

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 department, including institutions, units and programs operated by the department, consistent with statutory requirements.

III Definitions:

External Auditor:

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

Internal Auditor:

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

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;
 5. Transfer of funds; and

6. 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, rule or direct oversight of another state agency/bureau. Consideration may be applied to the fiscal procedures set by the department if an outside state or federal agency or entity has specific, applicable guidelines or authority that applies 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, local, state and federal law, including written policy or rule of the outside state or federal agency or entity to which the funds or process applies, shall remain in effect.

2. Fiscal Responsibilities:

- A. Each Warden or Director is responsible for preparation of their respective unit(s) or institution(s) and respective program's annual budgets and will participate in oral and written budget deliberations at the direction of the Secretary of Corrections, Director of Operations, or designees.
- B. The Secretary of Corrections shall prescribe the management and manner of keeping the accounts for each institution and 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 for 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) that is 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 \$1000 will be reported to the office of Risk Management in accordance with DOC policy 1.1.A.3 *Staff Reporting Information to DOC Administration*.
- E. Directors and Wardens shall ensure all payroll positions are authorized in the budget and staff on the payroll is employed.
- F. Directors and Wardens will maintain a system of regulations and practices designed to ensure the safekeeping of all state funds, federal funds, other funds and state property under

- their care and authority. Directors and Wardens are responsible for ongoing monitoring of fiscal activities, budgeting and management.
- G. The procurement system will encourage the participation of qualified, competitive bidders who meet requirements for supplies, equipment, or services set by the department and in accordance with rules of the Office of Procurement Management under the Bureau of Administration, in accordance with South Dakota Codified Law and rule.
 - H. Directors and Wardens are responsible for the fiscal responsibility of the institution(s) or unit(s). Overall management of institutions and units shall be conducted in a manner that supports maximum efficiency and effectiveness of the institution or unit without jeopardizing the safety and security of staff, offenders or the public and must be consistent with the Mission, Vision and Values set by the department (See DOC policy 1.1.A.1 *Mission, Vision and Values*) and consistent with preservation of the legitimate penological interests of the department.
 - I. The DOC may make contracts for service, erect buildings, purchase and lease lands, materials and supplies as 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 state and federal 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) the following:
 - 1. Any federal funds, grants-in-aid, subventions, or other financial aids that may be made available to such institutions or units 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 offenders 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).
 - L. The Secretary shall direct that the departments fiscal records be submitted to the Bureau of Administration for retention for administrative, legal or fiscal purposes, in accordance with SDCL § 1-27-13.

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 staff who have decision making or substantive influence on decision making concerning the manner, method of means of a contract's performance or enforcement.
4. Are former state/DOC employees 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.
 - a. 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 (BHR).
- D. Staff may request a waiver to hold a contract with the DOC or 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 (also See DOC Policy 1.1.C.1 [Staff Code of Ethics](#)). 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. Fiscal management and accounting procedures will comply with regulations and direction as provided and prescribed by the Bureau of Finance and Management (BFM) and the Office of the State Auditor.

V Related Directives:

SDCL §§ Chapter 1-15, [1-27-13](#), [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 -- [Staff Reporting Information to DOC Administration](#)

DOC Policy 1.1.C.1 -- [Staff Code of Ethics](#)

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 refer 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 grammar 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.

March 2017: **Reviewed** with no changes.

February 2018: Minor changes to language.

February 2019: No Changes.

Mike Leidholt (original signature on file)

Mike Leidholt, Secretary of Corrections

03/18/2019

Date