribed by the Bureau of Finance and Management (BFM) and the Office of the State Auditor.

V Related Directives:

SDCL [5-24-1.1](#)

SDCL [5-24-5](#)

DOC policy 1.1.A.3 -- [Reporting Information to DOC Administration](#)

VI Revision Log:

March 2002: **Removed** requirement of Physical inspection of all property annually. **Added** agency to policy statement, payroll and regulations and practices sections.

March 2004: **Rearranged** sections on property, payroll, regulations and practices and Procurement system under the section on fiscal responsibilities. **Added** to the definition of internal auditor and external auditor. **Added** language about each CEO conducting their operation in a fiscally responsible manner.

March 2005: **Added** references to SDCL §§ . 5-24-1.1, 5-24-2, 5-24-4 and 5-24-5. **Clarified** that "personal property" items refers only to items with a value in excess of \$5000.

April 2006: No changes made.

March 2007: **Clarified** the accounting of property with a value of \$5000 or less. **Revised** the language on considering work schedules and managing personnel..

March 2008: **Clarified** the definition of "Internal Auditor" and "External Auditor". **Added** the definition of "Real Property" in the definitions section. **Clarified** the meaning of "ascertained" by replacing it with "obtained or confirmed" when discussing inventory procedures. **Added** "rule" to the list of state law, written policy from another state department or guidelines of a professional agency when speaking of exceptions that a written fiscal procedure may be waived. **Clarified** the inventory process under the Fiscal Responsibilities section.

February 2009: **Revised** formatting in accordance with DOC policy 1.1.A.2. **Added** ss (B1 and B2), **deleted** former ss (B1, B2 and B3) regarding actual cost, distribution of the copies of the inventory and purchase of personal property, **added** segment regarding rules of BOA in ss (B3) and **added** ss (F1) all within Fiscal Responsibilities. **Added** statement regarding SDAS in ss (A of Institutional Accounting Systems). **Deleted** SDCL 5-24-2, 5-24-4 and **added** 5-18 to section V.

February 2010: **Revised** formatting in Section I. **Revised** definition of Real Property. **Added** hyperlinks.

February 2011: **Deleted** reference to SDCL 5-18, this has been repealed. **Deleted** "facility or agency" from "Definitions" **Added** "agency and its institutions". SS 1 C. **Added** "agencies" after institutions. SS 2. A. **Added** "their respective institutions" and **Deleted** "agency". SS 2 B. **Deleted** "state". SS 2. F. 1. **Added** "institution and agency". SS 2. G. **Added** "respective institution's" **Added** "and the programs under it's direction".

March 2012: **Deleted** "Non-Public" and **Replaced** with "Public".

March 2013: **Added** 4. to Section 2 C.

Denny Kaemingk (original signature on file)

Denny Kaemingk, Secretary of Corrections

03/31/2013

Date