SOUTH DAKOTA DEPARTMENT OF CORRECTIONS POLICY AND PROCEDURE		POLICY NUMBER 600-01	PAGE NUMBER 1 OF 5
		DISTRIBUTION:	Public
		SUBJECT:	Fiscal Management and Internal Control
RELATED STANDARDS:	**ACA 5-ACI: 1B-01, 1B-02, 1B-03, 1B-04, 1B-05, 1B-06, 1B-07, 1B-08, 1B-09, 1B-10, 1B-11, 1B-12, 1B-16**	EFFECTIVE DATE:	August 01, 2026
		SUPERSESSION:	08/01/2025
DESCRIPTION: Business and Finance	REVIEW MONTH: July	**NICK LAMB** **SECRETARY OF CORRECTIONS**	

I. POLICY

It is the policy of the South Dakota Department of Corrections (DOC) that the director of Finance and Administration monitors and reviews the expenditure of state public funds ***and oversees at a minimum, the following fiscal areas: internal controls, petty cash, bonding for all appropriate staff, signature control on checks, and the issuing or use of vouchers*** **[ACA 5-ACI-1B-03]**.

II. PURPOSE

The purpose of this policy is to establish an effective system of internal control which ensures planning and budgeting support for the DOC's objectives, proper accounting of revenue and expenditures, and a process for fiscal year end operating expenditures to ensure compliance with established SDCL, state procurement management, fiscal rules and procedures, the Statewide Internal Control Framework, as well as DOC budgetary guidelines. ***This policy outlines the established practice for budget revisions*** **[ACA 5-ACI-1B-06]**.

III. DEFINITIONS

Budget:

The complete financial plan for the state for the fiscal period as proposed in the budget report and modified and adopted by appropriation and revenue acts.

Budget Unit:

Any facility/department/operating unit that has been allocated funds.

Control Owner:

The staff person for each area that performs the risk assessment; identifies, documents, and performs the controls; certifies the control environment; and reports and remediates deficiencies.

Fiscal Year:

July 1 to June 30 of the following year.

Internal Control Officer:

The staff person designated for the department who supports risk assessment and prioritization, provides reporting on agency framework execution and self-assessment results, and monitors remediation activities and support as necessary.

Procurement Card (PCard):
The term for the State's governmental purchasing "procurement" card issued to authorized state employee cardholders used for small purchases necessary for official state business.

Risk and Control Matrix:
A document of identified risks that have the potential to significantly impact department objectives. Risks are rated based on the potential impact they could have on the department from low, medium, high, and critical; and on the probability the risk could occur from unlikely, possible, likely, and almost certain.

South Dakota Accounting System (SDAS):
The online financial management system used to post transactions to the general ledger.

State Board of Internal Control:
Statutorily required oversight board that establishes and maintains guidelines for an effective system of internal control implemented by state agencies that is in accordance with internal control standards.

State Public Funds:
The term state public funds means cash, checks, bills, notes, drafts, stocks, bonds, and all similar mediums of exchange which are received or disbursed under law, including rules, by a department, institution, commission, any other agency of state government, or any entity created for the purpose of risk sharing by joint powers agreement pursuant to chapter 1-24.

Statewide Internal Control Framework:
A system of internal controls developed to provide reasonable assurance that State agencies achieve operation, compliance, and reporting objectives.

IV. PROCEDURES

1. Overview:

A. ***The fiscal officer has appropriate professional qualifications, including at a minimum a bachelor's degree in business administration or a related field and three or more years of demonstrated supervisory and administrative experience. The degree requirement may be satisfied by completion of a career development program that includes work-related experience, training, or college credits at a level of achievement equivalent to the bachelor's degree*** **[ACA 5-ACI-1B-02]**.

B. The director of Finance and Administration will:
   1. Manage expenditure control, accounting, fiscal reporting, planning, and budgeting, purchasing, contracts, capital asset inventories, and provide for the functional management of business managers, supervision of capital construction, and controlled maintenance planning and implementation. ***Reports of all monies collected and disbursed are distributed to the parent agency and other designated authorities.*** **[ACA 5-ACI-1B-10]**.
   2. Approve all personnel action requests to ensure sufficient funding is available for new and vacant positions, the positions are properly allocated, and the positions do not violate budget authorization. ***Written policy and procedure regulate position control regarding position allocation, budget authorization, personnel records, and payroll*** **[ACA 5-ACI-1B-16]**.
   3. Promulgate procedures for the fiscal management of the DOC's financial resources. These procedures will bind all divisions, facilities, and budget units of DOC.
   4. Monitor and participate in periodic reviews of the status of appropriations, expenditures, and budget projections by facilities and functional areas of the DOC. ***The accounting system is designed to show the current status of appropriations and expenditures*** **[ACA 5-ACI-1B-08].**
   5. Ensure the DOC's compliance with the State of South Dakota Codified Law. ***The procedures for the collecting, safeguarding, and disbursing of monies shall comply with the accounting***

procedures established by the state of South Dakota's Codified Law **[ACA 5-ACI-1B-07]**. These procedures shall be reviewed and updated annually.

C. ***Written policy, procedure, and practice provide for an independent financial audit of the facility. This audit is conducted annually or as stipulated by statute or regulation, but at least every three (3) years. If the facility is a part of a state system, an internal audits section or department of the agency's central administration and/or statutory agency shall be considered independent of the facility to be audited*** **[ACA 5-ACI-1B-12]**.

