




*Office of the State Auditor*

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# OSA Policy Handbook

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## **FORWARD**

There are many laws, rules and policies in state government which pertain to the state's payment provisions. The policies presented in this handbook are to serve as a guide for the preparation and submission of vouchers for payment. In addition, the handbook lists the respective statutory and administrative rule references on each subject for your further review and/or information.

This handbook is designed to be a reference tool in addition to the following resources:

Board of Finance Rules  
State Auditor Rules  
Bureau of Finance & Management Rules  
State's Accounting Manual

This handbook, in combination with the listed resources, should contain most of the financial references needed by your fiscal staff or "voucher preparers". Please make copies of this handbook for distribution to your departmental personnel requiring this information.

Feel free to contact the State Auditor's Office if you have a unique payment situation that is not covered in this handbook. We welcome your input and our door is always open.

## **ADVANCE PAYMENTS**

Advance payments are generally not allowable.

It is the policy of the State Auditor's Office that any requests for advance payments shall be submitted in writing to the State Auditor's Office. **THIS SHOULD BE DONE PRIOR TO THE SUBMISSION OF THE CLAIM, AND APPROVAL OR DISAPPROVAL WILL BE GIVEN AT THAT TIME.**

We strongly discourage advance payments. Only **EXCEPTIONAL** cases will be considered.

## **REFERENCE**

SDCL 4-9-2 General Authority  
SDCL 4-9-1.1 General Authority  
SDCL 3-9-17 General Authority  
SA (Rules) 3:05:06:05

## **AIR TRAVEL**

State reimbursement is permitted at the rate generally charged by the charter service. When charter air travel is used, all passengers' names and agencies for whom they work must be identified. Costs should be prorated among the passengers and justification as well as purpose of travel given.

Private airplane and rental of airplane reimbursements is limited to state rates, but in the case of rentals not to exceed actual cost. Receipts are required to be attached for rental charges. If a pilot claims private mileage then he/she must also provide a statement indicating that the aircraft is his/her private airplane.

The "airline surcharge" is a reimbursable expenditure on commercial flights.

Our office requires that the original passenger ticket receipt be attached to the employee's travel voucher.

As a general procedure, the State Auditor's office does not pay for airline tickets prior to departure. Exceptions must be cleared in advance by the State Auditor's office.

Attorney General's Opinion 90-04 has clarified the use of frequent flier credits from state purchased airline tickets. The State of South Dakota does not have control of the frequent flier credits. This opinion does not prevent use of these credits for state business, but it also does not prohibit employees from utilizing the credits for personal use. The Opinion states:

"that neither SDCL 4-3-4.2 nor SDCL 4-3-9 requires a state officer or employee to account to the State for frequent flier miles that an airline chooses to confer upon the employee. Such frequent flier miles are simply an amenity that the airline industry chooses to confer upon those individuals using its services. There is no indication that this benefit is conferred on the person who or entity which purchased the ticket."

## **REFERENCES**

SDCL 3-9-1, 3-9-2, 4-1-3, 13-56A-7, 4-103, 50-2-15  
BOF Rules 5:01:02:07, 5:01:03:16, 5:01:02:08,  
5:01:02:10, 5:01:02:16, 5:01:03:11  
SA Rules 3:05:03:06, 3:05:03:11

Revised 2-5-90

## **AUDITS BY FEDERAL AGENCIES & PRIVATE ACCOUNTANTS**

Records on file in the office of the State Auditor are, of course, subject to public inspection, to inspection by auditors representing federal agencies or state agencies. Upon request, we will make our records accessible to state agencies who request them for audit purposes. We will instruct appropriate personnel on the manner in which records are filed and the procedure to be followed to retrieve the necessary information. We will attempt to provide limited working space, if possible.

We will not provide record location and retrieval services. However, this responsibility rests with either the state agency being audited or with the federal auditors themselves.

For assistance or additional information, please contact this office.

Just a reminder that the Auditor General must approve all private accountants who are secured to examine and audit the books and accounts of your agency. If you have a question, call Legislative Audit at 773-3595.

### **REFERENCE**

SDCL 4-11-7

## **CAR TRAVEL**

### **PRIVATE AUTO:**

Vouchers claiming reimbursement for mileage must indicate the license number of the vehicle involved. Where odometer readings are not provided, reimbursement for mileage must be limited to standard map mileage. (see page 7)

### **STATE AUTO:**

Vouchers claiming reimbursement for other expenses where a state vehicle is involved must indicate the license number. Travel should be coordinated via your department travel coordinator or via the state travel coordinator (phone 773-4226).

### **AUTOMOBILE RENTAL**

Rental of automobiles can be justified only where no other adequate, economical method of transportation (such as taxi, bus, limousine, or private car) is available. An individual can make a number of taxicab trips in a day's time before exceeding the cost of one day's automobile rental. Payment for automobile rentals will not be authorized where a more economical and practical method of transportation is available. Personal convenience cannot be considered as sufficient justification.

