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# OSA Policy Handbook

Revised 1996

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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.

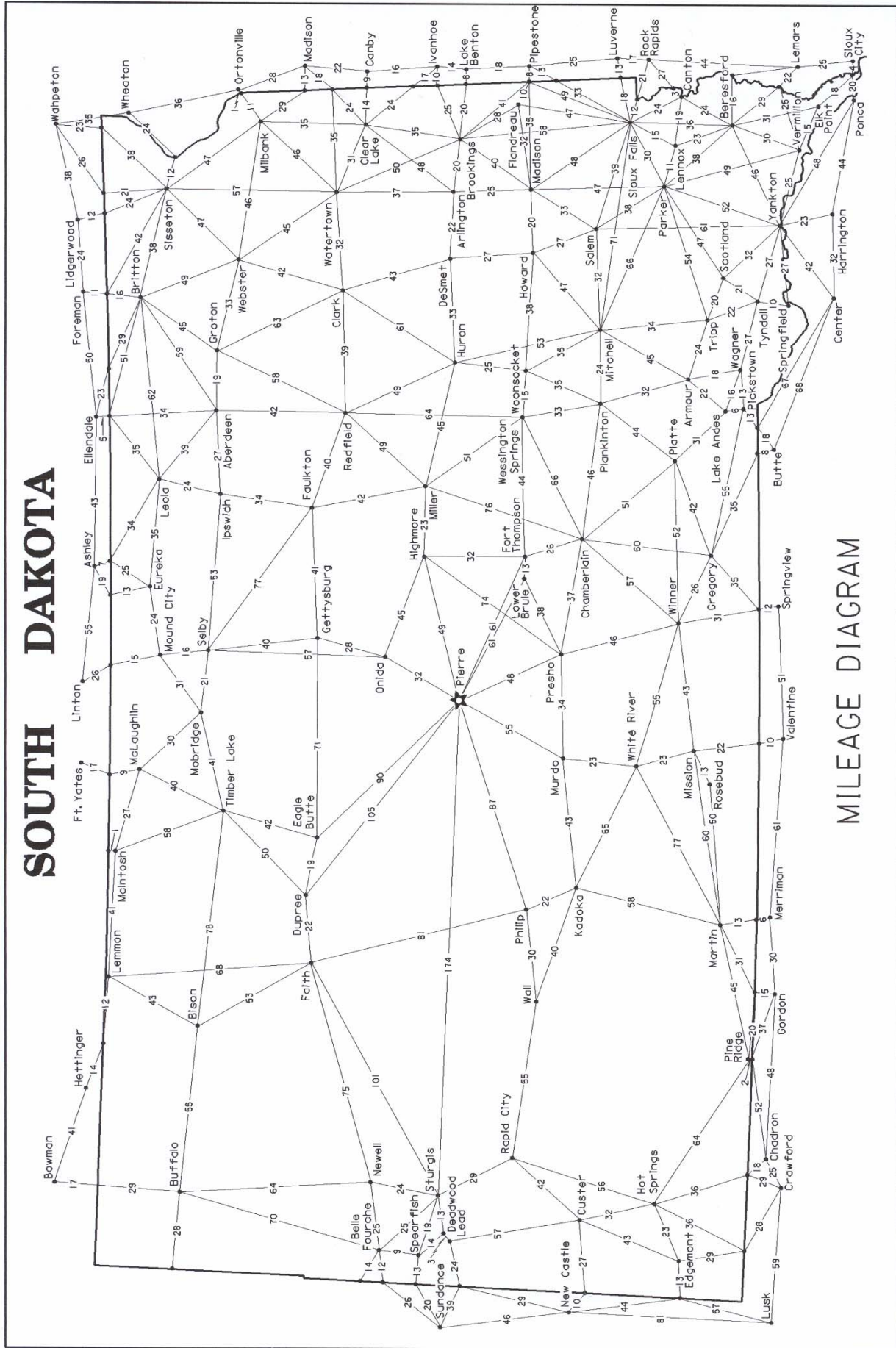
## **REFERENCE**

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 (example on page 11-11.1) The Standard Contract Format for use only for legal consulting services with provision required by South Dakota Attorney General is shown on page 11.2-12.
4. The State Auditor will not authorize payment on verbal (oral) contacts. 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. IRS employer identification number or social security number.
  - I. Specifies what payment is being made and if work was satisfactorily completed.
  - J. Certification that work is complete.
  - K. 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  
CONSULTANT CONTRACT/LETTER OF AGREEMENT  
FOR CONSULTANT SERVICES  
BETWEEN**

\_\_\_\_\_

Referred to as Consultant

\_\_\_\_\_

Referred to as State

The State hereby enters into an Agreement for Consultant Services with the Consultant.

