

2024 SDATAT ANNUAL CONVENTION

ACCOUNTING, COMPLIANCE & INTERNAL CONTROLS

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Annual Report

- The township treasurer shall prepare an annual report.... in the form prescribed by the auditor general....within 5 days of the annual meeting (1st Tues in March)....and file it with:
 - Clerk SDCL 8-10-30
 - County auditor SDCL 6-9-1
- by the last day of March.

ANNUAL STATEMENT OF _____ TOWNSHIP

COUNTY _____ FOR THE YEAR _____

- 1. FUND: GENERAL FUND
 OR SELECT APPLICABLE: SECONDARY ROAD CAPITAL IMPROVEMENT FUND
 SNOW FUND, FIRE FUND, or _____ FUND
- 2. CASH BALANCE AT THE BEGINNING OF THE YEAR _____

RECEIPTS:

- 3. Motor Vehicle Fees _____
- 4. Distributions from the Local Government Hwy and Bridge Fund _____
- 5. Prorate License Fees _____
- 6. Wheel Tax _____
- 7. Property Taxes (include Opt Out) _____
- 8. Bank Franchise Tax _____
- 9. U. S. Fish and Wildlife Payments _____
- 10. State Highway Fund (former 10% game) _____
- 11.1 Federal Grants _____
- 11.2 State Grants _____
- 12. Interest Earned from Bank Accounts and CD's _____
- 13. Motor Fuel Tax _____
- 14. Renewable Facility Tax _____
- 15. Other Receipts (include Rural Access Infrastructure Revenue, etc.) _____
- 16. Total Receipts (add lines 3 through 15) _____ **0.00**

DISBURSEMENTS:

- 17. Road Maintenance (graveling, grading, etc.) _____
- 18. Snow Removal _____
- 19. Weed mowing/spraying _____
- 20. Road Construction (culverts, bridges, regrading, reconstruction) _____
- 21. Equipment Purchase/Lease _____
- 22. Administration _____
- 23. Fire Protection _____
- 24. Ambulance Service _____
- 25. Other (loan repayment, etc.) _____
- 26. Total Disbursements (add lines 17 through 25) _____ **0.00**

- 27. End of Year Balances - Checking _____
- 28. Passbook _____
- 29. CD# _____
- 30. CD# _____
- 31. Other _____
- 32. Total Cash at the End of the Year (Add lines 27 through 31) _____ **0.00**
 Total cash verification (Lines 2 + 16 - 26 = line 32) _____ **0.00**

33. Loan Balance Outstanding _____

I hereby certify to the best of my knowledge that this statement is a true and correct account of all money received, paid out and on hand with the township treasury.

CHAIRMAN _____ PHONE _____
 TREASURER _____ PHONE _____
 CLERK _____ PHONE _____

Annual Report

- Please use most current version available on DLA's website.
 - <http://legislativeaudit.sd.gov/resources/resources.aspx>
 - Or DLA's website <http://legislativeaudit.sd.gov/>
 - Resources
 - Townships
- Please use account numbers provided.
- Please file separate annual report(s) for each Fund maintained (General Fund, Secondary Road Capital Improvement Fund, Snow Fund, etc.).



Annual Report

- In accordance with SDCL 31-34-6, one of the requirements for Townships to be eligible for rural access infrastructure funds is that the requesting township shall timely file an annual report pursuant to SDCL 8-10-30.

NOW AVAILABLE

□ **Excel Records for Townships**

- Narrative on Excel Records for Townships
- Example 1 – Receipt Journal
- Example 2 – Disbursement Journal
- Example 3 – Fund Cash Balance Record
- Example 4 – Revenue and Expenditure Budget Record
- Example 5 – Cash Reconciliation Worksheet
- Example 6 – Accounts Receivable Record
- Example 7 – Individual Payroll and Leave Record
- Example 8 – Township Voucher

Excel Records of Townships

- Available on DLA's website.
 - <http://legislativeaudit.sd.gov/resources/resources.aspx>
 - Or DLA's website <http://legislativeaudit.sd.gov/>
 - Resources
 - Townships

DEPARTMENT OF
**LEGISLATIVE
AUDIT**

- SOUTH DAKOTA -



605-773-3595
Fax: 1-844-509-6554



427 S. Chapelle
C/O 500 E. Capitol
Pierre, SD 57501



Email us!



