

Bureau of Finance and Management

Joint Committee on Appropriations

Fiscal Year 2022 Budget Hearing

January 13th, 2021

BFM Team (p.2)

- ❑ Liza Clark, Commissioner
- ❑ Derek Johnson, Chief Budget Analyst
- ❑ Mark Quasney, State Economist
- ❑ Steven Kohler, EMFO Director
- ❑ Colin Keeler, Financial Systems Director
- ❑ Keith Senger, Financial Reporting Director
- ❑ Allysen Kerr, Statewide Internal Control Officer

Agenda

- ❑ Programs and Services
- ❑ Overview of Workforce
- ❑ FY 2021 Legislative Adopted Budget
- ❑ Governor's FY 2022 Budget Recommendation
- ❑ FY 2021 Budget Amendments
- ❑ Impact of COVID-19

Programs and Services

Programs and Services (p.2)

- ❑ Budget Analysis
- ❑ Revenue and Economic Forecasting
- ❑ Executive Management Finance Office
- ❑ Financial Systems and Operations
- ❑ Accounting Analysis and Financial Reporting
- ❑ Statewide Internal Control Office
- ❑ Authorities

Budget Analysis (p. 5)

- ❑ Produces [budget book, summary book, and budget-in-brief](#)
- ❑ Assists state agencies on budget matters
- ❑ Reviews [budget transfers](#)
- ❑ Prepares fiscal notes
- ❑ Works with state agencies on [fiscal year-end](#)
- ❑ Reviews budget carryovers
- ❑ Develops [Long-Term Financial Plans](#)
- ❑ Publishes monthly [expenditure dashboards](#)
- ❑ Provides expenditure information to bond rating agencies
- ❑ [SDCL 4-7](#); [SDCL 4-8](#)

Revenue and Economic Forecasting (p.5)

- ❑ Estimates, tracks, and reports general fund revenue
- ❑ Monitors the SD economy
- ❑ Leads the [Governor's Council of Economic Advisors](#)
- ❑ Develops [Long-Term Financial Plans](#)
- ❑ Manages [fiscal year-end revenue information](#)
- ❑ Monthly [revenue dashboards](#)
- ❑ Produces the SD quarterly economic and revenue update
- ❑ Provides information to bond rating agencies (AAA)
- ❑ Provides presentations on state economic conditions, general fund revenues, and the budget to the public
- ❑ [SDCL 4-7](#); [SDCL 4-8](#)

Executive Management

Finance Office (p.5)

- ❑ Manages each of the four bureaus budget
- ❑ Prepares bureau accrual financial statements
- ❑ Establishes bureau billings
- ❑ Prepares Statewide Cost Allocation Plan (SWCAP)
- ❑ Monitors and prepares the Treasury-State Agreement
- ❑ Oversees general accounting functions specific to the bureaus
- ❑ [SDCL 4-7](#)

Financial Systems and Operations (p.5)

- ❑ Manages daily, weekly, monthly, and annual fiscal cycles
- ❑ Assists and trains users of the state's central financial systems
- ❑ Performs the W-9 review and issuance of IRS forms 1099
- ❑ Manages the technical operation of central payroll and the associated human resource information systems
- ❑ Provides reporting tools for agencies to access a wide variety of financial data used by state government
- ❑ Manages and creates publicly available financial information ([OpenSD](#))

Accounting Analysis and Financial Reporting (p. 5)

- ❑ Publishes the [Comprehensive Annual Financial Report](#)
- ❑ Prepares over 200 fund financial statements
- ❑ Establishes statewide accounting policies and procedures
- ❑ Trains and assists all state agencies on accounting practices and rules
- ❑ Serves as the liaison between state agencies and the Department of Legislative Audit
- ❑ Prepares the Schedule of Expenditure and Federal Awards
- ❑ [SDCL 4-4-4](#); [SDCL 4-4-6](#)

Statewide Internal Control Office (p.5)

- ❑ Reviews, researches, interprets, and advises all state agencies on internal control
- ❑ Manages the implementation of the state internal control framework
- ❑ Produces [annual internal control report](#)
- ❑ Staffs the [South Dakota Board of Internal Control](#)
- ❑ [SDCL 1-56](#)

Computer Services and Development Pool (p.10)

- ❑ To provide expenditure authority which may be transferred to other agencies for the one-time development and maintenance of information systems
- ❑ No cash associated with the pool

SD Building Authority (p. 14)

- ❑ Created to provide low-cost financing for buildings owned by the State of South Dakota
- ❑ Issues bonds for public facilities, which result in substantial savings on capital projects
- ❑ Informational Budget
- ❑ [SDCL 5-12](#)