**I. THE CONSULTANT**

- A. The Consultant services on this agreement shall commence on \_\_\_\_\_ and end on \_\_\_\_\_.
- B. The Consultant is not an employee of the State.
- C. If the Consultant uses State equipment, supplies or facilities, attach a statement specifying the conditions under which state equipment is to be used.
- D. The Consultant agrees to: (add an addendum if needed.)  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_
- E. The Consultant agrees to hold harmless and indemnify the State of South Dakota, its officers, agents and employees, from and against any and all actions, suits, damages, liability or other proceedings which may arise as a 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 acts or omissions of the State, its officers or employees.

**II. THE STATE**

- A. The State will make payment for services upon satisfactory completion not to exceed \$\_\_\_\_\_.
- B. If the State pays contractor expenses as a separate item, the total amount for such expenses will not exceed \$\_\_\_\_\_.
- C. TOTAL CONTRACT AMOUNT (Not to Exceed) \$\_\_\_\_\_.
- D. The State agrees to: (List special provisions to be performed by the State. Add an addendum if needed.) \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

III. OTHER PROVISIONS

- A. AMENDMENT PROVISION: This contract contains the entire agreement between the parties, and is subject to and will be construed under the laws of the State of South Dakota, and may be amended only in writing signed by both parties.
- B. TERMINATION PROVISION: This agreement can be terminated upon thirty (30) days written notice by either party and may be terminated for cause by the State at any time with or without notice.
- C. INSURANCE PROVISION: The consultant agrees to, at its sole cost and expense, maintain adequate general liability, worker's compensation, professional liability and automobile liability insurance during the period of this agreement. Certificates of insurance may be required.
- D. DEFAULT PROVISION: This agreement depends upon the continued availability of appropriated funds and expenditure authority from the Legislature for this purpose. This agreement will be terminated by the State if the Legislature fails to appropriate funds or grant expenditure authority. Termination for this reason is not a default by the State nor does it give rise to a claim against the State.

IV. In witness hereto the parties signify their agreement by affixing their signatures hereto.

\_\_\_\_\_  
Consultant Signature                      Date                      Authorized State Signature                      Date

State Agency Coding Center: \_\_\_\_\_ Account: \_\_\_\_\_

State contact person: \_\_\_\_\_

Consultant social security or employer number: \_\_\_\_\_

Revised: 4-1-96

**STATE OF SOUTH DAKOTA  
CONSULTANT CONTRACT/LETTER OF AGREEMENT  
FOR LEGAL CONSULTANT SERVICES  
BETWEEN**

\_\_\_\_\_ Referred to as Consultant

\_\_\_\_\_ Referred to as State

The State hereby enters into an Agreement for Consultant Services with the Consultant.

**I. THE CONSULTANT**

- A. The Consultant services on this agreement shall commence on \_\_\_\_\_ and end on \_\_\_\_\_.
- B. The Consultant is not an employee of the State.
- C. If the Consultant uses State equipment, supplies or facilities, attach a statement specifying the conditions under which state equipment is to be used.
- D. The Consultant agrees to: (add an addendum if needed.)  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_
- E. The Consultant agrees to hold harmless and indemnify the State of South Dakota, its officers, agents and employees, from and against any and all actions, suits, damages, liability or other proceedings which may arise as a 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 acts or omissions of the State, its officers or employees.
- F. The 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 or commissions, without the prior express written consent of the Attorney General, the entity for which legal work is completed under this contract, and the entity against whom the action, adverse interest, contested case, or other proceeding is brought or by whom it is defended; and further agrees to abide by all rules of ethics regarding conflicts of interest.

**II. THE STATE**

- A. The State will make payment for services upon satisfactory completion not to exceed \$\_\_\_\_\_.
- B. If the State pays contractor expenses as a separate item, the total amount for such expenses will not exceed \$\_\_\_\_\_.
- C. TOTAL CONTRACT AMOUNT (Not to Exceed) \$\_\_\_\_\_.

- D. The State agrees to: (List special provisions to be performed by the State. Add an addendum if needed.)

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### III. OTHER PROVISIONS

- A. **AMENDMENT PROVISION:** This contract contains the entire agreement between the parties, and is subject to and will be construed under the laws of the State of South Dakota, and may be amended only in writing signed by both parties.
- B. **TERMINATION PROVISION:** This agreement can be terminated upon thirty (30) days written notice by either party and may be terminated for cause by the State at any time with or without notice.
- C. **INSURANCE PROVISION:** The consultant agrees to, at its sole cost and expense, maintain adequate general liability, worker's compensation, professional liability and automobile liability insurance during the period of this agreement. Certificates of insurance may be required.
- D. **DEFAULT PROVISION:** This agreement depends upon the continued availability of appropriated funds and expenditure authority from the Legislature for this purpose. This agreement will be terminated by the State if the Legislature fails to appropriate funds or grant expenditure authority. Termination for this reason is not a default by the State nor does it give rise to a claim against the State.