Report Fraud, Noncompliance or Abuse

RESOURCES

+ COUNTIES

+ MUNICIPALITIES

+ SCHOOL DISTRICTS

+ INDEPENDENT PUBLIC ACCOUNTANTS

+ LEGISLATORS

+ TAXPAYERS

- TOWNSHIPS

- [Locate an Independent Public Accountant \(IPA\)](#)
- [Township Annual Report Instructions](#)
- [Township Annual Report - PDF](#)
- [Township Annual Report - Microsoft Excel Spreadsheet](#)
- Excel Records for Townships
 - [Narrative on Excel Records for Township](#)
 - [Example 1 - Receipt Journal](#)
 - [Example 2 - Disbursement Journal](#)
 - [Example 3 - Fund Cash Balance Record](#)
 - [Example 4 - Revenue and Expenditure Budget Record](#)
 - [Example 5 - Cash Reconciliation Worksheet](#)
 - [Example 6 - Accounts Receivable Record](#)
 - [Example 7 - Individual Payroll and Leave Record](#)
 - [Example 8 - Township Voucher](#)

Example 2 – Disbursement Journal

Example 2														
			DISBURSEMENT JOURNAL MONTH OF MARCH											
DATE	Check Number	Name	Description	TOTAL	GENERAL FUND				FUND			FUND		
				ALL FUNDS	DEPARTMENT	OBJECT (PURPOSE)	AMOUNT	DEPARTMENT	OBJECT (PURPOSE)	AMOUNT	DEPARTMENT	OBJECT (PURPOSE)	AMOUNT	
Total				<u>0.00</u>			<u>0.00</u>			<u>0.00</u>			<u>0.00</u>	
					ACCOUNT RECAP:					ACCOUNT RECAP:				
							<u>0.00</u>				<u>0.00</u>			

Example 3 – Fund Cash Balance Record

Example 3

CASH BALANCE RECORD For the Fiscal Year Ended February 28, 20xx

MONTH	Total	Secondary				Debt		Other Fund
		General Fund	Road Fund	Snow Fund	Fire Fund	Retirement Fund		
Cash Balance - Beginning of March	0.00							
March Cash Receipt Journal	0.00							
March Cash Disbursement Journal	0.00							
Transfers In (Out)	0.00							
Balance, End of March	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
April Cash Receipt Journal	0.00							
April Cash Disbursement Journal	0.00							
Transfers In (Out)	0.00							
Balance, End of April	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
May Cash Receipt Journal	0.00							
May Cash Disbursement Journal	0.00							
Transfers In (Out)	0.00							
Balance, End of May	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
June Cash Receipt Journal	0.00							
June Cash Disbursement Journal	0.00							
Transfers In (Out)	0.00							
Balance, End of June	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
July Cash Receipt Journal	0.00							
July Cash Disbursement Journal	0.00							
Transfers In (Out)	0.00							
Balance, End of July	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
August Cash Receipt Journal	0.00							
August Cash Disbursement Journal	0.00							
Transfers In (Out)	0.00							

Example 5 – Cash Reconciliation Worksheet

RECONCILIATION OF CASH ASSETS						
(Date)						
	Beginning		Transfer	Transfer		Ending
	Balance	Receipts	In	Out	Disbursements	Balance
RECORDED CASH ASSETS:						
General Fund						0.00
Fire Fund						0.00
Snow Fund						0.00
Secondary Road Fund						0.00
Bond Levy Retirement Fund						0.00
Other Fund						0.00
TOTAL RECORDED CASH ASSETS:	0.00	0.00	0.00	0.00	0.00	0.00
RECONCILED CASH ON HAND AND IN BANK:						
				Bank	Bank	
				1	2	TOTAL
Bank Balance , (Date)						
Add:						
Deposits in Transit						0.00
						0.00
						0.00
Less:						
Outstanding Checks (list below - show as a negative amount)						0.00
Reconciled Bank Balance				0.00	0.00	0.00
OTHER RECONCILING ITEMS:						
Cash on Hand						
CD's						
TOTAL RECONCILED CASH ASSETS						0.00
VARIANCE-REPORTED VS. RECONCILED						
						0.00