D. All DOC employees will ensure that in their area(s) of responsibility, the obligation of DOC's funds is made with proper authorization and timely processing of commitment and expenditure documentation, refer to SDCL 4-9 and 5-18A.

E. Each budget manager shall monitor its fiscal activities and provide a written quarterly report to the appropriate director's office. ***Written policy, procedure, and practice provide for ongoing monitoring of the institution's fiscal activities. The results are reported in writing at least quarterly and are forwarded to the parent agency*** **[ACA 5-ACI-1B-11].**

F. ***The warden participates in budget deliberations conducted by the parent agency or next higher level of government. This participation includes requests for funds for maintaining the institution's daily operations, financing capital projects, and supporting long-range objectives, program development, and additional staff requirements*** **[ACA 5-ACI 1B-05]**.

G. Fiscal Year End:
   1. Budget managers should anticipate their needs for the final month of the fiscal year (June) and request adequate supplies in advance.
   2. Procurement card (PCard) purchases are to be made for official state business in accordance with the South Dakota Purchasing Card Manual. Allocated operating funds should be spent, as needed, during the first 11 months of the fiscal year. Planning to purchase items needed for June by the end of May should be conducted. It is the policy of the DOC to substantially utilize allocated funds by June 1st of each fiscal year. Operating funds allocated and not spent by May 31st will be utilized based on prioritized needs for general funds, (e.g., mattresses, security equipment, etc.).
   3. The Business and Budget Office will be responsible for the utilization of unspent allocations.

2. Fiscal Responsibilities:

A. The director of Finance and Administration is delegated responsibility by the SOC to manage the business, fiscal, budget, and financial operations of the DOC and ensure appropriate DOC employees and contract workers are trained in these procedures.

B. ***Division directors are responsible for the*** facility/office ***fiscal policy, management, and control***, and for the operational management of business managers assigned to them **[ACA 5-ACI-1B-01]**. Performance plans and evaluations for these employees are initiated by the director of Finance and Administration, or designee, and forwarded to administrative heads for comment and input, before finalization.

C. The business manager of each budget unit will initiate the process of fiscal year-end spend down during the months of March and April of each fiscal year.

D. The business manager of each budget unit is responsible for verifying the availability of funds and proper authorization for all PCard purchases.

3. Institutional Accounting Systems:

A. ***Written policy, procedure, and practice provide that all monies collected at the institution are placed in an officially designated and secure location daily*** **[ACA 5-ACI-1B-09]**. 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. ***The institution's budget request complies with the policies, procedures, and instructions of the jurisdiction of which the institution is a part. Institution staff participate in preparing the institution's written budget request*** **[ACA 5-ACI-1B-04]**. 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.

4. Internal Control:

A. As required per SDCL, the SDDOC designates a specified internal control officer for the department.
   1. The associate director of Budget and Business Operations serves as the internal control officer.
   2. The internal control officer reports to the SD Board of Internal Control as required by statute.

B. The internal control officer conducts an annual review of the department's documented Risk and Control Matrix to evaluate the adequacy and effectiveness of internal controls and risk mitigation strategies as required by SDCL. Following the review, the internal control officer submits the results to the SD Board of Internal Control, including any updates to the agency's risk and control matrix.

C. To assess the effectiveness of controls, the internal control officer provides the SD Board of Internal Controls access to pertinent records for control testing and to propose recommendations for improvement.

D. Control owners are responsible for ensuring the control activity is in place and operating effectively. They have oversight of the control performance.
   1. Control owners complete attestations, or questionnaires, to monitor risk and the control environment on a semi-annual basis.
   2. Any changes in the agency or process that could impact risks, change risk prioritization, and/or require new control activities will be included in the attestations.

V. RESPONSIBILITY

The director of Finance and Administration is responsible for the annual review and revision of this policy.

VI. AUTHORITY

A. SDCL § 1-15-10 **Contracts for service, buildings, lands, materials, and supplies.**
B. SDCL § 1-15-10.1 **Contracts for institutional treatment of persons with other states or federal government--Discretion to return person to sending state or federal government.**
C. SDCL § 1-15-12 **Supplies not to be purchased from institution employees.**
D. SDCL § 1-15-13 **Federal funds--Acceptance and use.**
E. SDCL § 1-15-18 **Management and accounting prescribed by secretary.**
F. SDCL § 1-24 **Joint Exercise of Governmental Powers**.
G. SDCL § 1-27-13 **Records management procedures proposed by state agencies.**
H. SDCL § 5-18A-17 **Self-dealing by state officer or employee in award or terms of agency contract prohibited.**
I. SDCL § 5-18A-17.1 **Direct benefit from contract.**
J. SDCL § 5-18A-17.2 **Authorization of officer or employee to be a party to or derive direct benefit from contract.**

K. SDCL § 5-18A-17.3 **Authorization of contract with former officer or employee.**
L. SDCL § 5-18A-17.4 **Self-dealing violation as misdemeanor--Removal--Forfeiture of benefit--Contract voidable.**
M. SDCL § 5-18A-17.5 **Specific conflict of interest prohibitions not affected.**
N. SDCL § 5-18A-17.6 **Definitions applicable to §§ 5-18A-17 to 5-18A-17.5.**
O. SDCL § 5-24-1.1 **Inventory of state personal property required.**
P. SDCL § 5-24-5 **Lost or destroyed property to be noted in inventory--Date and circumstances shown.**

VII. HISTORY

August 2026
August 2025
September 2024
August 2023
February 2022
February 2021

ATTACHMENTS

None.