



Oklahoma Board of Corrections

REGULAR MEETING

September 10, 2015

Dick Conner Correctional Center
Hominy, Oklahoma

OKLAHOMA BOARD OF CORRECTIONS REGULAR MEETING

Dick Conner Correctional Center
129 Conner Road
Hominy, Oklahoma
1:00 p.m., September 10, 2015



AGENDA

Members of the Board of Corrections will be dining together before the Board meeting.
No business will be conducted during this time period.

- | ITEM | PRESENTER |
|--|---|
| 1. Call to Order and Roll Call | Kevin Gross, Chair |
| 2. Welcome/Remarks | Janet Dowling, Warden
Dick Conner Correctional Center |
| 3. Old Business | Kevin Gross, Chair |
| 4. Discussion and Approval of Board of Corrections Meeting Minutes <ul style="list-style-type: none">Regular Meeting on July 9, 2015 | Kevin Gross, Chair |
| 5. Director's Comments with Possible Discussion <ul style="list-style-type: none">ODOC Correctional Officers awarded Medal of Valor by North American Association of Wardens and Superintendents (NAAWS)Scheduled Execution of Richard Glossip #267303Pre-Reception Oklahoma County JailRestrictive Housing | Robert Patton, Director |
| 6. Discussion and Approval of Board Policies <ul style="list-style-type: none">P-060100, Classification and Case Management of Offenders
<i>Regarding Gubernatorial Memorandum 2015-01, Earned Credit and Sentence Administration Policies for 85% Crimes</i>P-120100, Management of State Funds and Assets | Robert Patton, Director |
| 7. Monthly Update and Discussion of FY 2016 Agency Budget | Ashlee Clemmons, Chief Administrator
Business Services |

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Mission Statement

We are a select group of Governor-appointed, politically diverse volunteers which directs, advocates, and holds accountable stakeholders to effect best correctional practices.

"Advocating Correctional Excellence"

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| 8. | Discussion and Approval of Amendments to Private Prison Contracts | Greg Williams, Division Manager
West Institutions |
| | <ul style="list-style-type: none"> ▪ GEO Group, Inc. ▪ Corrections Corporation of America | |
| 9. | Quarterly Update and Discussion of Oklahoma Correctional Industries and Agri-Services Budget | Charles Groves, Business Services Coordinator
Oklahoma Correctional Industries and Agri-Services |
| | <ul style="list-style-type: none"> ▪ FY 2015, 4th Quarter | |
| 10. | Quarterly Update and Discussion of Financial Internal Audits | Gharzuddin Baksh, Auditor IV
Auditing and Compliance |
| | <ul style="list-style-type: none"> ▪ FY 2015, 4th Quarter | |
| 11. | Update and Discussion of Offender Population | Laura Pitman, Ph.D., Division Manager
Field Support |
| 12. | Committee Reports | Committee Chairs |
| | Standing Committees: | |
| | <ul style="list-style-type: none"> ▪ Audit/Finance – Chair Frazier Henke, Members Gene Haynes and Michael Roach ▪ Female Offender – Chair Irma Newburn, Members Frazier Henke and Todd Holder ▪ Public Policy/Affairs – Chair Gene Haynes, Members Irma Newburn and Matt Tilly ▪ Population/Private Prisons – Chair Michael Roach, Members Todd Holder and Matt Tilly ▪ Executive – Chair Kevin Gross, Members Michael Roach and Frazier Henke | |
| 13. | New Business | Kevin Gross, Chair |
| 14. | Announcements | Kevin Gross, Chair |
| 15. | Approval to Adjourn for Executive Session for: | David Cincotta, General Counsel |
| | <ul style="list-style-type: none"> ▪ Discussion of Pending Investigation: <ul style="list-style-type: none"> ▫ Homicide of Lewis Hamilton #251194 (Case number IG 15-0128) ▫ Suicide of Bryan Bennett #485705 (Case number IG 15-0145) ▫ Employee Misconduct/Introduction of Contraband by Avalon Correctional Center officer Frank Roden (IG 15-0141) ▪ Discussion of Pending Litigation: <ul style="list-style-type: none"> ▫ <i>Glossip et al v. Gross et al</i>, Oklahoma Western District Court, case number 2014-CV-00665 ▫ <i>Estate of Clayton Lockett v. Fallin, Patton, and Trammell et al</i>, Oklahoma Western District Court, case number CIV-14-1119-HE | |

“Confidential communications between a public body and its attorney concerning a pending investigation, claim, or action if the public body, with the advice of its attorney, determines that disclosure will seriously

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impair the ability of the public body to process the claim or conduct a pending investigation, litigation, or proceeding in the public interest.” 25 O.S. § 307.B.4.

16. Approval to Return from Executive Session David Cincotta, General Counsel
17. Adjournment Kevin Gross, Chair

The next regular meeting of the Board of Corrections is scheduled for 1:00 p.m. on Thursday, October 1, 2015, at Jackie Brannon Correctional Center in McAlester, Oklahoma.

Updated on 9/4/2015 4:14:16 PM

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Meeting Minutes

**OKLAHOMA BOARD OF CORRECTIONS
REGULAR MEETING**

City of Lawton
212 SW 9th Street
Lawton, Oklahoma
July 9, 2015

1. Call to Order and Roll Call

Kevin Gross, Chair

Chair Gross called the regular meeting of the Oklahoma Board of Corrections (BOC) to order at 1:00 p.m. on Thursday, July 9, 2015, in the City of Lawton Administrative Offices. The final agenda was posted at 2:09 p.m. on Tuesday, July 7, 2015, at the Oklahoma Department of Corrections (ODOC), which is at least twenty-four hours prior to the commencement of the meeting. Chair Gross asked the clerk to call the roll:

Kevin Gross, Chair	Present	Irma Newburn, Member	Present
Gene Haynes, Member	Present	Michael Roach, Vice Chair	Present
Frazier Henke, Secretary	Absent	Matt Tilly, Member	Present
Todd Holder, Member	Present		

Calling of the roll reflected a quorum was present. Chair Gross invited Mayor Fred Fitch to say a few words before moving to the next agenda item. He thanked Mayor Fitch for the use of the City Hall to hold the BOC Meeting.

Mayor Fitch thanked everyone for attending the meeting this date and welcomed them to the Lawton/Ft. Sill community. He stated he was thankful for the BOC and the hard work they do as volunteers for the board. He thanked the BOC members for their commitment to serve. Mayor Fitch provided information on the community's activities and the building which houses their city offices. He congratulated Ms. Newburn for her appointment to the BOC, stating that she would be a tremendous asset to the board.

Chair Gross also recognized Senator Don Barrington and Dr. John McArthur, Cameron University President, who were in the audience, thanking them for attending the meeting.

2. Welcome/Remarks

**Jeff Woody, District Supervisor
Southwest District Community Corrections**

District Supervisor (DS) Woody greeted the BOC and Director Patton. He stated the Southwest District Community Corrections (SWDCC) consists of twelve counties. There are eleven probation and parole offices with over 3,100 offenders supervised in the community as well as approximately 120 offenders currently on the Global Positioning System program. Each probation and parole officer (PPO) in the district is Council of Law Enforcement Education and Training (CLEET) certified. PPOs strive to use evidence-based practices and successful supervision strategies in developing positive offender outcomes and behaviors. SWDCC also has five community work centers located in Altus, Hobart, Frederick, Walters and Waurika holding approximately 450

offenders. Community work centers allow the offenders to step down in security levels for a more successful reentry back into their communities.

DS Woody stated the Lawton Community Corrections Center (LCCC) currently houses 158 offenders which includes forty-five work release beds. The programmatic mission of the LCCC is to provide education, vocational/technical training, and working with faith-based organizations to transition offenders back into the communities. The LCCC received American Correctional Association (ACA) accreditation in March 2013 and in the last month, the facility received its first successful Prison Rape Elimination Act (PREA) audit.

DS Woody thanked his staff for their hard work and assistance in preparation for the BOC meeting this date. Chair Gross thanked DS Woody for the information and the hospitality.

3. Old Business **Kevin Gross, Chair**
There was no old business to discuss.

4. Discussion and Approval of Board of Corrections Meeting Minutes **Kevin Gross, Chair**

- Special Meeting on June 4, 2015

Chair Gross stated the minutes from the special meeting on June 4, 2015, were provided to the BOC for review prior to the meeting this date. Mr. Haynes noted there was a correction to be made on item number 15, page 11. The minutes reported Mr. Tilly had voted yes but he was absent from the meeting. There was also a correction to item number 18, page 10. The minutes reported Mr. Roach made a motion to approve the minutes and should reflect he approved a motion to adjourn to Executive Session. Chair Gross with those two corrections, he would consider a motion to approve the minutes.

Motion: Mr. Haynes made a motion to approve the minutes with corrections noted and Mr. Holder seconded the motion. The results of the roll call were: Mr. Gross – yes; Mr. Haynes – yes; Mr. Holder – yes; Ms. Newburn – yes; Mr. Roach – yes; Mr. Tilly – yes.

The minutes were approved by majority vote and there was no further discussion.

5. Director's Comments with possible discussion on the following: **Robert Patton, Director**

- Canteen Contract
- Organizational Changes
- Correctional Officer of the Year Meeting

Director Patton stated over the past several months, the ODOC has been working on a plan to bring about improved efficiencies in agency canteen operations. Currently, each canteen manages and purchases the inventory for their operations independently. As a result, there were over 10,000 different items on the master inventory list across the seventeen (17) institutions statewide. He stated that initial steps were taken to standardize the products being offered at each institution, as well as, condense the number of items on the master inventory list. The agency now has a master inventory list of approximately 500 items that will be utilized going forward.

He stated the agency has also worked on the development of a Request for Proposal (RFP) to solicit the services of one supplier to provide three separate components of canteen products or

services to ODOC:

1. The selected contractor will supply and distribute, in bulk, the approved inventory items to the canteen store locations at each of the seventeen institutions statewide.
2. The RFP also requires the selected contractor to provide a “bag and drop” canteen system to community corrections centers and work centers, which will offer a weekly canteen delivery of orders placed by offenders at those facilities. Currently vending machines, catalog orders, and store runs, all of which are staff intensive, are the only means that offenders have at these locations to receive routine food and non-food items.
3. The third and final component to be provided by the selected contractor will be a “package sales” program that will allow both the offender and friends and family to order “special” packages several times per year that offer non-routine food and non-food items.

By standardizing the product offering and securing one source to provide all of these services, ODOC hopes to gain efficiencies and improve the canteen operations by:

1. Purchasing higher quantities of fewer items in bulk;
2. Reducing the time commitment of staff;
3. Reducing the number of vendors and shipments received into the facilities;
4. Reducing the number of orders and payments to multiple vendors; and
5. Provide a consistency in the items offered to the offender population.

The RFP was completed and was sent to OMES Central Purchasing earlier in the week. It should go out to bid sometime in the next few weeks.

Director Patton stated one of the biggest challenges that he has tackled over the last year was the reorganization of the divisions within ODOC. This entailed changing of roles and responsibilities, merging of some positions and moving others under two large divisions: Operations and Administration. He stated after several months of observation and thought, the agency was ready to move onto the next step which involves the reorganization of Community Corrections/Probation and Parole.

He stated ODOC has always included the community work centers, halfway houses and community corrections centers as part of what they termed “Community Corrections.” This gives the impression that those offenders housed there are not truly incarcerated but are actually on a community release program. However, those offenders housed at these units are truly just a lower classification of minimum custody still sentenced to incarceration. Over the last several months, the agency has been changing policy to bring these facilities online to mirror those in the traditional “behind the wire” facilities. As staff have worked through this process, it has become apparent that having Probation and Parole supervisors trying to manage these facilities is the wrong fit.

Director Patton stated it was his intent to move the community work centers and community corrections centers to be satellite units of the existing seventeen prisons. A deputy warden will be assigned from the existing prison to provide oversight to the daily operation. Halfway houses will be moved under Greg Williams’ supervision as part of his monitoring component of private prisons. The result of this will be all offenders included in the daily inside count will be supervised

by the two division managers for Operations.