Example 6 – Accounts Receivable Record

Example 6

Accounts Receivable Record											
Date	Customer Name	Accounts Receivable Beginning Balance	Late Fees	_____ Fee acct#_____	_____ Fee acct#_____	_____ Fee acct#_____	_____ Fee acct#_____	Total Bills and Late Fees	Amount Paid	Accounts Receivable Ending Balance	Receipt #
		\$0.00						\$ -		\$0.00	
		\$0.00						\$ -		\$0.00	
		\$0.00						\$ -		\$0.00	
		\$0.00						\$ -		\$0.00	
		\$0.00						\$ -		\$0.00	
		\$0.00						\$ -		\$0.00	
		\$0.00						\$ -		\$0.00	
		\$0.00						\$ -		\$0.00	
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		\$0.00						\$ -		\$0.00	
		\$0.00						\$ -		\$0.00	
		\$0.00						\$ -		\$0.00	
		\$0.00						\$ -		\$0.00	
		\$0.00						\$ -		\$0.00	14
		\$0.00						\$ -		\$0.00	
		\$0.00						\$ -		\$0.00	

Example 7 – Individual Payroll and Leave Record

PAYROLL SUMMARY REPORT AND LEAVE RECORDS BY EMPLOYEE																			
Employee Name:										Number of Exemptions									
Address:										Date of Hire									
Regular Pay Rate										Date of Birth									
Overtime Pay Rate																			
PAYROLL																			
Pay Period	Fund and/or Department	Regular Hours	OT Hours	Regular Pay	OT Pay	GROSS WAGES	Less Pretax Health Insurance	Less Health Savings Account	Less Other Pretax Deductions	SOCIAL SECURITY AND MEDICARE TAXABLE WAGES	Less 6% Retirement withholding	Less SDRS Deferred Comp	FIT TAXABLE WAGES	Less FIT Withholding	6.20% Social Security	1.45% Medicare Withholding	Less Other Taxable Deductions	NET WAGES	Payroll Check Number
						0.00				0.00			0.00		0.00	0.00		0.00	
						0.00				0.00			0.00		0.00	0.00		0.00	
						0.00				0.00			0.00		0.00	0.00		0.00	
						0.00				0.00			0.00		0.00	0.00		0.00	
						0.00				0.00			0.00		0.00	0.00		0.00	
						0.00				0.00			0.00		0.00	0.00		0.00	
						0.00				0.00			0.00		0.00	0.00		0.00	
						0.00				0.00			0.00		0.00	0.00		0.00	
						0.00				0.00			0.00		0.00	0.00		0.00	
Total First Quarter				0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
						0.00				0.00			0.00		0.00	0.00		0.00	
						0.00				0.00			0.00		0.00	0.00		0.00	
						0.00				0.00			0.00		0.00	0.00		0.00	
						0.00				0.00			0.00		0.00	0.00		0.00	
						0.00				0.00			0.00		0.00	0.00		0.00	
						0.00				0.00			0.00		0.00	0.00		0.00	
						0.00				0.00			0.00		0.00	0.00		0.00	
Total Second Quarter				0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
						0.00				0.00			0.00		0.00	0.00		0.00	
						0.00				0.00			0.00		0.00	0.00		0.00	

Example 8 – Township Voucher

TOWNSHIP OF _____		CHECK NUMBER _____	
TOWNSHIP VOUCHER FOR PAYMENT FROM TOWNSHIP ACCOUNT		VENDOR NUMBER _____	
		VENDOR EIN - 1099 _____	
TO: _____			
ADDRESS: _____			
(STREET NUMBER, TOWN AND STATE)			
FUND CODE	DEPARTMENT CODE	OBJECT CODE	AMOUNT
TOTAL			

Date	Itemized Description of Materials and Supplies of Service and Travel Informatio	Purchase Order No.	Quantity	Unit Price	Total

CLAIMANT DECLARATION IF VOUCHER IS FOR PERSONAL SERVICE, TRAVEL REIMBURSEMENTS OR EXPENDITURES OTHER THAN PAYROLL UNDER A CONTRACTED PRICE.