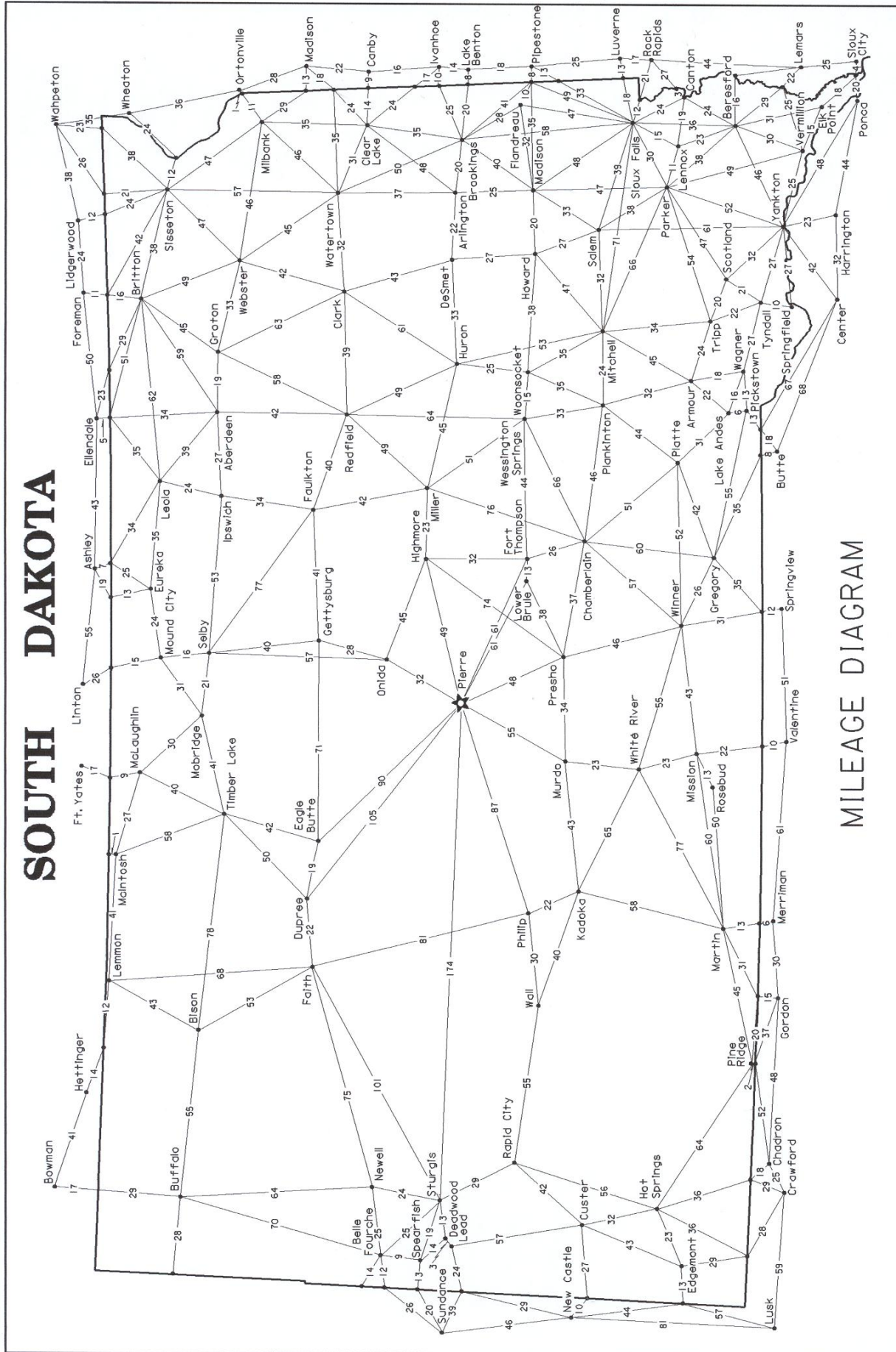
## **REFERENCE**

SDCL 5-25-2.1, 3-9-1, 4-1-3

BOF Rules 5:01:01:01, 5:01:02:01, 5:01:02:06, 5:01:03:07

SA Rules 3:05:03:09, 3:05:03:14

# MILEAGE DIAGRAM MAP





## CONSULTANT CONTRACTS

As of July 1, 1980, state law (SDCL 1-24A) requires that all consultant contracts must be on file in the State Auditor's office within 5 days after the date of the last signature on the contract. To administer this law, the State Auditor's office has formulated policy requirements concerning the development, review and filing of consultant contracts. Payment will not be made for consultant services until each consultant contract has met the policy requirements (listed below) and the contract has been filed in the State Auditor's office.

### GENERAL INFORMATION & POLICY REQUIREMENTS

1. A consultant is an entity or individual legally capable of contracting the delivery of professional (expert) advice or personal services.
2. An agency may utilize consultant contracts whenever they wish to have another entity (outside their agency) do a certain thing (such as professional advice or services) and where the entity expects to receive financial payment for the performance or delivery of said professional advice or personal service.
3. All state agencies must use and properly complete Standard Contract Format.
4. The State Auditor will not authorize payment on verbal (oral) contracts. All consultant contracts or letters of agreement must be in writing.
5. All consultant contracts or letters of agreement must be on file with the State Auditor's office within five (5) days after the contracts or letters of agreement are entered into and finally approved by the contracting parties. (The last dated signature on the contract, by either the consultant or the state, shall be defined as that date on which the contract was entered into and finally approved by the contracting parties. The contract or letter then has five (5) working days to be filed in the Auditor's office).
6. All consultant contracts and letters of agreement are to be filed with the State Auditor's office including contracts and letters to be paid via local funds.
7. No advance payments will be made or authorized on consultant contracts or letters of agreement. The service is to be delivered or performed before payment is to be made.
8. Consultant contracts, letters of agreement and vouchers must be signed by authorized state officials. The signature of each authorized state official must be on file in the State Auditor's office. Any changes in this authorization list must be made by the agency head.
9. SDCL 3-8-4.2 states that any state employee, with approval of the department head, shall be permitted to use annual leave, weekends, legal holidays and hours after normal working hours for performing consultant services to a state department other than their primary employer.

A state employee engaged in activities pursuant to SDCL 3-8-4.2 could be compensated in one of two ways; either as an employee on the second department's payroll or as an independent contractor, paid by direct voucher.

In order for an employee, or any consultant to be paid as an independent contractor, according to the IRS regulation, the following three criteria must be met. The consultant must:

1. Generally make their services available to the public as a self employed individual.
2. Must have worked for three or more service recipients on a nonexclusive basis during the current or previous year.
3. Must have a principal place of business other than the service recipients place of business.

Any service performed for a state department that does not meet the above criteria, must be paid through the state payroll system as an employee payment.

10. Vouchers for payment on consultant services must be prepared and submitted to the Auditor's office as follows:

- A. Payment must be processed on a direct voucher. Consultant contracts between state agencies may be made on non-cash vouchers.
- B. Vouchers must have a voucher date and voucher number.
- C. Payee must be the same as consultant named in contract or letter of agreement.
- D. Correct agency coding, center, account. (Coding must be that of consultant services (travel and miscellaneous expense must also use the same consultant object/subobject coding).
- E. Total in coding section is figured correctly.
- F. Authorized state signature and date.
- G. Contract number assigned by the Auditor's office.
- H. Specifies what payment is being made and if work was satisfactorily completed.
- I. Certification that work is complete.
- J. Payment complies with contract.

11. Consultant air fare and lodging should not be charged on state credit cards or be direct billed. A consultant should pay the expenses personally and then be reimbursed by the State.

12. Consultants should not be reimbursed for any expenses related to attendance at training seminars or workshops. Consultants are hired for their expertise, and the State should not have to pay for such training.

## REFERENCES

SDCL 3-9-8, 3-8-4.2, 4-9-1.1, 4-9-2, 1-24A-1,  
1-24A-2, 1-24A-3, 4-9-7 and 5-18-21.  
ARSD (rules) 3:05:05:04

Revised: 4-1-96

STATE OF SOUTH DAKOTA  
CONSULTING CONTRACT

Agreement made and entered into this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_,  
by and between \_\_\_\_\_, a state agency, of  
(Name of Agency)  
\_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_,  
(Address) (City) (State)  
\_\_\_\_\_, (the "State") and \_\_\_\_\_,  
(Zip Code) (Name)  
of \_\_\_\_\_,  
(Company Name) (Address)  
\_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_,  
(City) (State) (Zip Code)  
\_\_\_\_\_ (the "Consultant").  
(Phone Number)

The State hereby enters into this Agreement for services with Consultant in consideration of and pursuant to the terms and conditions set forth herein.

1. The Consultant will perform those services described in the Work Plan, attached hereto as Exhibit A and by this reference incorporated herein.
2. The Consultant's services under this Agreement shall commence on \_\_\_\_\_ and end on \_\_\_\_\_, unless sooner terminated pursuant to the terms hereof.
3. The Consultant will not use State equipment, supplies or facilities. The Consultant will provide the State with its Employer Identification Number, Federal Tax Identification Number or Social Security Number upon execution of this Agreement.
4. The State will make payment for services upon satisfactory completion of the services. The TOTAL CONTRACT AMOUNT is an amount not to exceed \$\_\_\_\_\_. The State will not pay Consultant's expenses as a separate item. Payment will be made pursuant to itemized invoices submitted with a signed state voucher. Payment will be made consistent with SDCL ch. 5-26.
5. The Consultant agrees to indemnify and hold the State of South Dakota, its officers, agents and employees, harmless from and against any and all actions, suits, damages, liability or other proceedings that may arise as the result of performing services hereunder. This section does not require the Consultant to be responsible for or defend against claims or damages arising solely from errors or omissions of the State, its officers, agents or employees.
6. The Consultant, at all times during the term of this Agreement, shall obtain and maintain in force insurance coverage of the types and with the limits as follows:

A. Commercial General Liability Insurance:

The Consultant shall maintain occurrence based commercial general liability insurance or equivalent form with a limit of not less than \$1,000,000.00 for each occurrence. If such insurance contains a general aggregate limit it shall apply separately to this Agreement or be no less than two times the occurrence limit.