Once separated, a complete restructuring of Probation and Parole will be completed. Current district lines may be redrawn and equalized now that they do not have to provide oversight to facilities. This will allow the division manager to concentrate solely on the function of Probation and Parole. More importantly, it will allow the agency an opportunity to truly start digging down into the organizational structure of this large part of the agency to ensure that it is running as efficiently as possible. Director Patton noted he had met the day before with several probation and parole officers who seemed excited about the change.

Director Patton stated he met with several correctional officers during the last month. He stated he purposefully selected the officers who were selected as their facility's Correctional Officer of the Year. During the four-hour discussion, the officers were allowed to ask questions of the Executive Staff. As a result of the discussion, Director Patton asked them to return to their facility and spend the next few months talking with their staff and to bring back ideas or suggestions at the next meeting to improve corrections. He stated he intends to have the same type of meeting with the Correctional Officer Supervisors of the Year as well as the Probation and Parole Officers of the Year. He also intends to hold focus groups with staff not in these three areas to provide a well-rounded picture of the agency's needs. The purpose of these meetings is to give Director Patton things to recommend to the BOC and to Executive Staff to improve working conditions of the staff.

There was no further discussion on his comments to the BOC.

6. Discussion and Approval of Board Policies

Robert Patton, Director

- P-030100, Provisions of Services/Offender Rights and Responsibilities
- P-060100, Classification and Case Management of Offenders

Director Patton stated Policy P-030100, Provisions of Services/Offender Rights and Responsibilities was for review and approval by the BOC. Changes to the policy included:

1. The "shall" was replaced with "will" throughout the policy.
2. Section I.E. removed the wording "as defined by the United States Constitution and the Oklahoma State Constitution" from the end of the sentence.
3. Section I.I. replaced "have reasonable access to" with "are allowed reasonable access to."
4. The word "department" was replaced with "agency" throughout the policy.

Director Patton recommended approval of the policy as presented.

Chair Gross noted the BOC would not be voting on the second policy, P-060100, Classification and Case Management of Offenders, on this date. He noted there were some issues that had arisen in the last forty-eight hours which would require further review by staff before the BOC can approve it. He advised he asked the director to bring it back to the BOC on a future date for consideration of approval.

Motion: Mr. Roach made a motion to approve P-030100 as presented; Ms. Newburn seconded

the motion. The results of the roll call were: Mr. Gross – yes; Mr. Haynes – yes; Mr. Holder – yes; Ms. Newburn – yes; Mr. Roach – yes; Mr. Tilly – yes.

The policy P-030100 was approved by majority vote.

7. Discussion and Approval of Board Resolutions

Kathy King, District Supervisor

- Christopher Clark, Tulsa County District Community Corrections
Tulsa County District Community Corrections
Probation and Parole Officer of the Year

DS Kathy King introduced Mr. Christopher Clark to the BOC as the Probation and Parole Officer (PPO) of the Year. She provided information on his career detailing his promotion through the probation and parole officer series. She stated when he transferred to the Tulsa County District Community Corrections (TCDCC) offices, he was placed in supervision the offenders with suspended and deferred cases. She noted that after a few short months, PPO Clark volunteered for a different challenge and transferred to the caseload specializing in the supervision of sex offenders. He continued this supervision until his promotion to team supervisor of the TCDCC Sex Offenders in January 2015. She stated since his transfer to Tulsa, PPO Clark has been actively involved not only in client supervision but also in various community organizations. She stated he is proactive in his approach to helping people and conducts his duties with the agency with great professionalism.

DS King asked Chair Gross and was granted permission to read the following resolution:

WHEREAS, the Oklahoma Department of Corrections is privileged to have a group of men and women who are trained professionals and who serve valiantly to ensure supervision and accountability of probation and parole offenders in communities across the state of Oklahoma; and

WHEREAS, the Oklahoma Department of Corrections is fortunate to have nearly 300 probation and parole officers who are dedicated and committed to carrying out the agency's mission in a professional manner; and

WHEREAS, each year one probation and parole officer is selected as the outstanding officer for his or her district; and

WHEREAS, the district officers are interviewed and the Oklahoma Department of Corrections selects an Agency Probation and Parole Officer of the Year who exemplifies the highest standards of professionalism in "Protecting the Public, the Employee, and the Offender"; therefore, be it

RESOLVED, that the Oklahoma Board of Corrections does hereby announce and proclaim to all its recognition of Christopher Clark, Probation and Parole Officer III, Tulsa County District Community Corrections, as the 2014 Agency Probation and Parole Officer of the Year.

Chair Gross requested a motion on the resolution.

Motion: Ms. Newburn made a motion to approve the resolution and Mr. Roach seconded the motion. The results of the roll call were: Mr. Gross – yes; Mr. Haynes – yes; Mr. Holder – yes; Ms. Newburn – yes; Mr. Roach – yes; Mr. Tilly – yes.

The resolution was approved by majority vote and there was no further discussion.

8. Discussion and Confirmation/Approval of Appointment

**Greg Williams, Division Manager
West Institutions**

- Ken Klingler, Warden
John Lilley Correctional Center

Mr. Williams stated he would like to request the approval of the BOC to appoint Ken Klingler as warden of the John Lilley Correctional Center. He stated Mr. Klingler had previously worked for the ODOC until his retirement in 2011. Mr. Williams provided Mr. Klingler’s career progression within the agency prior to his retirement. He noted Mr. Klingler’s tenure with the agency was outstanding and he requested the approval of the appointment.

Motion: Mr. Haynes made a motion to approve the appointment of Ken Klingler and Mr. Tilly seconded the motion. The results of the roll call were: Mr. Gross – yes; Mr. Haynes – yes; Mr. Holder – yes; Ms. Newburn – yes; Mr. Roach – yes; Mr. Tilly – yes.

The appointment was approved by majority vote. Warden Klingler greeted the BOC, Director Patton, Mr. Evans and Mr. Williams. He stated for over twenty-seven years, he was dedicated to the agency and that had never changed. Warden Klingler stated he found out during retirement that he needed a purpose and the ODOC had always given him a purpose. The agency had given him great opportunities and he had always tried to do the very best he can with those opportunities. Warden Klingler stated one of the reasons he was able to do his best was due to the support of his family. He then introduced his wife, his daughter and his sister, who were present in the audience, to the BOC. He assured the BOC he would give 110 percent to his new position, would never back away from a challenge, and he would always support the director and the BOC. He thanked the BOC for their approval of his appointment.

9. Recognition of Staff

**Terri Watkins, Director
Internal/External Communications**

- Helping Hands, Certificate of Appreciation

Ms. Watkins stated it was a great pleasure to stand before the BOC with recognition of the dedication of ODOC staff. When flooding hit around the state of Oklahoma, many staff stepped forward to help. Ms. Watkins stated the agency will be issuing the Helping Hands Award to these staff who were so willing to help others in their communities during a time of need. She introduced correctional officers Carey Leighow and Bill Johnson as two of the recipients of the award. Both officers are reserve deputies for the Cotton County Sheriff’s Office. When the flooding hit Cotton County, a fifteen-year-old boy went missing. The officers spent their time and energies with others in the community to try and locate the boy. She noted they were an integral part of the community during the search and their efforts were greatly appreciated. Ms. Watkins stated the agency salutes everything these two officers and the other recipients had done to assist others in their time of need.

10. Monthly Update and Discussion of FY 2015 Agency Budget

**Ashlee Clemmons, Chief Administrator
Business Services**

Ms. Clemmons provided the following budget update as of May 31, 2015:

FY2015 Budget Work Program	
Appropriated	\$472,639,727
200 Fund	\$17,354,741
205 Fund	\$8,302,152
280 Fund	<u>\$2,256,000</u>

Total – Budget Work Program	<u>\$500,552,620*</u>
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**Excludes Prison Industries funds not part of the ODOC operating budget, Community Sentencing and Federal funds*

Y-T-D Expenditures	\$(421,684,166)
Appropriated	\$(409,042,857)
200 Fund FY 15	\$(8,905,291)
205 Fund FY 15	\$(2,675,802)
280 Fund FY 15	\$(1,060,216)
Encumbrances	\$(42,470,326)
Committed	\$(376,596)
Remaining Payroll	\$(24,889,748)
Available Balance	\$11,131,784

Appropriated Operating Funds

Budgeted	\$472,639,727
Expenditures Y-T-D	\$(409,042,857)
Encumbrance Y-T-D	\$(36,748,583)
Total Committed Y-T-D	<u>\$(15,462)</u>
Available Balance	\$26,832,825
Less:	
Payroll	\$(24,889,748)
Available Balance	\$1,943,077

200 Revolving Fund

Beginning Cash Balance 7/1/2014	\$180,636
Revenue Received Y-T-D	\$13,862,472
Expenditures Y-T-D	\$(12,629,677)
Adjustments Y-T-D	<u>\$(1,767)</u>
Ending Balance	\$1,411,664

205 Revolving Fund

Beginning Cash Balance 7/1/2014	\$1,721,954
Revenue Received Y-T-D	\$5,122,906
Expenditures Y-T-D	\$(6,050,863)
Adjustments Y-T-D	<u>\$0.00</u>
Ending Balance	\$8793,997

280 Revolving Fund

Beginning Cash Balance 7/1/2014	\$3,972,741
Revenue Received Y-T-D	\$24,266,187
Expenditures Y-T-D	\$(25,094,467)
Adjustments Y-T-D	<u>\$0.00</u>
Ending Balance	\$3,144,461

No further comments were made.

11. Overview and Discussion of FY 2016 Agency Budget

Robert Patton, Director

**Ashlee Clemmons, Chief Administrator
Business Services**

Director Patton stated the fiscal year ended on June 30, 2015, and he was very proud to announce to the BOC that through the hard work of all staff, the ODOC made their budget without requesting a supplemental appropriation. He stated because of all the hard work and with support of several champions in the legislature, the agency received an additional appropriation of \$14 million for Fiscal Year (FY) 2016. Director Patton stated Ms. Clemmons would present the agency's Budget Work Program to the BOC which was accomplished with several meetings and guidance from the BOC. He noted the budget will be watched closely throughout the next year to insure the agency continues to monitor and effectively manage the funds appropriated by the legislature. He assured the BOC that in one year, he will once again report to the BOC that the agency maintained its budget.

Ms. Clemmons presented the budget plan for FY 2016, providing the following information:

- Operating budgets for the facilities, community corrections centers and work centers will remain the same as FY 2015.
- All administration budgets were increased or decreased based on expenditures in FY 2015.
- Historically, Agri-Services received an appropriation of \$2 million but it was reduced to \$1 million in FY 2015. However, Agri-Services will not receive any appropriated funds in FY 2016.
- In FY 2016, \$1.5 million was budgeted from the 280 Fund for the agency's operations.
- Due to the depletion of the 200 Fund cash for the past few years, the budget for FY 2016 is reduced by \$2 million.
- Health Services has been allocated an additional \$3 million.
- Jail Backup has been allocated an additional \$3 million.
- Payroll has been allocated an additional \$2.5 million. The agency was able to manage the payroll budget in FY 2015 by implementing an approval process before filling any position with the exception of correctional officers, probation and parole officers, and medical staff.
- An additional \$2 million was allocated for contract beds.
- Contracted County Jail Beds budget was restored to \$490,000 for FY 2016.

Director Patton noted there is always much discussion in the staffing of the prisons. He stated he was very proud to announce that through the efforts of associate directors Tina Hicks and Edward Evans as well as their staff, the agency has added 146 new correctional officers since January 1, 2015. He stated this was a significant increase and an obvious commitment to allocate funds where needed. Director Patton stated staff will continue to recruit and fill correctional officer positions moving forward.