I DECLARE AND AFFIRM UNDER THE PENALTIES OF PERJURY THAT THIS CLAIM HAS BEEN EXAMINED BY ME AND TO THE BEST OF MY KNOWLEDGE AND BELIEF IS IN ALL THINGS TRUE AND CORRECT.

Date: _____ Signature of Claimant: _____

DECLARATION OF CLERK OR OTHER AUTHORIZED AGENT OF THE TOWNSHIP

I DECLARE AND AFFIRM UNDER THE PENALTIES OF PERJURY THAT THIS CLAIM HAS BEEN EXAMINED BY ME AND TO THE BEST OF MY KNOWLEDGE AND BELIEF IS IN ALL THINGS TRUE AND CORRECT. I FURTHER CERTIFY THAT THE ABOVE SERVICES WERE RENDERED OR THAT THE ABOVE LISTED MATERIALS WERE RECEIVED IN AN ACCEPTIBLE CONDITION AND THAT THE ABOVE CLAIM IS HEREBY APPROVED BY ME FOR PAYMENT.

Date: _____ Signature of Treasurer or agent: _____

APPROVAL BY THE TOWNSHIP BOARD FOR PAYMENT

APPROVED FOR PAYMENT BY TOWNSHIP BOARD ACTION ON _____

SIGNATURE OR INITIAL OF PRESIDING OFFICER OF THE TOWNSHIP BOARD: _____

AUDITED BY _____



Conflict of Interest

- “No township officer shall become a party to or interested directly or indirectly in any contract made by the township of which he is an officer” SDCL 8-9-2
- However, AGR 70-47 implies that the exceptions of SDCL 6-1-2 will apply



Large Equipment Purchase

- No township may lease or purchase any road grader or other machine or tool the cost of which exceeds \$15,000 without the approval of the voters of such township in the manner provided by law. SDCL 8-9-3



Lease Purchase

- A township may enter into a lease purchase agreement for up to 10 years for the purchase or lease of real or personal property. Any lease-purchase agreement for a term exceeding one year requires the approval of more than sixty percent of the members-elect of the board of supervisors. (SDCL 8-10-32)



Contracts

- “Contracts unlawful unless made at board meeting” SDCL 8-9-1



Expenditures

- Township voters or upon their refusal, the township board, should select the depository to be used for township funds.
- Must be located in SD
- SDCL 8-10-5

Expenditures

- SDCL 8-10-17 Warrant for accounts allowed
 - The amount of any account audited and allowed by the board of supervisors, and the amount of any account voted to be allowed at any township meeting shall be paid by the treasurer on the warrant of such board signed by the chairman and countersigned by the clerk; and all warrants issued to any person by the board for any sum due from the township shall be receivable in payment of township taxes

Expenditures

- Unless it is cost prohibitive, it is strongly encouraged that each township should arrange with its depository to not only have the monthly bank statement/cancelled checks sent to the treasurer but also have a duplicate copy sent to another officer of the township to provide checks and balances.
 - **8-6-1. Bond required of clerk**
 - **8-7-1. Bond required of treasurer**

2021 Session

- **HB1259 – An Act to make an appropriation for rural access infrastructure improvements and to declare an emergency.**
 - Section 1. That a NEW SECTION be added:
 - **31-34-1. Definition.** For the purposes of this Act, the term, small structure, means any small bridge or culvert with an opening of sixteen square feet or more located on a township road or county secondary road, excluding bridges as defined in § 31-14-1.