B. Professional Liability Insurance or Miscellaneous Professional Liability Insurance:

The Consultant agrees to procure and maintain professional liability insurance or miscellaneous professional liability insurance with a limit not less than \$1,000,000.00.

C. Business Automobile Liability Insurance:

The Consultant shall maintain business automobile liability insurance or equivalent form with a limit of not less than \$1,000,000.00 for each accident. Such insurance shall include coverage for owned, hired and non-owned vehicles.

D. Worker's Compensation Insurance:

The Consultant shall procure and maintain workers' compensation and employers' liability insurance as required by South Dakota law.

Before beginning work under this Agreement, Consultant shall furnish the State with properly executed Certificates of Insurance which shall clearly evidence all insurance required in this Agreement. In the event a substantial change in insurance, issuance of a new policy, cancellation or nonrenewal of the policy, the Consultant agrees to provide immediate notice to the State and provide a new certificate of insurance showing continuous coverage in the amounts required. Consultant shall furnish copies of insurance policies if requested by the State.

7. While performing services hereunder, the Consultant is an independent contractor and not an officer, agent, or employee of the State of South Dakota.

8. Consultant agrees to report to the State any event encountered in the course of performance of this Agreement which results in injury to the person or property of third parties, or which may otherwise subject Consultant or the State to liability. Consultant shall report any such event to the State immediately upon discovery.

Consultant's obligation under this section shall only be to report the occurrence of any event to the State and to make any other report provided for by their duties or applicable law. Consultant's obligation to report shall not require disclosure of any information subject to privilege or confidentiality under law (e.g., attorney-client communications). Reporting to the State under this section shall not excuse or satisfy any obligation of Consultant to report any event to law enforcement or other entities under the requirements of any applicable law.

9. This Agreement may be terminated by either party hereto upon thirty (30) days written notice. In the event the Consultant breaches any of the terms or conditions hereof, this Agreement may be terminated by the State at any time with or without notice. If termination for such a default is effected by the State, any payments due to Consultant at the time of termination may be adjusted to cover any additional costs to the State because of Consultant's default. Upon termination the State may take over the work and may award another party an agreement to complete the work under this Agreement. If after the State terminates for a default by Consultant it is determined that Consultant was not at fault, then the Consultant shall be paid for eligible services rendered and expenses incurred up to the date of termination.

10. This Agreement depends upon the continued availability of appropriated funds and expenditure authority from the Legislature for this purpose. If for any reason the Legislature fails to appropriate funds or

grant expenditure authority, or funds become unavailable by operation of law or federal funds reductions, this Agreement will be terminated by the State. Termination for any of these reasons is not a default by the State nor does it give rise to a claim against the State.

11. This Agreement may not be assigned without the express prior written consent of the State. This Agreement may not be amended except in writing, which writing shall be expressly identified as a part hereof, and be signed by an authorized representative of each of the parties hereto.

12. This Agreement shall be governed by and construed in accordance with the laws of the State of South Dakota. Any lawsuit pertaining to or affecting this Agreement shall be venued in Circuit Court, Sixth Judicial Circuit, Hughes County, South Dakota.

13. The Consultant will comply with all federal, state and local laws, regulations, ordinances, guidelines, permits and requirements applicable to providing services pursuant to this Agreement, and will be solely responsible for obtaining current information on such requirements.

14. The Consultant may not use subcontractors to perform the services described herein without the express prior written consent of the State. The Consultant will include provisions in its subcontracts requiring its subcontractors to comply with the applicable provisions of this Agreement, to indemnify the State, and to provide insurance coverage for the benefit of the State in a manner consistent with this Agreement. The Consultant will cause its subcontractors, agents, and employees to comply, with applicable federal, state and local laws, regulations, ordinances, guidelines, permits and requirements and will adopt such review and inspection procedures as are necessary to assure such compliance.

15. Consultant hereby acknowledges and agrees that all reports, plans, specifications, technical data, miscellaneous drawings, software system programs and documentation, procedures, or files, operating instructions and procedures, source code(s) and documentation, including those necessary to upgrade and maintain the software program, and all information contained therein provided to the State by the Consultant in connection with its performance of services under this Agreement shall belong to and is the property of the State and will not be used in any way by the Consultant without the written consent of the State. Papers, reports, forms, software programs, source code(s) and other material which are a part of the work under this Agreement will not be copyrighted without written approval of the State.

16. The Consultant certifies that neither Consultant nor its principals are presently debarred, suspended, proposed for debarment or suspension, or declared ineligible from participating in transactions by the federal government or any state or local government department or agency. Consultant further agrees that it will immediately notify the State if during the term of this Agreement Consultant or its principals become subject to debarment, suspension or ineligibility from participating in transactions by the federal government, or by any state or local government department or agency.

17. Any notice or other communication required under this Agreement shall be in writing and sent to the address set forth above. Notices shall be given by and to \_\_\_\_\_ on behalf of the State, and by \_\_\_\_\_, on behalf of the Consultant, or such authorized designees as either party may from time to time designate in writing. Notices or communications to or between the parties shall be deemed to have been delivered when mailed by first class mail, provided that notice of default or termination shall be sent by registered or certified mail, or, if personally delivered, when received by such party.

18. In the event that any court of competent jurisdiction shall hold any provision of this Agreement unenforceable or invalid, such holding shall not invalidate or render unenforceable any other provision hereof.

19. All other prior discussions, communications and representations concerning the subject matter of this Agreement are superseded by the terms of this Agreement, and except as specifically provided herein, this Agreement constitutes the entire agreement with respect to the subject matter hereof.

In Witness Whereof, the parties signify their agreement effective the date above first written by the signatures affixed below.

STATE

CONSULTANT

BY: \_\_\_\_\_  
(NAME)

BY: \_\_\_\_\_  
(NAME)

\_\_\_\_\_  
(TITLE AND AGENCY)

\_\_\_\_\_  
(TITLE)

\_\_\_\_\_  
(DATE)

\_\_\_\_\_  
(DATE)

- State Agency Coding (MSA Center) \_\_\_\_\_.
- State Agency MSA Company for which contract will be paid \_\_\_\_\_.
- Object/subobject MSA account to which voucher will be coded \_\_\_\_\_.
- Name and phone number of contact person in State Agency who can provide additional information regarding this contract \_\_\_\_\_.

STATE AUDITOR'S  
GUIDELINES FOR DRAFTING  
CONSULTING CONTRACTS

**Note:** These guidelines are issued to furnish guidance to state agencies in the preparation of Consulting Contracts. These guidelines should be followed for any Consulting Contract, unless the contract is otherwise approved as to form by the Attorney General's Office. The State Auditor may reject vouchers submitted for payment under any Consulting Contract that does not substantially comply with these guidelines, or is not otherwise approved as to form by the Attorney General's Office.