- 12. Quarterly Update and Discussion of Oklahoma Correctional Industries and Agri-Services Budget** **Charles Groves, Business Services Coordinator
Oklahoma Correctional Industries and Agri-Services**
- FY 2015, 3rd Quarter

Mr. Groves provided the following Oklahoma Correctional Industries and Agri-Services Budget update as of March 31, 2015:

Oklahoma Correctional Industries Income Statement	
Sales Revenue	\$12,147,713
Cost of Goods Sold	<u>\$(5,260,918)</u>
Gross Profit or (Loss)	\$6,886,795
Overhead Expense	\$(3,977,942)
General and Administrative Costs	<u>\$(81,343,276)</u>
Net Income or (Loss)	<u>\$1,565,577</u>

Oklahoma Correctional Industries Balance Sheet	
Current Assets	\$15,702,504
Fixed Assets	<u>\$4,578,231</u>
Total Assets	<u>\$19,600,734</u>
Liabilities	\$1,388,372
Fund Balance	<u>\$18,212,363</u>
Total Liabilities and Fund Balance	<u>\$19,600,734</u>

Agri-Services Income Statement	
Sales Revenue	\$8,966,133
Cost of Goods Sold	<u>\$(3,619,611)</u>
Gross Profit or (Loss)	\$5,346,522
Expenses	<u>\$(4,455,842)</u>
Net Income or (Loss)	\$890,680
Cost Avoidance	<u>\$2,272,852</u>
Agency Benefit	\$3,163,532

Agri-Services Balance Sheet	
Current Assets	\$8,881,830
Fixed Assets	<u>\$1,971,930</u>
Total Assets	<u>\$10,853,760</u>
Liabilities	\$113,120
Fund Balance	<u>\$10,740,640</u>
Total Liabilities and Fund Balance	<u>\$10,853,760</u>

Ms. Newburn noted the documentation in the packets was for the month ending April 30, 2015, instead of March 31. Ms. Owen noted she would ensure the BOC received the appropriate documents.

13. Quarterly Update and Discussion of Financial Internal Audits

**Gharzuddin Baksh, Auditor IV
Auditing and Compliance**

- FY 2015, 3rd Quarter

Mr. Baksh stated the summary for the third quarter was submitted to the BOC prior to the meeting this date. During the quarter, the internal audit team closed and submitted fifteen audit reports to the State Auditor and Inspector's office. As of this date, the team has completed fifty-five audits for the first nine months of the fiscal year. Mr. Baksh stated the plans for corrective actions for noncompliance and general deficiencies in the areas of purchase cards, accounts

payables, prisoner public works projects, canteen inventory, express checks, and trust funds are included in the information provided to the BOC this date.

Mr. Haynes stated the BOC has been receiving the reports for a certain length of time and he wondered if the rotation had started over yet. Mr. Baksh stated the cycle runs 12-16 months per facility so the BOC may not have yet seen a full rotation. Mr. Haynes noted he sees the same problems in the same areas in the various reports and he inquired if the same issues were being seen at some of the facilities being audited for the second or third time. Mr. Baksh stated there has been improvement and he has been working with Ms. Clemmons, Mr. Tom James, and Dr. Laura Pitman to address the issues they are finding. He noted the findings he used to report are no longer being reported. Mr. Haynes stated he has not kept track of the reports he has received and was unsure if he was seeing the same problems again at the same facility. Mr. Baksh stated in reference to the purchase cards, for example, the policy is currently under review to implement procedures to assist with some of the findings being reported in that area.

Mr. Haynes stated he had reviewed an audit of the Construction and Maintenance area which contained a number of noncompliance issues. He queried if that was an area that had not been audited for some time. Mr. Baksh replied the Construction and Maintenance unit was last audited three years ago.

14. Update and Discussion of Offender Population

**Laura Pitman, Ph.D., Division Manager
Field Support**

Dr. Pitman provided the population update as of May 29, 2015

Committed Offender Population

Total System Population = 27,822
 DOC Facilities = 19,586
 Private Prisons = 5,815
 County Jails with Contracts = 565
 Halfway Houses = 1,472
 Out Count (jails, hospitals, etc.) = 384

Community Supervised Offender Population

Total System Population = 26,538
 Probation Supervision = 22,657
 Parole Supervision Offenders = 3,008
 GPS = 800
 EMP = 19
 PPCS = 1
 Community Program Failures = 53

TOTAL SYSTEM POPULATION =54,360

County Jail Backup = 294

State Facility Capacity Percentages

Assessment & Reception Centers	96%
Institutions	122%
Community Corrections Centers	99%
Community Work Centers	105%
TOTAL STATE BEDS	118%

No further comments were made.

15. Committee Reports

Committee Chairs

Chair Gross asked the committee chairs for their reports.

- **Audit/Finance Committee**

Nothing to report.

- **Female Offender Committee**

Nothing to report.

- **Public Policy/Public Affairs Committee**

Nothing to report.

- **Population/Private Prisons Committee**

Mr. Roach stated the committee met on July 2, 2015. All three committee members were present for the meeting as well as ODOC staff Edward Evans, Dr. Laura Pitman, David Cincotta, and Terri Watkins. The committee was provided an overview of the efforts taken by the agency over the last sixteen months to initiate management philosophies and goals to manage the population growth. The goal of the agency has been adopted as “Smart on Corrections” by reducing the offender growth to the lowest level and by managing the growth at the lowest possible cost. Mr. Roach stated he wholeheartedly supported this goal. He noted that nothing drives the agency’s budget more than the offender population and the management of it. He stated the efforts expended every day to manage the population are incredible.

Mr. Roach stated over the last year, the incarcerated population has grown by 1,200 offenders and it is predicted to have the same amount of growth during the next fiscal year. He noted it is difficult to make an accurate prediction due to sentencing laws which are not under the control of the ODOC. He stated the actions taken which are under the control of the agency include:

- Reducing the amount of time from nine days to four days to process an offender through the assessment and reception centers.
- Reducing county jail backup. In February 2014, there were 1,997 offenders housed in county jails across the state waiting for the ODOC to process them into the system. At the last count, there were only 316 offenders waiting to be received at the assessment and reception centers. Mr. Roach stated it was interesting to note that between March 1, 2014 and June 26, 2015, the ODOC received 13,746 new offenders into the system.
- Established an electronic transfer system of sentencing documents to facilitate notification that an offender was ready for transfer to the ODOC.
- Maximizing both minimum security and halfway house beds.
- Increasing releases through the restoration of lost earned credits due to offender misconduct as provided by state law. Reviewing every policy and procedure in order to ensure it is in adherence to state law.
- Identifying and evaluating opportunities to reduce the offender population and the financial responsibilities in managing that population.
- The committee and staff will continue to evaluate the conditions of the existing facilities and possibly repurposing areas within those facilities to accommodate population needs.
- Continuing to manage and budget the appropriations needed to manage the

offender population.

Mr. Roach stated the recent meetings with staff give him a much clearer picture of the difficulty faced when managing the offender population. He stated it is the committee's intention to be in continuing discussions and meetings with staff to allow better understanding of the changes taking place, successes and failures of efforts put into place to manage the population, and to act in support of this responsibility of the director and the agency.

Mr. Roach commended and voiced his support of the director and his administration in their efforts to be "Smart on Corrections." He stated in his years of experience in law enforcement and as a member of the BOC, he is confident in the decisions being made by the BOC, the director and the agency.

Chair Gross stated he agreed with Mr. Roach that the single largest issue faced by the agency is the occupancy numbers and continued growth of the offender population. He inquired what strategies are being considered in reference to the private prison beds. Director Patton stated he is in discussion on a daily basis with the associate directors and the private partners around the state. He stated he hopes to have an expansion proposition of approximately \$2 million for approval at the next regular BOC meeting.

- **Executive Committee**

Chair Gross stated the committee met on June 22, 2015, to review and approve the agenda for the meeting this date.

16. New Business

Kevin Gross, Chair

There was no new business to discuss.

17. Announcements

Kevin Gross, Chair

The BOC does not traditionally meet in August so the next meeting is scheduled for September 3, 2015.

18. Approval to Adjourn for Executive Session

Gary Elliott, Assistant General Counsel

- Discussion of Pending Investigation:
 - Suicide of James Thompson #161109 (Case number IG 15-0087)
 - Suicide of Justin England #591356 (Case number IG 15-0106)
- Discussion of Pending Litigation:
 - *Glossip et al v. Gross et al, Oklahoma Western District Court, case number 2014-CV-00665*
 - *Estate of Clayton Lockett v. Fallin, Patton, and Trammell et al, Oklahoma Western District Court, case number CIV-14-1119-HE*

Mr. Elliott advised the next items on the agenda would require adjournment to Executive Session for engaging in confidential communication between the BOC and its attorney. He recommended Chair Gross entertain motions to adjourn.

Motion: Mr. Roach made a motion to adjourn to Executive Session and Mr. Tilly seconded the

motion. The results of the roll call were: Mr. Gross – yes; Mr. Haynes – yes; Mr. Holder – yes; Ms. Newburn – yes; Mr. Roach – yes; Mr. Tilly – yes.

The adjournment to Executive Session was approved by majority vote and the BOC adjourned at 2:00 p.m.

19. Approval to Return from Executive Session **Gary Elliott, Assistant General Counsel**

The BOC returned to the meeting room at 2:27 p.m. Mr. Elliott advised the BOC of the approval needed to return from Executive Session.

Motion: Mr. Haynes made a motion to return from Executive Session and Mr. Roach seconded the motion. The results of the roll call were: Mr. Gross – yes; Mr. Haynes – yes; Mr. Holder – yes; Ms. Newburn – yes; Mr. Roach – yes; Mr. Tilly – yes.

The return was approved by majority vote and the BOC resumed the meeting at 2:30 p.m. Chair Gross advised there were not any actions to take after Executive Session.

20. Adjournment **Kevin Gross, Chair**

There being no further business to come before the BOC, Chair Gross requested a motion to adjourn the meeting.

Motion: Ms. Newburn made a motion to adjourn the meeting and Mr. Tilly seconded the motion. The results of the roll call were: Mr. Gross – yes; Mr. Haynes – yes; Mr. Holder – yes; Ms. Newburn – yes; Mr. Roach – yes; Mr. Tilly – yes.

The adjournment was approved by majority vote and the meeting ended at 2:30 p.m.

Submitted to the Board of Corrections by:

Kimberley Owen, Minutes Clerk

Date

I hereby certify that these minutes were duly approved by the Board of Corrections on the tenth day of September 2015, in which a quorum was present and voting.

Approved by:

Frank X. Henke IV, Secretary
Board of Corrections

Date



Policies

Section-06 Classification and Case Management	P-060100	Page: 1	Effective Date: 09/17/2015
Classification and Case Management of Offenders	ACA Standards: 2-CO-1E-01, 2-CO-1E-02, 2-CO-1E-05, 2-CO-1E-06, 2-CO-1E-07, 2-CO-1E-08, 2-CO-1E-09, 2-CO-4B-01, 2-CO-4B-02, 4-4095, 4-4097, 4-4098, 4-4099, 4-4295, 4-4304, 4-4444, 4-ACRS-5A-01, 4-ACRS-5A-07, 4-ACRS-7D-08, 4-ACRS-7D-11, 4-APPFS-2A-03, 4-APPFS-2A-07, 4-APPFS-2A-16, 4-APPFS-2C-01, 4-APPFS-3D-28		
Kevin J. Gross, Chair Oklahoma Board of Corrections			

Classification and Case Management of Offenders

The Oklahoma Department of Corrections (DOC) properly classifies offenders, administers sentences and provides clemency consideration in accordance with the order of the courts and statutory requirements.

I. Classification

A. Classification Standards (2-CO-4B-01, 4-4295, 4-ACRS-5A-01, 4-APPFS-2A-03)

1. The Department of Corrections (DOC) has established a comprehensive and uniform classification system, based on security and programmatic needs, for the supervision of incarcerated and supervised offenders.
2. Established procedures ensure the classification system of the department is an objective/descriptive system.

B. Parole Procedures

DOC will comply with the procedures established by the Pardon and Parole Board to provide equitable clemency consideration for offenders. The department has established procedures to ensure:

1. Information necessary to determine an appropriate docket date is provided to the staff members of the Pardon and Parole Board;
2. Information regarding an offender's incarceration, which is required in determining clemency, is provided to the Pardon and Parole Board; (4-4304)
3. The preparation of parole programs; and (4-APPFS-2A-07)
4. The release of eligible offenders to parole supervision.