Section 2. That a NEW SECTION be added:

31-34-2. Fund distribution by state--Inventory--Grants.

Before August 1, 2021, the Department of Revenue shall distribute the sum of three million dollars on a pro rata basis to each county for the purpose of planning and completing an inventory of small structures as prescribed by the Department of Transportation. Before August 1, 2022, the Department of Revenue shall distribute a portion of the sum of three million dollars to each county based on the allocation calculated in accordance with this section for the purposes described in § 31-34-3. Each county's allocated percentage is calculated by using the total number of small structures on township roads and county secondary roads located in a county divided by the sum of all small structures on township roads and county secondary roads in the state as reported to the Department of Transportation, multiplied by one hundred. Each county that receives funds from this rural access infrastructure program shall use the funds in accordance with the provisions of this Act.

Section 3. That a NEW SECTION be added:

31-34-3. Distribution of funds by county--Permissible uses.

Each county shall establish a rural access infrastructure fund for the deposit of funds received pursuant to this Act. The funds shall be distributed by the board of county commissioners for only the following expenses:

- (1) Engineering, hydrological studies, planning, materials, and other costs as necessary to plan for and complete the projects;
- (2) Construction, rehabilitation, or replacement of small structures located in townships complying with the requirements of this Act;
- (3) Construction, rehabilitation, or replacement of small structures described in a county highway and bridge improvement plan that are located on county secondary highways.

The fund *may not* be used on no maintenance roads or minimum maintenance roads.

Section 4. That a NEW SECTION be added:

31-34-4. Application process.

Applications for use of funds allocated pursuant to this Act shall be submitted to the board of county commissioners on or before January fifteenth on forms prescribed by the association of county commissioners. The board of county commissioners shall award the funds no later than March fifteenth. Applications from townships shall be accompanied by a resolution approved by the township board of supervisors authorizing the application and any funding commitments made by the township. The township or county share shall be a minimum of twenty percent of the funds necessary to complete the project. Applications for county secondary highways shall be submitted by the county highway superintendent.

Section 5. That a NEW SECTION be added:

31-34-5. Criteria for award.

The board of county commissioners shall, at a minimum, consider the following criteria in awarding rural access infrastructure grants:

- (1) Traffic use of the highway;
- (2) Public safety;
- (3) Residential, commercial, recreational, and other uses of the highway;
- (4) Cost of the project;
- (5) Length of detour if the project is not completed;
- (6) Number of residences, farms, and ranches served by the project;
- (7) Contribution from township or others to the project and ability of township to fund the project without utilizing the rural access infrastructure fund;
- (8) Confirmation the project is not located on a no maintenance or minimum maintenance road;
- (9) Hydrological impact;
- (10) If the highway does not terminate into a field entrance, driveway, single residence, farm, or ranch;
- (11) The application, or group of applications, that best serves the citizens of this state; and
- (12) Any other matters deemed applicable by the board of county commissioners.

The decisions of the county commissioner shall be final and nonappealable.

However, a denied application may be submitted in a subsequent year.

Section 6. That a NEW SECTION be added:

31-34-6. Township eligibility--Plan and annual report--Tax requirement.

A requesting township shall timely file the township small structure improvement plan pursuant to § 31-34-7 with the county highway superintendent and an annual report pursuant to § 8-10-30 in order to be eligible for the funds. Any township requesting use of rural access infrastructure funds pursuant to this Act shall meet at least one of the following requirements:

- (1) Impose an annual property tax levy of fifty cents per thousand pursuant to § 10- 12-28.2; or
- (2) Impose a tax levy opt out pursuant to § 10-13-36.

Section 7. That a NEW SECTION be added:

31-34-7. Township eligibility--Contents of plan--Updates.

