

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 the development, revision and maintenance of procedures for the fiscal management of the agency and all institutions, units and programs operated by the DOC, consistent with statutory requirements.

III Definitions:

Internal Auditor:

DOC staff required to examine the fiscal practices or procedures of the DOC.

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 unit.

Real Property:

Land or buildings owned by the DOC.

IV Procedure:

1. Fiscal Procedures:

- A. Fiscal procedures will 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 or federal law, rule, or through the written policy or rule of another state agency/bureau. Consideration may be applied if an outside state or federal agency or entity has specific, applicable guidelines that apply to certain programs or funds received, administered or held by the DOC.
- C. In cases where the requirement for a written fiscal procedure is waived, institutions and agencies are required to follow state and/or federal law, written policy or rule of the outside state or federal agency or entity to which the funds or process applies.

2. Fiscal Responsibilities:

- A. Each Warden, Director or Superintendent is responsible for preparation of their respective unit and/or facility(s) annual budget and will participate in oral and written budget deliberations at the direction of the Secretary of Corrections.
- B. The Secretary of Corrections shall prescribe the management of the institutions and manner of keeping the accounts for each institution/unit, so that all property belonging to the state can be readily ascertained at any time (See SDCL § [1-15-18](#)).
- C. All DOC owned or purchased property with a value of five-thousand dollars (\$5000) or less, other than real property, will be accounted through the annual state-wide inventory as part of the Comprehensive Annual Financial Report.
- D. Designated staff within each institution and unit are required to maintain an inventory of all public personal property items with a value in excess of five-thousand dollars (\$5000), as prescribed/required by rule set by the Commissioner of the Bureau of Administration (See SDCL § [5-24-1.1](#)).
 - 1. These items will 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 will be reported to the office of Risk Management in accordance with DOC policy 1.1.A.3 [Reporting Information to DOC Administration](#).
- E. Each institution and unit will ensure all payroll positions are authorized in the budget, all staff on the payroll is employed, and staff attendance records support the payroll.
- F. Each institution and unit will maintain a system of regulations and practices designed to ensure the safekeeping of all funds and property and will be responsible for ongoing monitoring of fiscal activities by internal and external auditors.
- G. The procurement system will encourage the participation of qualified, competitive bidders

- who are able to meet facility requirements for supplies, equipment, or services in accordance with rules of the Office of Procurement Management under the Bureau of Administration and South Dakota Codified Law and rule.
- H. The Warden or Director of each facility or unit is responsible for the fiscal responsibility of the facility or unit. Work schedules and management of staff will be conducted in a manner that supports maximum efficiency and effectiveness of the facility or unit without jeopardizing the safety and security of staff, offenders or the public and is consistent with the Mission, Vision and Values set by the department (See DOC policy 1.1.A.1 *Mission, Vision and Values*).
 - I. The DOC may make contracts for service, the erection of buildings, the purchase and lease of lands, materials and supplies needed, except those under the supervision of the Bureau of Administration, as prescribed by chapter 5-18B. The DOC may expend money, exact and collect penalties, and purchase, lease and sell property within the limitations of the state and national laws to carry out such contracts (See SDCL § 1-15-10).
 - J. The Department of Corrections may, subject to chapter 4-8B, accept and control on behalf of the institutions under its supervision (See SDCL § 1-15-13):
 - (1) Any federal funds, grants-in-aid, subventions, or other financial aids that may be made available to such institutions for grants, program expansion, establishing institutes or Instructional centers, or any other program made available to them;
 - (2) Any federal funds which may become available for equipment, personnel or administrative salaries, educational services, buildings, building repairs and additions, or any other institutional program, improvement, or expansion.
 - K. The Department of Corrections may enter into contracts with the proper authorities of other states or the federal government, to provide for the support, maintenance, care, and treatment of other persons subject to or receiving institutional treatment in any such other state or federal government, in the appropriate institution in South Dakota under the control and jurisdiction of the department (SDCL § 1-15-10.1)

3. Conflict of Interest:

- A. State laws governing self-dealing and conflicts of interest apply to DOC staff who:
 - 1. Approve, award or administer a contract;
 - 2. Recommend the approval or award of a contract;
 - 3. Supervise staff who approve, award or administer a contract;
 - a. Staff who administers a contract shall include those who have decision making or substantive influence on decision making concerning the manner, method of means of a contract's performance or enforcement.
 - 4. All former state/DOC staff members for a period of one year after termination of employment with the state.
- B. DOC staff who meet one of the criteria (1-4) listed above are prohibited from the following:
 - 1. Receipt of a benefit from a contract that is within that staff member's scope of job duties;
 - 2. Deriving a benefit from a contract for a period of one year after terminating employment with the state/DOC; and

3. Entering into a contract with any state agency, except an employment contract for a period of one year after they terminate employment with the state/DOC.
 - b. To "benefit" means the staff member or the staff member's spouse or person whom lives and commingles or combines assets with the staff member may not:
 - 1) Have more than five percent ownership or other interest in an entity that is a party to the contract.
 - 2) Take income, compensation or commission directly from the contract of entity that is party to the contract.
 - 3) Acquire property under the contract.
 - 4) Serve on the board for a for-profit entity that derives income or commission directly from the contract or acquires property under the contract.
 - C. Staff with questions regarding the conflict of interest laws should contact the Bureau of Human Resources.
 - D. Staff may request a waiver to hold a contract with the DOC or to derive a benefit from a contract with the DOC. If the transaction is \$200.00 or less, the staff member is not required to seek a waiver.
 1. Waiver forms may be obtained by contact the Bureau of Human Resources.
 2. Completed waivers must be forwarded to the Secretary of Corrections for action.
 3. If the staff member disagrees with the Secretary's decision, the staff member may submit a written appeal to the Governor's office.
 - E. Failure by a staff member to obtain a waiver when required or non-compliance with department policy and/or state law governing unlawful self-dealing, conflicts of interest and waivers (SDCL § 5-18A-17 to SDCL § 5-18A-17.6) may result in the voiding of the contract, disciplinary action and/or criminal prosecution.
 - F. No staff member may solicit or accept any gift, favor, reward, or promise of reward, including any promise of future employment, in exchange for recommending, influencing or attempting to influence the award of a state contract. This prohibition is absolute and cannot be waived.
 - G. No supplies of any kind may be purchased for the DOC from any state employee, or from any firm or corporation in which such state employee may be interested (See SDCL § 1-15-12).

4. Institutional Accounting Systems:

- A. 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 §§ [1-15-10](#), [1-15-10.1](#), [1-15-12](#), [1-15-13](#), [1-15-18](#), [5-24-1.1](#), [5-24-5](#) and [5-18A-17-17.6](#).

DOC policy 1.1.A.1 -- [Mission, Vision and Values](#)

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 its direction”.

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

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

March 2014: **Reviewed** with no changes.

March 2015: Language and grammer revisions.

February 2016: **Added** new B. to Section 2. **Added** “and is consistent with the Mission, Vision and Values set by the department” and **Deleted** “Superintendent” in Section 2 H. **Added** I. J. K. to Section 2. **Added** new Section 3.

Denny Kaemingk (original signature on file)

Denny Kaemingk, Secretary of Corrections

03/20/2016

Date