C. Transfers (4-4296, 4-4444, 4-ACRS-5A-06, 4-APPFS-2A-11)

In order to provide adequate security, supervision and programmatic opportunity compatible with each offender's individualized needs, the

department has established uniform procedures for offender transfers, including emergency transfers.

II. Case Management (4-4299, 4-4435, 4-ACRS-5A-07)

A. The Department of Corrections case management responsibilities include:

1. Appropriate and timely classification of all offenders;
2. Providing crisis intervention;
3. Work assignments;
4. Programmatic activities;
5. Managing behavior;
6. Developing open communication between staff and offenders;
7. Appropriate assistance with reentry; and
8. Assisting with facility operations and offender development.

B. Other functions include documenting and communicating any behavior that may present a risk to the facility, staff, other offenders or the public in order to ensure appropriate action is taken to fulfill the department's mission.

III. Records Management

The Department of Corrections ensures the length of confinement or supervision is calculated accurately, recorded and implemented in accordance with the order of the court and statutory requirements.

A. Sentence Administration (4-4097)

1. Standards for sentence administration are established to ensure offenders under the jurisdiction of the department are incarcerated/supervised according to the order of the sentencing court.
2. Standards for sentence administration are established consistent with Gubernatorial Memorandum 2015-01.
3. Procedures for the foreign and domestic extradition process, the Interstate Agreement on Detainers, the application of statutory time credits and sentence sequencing are developed. (2-CO-4B-02, 4-APPFS-2A-16)

B. Offender Records (2-CO-1E-01, 2-CO-1E-02, 4-4095, 4-ACRS-7D-08, 4-APPFS-3D-28)

Procedures are established for:

1. The creation, organization, transfer, closure, review and preservation of offender records; (2-CO-1E-02, 2-CO-1E-09, 4-4096)
2. Offender access to records; (2-CO-1E-06, 4-4098, 4-ACRS-7D-11)
3. Assignment of a unique register number to all offenders; and
4. The appropriate release of offender information. (2-CO-1E-07, 2-CO-1E-08, 4-4099)

IV. Action

The director is responsible for compliance with this policy.

The director is responsible for the annual review and revisions.

Any exceptions to this policy statement will require written approval of the Board of Corrections.

This policy is effective as indicated.

Replaced: Policy Statement No. P-060100 entitled "Classification and Case Management of Offenders" dated April 10, 2014

Distribution: Policy and Operations Manual
Agency Website

Section-06 Classification and Case Management	P-060100	Page: 1	Effective Date: 04/10/2014-draft
Classification and Case Management of Offenders	ACA Standards: 2-CO-1E-01, 2-CO-1E-02, 2-CO-1E-05, 2-CO-1E-06, 2-CO-1E-07, 2-CO-1E-08, 2-CO-1E-09, 2-CO-4B-01, 2-CO-4B-02, 4-4095, 4-4097, 4-4098, 4-4099, 4-4295, 4-4304, 4-4444, 4-ACRS-5A-01, 4-ACRS-5A-07, 4-ACRS-7D-08, 4-ACRS-7D-11, 4-APPFS-2A-03, 4-APPFS-2A-07, 4-APPFS-2A-16, 4-APPFS-2C-01, 4-APPFS-3D-28		
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C. Transfers (4-4296, 4-4444, 4-ACRS-5A-06, 4-APPFS-2A-11)

In order to provide adequate security, supervision and programmatic opportunity compatible with each offender's individualized needs, the

Section-06 Classification	P-060100	Page: 2	Effective Date: 04/10/2014
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Section-06 Classification	P-060100	Page: 3	Effective Date: 04/10/2014
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- B. Offender Records (2-CO-1E-01, 2-CO-1E-02, 4-4095, 4-ACRS-7D-08, 4-APPFS-3D-28)

Procedures are established for:

1. The creation, organization, transfer, closure, review and preservation of offender records; (2-CO-1E-02, 2-CO-1E-09, 4-4096)
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3. Assignment of a unique register number to all offenders; and
4. The appropriate release of offender information. (2-CO-1E-07, 2-CO-1E-08, 4-4099)

IV. Action

The director is responsible for compliance with this policy.

The director is responsible for the annual review and revisions.

Any exceptions to this policy statement will require written approval of the Board of Corrections.

This policy is effective as indicated.

Replaced: Policy Statement No. P-060100 entitled "Classification and Case Management of Offenders" dated February 29, 2012

Distribution: Policy and Operations Manual
Department Website

Section-12 Fiscal Management	P-120100	Page: 1	Effective Date: 09/17/2015
Management of State Funds and Assets	ACA Standards: 2-CO-1B-01, 2-CO-1B-02, 2-CO-1B-03, 2-CO-1B-04 through 2-CO-1B-09, 2-CO-1B-12, 2-CO-1B-13, 2-CO-1B-14, 4-4031, 4-4035, 4-4036, 4-4037, 4-4045, 4-4046, 4-4047		
Kevin J. Gross, Chair Oklahoma Board of Corrections			

Management of State Funds and Assets

Funds and other assets of the Department of Corrections will be properly managed and accounted for in accordance with state laws and procedures. (2-CO-1B-09)

I. Fiscal Management

A. Regulatory Authority

The Department of Corrections (DOC) will follow state statutes, procedures of the Office of Management and Enterprise Services, the Division of Capital Assets Management, the Office of the State Treasurer, federal grantor agencies, and generally accepted accounting principles. (2-CO-1B-01, 2-CO-1B-04, 4-4031, 4-4045)

B. Financial System

The department will utilize, to the maximum extent practicable, state financial systems supported by the Office of Management and Enterprise Services (OMES), the Office of State Treasurer (OST), and the Division of Capital Assets Management (DCAM). Additional financial systems established and maintained by the DOC will comply with the following standards in conjunction with state systems:

1. The schedule for budget preparation will allow for the timely preparation and submittal of the budget to the director of the Office of Management and Enterprise Services and the staff of the Joint Legislative Committee on Budget and Program Oversight as provided by law. (2-CO-1B-02)
2. Procedures for purchasing, disbursing funds, depositing funds, and fiscal reporting will be established and maintained. The director will provide the Oklahoma Board of Corrections (BOC) with the current fiscal status of the department at each regularly scheduled meeting. (2-CO-1B-03, 2-CO-1B-05, 2-CO-1B-06, 2-CO-1B-09, 4-4031)
3. By delegation of the BOC, the director's authority to declare an emergency for exemption to the provisions of the Public Competitive Bidding Act of 1974 (as amended by statute) with reference to notice and bid shall be equal to the maximum amount permitted in Title 61 §130.
4. Enterprise accounting reports on Agri-Services and Oklahoma

Correctional Industries operations will be prepared by the administrators of each unit for quarterly presentation to the BOC.

5. All accounts will be audited on a scheduled basis to ensure compliance with laws, policies, and procedures. (2-CO-1B-07, 2-CO-1B-13, 4-4036)
6. Complete documentation of all financial transactions will be maintained in accordance with state law and the Consolidated General Records Disposition Schedule.
7. Procedures for grant applications, disbursing funds and monitoring grants will be established. The director will notify the Board of Corrections of all grant funds received by the department either for use by the department, or to pass-through to other entities, and the intended use of such grant funds.
8. Procedures for routine inspection and inventory of state property will be established and maintained.
9. A current inventory system will be maintained of equipment with a cost of \$2,500 or greater owned by the agency. (2-CO-1B-08, 4-4037) An Information and Technology (IT) inventory is maintained for equipment with a cost of \$500 or greater.
10. The external transfer of funds from one or more budget activities to one or more other budget activities by the department will be provided to members of the Board of Corrections with a copy of the proposed transfer document for review before the department submits a request to the Office of Management and Enterprise Services.
 - a. The members of the BOC will have seven calendar days to review the proposed budget transfer. If any Board member has a concern about the proposed transfer, the member may request the chairman of the BOC to place the proposed transfer on the agenda of the next BOC meeting for review by the full Board of Corrections.
 - b. In cases of an emergency, the director is authorized to pursue the external transfer of funds without prior approval of the board but will notify members after the fact of the action taken and reason for the emergency. (2-CO-1B-04)

II. Canteen Services

A board of directors will be established for all canteen services within the DOC to provide general guidance to department staff responsible for administering canteen operations. The Canteen Board of Directors will establish procedures for the budgeting of the Offender and Employee Welfare and Canteen Support Revolving Fund.

Profits from canteen, offender telephone and electronic mail operations will be utilized to support offender/employee welfare activities and special projects. A report on income and expenditures and fund balance from canteen operations along with offender/employee fund expenditures will be made at the end of each year to the BOC. (2-CO-1B-12)

A. Board Creation

The director of the Department of Corrections will appoint the members of the Board of Directors for Canteen Operations.

B. Board Responsibilities

The Board of Directors for Canteen Operations will control canteen operations and establish written guidelines for canteen operations and offender and employee welfare and canteen support fund disbursements.

1. The overall canteen operation will be self-supporting.
2. All profits from the canteen operations will be used for the benefit of the offenders of the various facilities and personnel of the Department of Corrections.

III. Offender Trust Funds

A. Trust Funds Account

The department will establish a trust fund account for each offender under the care and custody of the Department of Corrections.

B. Offender Obligations

Wages earned by offenders will be available for apportionment to offender mandatory savings; to the offender for his or her personal use; to the lawful dependents of the offender, if any; to the victim of the offender's crime; for payment to creditors; for payment of costs and expenses for criminal actions against such offender; and to the Department for costs of incarceration. (57 O.S. § 549) The percentages of such wages which shall be available for apportionment are hereby established in the "Offender Obligation Deduction Matrix." ([Attachment A](#), attached).

C. Mandatory Savings

A mandatory savings account will be established for each offender sentenced to incarceration, except those offenders sentenced to life without parole, with 20 percent of all wages earned by the offender deposited into a mandatory savings account with balances individually tracked for each offender by an accounting system of the department. (57 O.S. § 549)

D. Distribution of Interest

Trust fund accounts will be deposited with the Office of the State Treasurer in an account authorized for such purpose by the state Special Agency Account Board. The interest earned on these deposits in aggregate will be payable to the Victim's Compensation Fund as provided by law. An offender will not have the right, use, or control of any interest derived from their mandatory savings trust fund account.

IV. Interest Bearing Savings Accounts

A. Offender Savings Account

The department will establish an optional interest-bearing offender savings account. Deposits into this account will only be allowed when the offender's draw account has a balance in excess of \$100. Offender mandatory savings account balances will not be used to determine the eligibility of the offender to participate in the interest-bearing savings account.

B. Interest

Interest will be posted to the account monthly based on State Treasurer rates and only on the offender's prorated balance. Offenders who participate in the interest-bearing trust account option will be allowed to draw funds from this account only once within a 90 day period. All transfer of funds from the interest-bearing account to an external recipient must be approved by appropriate department staff.

C. Fund Transfers

All transfer of funds from the interest-bearing account to another offender must be reviewed and approved by appropriate department staff. (4-4047) Interest bearing fund balances will not be used by an offender to make any purchase that would normally be made by the offender using a draw account reduction.

V. Departmental Transportation

Use of department owned and state motor pool vehicles will comply with state law, administrative rule, and department policy and may only be used by department employees, contract employees, and volunteers conducting departmental business.

VI. References

OP-120103 entitled "Acquisitions and Dispositions"

57 O.S. §§ 537, 549 and 513

61 O.S. § 130

62 O.S. §§ 34.12, 34.42 to 34.50, 34.47 to 34.64, 34.41 to 34.94, 45.1 to 45.9

74 O.S. §§ 85.1 to 85.44c, 86.1, 87.1 to 87.2, 88.1 to 88.2, 90.1 to 90.7, 110.1 to 110.3, and 1008

Office of Management and Enterprise Services Procedures Manual

VII. Action

The director is responsible for compliance with this policy.

The director is responsible for the annual review and revisions.

Any exceptions to this policy statement will require prior written approval of the Board of Corrections.

This policy is effective as indicated.