To be eligible to receive funding from the rural access infrastructure fund established under this Act, a township shall, each year by November fifteenth, submit to the county that township is located in, a township small structure improvement plan and any updates shall be made in accordance with this section. The township small structure improvement plan shall include:

- (1) One or more maps showing the location of all small structures within the township;
- (2) The location, width, and length of each small structure;
- (3) A report on the condition of each small structure;
- (4) Whether the small structure is posted for load capacity, and if so, what the posted limit is;
- (5) A list of all projects proposed to be undertaken by the township over the next five years including the location of the project, type of project, source of funding for the project, estimated cost of the project, and the year the project is proposed to be completed; and
- (6) Such additional items as may be prescribed by the Department of Transportation.

Section 8. That a NEW SECTION be added:

31-34-8. County use of funds conditioned.

The county commission may use rural access infrastructure funds for the construction, rehabilitation, or replacement of small structures on county secondary highways so long as such projects are considered in a similar manner as the small structures that are located within an organized township.

Section 9. There is hereby appropriated from the general fund the sum of \$6,000,000 to the Department of Revenue for the purpose of distribution to county rural access infrastructure funds.

Section 10. The secretary of the Department of Revenue shall approve vouchers and the state auditor shall draw warrants to pay expenditures authorized by this Act.

Section 11. Any amounts appropriated in this Act not lawfully expended or obligated shall revert in accordance with the procedures prescribed in chapter 4-8.

Section 12. Whereas, this Act is necessary for the support of the state government and its existing public institutions, an emergency is hereby declared to exist, and this Act shall be in full force and effect from and after its passage and approval.

Internal Control

- **Why Is it Important?**
 - Citizens are demanding the very highest level of accountability from government officials for their stewardship of public resources.
 - Not acceptable to consign the whole issue of internal controls to someone else.
 - Objectives can only be achieved within the framework of a sound and comprehensive system of internal controls.

Internal Control-Objectives

- Three basic objectives:
 - Operations:
 - Operate effectively and efficiently.
 - Safeguard against potential loss.
 - Reporting:
 - Accounting of resources entrusted to them.
 - Preparation of reliable financial reports.
 - Compliance:
 - External constraints (laws, regs, contracts).
 - Internal constraints (policies).

Internal Control-Definition

- Key aspects of definition
 - A process—Internal control is active and ongoing; something management *does* rather than *has done*.
 - Involves personnel—Internal control cannot be reduced to policies and procedures. People are integral part.
 - Strives for reasonable assurance—Internal control is subject to inherent limitations. Costs vs. benefits must be considered.



Internal Control-Definition

- Key aspects of definition (continued)
 - Relates to achievement of objectives—Internal control cannot be reduced to a standardized set of policies and procedures, but must be derived from management objectives.

- Recap—The structure that management puts into place to provide reasonable assurance that it will achieve its basic objectives.



Internal Control- Limitations

- ❑ **Judgment**—IC involves significant human judgment, which is never perfect.
- ❑ **External Events**—Achievement can be affected by factors outside management's control.
- ❑ **Breakdowns**—Possibility of human error can be minimized, but never eliminated entirely.
- ❑ **Management Override**—management could take advantage of position to override procedures.
- ❑ **Collusion**—Employees work together to circumvent control procedures.

Internal Control

- **Costs vs. Anticipated Benefits**
 - Entity must accept a certain level of risk
 - Level depends on an entity's specific circumstances
- **Risk Appetite**—the level of risk determined to be acceptable from a broad-based, strategic vantage point
- **Risk Tolerance**—the more narrowly focused tactical application of this same concept to the achievement of specific objectives. Monitoring done at this level.