**1. *Identify the parties entering into the agreement.***

**Example:**

Agreement made and entered into this \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_,  
  
by and between \_\_\_\_\_, a state agency,  
(Name of Agency)  
of \_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_,  
(Address) (City) (State)  
\_\_\_\_\_, (the "State") and \_\_\_\_\_,  
(Zip Code) (Name)  
of \_\_\_\_\_,  
(Company Name) (Address)  
\_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_,  
(City) (State) (Zip Code)  
\_\_\_\_\_ (the "Consultant").  
(Phone Number)

**2. *Describe the work that the Consultant is to perform. Be as specific as possible in detailing the Consultant's scope of work and responsibilities. If the description of the work is lengthy, attach the description as an Exhibit to the agreement.***

**Example:**

The Consultant will perform those services described in the Work Plan, attached hereto as Exhibit A and by this reference incorporated herein.

**Example:**

The Consultant will perform services for the State as follows:

**3. *Specify the date services will commence and the date services will terminate.***

**Example:**

The Consultant's services under this Agreement shall commence on \_\_\_\_\_ and end on \_\_\_\_\_, unless sooner terminated pursuant to the terms hereof.

**4. *Describe the State's responsibilities, if any.***

5. *State whether the Consultant is using State equipment, supplies or facilities. If the Consultant is using State equipment, supplies or facilities, include a statement specifying the conditions under which the State equipment is to be used.*
6. *Require the Consultant to provide their Employer Identification Number, Federal Tax Identification Number or Social Security Number to the State. This is to be separately provided to agencies that will not be made public due to identity theft concerns; the contract itself will be public information.*
7. *Identify the maximum amount to be paid for services, including expenses. Specify whether the State will reimburse the Consultant for expenses as a separate item and state the Total Contract Amount. Where hourly rates have been negotiated, the contract must specify the hourly rate. Unless otherwise approved, legal services contracts shall include an hourly rate. Describe the method of payment, i.e. monthly, and what documentation is required from the Consultant in order to process a request for payment. Payment shall be made consistent with the terms of the Prompt Payment Act (SDCL ch. 5-26).*

**Example:**

The State will make payment for services upon satisfactory completion of the services in an amount not to exceed \$\_\_\_\_\_. The State will pay Consultant's expenses for travel, lodging and meals as a separate item. Expenses submitted will be reimbursed at state rates as established by the State Board of Finance, and receipts must be provided. The total amount for such expenses may not exceed \$\_\_\_\_\_. The TOTAL CONTRACT AMOUNT is an amount not to exceed \$\_\_\_\_\_. Payment will be made monthly, pursuant to itemized invoices submitted with a signed state voucher. Payment will be made consistent with SDCL ch. 5-26

**Example:**

The State will make payment for services upon satisfactory completion of the services. The TOTAL CONTRACT AMOUNT is an amount not to exceed \$\_\_\_\_\_. The State will not pay Consultant's expenses as a separate item. Payment will be made pursuant to itemized invoices submitted with a signed state voucher. Payment will be made consistent with SDCL ch. 5-26

**Example:**

The agreed upon hourly rate for services performed under this Agreement is \$\_\_\_\_\_ per hour. The State will pay Consultant's expenses as a separate item in an amount not to exceed \$\_\_\_\_\_. The TOTAL CONTRACT AMOUNT is an amount not to exceed \$\_\_\_\_\_. Payment will be made monthly, pursuant to itemized invoices submitted with a signed state voucher. Payment will be made consistent with SDCL ch. 5-26.

8. *All contracts must contain hold harmless and indemnification language.*



**Example:**

Consultant agrees to indemnify and hold the State of South Dakota, its officers, agents and employees, harmless from and against any and all actions, suits, damages, liability or other proceedings that may arise as the result of performing services hereunder. This section does not require Consultant to be responsible for or defend against claims or damages arising solely from errors or omissions of the State, its officers, agents or employees.

9. *Most contracts must require the Consultant to have insurance coverage for commercial general liability, or its equivalent, worker's compensation, and business automobile liability. Depending upon the nature of the services performed by the Consultant, coverage not included in a general liability policy may be necessary (e.g. pollution liability coverage). Professional liability coverage is required for medical professionals, attorneys, architects, engineers, accountants or financial advisors.*

*The Office of Risk Management should be consulted to determine the appropriate amount and type of coverage necessary. The State Auditor's Office recognizes that there will be exceptions to the insurance requirements. Please contact the Office of Risk Management and the Office of Attorney General for advice regarding exceptions. Sample insurance language is set out below. Not all provisions will be applicable in each consultant contract.*

**Example:**

A. Commercial General Liability Insurance:

Consultant shall maintain occurrence based commercial general liability insurance or equivalent form with a limit of not less than \$1,000,000.00 for each occurrence. If such insurance contains a general aggregate limit it shall apply separately to this Agreement or be no less than two times the occurrence limit.

[In those limited circumstances when the State is leasing real property as part of the consultant contract add: Such insurance shall further include a fire and legal liability endorsement.]

B. Professional Liability Insurance or Miscellaneous Professional Liability Insurance:

Consultant agrees to procure and maintain professional liability insurance or miscellaneous professional liability Insurance with a limit not less than \$1,000,000.00.

C. Business Automobile Liability Insurance:

Consultant shall maintain business automobile liability insurance or equivalent form with a limit of not less than \$1,000,000.00 for each accident. Such insurance shall include coverage for owned, hired and non-owned vehicles.

D. Worker's Compensation Insurance:

Consultant shall procure and maintain workers' compensation and employers' liability insurance as required by South Dakota law.

10. *To verify that the Consultant has the insurance coverage required in the contract, certificates of insurance should be obtained from the Consultant and attached to your file copy of the contract. Sample language is set out below.*

**Example:**

Before beginning work under this Agreement, Consultant shall furnish the State with properly executed Certificates of Insurance which shall clearly evidence all insurance required in this Agreement. In the event a substantial change in insurance, issuance of a new policy, cancellation or nonrenewal of the policy, the Consultant agrees to provide immediate notice to the State and provide a new certificate of insurance showing continuous coverage in the amounts required. Consultant shall furnish copies of insurance policies if requested by the State.

11. *Contracts for certain types of services may present a high level of risk. The amount paid for services is not an accurate indication of a contract's loss exposure. In such cases, request copies of the Consultant's insurance policies to review for adequate coverage and limits, and acceptable deductibles. If you are uncertain as to the level of risk involved in the contract, the type of coverage or limits of liability necessary, or need assistance in reviewing insurance policies, contact the Office of Risk Management.*

12. *All contracts must also include the following provisions:*

A. An Independent Contractor Provision:

**Example:**

While performing services hereunder, Consultant is an independent contractor and not an officer, agent, or employee of the State of South Dakota.

B. A Termination Provision:

**Example:**

This Agreement may be terminated by either party hereto upon thirty (30) days written notice, and may be terminated by the State for cause at any time, with or without notice.

**Example:**

This Agreement can be terminated upon thirty (30) days written notice by either party. In the event the Consultant breaches any of the terms or conditions hereof, this Agreement may be terminated by the State at any time with or without notice. If termination for such a default is effected by the State, any payments due to Consultant at the time of termination may be adjusted to cover any additional costs to the State because of Consultant's default. Upon termination the State may take over the work and may award another party an agreement to complete the work under this Agreement. If after the State terminates for a default by Consultant it is determined that Consultant was not at fault, then the Consultant shall be paid for eligible services rendered and expenses incurred up to the date of termination.

C. A Funding Out Clause:

**Example:**

This Agreement depends upon the continued availability of appropriated funds and expenditure authority from the Legislature for this purpose. If for any reason the Legislature fails to appropriate funds or grant expenditure authority, or funds become unavailable by operation of law or federal funds reductions, this Agreement will be terminated by the State. Termination for any of these reasons is not a default by the State nor does it give rise to a claim against the State.