Replaced: Policy Statement No. P-120100 entitled "Management of State Funds and Assets" dated December 11, 2014

Distribution: Policy and Operations Manual
Agency Website

Attachments

Title

Location

[Attachment A](#)

“Offender Obligation Deduction Matrix”

Attached

Section-12 Fiscal Management	P-120100	Page: 1	Effective Date: 12/11/2014DRAFT
Management of State Funds and Assets	ACA Standards: 2-CO-1B-01, 2-CO-1B-02, 2-CO-1B-03, 2-CO-1B-04 through 2-CO-1B-09, 2-CO-1B-12, 2-CO-1B-13, 2-CO-1B-14, 4-4031, 4-4035, 4-4036, 4-4037, 4-4045, 4-4046, 4-4047		
Kevin J. Gross, Chair Oklahoma Board of Corrections			

Management of State Funds and Assets

Funds and other assets of the Department of Corrections will be properly managed and accounted for in accordance with state laws and procedures. (2-CO-1B-09)

I. Fiscal Management

A. Regulatory Authority

The Department of Corrections (DOC) will follow state statutes, procedures of the Office of Management and Enterprise Services, the Division of Capital Assets Management, the Office of the State Treasurer, federal grantor agencies, and generally accepted accounting principles. (2-CO-1B-01, 2-CO-1B-04, 4-4031, 4-4045)

B. Financial System

The department will utilize, to the maximum extent practicable, state financial systems supported by the Office of Management and Enterprise Services (OMES), the Office of State Treasurer (OST), and the Division of Capital Assets Management (DCAM). Additional financial systems established and maintained by the DOC will comply with the following standards in conjunction with state systems:

1. The schedule for budget preparation will allow for the timely preparation and submittal of the budget to the director of the Office of Management and Enterprise Services and the staff of the Joint Legislative Committee on Budget and Program Oversight as provided by law. (2-CO-1B-02)
2. Procedures for purchasing, disbursing funds, depositing funds, and fiscal reporting will be established and maintained. The director will provide the Oklahoma Board of Corrections (BOC) with the current fiscal status of the department at each regularly scheduled meeting. (2-CO-1B-03, 2-CO-1B-05, 2-CO-1B-06, 2-CO-1B-09, 4-4031)
3. ~~The director's authority to declare an emergency for exemption to the provisions of the Public Competitive Bidding Act of 1974 (as amended by statute) with reference to notice and bid will not exceed \$35,000, when such authority is exercised by the director and the Board of Corrections and in compliance with OP-120103 entitled "Acquisitions and Dispositions." By delegation of the BOC, the director's authority to declare an emergency for exemption to~~

[the provisions of the Public Competitive Bidding Act of 1974 \(as amended by statute\) with reference to notice and bid shall be equal to the maximum amount permitted in Title 61 §130.](#)

4. Enterprise accounting reports on Agri-Services and Oklahoma Correctional Industries operations will be prepared by the administrators of each unit for quarterly presentation to the BOC.
5. All accounts will be audited on a scheduled basis to ensure compliance with laws, policies, and procedures. (2-CO-1B-07, 2-CO-1B-13, 4-4036)
6. Complete documentation of all financial transactions will be maintained in accordance with state law and the Consolidated General Records Disposition Schedule.
7. Procedures for grant applications, disbursing funds and monitoring grants will be established. The director will notify the Board of Corrections of all grant funds received by the department either for use by the department, or to pass-through to other entities, and the intended use of such grant funds.
8. Procedures for routine inspection and inventory of state property will be established and maintained.
9. A current inventory system will be maintained of equipment with a cost of \$2,500 or greater owned by the agency. (2-CO-1B-08, 4-4037) An Information and Technology (IT) inventory is maintained for equipment with a cost of \$500 or greater.
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 - a. The members of the BOC will have seven calendar days to review the proposed budget transfer. If any Board member has a concern about the proposed transfer, the member may request the chairman of the BOC to place the proposed transfer on the agenda of the next BOC meeting for review by the full Board of Corrections.
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Profits from canteen, offender telephone and electronic mail operations will be utilized to support offender/employee welfare activities and special projects. A report on income and expenditures and fund balance from canteen operations along with offender/employee fund expenditures will be made at the end of each year to the BOC. (2-CO-1B-12)

A. Board Creation

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1. The overall canteen operation will be self-supporting.
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C. Mandatory Savings

A mandatory savings account will be established for each offender sentenced to incarceration, except those offenders sentenced to life without parole, with 20 percent of all wages earned by the offender deposited into a mandatory savings account with balances individually tracked for each offender by an accounting system of the department. (57 O.S. § 549)

D. Distribution of Interest

Trust fund accounts will be deposited with the Office of the State Treasurer in an account authorized for such purpose by the state Special Agency Account Board. The interest earned on these deposits in aggregate will be payable to the Victim's Compensation Fund as provided by law. An offender will not have the right, use, or control of any interest derived from their mandatory savings trust fund account.

IV. Interest Bearing Savings Accounts

A. Offender Savings Account

The department will establish an optional interest-bearing offender savings account. Deposits into this account will only be allowed when the offender's draw account has a balance in excess of \$100. Offender mandatory savings account balances will not be used to determine the eligibility of the offender to participate in the interest-bearing savings account.

B. Interest

Interest will be posted to the account monthly based on State Treasurer rates and only on the offender's prorated balance. Offenders who participate in the interest-bearing trust account option will be allowed to draw funds from this account only once within a 90 day period. All transfer of funds from the interest-bearing account to an external recipient must be approved by appropriate department staff.

C. Fund Transfers

All transfer of funds from the interest-bearing account to another offender must be reviewed and approved by appropriate department staff. (4-4047) Interest bearing fund balances will not be used by an offender to make any purchase that would normally be made by the offender using a draw account reduction.

V. Departmental Transportation

Use of department owned and state motor pool vehicles will comply with state law, administrative rule, and department policy and may only be used by department employees, contract employees, and volunteers conducting departmental business.

VI. References

OP-120103 entitled "Acquisitions and Dispositions"

57 O.S. §§ 537, 549 and 513

61 O.S. § 130

62 O.S. §§ 34.12, 34.42 to 34.50, 34.47 to 34.64, 34.41 to 34.94, 45.1 to 45.9

74 O.S. §§ 85.1 to 85.44c, 86.1, 87.1 to 87.2, 88.1 to 88.2, 90.1 to 90.7, 110.1 to 110.3, and 1008

Office of Management and Enterprise Services Procedures Manual

VII. Action

The director is responsible for compliance with this policy.

The director is responsible for the annual review and revisions.

Any exceptions to this policy statement will require prior written approval of the Board of Corrections.

This policy is effective as indicated.

Replaced: Policy Statement No. P-120100 entitled "Management of State Funds and Assets" dated ~~July 3, 2013~~ December 11, 2014

Distribution: Policy and Operations Manual
Agency Website

Attachments

Title

Location

[Attachment A](#)

“Offender Obligation Deduction Matrix”

Attached



Agency Budget Update

Department of Corrections
FY-16 Summary of Budget Projections
as of July 31, 2015

FY2016 Budget Work Program

Appropriated	\$	484,900,943
200 Fund	\$	14,935,314
205 Fund	\$	4,642,977
280 Fund	\$	1,500,000
Total - BWP	\$	505,979,234 *

** Excludes Prison Industries funds not part of the D.O.C operating budget; Community Sentencing and Federal funds.*

Y-T-D Expenditures	\$	(20,556,015)
Appropriated	\$	(20,529,424)
200 Fund FY 16	\$	(1,311)
205 Fund FY 16	\$	(25,280)
280 Fund FY 16	\$	-
Encumbrances	\$	(111,259,913)
Committed	\$	(68,680)
Remaining Payroll	\$	(232,447,112)
Available Balance	\$	141,647,514

Department of Corrections
Appropriated Operating Funds
As of 7/31/2015

Budgeted	\$	484,900,943
Expenditures Y-T-D	\$	(20,529,424)
Encumbrance Y-T-D	\$	(105,646,118)
Total Committed Y-T-D	\$	(44,368)
Available Balance	\$	358,681,033
Less:		
Payroll	\$	(232,447,112)
Available Balance	\$	<u>126,233,921</u>

Department of Corrections
200 Revolving Fund Summary
As of 7/31/2015

Beginning Cash Balance 07/01/2015	\$	754,680
Revenue Received Y-T-D	\$	1,590,087
Expenditures Y-T-D	\$	(1,223,729)
Adjustments Y-T-D	\$	(120,989)
Ending Balance 7/31/2015	\$	1,000,049

Description of Fund:

Revolving fund that uses revenues in conjunction with appropriated funds to maintain the Department's operating budget. Revenue comes from a variety of sources:

Program Support

Offenders on work release give up to 50% of their net pay or the per diem rate, whichever comes first to supplement the cost of their incarceration.

Probation & Parole Fees

Probationers & Parolees pay a court ordered supervision fee of up to \$40.00 a month. The fee is used toward probation officers' salaries.

Medical Co pays

Inmates are required to pay a co pay of \$4.00 for medical treatment

Prisoner Public Work Crews

Facilities receive payment from federal, state, and local government entities for inmate labor, officer supervision when applicable, and transportation charges.

State Criminal Alien Assistance Funding

Federal Funds for the reimbursement of expenses for incarcerated aliens

Other Reimbursed Amounts

Funds from overpayments, returns, copies, FEMA, GPS, Private Prison monitoring (Non Oklahoma used facilities) and other miscellaneous reimbursements.

Misc. - Vendors, Copies, Notary, Rent, Sales, Refunds etc.

Department of Corrections
205 Revolving Fund Summary
As of 7/31/2015

Beginning Cash Balance 07/01/2015	\$	1,070,058
Revenue Received Y-T-D	\$	255,176
Expenditures Y-T-D	\$	(610,629)
Adjustments Y-T-D	\$	(23,948)
Ending Balance 7/31/2015	\$	<u>690,657</u>

Description of Fund:

Funds are generated through Canteen sales and a portion of telephone revenues, along with other miscellaneous sources (i.e. vending machines and crafts). This revenue provides funding for Offender and Staff needs, maintains the canteens and Offender Banking System.

Department of Corrections
280 Revolving Fund Summary
As of 7/31/2015

Beginning Cash Balance 07/01/2015	\$	2,462,065
Revenue Received Y-T-D	\$	2,319,894
Expenditures Y-T-D	\$	(1,718,192)
Adjustments Y-T-D	\$	(190,333)
Ending Balance 7/31/2015	\$	<u>2,873,434</u>

Description of Fund

Revenue received from Manufactured and Agricultural goods and services for services for use by the department, other State Agencies and for sale to other not-for-profit entities. Funds received from sale of products are used for labor costs and materials.