2024 SDATAT ANNUAL CONVENTION

BIDS, CONTRACTS, SURPLUS PROPERTY & CONFLICTS

- Rod Fortin
- Director of Local Gov't Assistance
- Department of Legislative Audit
- 300 S. Sycamore Avenue, Suite 102
- Sioux Falls, SD 57110-1323
- ph. (605) 367-5810
- rod.fortin@state.sd.us

Quotes vs. Bids

- Bids – formal process – over bid limit
 - Notices
 - Sealed
- Quotes – no notices
 - Fax
 - Phone
 - Under bid limit/exempt from bidding

Bid Booklet

- ❑ SD Local Government Guide for Acquisition, Disposals and Exchanges (Bid Booklet)
 - DLA Website (**updated July 2024**)
 - ❑ <http://legislativeaudit.sd.gov/resources/resources.aspx>

RESOURCES	
+ COUNTIES	
+ MUNICIPALITIES	
+ SCHOOL DISTRICTS	
+ INDEPENDENT PUBLIC ACCOUNTANTS	
+ LEGISLATORS	
+ TAXPAYERS	
+ TOWNSHIPS	
+ OTHER LOCAL GOVERNMENTS	
+ NOT-FOR-PROFIT ORGANIZATIONS	
- BID BOOKLET	
	SD Local Government Guide For Acquisitions, Disposals And Exchanges-(Bid Booklet)
+ STATE LINKS	
+ FEDERAL LINKS	
+ NATIONAL LINKS	



BID – LIMITS

- \$50,000 for **supplies or services**
- \$100,000 for “**public improvement**”

BID - DEFINITIONS

- Purchasing Agency - **any governmental body** or officer authorized by law, administrative rule, or delegated authority, to enter into contracts;
- Professional Services – Services arising out of a vocation, calling, occupation, or employment involving specialized knowledge, labor or skill, and the labor or skill involved is predominantly mental or intellectual...

BID - DEFINITIONS

- Public Improvement – the process of building, altering, repairing, improving or demolishing any public infrastructure facility, **including any utility infrastructure**, structure, building, or other improvements of any kind to real property
- Supplies – any property, including **equipment**, materials, and printing;



BID - APPLICATIONS

- ❑ Multiple purchases – Aggregate for FY
- ❑ Installment payments – focus on contract
- ❑ Trade-in ---value of what you are acquiring
- ❑ Piecemeal – breaking down a project

BID - EMERGENCY

- ❑ When there is a threat to public health, welfare or safety or for other urgent or compelling reason
- ❑ Bid notices are not required
- ❑ Consider rentals
- ❑ Declaration in minutes
- ❑ Procurement must be made with such competition as practicable

PURCHASING COOPERATIVE

- Any purchasing agency may enter into agreements with purchasing agents in this or any other state or the United States government under which any of the parties may agree to participate in, administer, sponsor, or conduct purchasing transactions under a joint agreement or contract for the purchase of supplies or contractual services. A purchasing agency may cooperate with purchasing agencies and other interested parties in any other state or the United States government to develop uniform purchasing specifications on a regional or national level to facilitate cooperative interstate purchasing transactions. (SDCL 5-18A-37)

BID EXEMPTIONS

- ANY purchase of supplies or services, other than professional services, by purchasing agencies from ANY active contract that has been awarded by ANY government entity by competitive sealed bids or competitive sealed proposals or from ANY contract that was competitively solicited and awarded within the previous twelve months; 5-18A-22 (3)



BID EXEMPTIONS

- A purchase utilizing another entity's bid has to mirror a purchase from a contract that was “awarded” by the original bidding entity. It is not enough that such contract was “bid” by the original entity, it must have been “awarded”.

BID EXEMPTIONS

- Contracts may be utilized from any government entity, including those that are out-of-state, however, care must be taken to ensure that payment is made to the original vendor and that the contract was awarded by competitive sealed bids or competitive sealed proposals as defined in SDCL 5-18A-1 (27), 5-18A-5 and 5-18A-7.

BID EXEMPTIONS

- When buying off of another entity's bid, make sure it is not a trade-in bid, and you are encouraged to secure (from the original entity) the following items:
 - Minutes approving contract
 - Specs
 - Affidavit of publication
 - All the bid proposals submitted

BID - EXEMPTIONS

- ❑ Federal surplus property
- ❑ Purchases of surplus property from another SD Purchasing Agency.
- ❑ From the state price list
- ❑ Local vendor matching the state price list
- ❑ Real estate and auction services
- ❑ Legal, audit, architectural and engineering, insurance, real estate services and auction services.