D. An Amendment Provision:

**Example:**

This Agreement may not be assigned without the express prior written consent of the State. This Agreement may not be amended except in writing, which writing shall be expressly identified as a part hereof, and be signed by an authorized representative of each of the parties hereto.

E. A Controlling Law Provision:

**Example:**

This Agreement shall be governed by and construed in accordance with the laws of the State of South Dakota. Any lawsuit pertaining to or affecting this Agreement shall be venued in Circuit Court, Sixth Judicial Circuit, Hughes County, South Dakota.

F. A Compliance Provision:

**Example:**

Consultant will comply with all federal, state and local laws, regulations, ordinances, guidelines, permits and requirements applicable to providing services pursuant to this Agreement, and will be solely responsible for obtaining current information on such requirements.

*(Note that a more detailed Compliance Provision may be required if it is necessary to comply with requirements for use of federal funds).*

G. A Reporting Provision:

**Example:**

Consultant agrees to report to the State any event encountered in the course of performance of this Agreement which results in injury to any person or property, or which may otherwise subject Consultant, or the State of South Dakota or its officers, agents or employees to liability. Consultant shall report any such event to the State immediately upon discovery.

Consultant's obligation under this section shall only be to report the occurrence of any event to the State and to make any other report provided for by their duties or applicable law. Consultant's obligation to report shall not require disclosure of any information subject to privilege or confidentiality under law (e.g., attorney-client communications). Reporting to the State under this section shall not excuse or satisfy any obligation of Consultant to report any event to law enforcement or other entities under the requirements of any applicable law.

H. A Severability Provision:

**Example:**

In the event that any court of competent jurisdiction shall hold any provision of this Agreement unenforceable or invalid, such holding shall not invalidate or render unenforceable any other provision hereof.

I. A Supersession Provision:

**Example:**

All other prior discussions, communications and representations concerning the subject matter of this Agreement are superseded by the terms of this Agreement, and except as specifically provided herein, this Agreement constitutes the entire agreement with respect to the subject matter hereof.

J. A Notice Provision:

Any notice or other communication required under this Agreement shall be in writing and sent to the address set forth above. Notices shall be given by and to \_\_\_\_\_ on behalf of the State, and by and to \_\_\_\_\_, on behalf of the Consultant, or such authorized designees as either party may from time to time designate in writing. Notices or communications to or between the parties shall be deemed to have been delivered when mailed by first class mail, provided that notice of default or termination shall be sent by registered or certified mail, or, if personally delivered, when received by such party.

13. *Consultant must get permission from the State to hire subcontractors. All subcontracts should include language that subjects the subcontractor to the same indemnification/hold harmless and insurance requirements that apply to the Agreement. Once permission is granted, the agency must notify the State Auditor of the subcontractor's contact information (company name, contact person, complete address, employer identification number, and phone number).*

**Example:**

Consultant may not use subcontractors to perform the services described herein without the express prior written consent of the State. Consultant will include provisions in its subcontracts requiring its subcontractors to comply with the applicable provisions of this Agreement, to indemnify the State, and to provide insurance coverage in a manner consistent with this Agreement. Consultant will cause its subcontractors, agents, and employees to comply, with applicable federal, state and local laws, regulations, ordinances, guidelines, permits and requirements and will adopt such review and inspection procedures as are necessary to assure such compliance.

14. *The Agreement should spell out ownership of any reports or property created by the Consultant.*

*For software contracts the Bureau of Information and technology should be contacted.*

**Example:**

Consultant hereby acknowledges and agrees that all reports, plans, specifications, technical data, miscellaneous drawings, software system programs and documentation, procedures, or files, operating instructions and procedures, source code(s) and documentation, including those necessary to upgrade and maintain the software program, and all information contained therein provided to the State by the Consultant in connection with its performance of services under this Agreement shall belong to and is the property of the State and will not be used in any way by the Consultant without the written consent of the State. Papers, reports, forms, software programs, source code(s) and other material which are a part of the work under this Agreement will not be copyrighted without written approval of the State.

**Example:**

All reports, recommendations, documents, drawings, plans, specifications, technical data and information, copyrights, patents, licenses, or other products produced as a result of the services rendered under this Agreement will become the sole property of the State. The State hereby grants the Consultant the unrestricted right to retain copies of and use these materials and the information contained therein in the normal course of the Consultant's business for any lawful purpose. Either the originals or reproducible copies satisfactory to the State, of all technical data, evaluations, reports and other work product of the Consultant shall be delivered to the State upon completion or termination of services under this Agreement.

15. *Agreements with federal funds need to comply with federal debarment/suspension provisions. Recommend inclusion of language below in all contracts to insure compliance. In addition, prior to executing, the contracting agency should verify whether the Consultant is subject to federal debarment by checking the Excluded Parties List System maintained by the General Services Administration*

**Example:**

The Consultant certifies that neither Consultant nor its principals are presently debarred, suspended, proposed for debarment or suspension, or declared ineligible from participating in transactions by the federal government or any state or local government department or agency. Consultant further agrees that it will immediately notify the State if during the term of this Agreement Consultant or its principals become subject to debarment, suspension or ineligibility from participating in transactions by the federal government, or by any state or local government department or agency.

16. *Certain consulting contracts will require additional provisions to adequately protect the State's interest. Examples of this type of provision are set out below:*

A. Provisions for Legal Services Contracts:

1. Conflicts provision:

Consultant agrees not to participate as Counsel, in person or by his law firm, in opposition to the interests of the State of South Dakota or any of its departments, bureaus, boards, authorities or commissions, consistent with the policy attached hereto as Exhibit A. *(A copy of the policy to be attached as Exhibit A may be obtained from the Office of the Attorney General.)*

2. Hold harmless provision:

The Consultant agrees to indemnify and hold the State of South Dakota, its officers, agents and employees, harmless from and against any and all actions, suits, damages, liability or other proceedings that may arise as the result of performing services hereunder. This section does not require the Consultant to be responsible for or defend against claims or damages arising from errors or omissions of the State, its officers, agents or employees or from the errors or omissions of third parties that are not officers, employees or agents of the Consultant, unless such errors or omissions resulted from the acts or omissions of the Consultant. Nothing in this contract is intended to impair the insurance coverage of Consultant or any subrogation rights of Consultant's insurers.

B. A Records Inspection and Retention Provision:

The State, through any authorized representative, will have access to and the right to examine and copy all records, books, papers or documents related to services rendered under this Agreement. The Consultant will retain all books and records related to the services performed for a period of not less than the greater of any applicable federal law retention requirement or three years following termination of this Agreement.

17. *Where required contracts should include all applicable federal law provisions. The nature and extent of the federal law provisions to include depends on the nature of the contract, funding source and applicable federal regulation. Examples of requirements include: Drug-Free Workplace, Lobbying Activity, Executive Order 11246 Equal Employment Opportunity Act, and the Health Insurance Portability and Accountability Act (HIPAA).*
18. *All contracts should be reviewed by your attorney. Any substantive deviations from these guidelines should be requested in writing by the head of the agency, should state the reason for requesting the deviation from the guideline examples, and must be approved by the Attorney General's Office. All contracts must be signed by the Consultant and the agency head or authorized designee, and must be dated. Copies of all consulting contracts are required to be filed with the State Auditor's Office by SDCL 1-24A-1.*

## **DECORATIVE ITEMS**

Vouchers for payment of decorative items for which there is little or no legitimate need will not be approved. Such items include pictures, wall hanging, flowers, plants, flower pots, ashtrays, etc.