Oklahoma Department of Corrections
FY 2016 Appropriated Operating Budget through July 2015

Account Code	Budgeted	Expenditures	Encumbered	Pre-Encumbered	Total Committed	Available Balance
11,12,13 Payroll	\$ 256,296,818.00	\$ 18,852,416.06	\$ 4,750,000.00		\$ 23,602,416.06	\$ 232,694,401.94
15 Professional Services	136,262,978.00	1,654.74	23,078,512.84		23,080,167.58	113,182,810.42
17 Moving Expenses						
19 Inter/Intra Agency Payments	100,000.00		90,000.00		90,000.00	10,000.00
21, 22 Travel	557,754.00	1,408.00	109,342.00		110,750.00	447,004.00
31 Misc. Admin. Expenses	14,563,163.00	249,248.85	12,537,126.34		12,786,375.19	1,776,787.81
32 Rent	3,233,701.00	93,285.15	2,429,072.12		2,522,357.27	711,343.73
33 Maintenance and Repair	4,544,231.00	1,257.50	1,658,461.62	27,222.35	1,686,941.47	2,857,289.53
34 Specialized Supplies and Materials	35,450,049.00	768,468.40	29,481,756.29		30,250,224.69	5,199,824.31
35 Production, Safety and Security	2,044,555.00		1,031,216.41		1,031,216.41	1,013,338.59
36 General Operating Expenses	954,547.00		120,150.67		120,150.67	834,396.33
37 Shop Expense	1,341,450.00	96.79	1,533,770.22		1,533,867.01	(192,417.01)
41 Furniture and Equipment	1,238,252.00		20,682.01	17,145.00	37,827.01	1,200,424.99
42 Library Equipment and Resources	105,192.00					105,192.00
43 Lease Purchases	2,322,000.00	133,048.64	2,064,849.60		2,197,898.24	124,101.76
44 Livestock - Poultry						
45,46,47 Building, Construction and Renovation	16,797.00					16,797.00
48 Debt Service	3,000,000.00	247,858.87	2,708,935.05		2,956,793.92	43,206.08
51 Offender Pay and Health Services	3,143,356.00	7,928.96	2,781,950.26		2,789,879.22	353,476.78
52 Tuitions, Awards and Incentives	5,000.00					5,000.00
53 Refunds and Restitutions						
54 Jail Backup, County Jails and Other	6,521,000.00	24,543.00	3,622,701.13	0.03	3,647,244.16	2,873,755.84
55,59 Assistance Payments to Agencies						
60 Authority Orders			6,775,800.59		6,775,800.59	(6,775,800.59)
61 Loans, Taxes and Other Disbursements	100.00					100.00
62 Transfers - Out Sourced Health Care	13,200,000.00	148,209.28	10,851,790.72		11,000,000.00	2,200,000.00
64 Merchandise for Resale						
TOTAL	\$ 484,900,943.00	\$ 20,529,424.24	\$ 105,646,117.87	\$ 44,367.38	\$ 126,219,909.49	\$ 358,681,033.51

Funding						
19630 GRF - Duties	\$ 393,994,578.00	\$ 20,529,424.24	\$ 105,646,117.87	\$ 44,367.38	\$ 126,219,909.49	\$ 267,774,668.51
10001 GRF - Duties	75,000,000.00					75,000,000.00
57601 Duties	15,906,365.00					15,906,365.00
TOTAL	\$ 484,900,943.00	\$ 20,529,424.24	\$ 105,646,117.87	\$ 44,367.38	\$ 126,219,909.49	\$ 358,681,033.51
				Remaining Payroll		
					232,447,112.07	
					126,233,921.44	

Oklahoma Department of Corrections
Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Appropriated Funds
For the Month of July 2015

		200 Fund	205 Fund	280 Fund	Funds
Revenue Revenues					
Code	Current:				
331	Other Fines, Forfeits, Penalties	\$ 46,090.72	\$ -	\$ -	\$ 46,090.72
431	Rent from Land	4,711.28	-	-	4,711.28
520	Reimbursement for Administrative Expense	100,019.38	-	-	100,019.38
521	Reimbursement for Data Processing Expense	1,140.00	-	-	1,140.00
522	Reimbursement for Telecommunication Exp.	-	-	-	-
530	Reimbursement for Travel Expense	-	-	-	-
541	Reimbursement of Funds Spent	-	-	-	-
552	Reimbursement of Federal Payroll	-	-	-	-
556	Federal Funds from Other State Agency	-	-	-	-
581	Reimbursement for Funds Expended	107,443.26	-	-	107,443.26
711	Farm Products General	-	-	862,043.84	862,043.84
731	Laboratory and Medical Services	26,447.22	-	-	26,447.22
741	Canteen and Concession Income	960.24	-	1,444,793.95	1,445,754.19
791	Other Sales and Services	180.18	-	-	180.18
811	Offender Medical Co-pays and Judgments	314,604.92	-	-	314,604.92
821	Deposits by Patients and Offenders	987,010.31	255,176.23	13,056.12	1,255,242.66
836	Sale of Salvage	614.57	-	-	614.57
881	Purchase Card Payments	864.52	-	-	864.52
	<i>Total Revenues</i>	<u>1,590,086.60</u>	<u>255,176.23</u>	<u>2,319,893.91</u>	<u>4,165,156.74</u>
Account Expenditures					
Code	Current:				
11,12,13	Payroll	-	-	557,402.19	557,402.19
15	Professional Services	525,796.33	8,812.50	53,355.54	587,964.37
21, 22	Travel	2,538.00	-	4,474.90	7,012.90
31	Misc. Admin. Expenses	3,061.26	33,736.94	73,522.63	110,320.83
32	Rent	19,725.47	18,556.30	1,619.79	39,901.56
33	Maintenance and Repair	111,560.78	15,719.65	88,948.70	216,229.13
34	Specialized Supplies and Materials	64,255.74	41,090.92	44,117.01	149,463.67
35	Production, Safety and Security	64,445.10	5,239.44	53,165.46	122,850.00
36	General Operating Expenses	5,719.26	8,079.57	25,326.84	39,125.67
37	Shop Expense	84,874.02	9,261.79	51,349.40	145,485.21
41	Furniture and Equipment	82,400.47	4,642.73	18,805.00	105,848.20
42	Library Equipment and Resources	-	-	-	-
43	Lease Purchases	-	-	-	-
44	Livestock and Poultry	-	-	-	-
45	Land and Right-of-way	-	-	-	-
46	Building, Construction and Renovation	98,403.85	-	19,130.00	117,533.85
48	Debt Service	-	-	-	-
51	Offender Pay and Health Services	1,385.10	55,061.72	119,639.41	176,086.23
52	Tuitions, Awards and Incentives	-	-	-	-
53	Refunds and Restitutions	-	-	-	-
54	Jail Backup, County Jails and Other	17,697.74	-	19,035.00	36,732.74
55	Payment to Gov. Sub-Division	-	-	-	-
59	Assistance Payments to Agencies	135,694.94	-	-	135,694.94
61	Loans, Taxes and other Disbursements	-	-	-	-
62	Transfers - Out Sourced Health Care	5,718.90	410,428.18	-	416,147.08
64	Merchandise for Resale	451.16	-	588,300.38	588,751.54
	<i>Total Expenditures</i>	<u>1,223,728.12</u>	<u>610,629.74</u>	<u>1,718,192.25</u>	<u>3,552,550.11</u>
	<i>Excess of Revenues Over (Under) Expenditures</i>	<u>366,358.48</u>	<u>(355,453.51)</u>	<u>601,701.66</u>	<u>612,606.63</u>
Special and Extraordinary Items					
	Carried Over Cash	-	-	-	-
	<i>Total Special and Extraordinary Items</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<i>Net Change in Fund Balances</i>	<u>366,358.48</u>	<u>(355,453.51)</u>	<u>601,701.66</u>	<u>612,606.63</u>
Cash					
	Beginning Cash Balance	754,679.89	1,070,058.49	2,462,065.26	4,286,803.64
	Revenue Received this Year	1,590,086.60	255,176.23	2,319,893.91	4,165,156.74
	Expenditures made this Year	(1,223,728.12)	(610,629.74)	(1,718,192.25)	(3,552,550.11)
	Beginning Change in Liabilities	(120,989.42)	(23,948.04)	(190,333.07)	(335,270.53)
	Transfers	-	-	-	-
	Adjustments	-	-	-	-
	<i>Ending Cash Balance</i>	<u>\$ 1,000,048.95</u>	<u>\$ 690,656.94</u>	<u>\$ 2,873,433.85</u>	<u>\$ 4,564,139.74</u>

Oklahoma Department of Corrections
Statement of Revenues, Expenditures and Changes in Fund Balances
Federal Funding
For the Month of July 2015

Revenue	Revenues	410 Fund	430 Fund	Funds
Code	Current:			
556	Federal Funds Rec'd from Non-Gov. Ag.	\$ -	\$ -	\$ -
561	Private Grants and Donations for Opns.	-	26,172.50	26,172.50
581	Reimbursements	-	-	-
	<i>Total Revenues</i>	<u>-</u>	<u>26,172.50</u>	<u>26,172.50</u>
Account	Expenditures			
Code	Current:			
11,12,13	Payroll	-	-	-
15	Professional Services	-	19,854.98	19,854.98
21, 22	Travel	5,291.12	-	5,291.12
31	Misc. Admin. Expenses	-	-	-
32	Rent	1,382.64	-	1,382.64
33	Maintenance and Repair	937.92	-	937.92
34	Specialized Supplies and Materials	-	-	-
35	Production, Safety and Security	-	-	-
36	General Operating Expenses	9,402.25	-	9,402.25
37	Shop Expense	-	-	-
41	Furniture and Equipment	41,042.41	230.32	41,272.73
42	Library Equipment and Resources	3,013.64	-	3,013.64
43	Lease Purchases	-	-	-
44	Livestock and Poultry	-	-	-
45	Land and Right-of-way	-	-	-
46	Building, Construction and Renovation	-	-	-
48	Debt Service	-	-	-
51	Offender Pay and Health Services	-	-	-
52	Tuitions, Awards and Incentives	-	-	-
53	Refunds and Restitutions	-	-	-
54	Jail Backup, County Jails and Other	-	13,166.69	13,166.69
55	Payment to Gov. Sub-Division	-	-	-
59	Assistance Payments to Agencies	-	-	-
61	Loans, Taxes and Other Disbursements	-	-	-
62	Transfers - Out Sourced Health Care	-	-	-
64	Merchandise for Resale	-	-	-
	<i>Total Expenditures</i>	<u>61,069.98</u>	<u>33,251.99</u>	<u>94,321.97</u>
	<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(61,069.98)</u>	<u>(7,079.49)</u>	<u>(68,149.47)</u>
	Special and Extraordinary Items			
	Carried Over Cash	-	-	-
	<i>Total Special and Extraordinary Items</i>	<u>-</u>	<u>-</u>	<u>-</u>
	<i>Net Change in Fund Balances</i>	(61,069.98)	(7,079.49)	(68,149.47)
	Cash			
	Beginning Cash Balance	179,484.02	38,262.99	217,747.01
	Revenue Received this Year	-	26,172.50	26,172.50
	Expenditures made this Year	(61,069.98)	(33,251.99)	(94,321.97)
	Beginning Change in Liabilities	-	(1,110.08)	(1,110.08)
	Transfers	-	-	-
	Adjustments	-	-	-
	<i>Ending Cash Balance</i>	<u>\$ 118,414.04</u>	<u>\$ 30,073.42</u>	<u>\$ 148,487.46</u>

**Amendments to
Private Prison Contracts**

AMENDMENT #2

FY 2016 RENEWAL OF THE
CORRECTIONAL SERVICES CONTRACT

BETWEEN

GEO GROUP, INC.
AND
OKLAHOMA DEPARTMENT OF CORRECTIONS

THIS CORRECTIONAL SERVICES CONTRACT, dated as of the 1st day of OCTOBER 2014, by and between the GEO GROUP, Inc. (the Contractor) and the OKLAHOMA DEPARTMENT OF CORRECTIONS (the "STATE").

WITNESSETH:

NOW, THEREFORE, in consideration of the joint and mutual exercise of their powers, and in consideration of the mutual covenants herein contained, the parties hereto recite and agree to amend the current Contract, with existing amendments, previous annual and renewals still applying to this renewal contract, unless otherwise specified, with the agreements as described herein as follows:

WHEREAS, the Contractor is the Operator of a 2626 bed adult male medium and maximum security correctional facility, Lawton Correctional Facility, located at Lawton Oklahoma (the "Facility"); and

WHEREAS, the Contractor desires to provide the Facility for housing offenders of the State of Oklahoma and to provide for the operation and maintenance of the Facility; and successfully submitted a proposal duly accepted for negotiation by the State, and

WHEREAS, the State desires to acquire the right to house offenders in the Facility and provide for the Facility's operation in the manner contemplated hereby;

NOW, THEREFORE, in consideration of the joint and mutual exercise of their powers, and in consideration of the mutual covenants herein contained, the parties hereto recite and agree to amend the current contract, with existing amendments, and previous annual renewals still applying to this renewal contract, unless otherwise specified, with the agreements as described herein as follows. Article 2, Section 2.2, Term of Contract; Revisions and updates to Article 3, Section 3.1, Offender Housing; Article 7, Section 7.1 Management Payment; Section 11/13 Required Purchases from the Oklahoma Correctional Industries; Section 11.14 Notices, and Appendixes A, B, and D.