IV. In witness hereto, the parties signify their agreement by signatures affixed below:

\_\_\_\_\_  
Consultant Signature                      Date                      Authorized State Signature                      Date

State Agency Coding Center: \_\_\_\_\_ Account: \_\_\_\_\_

State contact person: \_\_\_\_\_

Consultant social security or employer number: \_\_\_\_\_

Revised: 4-1-96

## **GENERAL EXPLANATION - DIRECTIONS FOR COMPLETING FORM TITLED CONSULTANT CONTRACT/LETTER OF AGREEMENT**

Type or print the consultant's name and address in the upper left-hand corner of the page (just above the clause "referred to as consultant").

Type or print the state agencies name and address in the upper right-hand corner of the page (just above the clause "Referred to as state").

### **I. THE CONSULTANT**

- A. Type or print the date on which the personal service or professional advice will commence and when the services will end. When does the agency want the service to begin and end. The end date is very important for our retention purposes. The State Auditor's records retention schedule requires retention of current contracts in office, transfer of terminated to Records Management for one year, destroy one year after terminated.
- B. States consultant is not a state employee.
- C. If the consultant is going to use any state equipment, supplies, and facilities then the agency initiating the contract or letter must identify specifically what is to be used, when it will be used, where it will be used, etc.
- D. Provide a description of what service or advice the consultant is to perform or provide. What is the consultant expected to do? If additional space is needed, simply add an addendum.
- E. Hold harmless clause: Indicates the consultant agrees to the stipulations indicated.
- F. (ONLY ON CONTRACTS FOR LEGAL CONSULTING SERVICES, PROVISION REQUIRED BY SOUTH DAKOTA ATTORNEY GENERAL)  
Indicates the consultant agrees to the stipulations stated.

### **II. THE STATE**

- A-C Travel and other expenses. If the consultant contract indicates the expenses are to be paid by the state, then receipts must be attached.

If your agency enters into a consultant contract and the contract indicates that payment is for the consultant services only, the state will not pay expenses. It is recommended that all expenses of the contractor, including travel, be included in the single fee charge by the contractor.

- D. Complete if the state is expected to perform any function or service in connection with or support of this contract or letter. List any functions that the consultant expects or needs of the state in order to satisfactorily perform or deliver the service or advice.

### **III. OTHER PROVISIONS**



- A. **AMENDMENT PROVISION:** Specifies how elements of this contract or letter can be added or changed by contracting parties during the course of the contract.
- B. **TERMINATION PROVISION:** Indicates how the contract may be terminated during the course of the contract.
- C. **INSURANCE PROVISION:** Indicates the State requires insurance and the consultant agrees to maintain the insurance required.
- D. **DEFAULT PROVISION:** Indicates agreement depends upon continued availability of funds and expenditure authority.

**IV. SIGNATURES, STATE AGENCY CODING, CONTACT PERSON AND SOCIAL SECURITY NUMBER OR EMPLOYER IDENTIFICATION NUMBER.**

The consultant or an official representative of the consultant must sign and date the contract or letter. Generally this will be the individual who will also sign the direct voucher. The date is the actual date on which the consultant signed the contract or letter and not necessarily the date on which the service or advice begins to be delivered or performed. The signature and date of an authorized state officer must be on the contract or letter. Only those signatures or authorized state employees who are on file in the Auditor's Office can enter into contracts. Within five days after the last signature (either the consultant or the state officer) the contract or letter must be on file in the Auditor's office.

Revised: 4-1-96

## **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 \$18.00. 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 submitted to the Bureau of Personnel before Thursday noon following payday so they are on the correction run for Thursday night. Any warrants held past that time must be manually cancelled. Manually cancelled payroll warrants must be in 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 in 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

## **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. If a correct W-4 has not been received, code the employee to a single "0" exemption status.
2. Be sure agency number and sub-office number are at the bottom of the W-4.
3. Please submit the W-4 forms first by office order, then by sub-office order, and then alphabetically by last name within each sub-office.
4. Referring to information on the back of your W-4: IRS now requires copies of W-4's on employees claiming more than 10 withholding allowances, or claim to be exempt from withholding and usually earn more than \$200 a week. Refer to your Employers Tax Guide for information on invalid certificates.
5. Update W-4's when address or marital status changes.

Agencies should discard all old W-4 forms and use only the Form W-4 revised January 1987 or later.

The OFFICIAL PAYDAY for employees of the State of South Dakota paid on Central Payroll is each alternate Tuesday. Anyone in possession of payroll warrants ahead of that time 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