To ensure that a claim will be considered a legitimate state expense, any items which may fall into this category but are not mentioned above should be approved by this office before the purchase is made.

## **REFERENCES**

SDCL 4-9-1.1, 4-9-7

## **GENERAL CONTRACTS/GRANTS**

Under state law (SDCL 5-18-21), it is the responsibility of the State Auditor's Office to determine if a contract is "illegal, improper, or unauthorized." At the present time, the State Auditor's Office does not require that general contracts be on file in our office. Therefore, in order to monitor the payment of vouchers pertaining to general contracts, the following procedures will be used:

1. Vouchers submitted for payment of general contracts must include sufficient information relative to the respective contract before they will be processed. This information should be shown in the description section on the face of the vouchers.
2. When possible, itemized invoices should be attached.
3. The State Auditor's Office reserves the right to return any voucher for further information and/or a copy of the contract. Payment will not be made unless the contract is found to be legal, proper and authorized.

For payment of grants, the same procedures outlined above for general contracts will be used. Agencies again are responsible for supplying sufficient information so that payment can be made. A full description of the grant must be given. Merely citing laws, project numbers, etc. is not sufficient. A copy of the grant may be required if the State Auditor's Office feels it is necessary.

Money received as a grant does not necessarily mean that you spend it as a grant. For example, grant money used to obtain consultant services must be coded to an appropriate consultant account required, and the procedures outlined in the Consultant Services Memo must be followed.

PLEASE NOTE: This policy memo does not pertain to consultant contracts. For policy concerning consultant contracts, please refer to "Consultant Contracts" in this Policy Handbook.

## **REFERENCES**

SDCL 4-9-1.1 (general authority), SDCL 3-9-8, 4-9-7  
(law implemented), SDCL 5-18-21  
ARSD Rules 3:05:05:04



## **HONORARIUMS**

An honorarium differs from a consultant fee. While a consultant is in the business for profit, with income as his priority motive, an honorarium is a payment to a professional person for services on which no fee is set or legally obtainable, similar to a gratuity.

Claims submitted as honorariums, which are actually consultant services, will not be approved by this office as honorarium payments.

Payments for honorariums are made via direct voucher. If travel expenses are reimbursed, those expenses must also be coded to the honorarium account required code.

## **REFERENCES**

SDCL 4-9-1.1, 4-9-7

## **LEASES**

All payments for leases must be in accordance with the body of the lease itself and/or any addendum thereto. The Bureau of Administration does not consider any other letters or agreements, written or verbal, as sufficient to adjust any amount payable in the original contract itself. Accordingly, we will not approve vouchers drawn in an amount in excess of any written lease, except where the lease has been amended formally.

For the purposes of processing vouchers for payment of leases, a copy of the lease must be on file in this office or attached to the voucher for payment.

All space or building leases should be coordinated through the State Space Allocation Office in the Bureau of Administration, phone 773-3688

## **REFERENCES**

SDCL 4-9-1.1, 4-9-7

ARSD RULES 3:05:05:04

## **LONG TERM AUTO LEASES**

Long term auto leases are discouraged unless it can be proven that each leased auto is cost beneficial.

Requests for long-term leases must be justified and will be reviewed by the Bureau of Administration and the State Auditor's Office.

This policy pertains only to long-term leases (9 months or more) and does not affect short-term auto leases or rentals.

## LODGING

Where two State employees travel together, they are not required to register individually for motel rooms which are shared. Where possible, however, the names of both travelers should appear on the lodging receipt. In such instances, whether payment to the motel is then made by each employee for his/her respective share of the room, or where lodging is paid for by one employee and that employee is reimbursed by his/her companion, a statement to that effect should accompany the travel voucher. Because ARSD 3:05:03:03 prohibits one employee from claiming expenses incurred by another, we will not approve reimbursement directly for the entire amount to either one or the other of the employees. In situations where lodging is shared and separate receipts are not given, we will accept the photocopy for a receipt on one or the other of the vouchers. Because of the potential for problems, it is necessary that vouchers of the two travelers involved either be submitted together for payment or be cross-referenced. Receipts where travelers lodge two-to-a-room must show the single room rate as well as the rate for double occupancy.

We do not require evidence of motel room lodging payment. Accordingly, where a traveler asserts that a bill has been paid, and where the receipt provided by the motel appears to be in proper order, no further documentation will be necessary. We reserve the right, to request such support documentation when we are not satisfied that the claim being made is entirely proper. Where receipts are "odd" or not the type traditionally issued by a motel, claimants may wish to attach proof of payment to facilitate the processing of the claim. Please note that we are not relaxing any requirement that pertains directly to the nature of quality of the receipt itself.

Travelers who lodge with friends, relatives or otherwise lodge at no expense to the state, are not required to indicate the name or address of the party with whom the employee lodged. Except in unusual circumstances, this information will not be necessary to validate the other voucher claims. Where circumstances warrant, however, we reserve the right to request such information. As a rule, the Auditor's Office will not allow payment of lodging in a private residence. Exceptions must be approved in advance by the State Auditor's Office.

Regarding motels which offer "state rates," be sure that you confirm with the motels that the actual state rate is being given, rather than the "government" rate. the federal government rate is not the same as the state rate, so emphasize to the motel when making reservations that you are covered under the state rate. Also, we have been advised that several motels other than those on the list directly compiled through the South Dakota Innkeepers Association offer state rates. If you desire a list of motels offering state rates or if you encounter problems with a particular motel offering or claiming to offer state rates, contact the State Travel Coordinator in the Bureau of Administration, phone 773-3688.

## **MEALS**

Meals included in the registration fee must be deducted from either the registration fee or the meal reimbursement portion of the voucher.

The State Auditor's office will not deviate from the meal allowance set by the Board of Finance.

There can be no exceptions to the rule that state employees are not allowed reimbursement for meals at their home station. While state employees are attending a workshop or training session at their home station, and a registration fee is required, the cost of any meal must be deducted from the registration fee before reimbursement can be obtained.

A \$2 late evening lunch is allowable only to those employees whose work hours do not conform to normal working hours. They must leave their duty station prior to 8:01 P.M. and return to their duty station after 1:59 A.M.; however, the maximum meal reimbursement for any one day is \$26.00. This \$2.00 cannot be used by employees returning from a meeting.

## **REFERENCES**

SDCL 3-9-2, 3-9-3, 4-1-3

ARSD 5:01:02:11, 5:01:02:14, 5:01:02:17, 5:01:02:23

Revised 09-21-93

## **MEMBERSHIPS**

Any membership dues paid must constitute a legitimate obligation of the State of South Dakota before they will be approved by this office. The following in-house guidelines dealing with membership have been formulated:

### **INSTITUTIONAL MEMBERSHIPS**

Institutional memberships are preferred over individual memberships.

Institutional membership is allowable for bona fide professional organizations.

It is the opinion of this office that payment of dues for membership in various honorary, civic (i.e. Chamber of Commerce), social or trade associations generally cannot be considered an appropriate expenditure of public funds. Vouchers for items such as these will not be approved. An exception to this policy is where membership in a trade association offers a significant benefit to agencies which deal with members of individual trade. Membership by the Dept. of Labor - Employment Security in the Chamber of Commerce is a legitimate state expense.