Article 2
Term of Contract

Section 2.2. **Term of Agreement.** The Contractor agrees to extend the Contract with the STATE for a period beginning September 1, 2015 and ending June 30, 2016

ARTICLE 3 TOFFENDERS

Section 3.1 **Offender Housing** The Contractor agrees to provide appropriate housing in accordance with the Operating Standards for 2548 medium security offenders and 78 maximum security offenders, which number may increase or decrease, in which case the payment will be adjusted accordingly. The number of beds in this contract may be expanded by mutual consent of the parties with the per diem cost for additional beds to be negotiated.

ARTICLE 7 COMPENSATION AND ADJUSTMENTS

Section 7.1 **Management Payment**

- A. During the period September 1, 2015 through June 30, 2016 as services are rendered and amounts become billable, the Department will pay a per diem of \$40.28 for medium security beds and \$55.50 for maximum security beds at the Lawton Correctional Facility.
- B. The Contractor shall submit an invoice in arrears on or before the fifth day of each month following the month for which the invoice is submitted. Payment shall be made within thirty days of receipt of invoice by the State. The maximum amount paid for any fiscal year will not exceed \$41,500,000 (which maximum amount shall be adjusted annually by the same percentage as the base per diem rate is adjusted pursuant to the terms of Section 7.2., below), excluding additional contracted services. Except as may be necessary to meet its obligations under the Guarantee set forth in Section 7.1 (C) the State will not pay for any unused beds.

C. Guarantee

If on a quarterly basis (July 1 through September 30, October 1 through December 31, January 1 through March 31 or April 1 through June 30 each Fiscal Year) the Department does not use an average of at least 98% of the original 2526 beds available, then the Contractor may bill the Department for the balance of the unused beds at the current per diem rate up to 98% or 2475 beds. The invoices for any additional amount owed by the Department as a result of the quarterly reconciliation shall be submitted by the Contractor and paid by the department within 30 days of receiving the invoice. The 98% guarantee will apply to the additional 22 medium and 78 maximum security beds contracted in this

Amendment unless the Department provides 60 days prior notice to the Contractor.

- D. The per diem payments herein shall be adjusted as legislative funding is made available.

For the purposes of this contract the terms “serious incident” and “reportable incident” should be considered synonymous.

The term “Private Prison and Jail Administration” is used through the contract. As part of the Department’s restructuring effective April 2014, the Private Prison and Jail Administration became part of the Division of West Institutions. For the purpose of this contract the terms “Private Prison and Jail Administration” and “Division of West Institutions” should be considered synonymous.

Article 11
Miscellaneous

Section 11.13 **Required Purchases from the Oklahoma Correctional Industries**

Contractors with the Oklahoma Department of Corrections (ODOC) shall make maximum use of mattresses, offender garments, and cell furnishings provided by the Oklahoma Correctional Industries (OCI) and no similar products or services shall be purchased by the contractor except as follows:

Contractor purchases for these products will be made through OCI provided that the products remain competitively priced.

Exceptions from this provision may be made when the contractor and the OCI administrator, or his designee, agree the OCI product does not meet the reasonable requirements or specifications of the contractor for such product or service. In such cases, the OCI administrator or his designee will issue an “Exemption to Purchase” to the contractor.

The private prison shall not attempt to evade the meaning and intent of this section by variations from specifications of OCI products.

When disagreements between the contractor and OCI cannot be resolved at that level, the matter will be resolved by the Director.

Section 11.14 **Notices**

Renumbered 11.14 from 11.13 for inclusion of Section 11.13, above.

Revisions and updates to Appendixes A, B and D, attached.

All other terms and conditions of the Correctional Services Contract, including all amendments, remain the same and continue in effect through the term of this annual renewal contract.

IN WITNESS WHEREOF, the parties hereto have executed this Contract on the 1st day of OCTOBER, 2015.

State of Oklahoma

The GEO Group, Inc.

Robert Patton, Director
Department of Corrections

Amber Martin, Vice President

Approved as to Form:

David A. Cincotta, General Counsel
Department of Corrections

APPENDIX A
DEPARTMENT & DIVISION POLICIES AND DIRECTIVES
APPLICABLE TO CONTRACTOR

- OP-020307 “Sex and Violent Crime Offender Registration”
- OP-030101 “Unit Management Overview and Major Objectives” except for staffing requirements of I.B. 3-5.
- OP-030102 “Offender Housing”
- OP-030103 “Offender Jobs and Program Assignments”
- OP-030106 “Recreation Activity Programs”
- OP-030112 “Religious Services”
- OP-030115 “Access to Courts/Law Libraries”
- OP-030116 “Offender Libraries”
- OP-030117 “Correspondence, Publications, and Audio/Video Media Guidelines”
- OP-030118 “Visitation”
- OP-030119 “Offender Telephone Privileges”
- OP-030120 “Offender Property”
- OP-030122 “Offender Authority Over Other Offenders”
- OP-030123 “Offender Rights, Privileges and Responsibilities”
- OP-030134 “Chemical Abuse Testing”
- OP-030401 “Private Prison Monitoring Requirements
- OP-030501 “Personal Hygiene and Appearance Code”
- OP-030601 “Oklahoma Prison Rape Elimination Act (PREA)”
- OP-031001 “Offender Escorted Leave/Activities”
- OP-040101 “Facility Security Standards”
- OP-040104 “Inspection of Security Devices and Equipment”
- OP-040105 “Key and Lock Control Standards”
- OP-040107 “Tool Control Standards”
- OP-040109 “Control of Contraband and Physical Evidence”
- OP-040110 “Search and Seizure Standards”
- OP-040111 “Transportation of Offenders”
- OP-040114 “Security of Offenders in Non-Prison Hospitals”
- OP-040115 “Offender Identification and Crime Alert Bulletin”
- OP-040117 “Investigations”
- OP-040204 “Segregation Measures”
- OP-040401 “Transportation of Offenders by Central Transportation Unit (CTU)”
- OP-050103 “Escape Notification Procedures”
- OP-050108 “Use of Force Standards and Reportable Incidents”
- OP-052001 “Emergency Procedures for Private Prisons”
- OP-060101 “Overview of Case Management”
- OP-060102M “Male Initial Custody Assessment Procedures”
- OP-060103M “Male Custody Assessment Procedures”;
- OP-060104 “Community Corrections Assessment”;
- OP-060106 “Non-Associations and Protective Measures”
- OP-060107 “Systems of Incarceration”;

OP-060125 "Department Offender Disciplinary Procedures"
OP-060203 "Adjustment Review"
OP-060204 "Offender Transfers"
OP-060205 "Parole Process Procedures"
OP-060211 "Sentence Administration"
OP-060212 "Maintenance and Access of Offender Records"
OP-060901 "Pre Release Planning and Re-Entry Process"
OP-080201 "Private Sector Correctional Industry Standards"
OP-080501 "Oklahoma Correctional Industries Pay Plan"
OP-090101 "Standards for Offender Programs"
OP-090107 "Offender Education Program"
OP-090124 "Offender/Offender Grievance Process"
OP-090128 "Offender Marriages"
OP-090131 "Offender Financial Responsibility Program"
OP-090133 "Career and Technical Training"
OP-090211 "Volunteer Services"
OP-090215 "Victim Services"
OP-120230 "Offender Banking System"
OP-120701 "Employee and Offender Welfare Fund"
OP-130106 "Environmental Health, Safety and Sanitation Inspections"
OP-150601 "Tobacco Regulations"

ANY OF THE ABOVE DEPARTMENT POLICIES AND DIRECTIVES WHICH BY THEIR TERMS OF THIS CONTRACT ARE NOT WHOLLY APPLICABLE TO THE CONTRACTOR'S FACILITY ARE INTENDED AS DECLARATIONS OF THE DEPARTMENT'S MANAGEMENT POLICIES. THESE POLICIES ARE TO BE ADHERED TO BY THE CONTRACTOR; HOWEVER, THE CONTRACTOR MAY IMPLEMENT PROCEDURES THAT ARE CONSISTENT WITH THESE DEPARTMENT MANAGEMENT POLICIES.

APPENDIX B

HEALTH SERVICES

Responsibility for Medical, Mental Health and Dental Services

- A. Introduction: The Contractor will provide medical, dental, and mental health care services delivered by licensed health care staff overseen by a health administrator in accordance with the Oklahoma Department of Corrections' procedures, the medical Operating Standards and this contract. Contractor shall follow all Department medical policy with the following exceptions:

OP-140101	Organizational Responsibility of Medical Services
OP-140116	Employee Physical Examinations and Medical Screenings
OP-140130	Pharmacy Operations
OP-140140	Mental Health Administration and Organization
OP-140145	Female Offender Health Services

The Contractor will follow GEO policies in these areas and will provide copies of GEO medical policies which are used in lieu of Oklahoma DOC policies. The Contractor will notify DOC Medical/Mental Health Services in writing of desired changes in these areas. DOC will review the changes and return them to the Contractor within 30 days of receipt. Changes will not be implemented prior to the Contractor's receipt of written approval from the DOC, and such approval shall not be unreasonably withheld.

Definitions:

1. Acute condition: An acute (immediate or severe) episode of illness or the treatment of injuries related to an accident, trauma, or other impairment or during recovery from surgery.
2. Emergency care: The medical or surgical care necessary to treat the sudden onset of a potentially life or limb threatening condition or symptom. To qualify as

a medical emergency the care must begin within 12 hours after onset. Heart attacks, strokes, poisoning, loss of consciousness or respiration, and convulsions are examples of medical emergencies.

3. Chronic care: A pattern of care that focuses on long-term care of offenders with chronic (longstanding, persistent) disease or conditions. It includes care specific to the problem as well as other measures to encourage self-care, to promote health and to prevent loss of function.

4. Medical care: All care including acute and chronic care that is not classified as emergency care which is routinely required by prevailing community standards and as described herein.

5. Inpatient care: Health care received by a patient admitted to an institution licensed and operated pursuant to law which is primarily engaged in providing health services on an inpatient basis for the care and treatment of injured or sick individuals through medical, diagnostic and surgical facilities.

6. Outpatient care: Health care provided where the offender remains ambulatory and is not kept in a health care facility overnight.

7. Major mental illness: An offender will be identified as having a major illness if currently prescribed psychotropic medications.

8. Reimbursable medical costs: Those medical, mental health and dental costs payable by the State of Oklahoma.

B. Health Care: Health care will be delivered onsite at least 16 hours per day Monday through Friday and at least 8 hours per day Saturday, Sunday and legal holidays, with provision for emergency services 24 hours, seven days, either on or offsite at

a nearby emergency facility. There shall be on-call nursing coverage during hours when there is no health care staff at the facility.

- C. Outpatient Care: The Contractor will be liable for the costs associated with the delivery of outpatient medical, mental health, optometric and dental care incurred away from the facility. Access to OU Medical Center (OUMC) shall be available to the Contractor under the same conditions, as it is available to offenders in state operated facilities. Medical appointments will be made upon referral from the facility physician and upon acceptance by the hospital physicians.
- D. Inpatient Care: The Contractor will provide such care onsite if a licensed hospital is a part of the prison facility. If not, a licensed hospital which provides for all inpatient medical/psychiatric services as appropriate will be utilized. OU Medical Center (OUMC) may be utilized. This will include the costs for inpatient or outpatient surgery, all hospital costs and the cost of autopsies.
- E. Emergency Care and Urgent Care: The Contractor will be liable for the costs associated with the delivery of Emergency care and Urgent care. In emergency medical situations, or in urgent care situations, the Contractor will make appropriate arrangements for medical treatment. For non-emergency situations, the Contractor will be required to arrange for care and hospitalizations at O.U. Medical Center (OUMC). Emergency transportation by air or ground ambulance will be at the Contractor's expense.
- F. AIDS Patients and HIV Positive Offenders: The Contractor will be responsible for the treatment of offenders infected with the Human Immunodeficiency Virus (HIV). This will include, but will not be limited to, all in-patient and outpatient medical costs excluding the cost of providing antiviral medications therapeutically indicated for the treatment of the HIV. If the number of the HIV positive offender population being treated exceeds 10 offenders then the medication cost allocation shall be subject to negotiation. The Contractor may return any offender diagnosed with Acquired Immune Deficiency Syndrome (AIDS), as defined by the Center for Disease Control to the State. The Contractor is responsible for treatment of Hepatitis C patients subject to the exceptions contained herein. The Contractor will treat Hepatitis C offenders in accordance with the Oklahoma DOC protocol. If

the number of the Hepatitis C positive offender population being treated at any one time is more than two (2) then the DOC will transfer those additional offenders out of the Facility. When an offender becomes an end-stage Hepatitis C patient and can no longer be treated at the Contractor's facility, the DOC will transfer the offender out of the Facility.