SD Health and Educational Facilities Authority (p. 17)

- ❑ Created to provide low-cost financing for school and healthcare projects for the state
- ❑ Issues bonds for health and educational institution construction and authorize activities to promote health, education, and welfare in the state
- ❑ Informational Budget
- ❑ [SDCL 1-16A](#)

Educational Enhancement Funding Corporation (p.24)

- ❑ Organized under the SD Building Authority
- ❑ State sold Tobacco Settlement Revenues and issued bonds, which allowed for a revenue stream into the Educational Enhancement Trust Fund
- ❑ Informational Budget

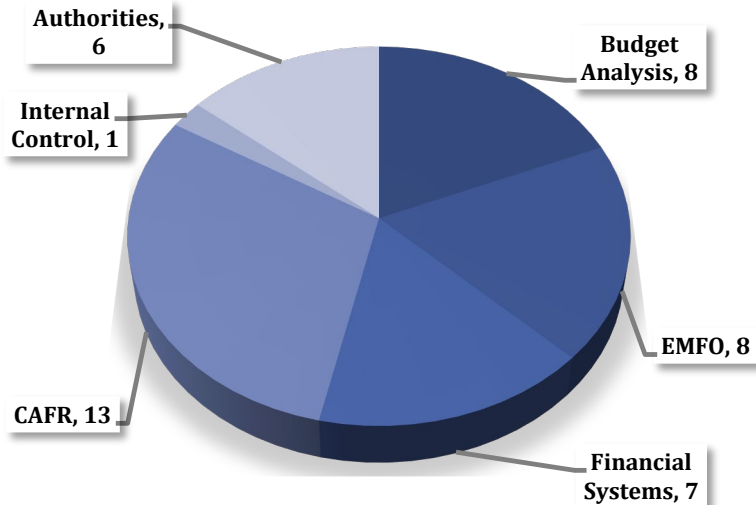
Workforce

Workforce

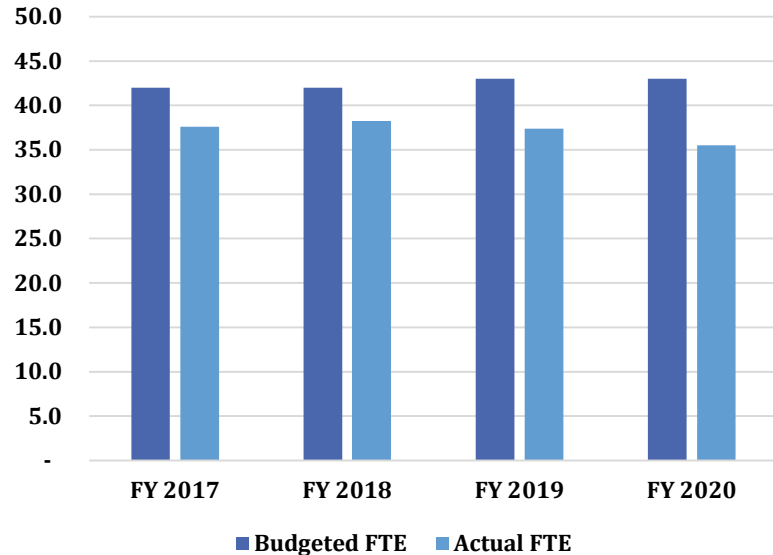
- ❑ 43.0 total FTE; 6.0 are within Authorities
- ❑ Difficult to recruit and retain accountants
- ❑ Small staff are responsible for many different operations

Full-Time Equivalent (FTE) (p. 1)

FTE By Program



Historical FTE Utilization



FY 2021 Legislative Adopted Budget

FY 2021 Adopted Budget (p.27)

- ❑ Computer Software Maintenance/Lease
 - ✓ \$372,911 in other funds
- ❑ Transfer BIT Finance Staff to EMFO
 - ✓ 1.0 FTE and \$80,000 in other funds
- ❑ Salary Policy and Health Insurance
 - ✓ \$12,060,600 in general funds
 - ✓ \$5,566,673 in federal funds
 - ✓ \$14,370,051 in other funds

Governor's FY 2022 Budget Recommendations

FY 2022 Governor's Recommended Budget (p. 3)

Budget	FTE	General	Federal	Other	Total
FY 2021 Base Budget	43.0	\$1,019,882	\$0	\$9,480,290	\$10,500,172
FY 2022 Recommended	<u>43.0</u>	<u>\$11,661,734</u>	<u>\$5,095,955</u>	<u>\$22,905,279</u>	<u>\$39,662,968</u>
Difference	0.0	\$10,641,852	\$5,095,955	\$13,424,989	\$29,162,796