### **INDIVIDUAL MEMBERSHIPS**

Individual memberships are allowable only where:

Institutional membership is not available or is available at a significantly higher cost.

Individual is eligible principally on the basis of his/her position (as opposed to his/her occupation or training), and membership is restricted to only those occupying similar positions.

The actual beneficiary of membership is the state rather than the individual. (Determinants of individual benefit include individual professional advancement' fringe benefits, such as insurance, reduced rates for trips and tours, continued education for individual credit or as a prerequisite, existence of local chapters or other sub levels within the organization).

Individual membership in honorary, social, civic, or trade associations is not an obligation of the state.

If a situation involving membership arises about which you are not sure, please contact this office for prior approval.

## **REFERENCES**

SDCL 4-9-1.1 (general authority)  
SDCL 4-9-7

## **MOVING & TRANSFER ALLOWANCES**

All moves must be approved by the Board of Finance. Total expenses for professional moves cannot exceed one month's salary. Transfer moves are limited only to the cost of moving 11,000 pounds. Refer to Board of Finance Regulations 5:01:07:01 and 5:01:07:10 for Household Moving Allowances. Where for hire carriers are not used, reimbursement will be at actual cost, not to exceed the cost moving 11,000 pounds by a for hire carrier. Receipts are required.

Moving of a mobile home is limited to the actual rate per-mile charged. As a general rule, interstate move of mobile homes is not allowed. If any miscellaneous costs are claimed, reimbursement is at actual cost, not to exceed one month's salary.

Ideally, transfer decisions are made sufficiently in advance to allow time for the employee to make arrangements to move his/her family and belongings to the new station prior to assuming his/her duties. In some instances, however, I recognize that this is not possible. In those cases, it seems reasonable that some provisions should be made for the payment of meals and lodging for a limited amount of time to allow appropriate arrangements to be made. Therefore, if the department supervisor does not have sufficient opportunity to notify the employee, the office of State Auditor will approve payment of meals and lodging for these employees for a period not to exceed 20 working days. At the conclusion of these 20 working days, it is expected that the employee will have had sufficient time to arrange for the movement of his/her family and furnishings to the new post of duty. If the employee wishes to delay the move, for instance, until the end of the school term he does so at his/her personal convenience, and the costs therefore must be borne solely by him/her.

I want to emphasize that we are not encouraging that all such transfers take 20 working days to be accomplished. The 20 working day is only an attempt to make a reasonable accommodation.

Because the rules adopted by the Board of Finance allow travel only once between the old post of duty and the new post of duty, mileage for trips back and forth, for instance on weekends, cannot be allowed. I also want to emphasize that this policy is adopted in the absence of formal provisions established by the Board of Finance. Once the Board of Finance establishes rules governing this particular area, the rules of the Board will be controlling.

NOTE: This policy applies only to transfers, not to actual changes in position where a job vacancy was advertised and coincidentally filled by a departmental employee. In such cases these moves should be handled in the same manner as professional recruitments; that is, no interim meals and lodging can be allowed.

Payment of professional hire moves should not be considered automatic; they should be allowed only as an added inducement to the interviewee to accept a position with the State of South Dakota.

Please do not hesitate to call the Auditor's Office in advance if you have any questions.

### **REFERENCES**

SDCL 3-9-9, 3-9-10, 3-9-11 AND 3-9-12  
ARSD 5:01:02:24 through 5:01:02:38

Revised 5-02-96

## **NEGATIVE CASH BALANCES**

Due to increased emphasis placed on cash management by the federal government, an increasing number of federally funded programs are experiencing negative cash balances in the companies. Many agencies do not receive reimbursement from the federal government until expenditures have incurred.

The current practice is to spend general company cash for federal expenditures rather than incurring a negative cash balance in the federal companies. When reimbursement is finally received, this money is then deposited into the applicable federal company. This practice does not allow federal company expenditures to be easily identified, and for that reason it will no longer be an acceptable method. Federal company expenditures must be recorded in the federal company in which they are associated, regardless of their effect on its cash balance.

Agencies who have companies that will incur negative cash balances shall follow these procedures.

In accordance with SDCL 4-8-14 & 4-8-14.1, the following procedures have been adopted to provide guidelines for agencies that have funds which incur negative cash balances.

An agency shall notify the State Auditor's Office in writing, and identify the fund in which a negative cash balance will occur. Such notification shall be made prior to incurring a negative cash balance in the fund. A separate request shall be made for each fund and the request shall be resubmitted by the agency at the beginning of each fiscal year.

If an agency does not comply and a fund incurs a negative cash balance, any warrants written from the fund shall be held by the Office of the State Auditor until such time as the agency meets full compliance.

Revised 10-23-92



## PAYROLL - PROBLEMS/CLEANUP TAXES

The table below sets forth the circumstances under which payroll taxes are to be paid. Additional information is in your Payroll Manual Section 106.12- 106-13.

Type of Pay	Resignation	Death Pd In Same Year	Death Pd In Follow Year	Retirement
Regular Wage	Withhold Tax Soc. Sec.	Soc. Sec.	--	Withholding Soc. Sec.
Terminate Vacation	Withhold Tax Soc. Sec.	Soc. Sec.	--	Withholding Soc. Sec.
Terminate Sick	Withhold Tax Soc. Sec.	--	--	Withholding

The proper FICA code is necessary for an employee retiring. Refer to Payroll Manual section 106.13 when an employee is retiring and is receiving regular pay, termination vacation pay and termination sick pay all at the same time.

Regarding payroll warrants to be cancelled, if a warrant was written for the wrong amount or for any correction, the warrant should be returned to the appropriate Personnel Specialist as soon as possible, so it can be voided and processed on the next available correction run. Any payroll warrants that need to be voided must be cancelled and processed before the end of the calendar year so the employee's W-2 will be correct.

## **PHOTOS**

Expenditure of public funds for photos will not be approved without the following:

1. A description of the subject of the photos
2. Justification for the photos signed by the department head or designee. This should include an explanation of their use, showing how they pertain to state business.

Photos will be approved only where a bona fide public purpose can be demonstrated. Photos for personal advancement or benefit are not allowable. No pictures of department heads or secretaries will be approved. It is the position of this office that group pictures are less likely to be used for personal purposes than individual photos.

To avoid problems, any questionable claims involving photos should be approved in advance by this office.

## **REFERENCES**

- SDCL 4-9-1.1 (general authority)
- SDCL 3-9-8 (law implemented)
- SDCL 4-9-7

## **REGISTRATION FEES**

Reimbursement of registration fees upon appropriate documentation must include (A) evidence of the amount of payment; (B) evidence of the amount of the fee. Meals included in the registration fee must be deducted from either the registration fee or the meal reimbursement portion of the voucher. A cancelled check is sufficient documentation for proof of payment; however, the State Auditor's Office requires a program or official letter indicating amount of registration fee.

When employees travel together and the registration fee is to be paid by direct voucher, it will be necessary to submit vouchers together or cross-reference by use of our audit control number. Registration fees paid in advance must follow the policy set forth below:

The workshop or seminar must require advance payment or must offer significant discount for advance payment.

It must be understood by the traveler that if the traveler chooses not to attend the workshop, the traveler will be responsible for reimbursing the state for any costs of the workshop for which the state is unable to obtain a refund; another individual from the agency may substitute.