BID - EXEMPTIONS

- ❑ Transportation of students (5 yr. limit)
- ❑ Computer software
- ❑ Communication technologies, computers, peripheral equipment and related connectivity
- ❑ Perishable or unprepared foodstuffs
- ❑ Raw materials used in construction or manufacture of products for resale
- ❑ May buy off of GSA contracts

BID - BONDING

- ❑ Bid bond – 5% cashiers or certified check or 10% bid bond ---provided by each bidder
- ❑ Performance bond – in the amount of the contract----provided by the winning bidder
- ❑ Bonding is only “required” for construction contracts
- ❑ SDCL 5-21-1.3 does allow a public corporation to waive the requirement for a performance security bond for **emergency** procurements authorized by 5-18A-9

BID - OPENING

- ❑ Two notices – first notice at least 10 days prior to the opening
- ❑ Bids may not be faxed – must be sealed
- ❑ Bids received “late” should not be considered

BID - OPENING

□ **HB1102 of the 2016 Session--**

- Amends 5-18A-5 to allow up to 45 days between the bid opening and the award of the contract for supplies bids and the invitation to bidders for supplies must include the number of days the government will use. For services and public improvement bids, the requirement remains unchanged and the contract must be awarded within 30 days of the bid opening.

BIDS – FUEL (SDCL 5-18C-6)

- ❑ Not required to publish two notices
- ❑ Shall contact and attempt to obtain 3 quotes
- ❑ Record of the names of suppliers, quotes received, and the procurement procedures used in purchasing shall be documented, noted in the minutes, and retained on file by the governing body.
- ❑ May include a procedure for adjusting prices to meet changing market conditions not within the control of the vendor

Federal Grant Expenditures

□ **Uniform Rules-Federal Awards**

- Procurement standards under the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (“Uniform Rules”)
- Codified at 2 C.F.R. §200.317 through 200.326, which supersedes the procurement regulations formerly found at 44 C.F.R. pt. 13 (State, Local, and Tribal Governments), and 2 C.F.R. pt. 215 (Private Nonprofit Organizations)

Surplus Property

- Auction –
 - Declare surplus
 - Two notices, first notice 10 days prior auction
 - An appraisal is not required
 - Hold the auction
 - Governing board members may buy at an auction

Surplus Property

- Sealed bid process –
 - Declare surplus
 - Appraisal by three property tax payers
 - \$2500 or less -
 - Public or private sale without notice
 - Over \$2500
 - Two notices
 - May award to highest bidder
 - No bids--may reappraise or with 12 mos. sell at sale private sale not < 90% appraised value.

Surplus Property

- Scrap and recyclable materials (scrap metal, used bridge plank, used culverts)
 - SDCL 34A-6-63.1
 - Establish policies for sale/disposal
 - Exempt from normal surplus property laws



Surplus Property

- ❑ Real estate may also be sold through a realtor
- ❑ Governing board has the right to accept or reject any sale

Surplus Property

- **SDCL 6-13-7. Persons prohibited from purchasing surplus property--Exception**
 - No governing board member, any officer of a county, municipality, township, or school district, who has been elected or appointed, or real property owner acting as an appraiser may purchase the surplus property **except at public auction.**



Financial Responsibilities

It is critical to set the proper tone-at-the-top:

- ❑ Conflict of interest
- ❑ Personal use of township equipment
- ❑ Compliance with laws and regulations
- ❑ Attending training sessions such as this one

Financial Responsibilities

What can the governing board do?

- Develop Strong Financial Policies/Practices
- Review Reliable and Timely Financial Information
 - Review financial reports
 - Get closer to the voucher approval process
 - Scan bank statements and cancelled checks
- Provide personnel with proper training and tools to efficiently carry out duties.
- Communications



Conflict of Interest

- “No township officer shall become a party to or interested directly or indirectly in any contract made by the township of which he is an officer” SDCL 8-9-2
- However, AGR 70-47 implies that the exceptions of SDCL 6-1-2 will apply