Summary	FTE	General	Federal	Other	Total
Computer Software Maintenance				\$75,582	\$75,582
Legal Consulting Services		\$50,000			\$50,000
Computer Software Lease				\$169,000	\$169,000
State Employee Salary Policy Pool		\$9,572,887	\$4,381,984	\$11,363,347	\$25,318,218
Bureau Billing Pool		\$762,620	\$695,682	\$844,204	\$2,302,506
Captive Insurance Premium Pool	<u>0.0</u>	<u>\$256,345</u>	<u>\$18,289</u>	<u>\$972,856</u>	<u>\$1,247,490</u>
Difference	0.0	\$10,641,852	\$5,095,955	\$13,424,989	\$29,162,796

Computer Software

Contract Maintenance (pp. 3, 6, 8)

- ❑ \$75,582 in other funds
- ❑ Funding for increased maintenance costs the State's financial systems
 - ✓ Accounting
 - ✓ Payroll
 - ✓ Inventory
 - ✓ Financial Reporting
 - ✓ OpenSD

Legal Consulting Services (pp. 3, 6, 8)

- ❑ \$50,000 in general funds
- ❑ Funding for legal consulting services due to future CARES Act audits and contracts related to bureau operations

Computer Software Lease (pp. 3, 6, 8)

- ❑ \$169,000 in other funds
- ❑ Governance, Risk Management and Control
- ❑ Platform aids in the maintenance, assessment and reporting requirements driven by the Statewide Internal Control Framework

State Employee Salary Policy Pool (pp. 3, 21-23)

- ❑ \$25,318,218 in total funds
 - ✓ \$9,572,887 in general funds
 - ✓ \$4,381,984 in federal funds
 - ✓ \$11,363,347 in other funds
- ❑ Recommended as a pool in BFM to be distributed to agencies following the passage of the General Appropriations Act

Bureau Billing Pool (pp. 3, 21, 23)

- ❑ \$2,302,506 in total funds
 - ✓ \$762,620 in general funds
 - ✓ \$695,682 in federal funds
 - ✓ \$844,204 in other funds
- ❑ Recommended as a pool in BFM to be distributed to agencies following the passage of the General Appropriations Act

Captive Insurance Premium Pool (pp. 3, 21, 23)

- ❑ \$1,247,490 in total funds
 - ✓ \$256,345 in general funds
 - ✓ \$18,289 in federal funds
 - ✓ \$972,856 in other funds
- ❑ Recommended as a pool in BFM to be distributed to agencies following the passage of the General Appropriations Act

FY 2021 Budget Amendments

Bureau Billing Pool

- ❑ \$2,750,119 in total funds
 - ✓ \$873,856 in general funds
 - ✓ \$838,949 in federal funds
 - ✓ \$1,037,314 in other funds
- ❑ Recommended as a pool in BFM to be distributed to agencies following the passage of the amendment to the FY 2021 General Appropriations Act

Captive Insurance Premium Pool

- ❑ \$616,960 in total funds
 - ✓ \$155,899 in general funds
 - ✓ \$8,978 in federal funds
 - ✓ \$452,083 in other funds
- ❑ Recommended as a pool in BFM to be distributed to agencies following the passage of the amendment to the FY 2021 General Appropriations Act

BFM Impact of the Coronavirus Relief Funds (CRF)

CRF Preparation

- ❑ [Treasury Guidance/Frequently Asked Questions](#)
- ❑ Meetings with Treasury Department
- ❑ Meetings with the Department of Legislative Audit
- ❑ Meetings with the Office of the Inspector General
- ❑ Identifying internal controls
- ❑ Retaining key [consultants/vendors](#) to implement program
- ❑ Sub-recipient monitoring and [grant compliance](#)

CRF Execution

- ❑ CRF spending request from state agencies
- ❑ Determination of allowable expenses
- ❑ Executing the payment
- ❑ Maintaining internal control procedures
- ❑ Grant monitoring
- ❑ Internal and external reporting

CRF Reporting

- ❑ Identify agency COVID needs
- ❑ Treasury/OIG reporting
- ❑ Managing internal controls
- ❑ Audit documentation
- ❑ Status reports to the Legislature
- ❑ Impact of prior period adjustments on financial statements
- ❑ Interest earning calculation
- ❑ Payroll accruals
- ❑ Execute payments to grant programs
- ❑ Develop websites
- ❑ Maintain transparency - [Open SD](#) and [BFM website](#)
- ❑ Build new processes

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