On the face of the voucher, or on a attached separate sheet must be the following phrase:

"I understand that if I do not attend the workshop for a reason other than through no fault of my own that I am responsible for reimbursing the state for any portion of this registration fee which is non-refundable."

1. The traveler's signature must appear beneath this statement.
2. The voucher must clearly indicate that this is an advance payment.
3. Travel vouchers for the individual must be cross-referenced with the audit control number of the voucher for any advance registration fee.

Provisions of this policy do not apply to tuition, fees, or other costs in conjunction with attendance at any ongoing class conducted through an institution of higher education whether or not credit for attending the course is given.

## **REFERENCES**

SDCL 3-9-2, 4-1-3, 13-56A-7 (general authority)  
SDCL 3-9-2, 13-56A-7 (law implemented)  
SA Rule 3:05:03:02  
BOF Rule 5:01:02:22 and 5:01:02:23

Revised 5/02/96

## **TELEPHONE CALLS**

In regard to the payment of telephone bills and toll calls, the following policies apply:

1. Telephone toll slips are not required on vouchers paying for telephone services. We recommend that each agency implement an effective "in-house" monitoring system.
2. Personal calls are not to be made on state phones, and reimbursement from state funds will not be allowable for these claims.

In the event that a personal call is discovered to have been made, do not remit cash or a check to the phone company. The state should pay the full bill, and payment should be made by the employee to the state for deposit into the state general fund. The check should be made payable to the State of South Dakota. If the call is discovered soon enough it is possible, in some instances, to have the phone company remove the call from the state's bill and add it to the caller's private phone bill.

## **REFERENCES**

SDCL 4-9-1.1; 4-9-7 (general authority)  
SDCL 4-9-7 (law implemented)  
ARSD 3:05:06:01

Revised 5/02/96

## **PURCHASE OF AWARDS AND TROPHIES**

Purchase of trophies or plaques is not a proper expenditure of public funds. While the purchase of award certificates or recognition certificates will continue, for the present time, to be approved, purchases of trophies and plaques will not be allowed because the cost of such item multiplied by the number of departments and agencies which might be inclined to purchase them becomes an unacceptably costly item.

## **VOUCHER PREPARATION**

All of the supporting documents, such as invoices and receipts, should be neatly stapled a minimum of 3" down from the top of the upper left hand corner and attached to the back of the voucher. Do not use clips.

Leave corrected return slips attached to the vouchers. When one return slip covers more than one voucher needing corrections, return all of those vouchers together with the slip attached to it on the top. Place a rubber band around them to hold them together. Always make corrections on the original voucher that was submitted. If, in rare cases, it is necessary to make out a new voucher, be sure to attach the original voucher submitted to the back of the newly prepared voucher. Return comments should be written on the voucher instead of on the return slip.

## **PERJURY STATEMENT**

Claimant signatures will be required by our office on travel expense vouchers only. Claimant signatures may be required at the agency level if a need is determined.

## **RUSH VOUCHERS**

Attach a slip of paper indicating rush to the voucher. Put on top of the vouchers submitted for the day. Please do not abuse the rush opportunity. This is available only for those items which absolutely must be paid as soon as possible.

Revised 9-18-88  
Revised 5-02-96  
Revised 10-12-11

## **TRAVEL VOUCHERS**

1. Vouchers claiming reimbursement for automobile must indicate number of the vehicles involved, whether personal or travel commission car.
2. Receipt required for taxi or limousine fare over \$5.00. Travel regulations do not allow claim for taxi fare of \$5.00 or less to be paid where no expense was incurred.
3. Indicate if any meals are included in registration fee; if so, delete meals from per diem or from the registration fees. If registration is paid on direct voucher it has to be cross-referenced to travel voucher.

## **DIRECT VOUCHERS**

1. Attach original invoices. If invoice is lost, a copy is acceptable. The copy should be stamped with "Only invoice available."

Revised 5-02-96

## W-4 FORMS

This office is charged with responsibility for maintaining the complete W-4 record file for the State of South Dakota. When agencies submit W-4 forms to this office, please keep the following items in mind:

1. A W-4 should be obtained from the employee and checked for errors before putting the employee on the payroll. Every new and re-hired employee should complete a W-4.
2. Before submitting W-4's to the Auditor's Office, make sure that the employee number and agency number are included on the W-4.
3. Update W-4's when address or marital status changes occur.
4. Employees have the option of changing W-4 information using the employee self-service option. These W-4's are signed electronically so there is no paper copy.
5. Employees claiming total exemption from income tax withholding must complete a paper W-4 at the beginning of each calendar year.

Agencies should discard all old W-4 forms and use only the Form W-4 at the beginning of each calendar year.

The OFFICIAL PAYDAY for employees of the State of South Dakota paid on Central Payroll is the 1<sup>st</sup> and 16<sup>th</sup> of each month. If either of those dates falls over a weekend, the payday is on Friday. Anyone in possession of payroll warrants ahead of payday should not release them before the appointed day.



## **RETIREMENT PARTIES AND FUNERALS**

Retirement parties and funerals are difficult subjects to address, for they can be very personal and emotional experiences. This emotional factor, however, cannot preclude the necessity for guidelines relative to state expenditure and time off for attendance of these functions.

The general policy in this area is that attendance at either a funeral or retirement party is personal tribute or personal obligation, not a state function. Therefore, if an employee chooses to attend either function it is to be on his or her own time and expense, not at the expense of the State.

Requests for exceptions to this policy must come from either the Governor, the Department Secretary or the Institution head.

## **BOARD AND COMMISSION PAYMENTS**

Salary or per diem reimbursement for board members: only those members on \*authorized and \*designated boards, commissions and advisory bodies will receive salary or per diem compensation. Board members may receive salary compensation when they represent their board at official functions, other than regular board meetings, if they have been so directed by their board and if the minutes of their respective board meetings reflect the directive. In accordance with SDCL 1-25-1 board members salary (per diem) reimbursement will be allowed for meetings conducted by teleconference, effective August 1, 1990.

\*Only those board councils, commissions and advisory bodies recognized by the legislature and listed in the appropriations act will receive salary (per diem) compensation and reimbursement for their expenses. The daily salary compensational rate will be listed in the appropriation act (refer to session law.)

REVISED: 8-01-90

REVISED: 9-04-90

REVISED: 9-27-96

## **NON STATE EMPLOYEE TRAVEL**

Effective July 1, 1985, the rate for official state travel by a person who is not a state employee is as follows:

While on state business, reimbursement for expenses of travel, lodging, and meals will be at the appropriate out-of-state or in-state rates.

Any exception to this policy must be approved in advance by our office.

### **REFERENCES:**

State Auditor Rule 3:05:03:07

## **PERSONALIZED NAME TAGS**

Personalized name tags may be paid for with State funds provided the department name appears on the name tag.

9-18-88

## **NOTARY SEALS**

Notary seals or stamps can be paid by State funds if it is determined that a notary is required within an agency. Notary Bonds and the filings are also an allowable expense.

9-18-88

## **MEETING ROOM RENTAL**

All expenses incidental to the rental of a meeting room, including non-alcoholic liquid refreshments (no food), will be an allowable state expense. This policy is effective immediately.

10-1-92

## **APARTMENT RENT**

Upon prior approval, a state employee may be reimbursed for apartment rent if the State Auditor determines the rental would result in a savings to the state. The employee is required to be away from their home station.

Rent receipts are required. Partial month rental is prorated.

10-23-06