G. Payments for Health Service: NOTE: Currently some treatment is provided at OU Medical Center (OUMC) at no cost to the Department or the Contractor. If free services become unavailable in the future, the Contractor will be responsible for expenses as set forth herein and the per diem shall be adjusted based on offender patient data from the previous two year period. The Department and Contractor shall provide each other with all offender patient data for the prior two year period within sixty days of the date of closing of the hospital. Offender patient data shall include, in a manner consistent with federal and state privacy laws, the number of offender patient visits and the number and type of medical procedures performed on offender patients on behalf of the Department or the Contractor. After the first year of such additional expenses, the State will review with the Contractor these operating costs. If the parties cannot reach an agreement regarding a per diem adjustment within ninety days of the close of the hospital, either party may terminate this Agreement upon ninety days' notice. Such a termination shall not be considered a termination for cause.

1. Onsite health care - The Contractor will be responsible for the cost of all health care, staff, medications, supplies, services, equipment, and communications provided to/ or for offenders onsite, whether required by the Contractor's staff or outside consultants. The cost of additional pages, forms, and incorporation of outside medical consultant reports to the medical record is included in costs paid by the Contractor.
2. Offsite outpatient (to include emergency care and urgent care) - The Contractor will be responsible for payment direct to the billing facility for the costs of all

such care, including medications, special treatments, supplies, and prostheses ordered by the outpatient provider for the health care of the offender, which originates while the contract is in effect between the Contractor and the Department.

3. Offsite inpatient hospital - The Contractor will be responsible for payment direct to the billing facility for the costs of all such care provided in the hospital or ordered to be provided after the offender is returned to the institution. The Contractor may claim reimbursement from the Department for the inpatient hospitalization in a licensed hospital, for the hospital charges only, not separate physician or other provider charges, for the amount which exceeds \$50,000 per inpatient hospital discharge for each single hospital stay which originates while the contract for services is in effect between the Contractor and the Department. The Department will reimburse the Contractor at the rate of 70% for all charges over \$50,000.

4. Department health services personnel must be notified of hospitalizations within 48 hours following admission. When admission occurs after routine working hours, weekends or holidays, notification must occur the next working day. Reimbursement, as set forth herein, for hospitalizations will occur only when notification is received within 48 hours of admission. Prior to Department personnel processing payment to the Contractor for reimbursement, the Contractor must forward a billing summary and copies of the invoices, with the authorization number noted on each invoice and a completed authorization form attached, to Department central offices. The Department reserves the right to audit the billings for such charges for accuracy and medical necessity as part of the claim process.

H. Medical Co-pay Program: The Contractor will implement a medical co-pay procedure in accordance with Department Policy and Procedure, OP-140117, "Access to Health Care". The cost will be \$2.00 per visit and \$2.00 per prescription.

Money received in connection with any medical co-payment plan will be reported monthly to the Department.

- I. Security: Security services for authorized outpatient/diagnostic/specialty care delivered off-facility will be the responsibility of the Contractor. During any period the offender is in the custody of the Contractor and is housed in a local, private hospital, the Contractor will provide security services. The Department will provide security for inpatient hospitalizations at OU Medical Center (OUMC), as long as Department maintains a security post at this location.
- J. Medical Records: The Department medical record will be transferred with the offender to the private facility. All offender x-rays will be forwarded to the Medical Unit at the Lexington Assessment and Reception Center. Upon the return of an offender to a Department facility, the offender's Department medical record and a complete copy of all medical records generated during incarceration at the private facility will be provided to Department health services personnel. No forms other than DOC forms will be used in the offender medical record.
- K. The Contractor will implement a medical record system utilizing the Department's medical record and chart forms and observing the requirements for protected health information in accordance with OP-110108.
 1. The Contractor will ensure the use of the Problem Oriented Medical Record (POMR) format and shall ensure that accurate, comprehensible, legible and up-to-date medical information is maintained on each offender under its care. Medical records will be considered confidential. The Contractor will ensure specific compliance with laws and standards regarding confidentiality, informed consent, and access/disclosure.
 2. Procedures will be instituted for the receipt and filing of all outside consults, emergency room visits and inpatient hospitalizations. The Contractor will

comply with the Oklahoma State Statute regarding retention of health records. All medical records, including x-ray films, are the property of the State of Oklahoma.

- L. Administrative Reports: The Contractor's health services administrator or designee will prepare a monthly statistical report to be submitted to the Department's health services division.
- M. Audits and Inspections: Department medical personnel will conduct an audit and inspection of the facility health services unit on at least a semiannual basis and more often as required.
- N. Medical Quality Assurance and Self-Monitoring Program: A quality assurance review and self-monitoring program will be established and maintained to insure that communication and intensive review of serious issues, such as an offender death, serious injury, et al, is initiated by the Contractor and that the Contractor informs the State about the circumstances, details and corrective measures taken in such an event. Notification will be pursuant to Section 5.18. Forwarding of the corrective action plan shall be within 45 days of the precipitating serious event.
- O. Staffing Pattern and DOC Procedures: In regard to the Contract staffing pattern, DOC will accept GEO staffing patterns provided GEO agrees to comply with DOC Health Services procedures and implements a quality assurance process, including doctor to doctor communication, that addresses self-monitoring, continuity of care and quality issues and in turn communicates this information, given certain confidentiality requirements, to the DOC Medical/Mental Health Services Division. For the purpose of this Contract regarding medical issues, correspondence with the Chief Medical Officer of the facility or GEO, the facility head and the Private Prison and Jail Administrator will constitute official notice pursuant to the Contract requiring immediate action.

APPENDIX D
REQUIRED MATERIALS FOR
LAW LIBRARY

<u>Item</u>	<u>Title</u> <u>Service</u>	<u>Publisher</u>	<u>Upkeep</u>
1.	United States Code Annotated OR United States Code Service Titles 18, 21, 28, 42, Constitution and index only	West Lawyers Cooperative	Yes
2.	Supreme Court Reporter, beginning with volume 100 plus volumes 92, 94, and 96 OR Supreme Court Reporter, Lawyers Edition	West Lawyers Cooperative	Yes
3.	Federal Reporter 2nd beginning with volume 615 through 999 Federal Reporter 3rd 1 volume through current	West West	No Yes
5.	Federal Supplement beginning with volume 481	West	
6.	Federal Practice Digest 4th	West	Yes
7.	Oklahoma Statutes (Annotated)	West	Yes
8.	Oklahoma Decisions beginning with volume 605	West	Yes
9.	Oklahoma Digest 2nd	West	Yes
10.	Vernon's Oklahoma Forms	West	Yes
11.	How to Find the Law 8th Ed.	West	No
12.	Constitutional Rights of the Accused 2nd (3 volumes)	Clark/Boardman	Yes
13.	Law of Sentencing	Clark/Boardman	Yes
14.	Handling of Criminal Appeals	Clark/Boardman	Yes
15.	Post-Conviction Remedies	Clark/Boardman	Yes
16.	Federal Civil Rights Act, 3rd (2 volumes)	Clark/Boardman	Yes
17.	Motions in Federal Court	Lawyers Cooperative	Yes

APPENDIX D (continued)
FORMS REQUIRED IN LAW LIBRARIES

Writ of Habeas Corpus - U.S.C. Title 28 Section 2254
Affidavit
Verification
Petition for Criminal Appeals with the Oklahoma Court of Criminal Appeals
Pauper's Affidavit and Statement of Prison Account
Civil Right Complaint-U.S.C. Title 42, Section 1983 with Cover Sheet and In Forma Pauperis
Motion for Transcript at Public Expense
Certificate of Mailing
Notice of Intent Appeal
Application for Post-Conviction Relief
Federal In Forma Pauperis
Motion for Speedy Trial or Dismissal of Charges
Application for Search and Certified Copy of Birth Certificate
Summons

DOC 060125L "Offenders Misconduct Appeal Form"
DOC 030115A "Offender's Request for Disbursement"
DOC 060212B "Request for Review of Individual Criminal History Record"
DOC 060212C "Challenge of Criminal History Record"
DOC 060212D "Request for Review of Individual Department of Corrections Record"
DOC 060212F "Authorization to Release Department of Corrections Record Information"
DOC 090124A "Offender Grievance Report Form"
DOC 140108A "Authorization to Release Medical/Psychiatric Information"
DOC 140108F "Medical Record Review"
DOC 140108G "Authorization for Release of Protected Health Information Release of Psychiatric/Psychological Records"

AMENDMENT #2

FY 2016 ANNUAL RENEWAL OF THE
CORRECTIONAL SERVICES CONTRACT

BETWEEN

CORRECTIONS CORPORATION OF AMERICA

AND

OKLAHOMA DEPARTMENT OF CORRECTIONS

THIS CORRECTIONAL SERVICES CONTRACT, dated as of the 1st day of October 2014, by and between the CORRECTIONS CORPORATION OF AMERICA (the Contractor) and the OKLAHOMA DEPARTMENT OF CORRECTIONS (the "State").

WITNESSETH:

NOW, THEREFORE, in consideration of the joint and mutual exercise of their powers, and in consideration of the mutual covenants herein contained, the parties hereto recite and agree to amend the current Contract, with existing amendments, previous annual and renewals still applying to this renewal contract, unless otherwise specified, with the agreements as described herein as follows:

WHEREAS, the Contractor is the Operator of an adult male medium and maximum security correctional facility, Cimarron Correctional Facility, consisting of 1542 medium and 180 maximum security beds located at 3200 S. Kings Highway, Cushing, Oklahoma 74023 (the "Facility"); and an adult male medium and maximum security correctional facility, Davis Correctional Facility, consisting of 1360 medium and 360 maximum security correctional facility located at 6888 E. 133rd, Holdenville, Oklahoma 74848 (the "Facility"); and

WHEREAS, the Contractor desires to provide the Facility for housing offenders of the State of Oklahoma and to provide for the operation and maintenance of the Facility; and successfully submitted a proposal duly accepted for negotiation by the State, and

WHEREAS, the State desires to acquire the right to house offenders in the Facility and provide for the Facility's operation in the manner contemplated hereby;

NOW, THEREFORE, in consideration of the joint and mutual exercise of their powers, and in consideration of the mutual covenants herein contained, the parties hereto recite and agree to amend the current Contract, with existing amendments, previous annual renewals still applying to this renewal contract, unless otherwise specified, with the agreements as described herein as follows. Article 2, Section 2.2,

Term of Contract. Revisions and updates to Article 3, Section 3.1 Offender Housing; Article 7, Compensation and Adjustments; Article 11, Section 11.13 Required Purchases from the Oklahoma Correctional Industries, Section 11.14 Notices, and Appendixes A and D.

ARTICLE 2
TERM OF CONTRACT

Section 2.2 **Term of Agreement.** The Contractor agrees to renew the contract with the State for a period beginning September 11, 2015 and ending June 30, 2016. The term of this Contract is by agreement between the parties subject to the availability of funds appropriated by the legislature for such purpose as set out in Section 10.5 of this Contract; provided however that this Agreement shall not be construed to encumber state funds beyond the amount appropriated for such Fiscal Year.

Article 3
Offenders

Section 3.1 **Offender Housing** The contractor agrees to provide appropriate housing in accordance with the Operating Standards for maximum security offenders and medium security offenders at Cimarron Correctional Facility, and Davis Correctional Facility which numbers may increase or decrease in which case the payment will be adjusted accordingly. CCA housing of Oklahoma offenders is the facilities named above.

Article 7
Compensation and Adjustments

7.1 Section A The per-diem rates outlined in section for Maximum security offenders will remain at \$57.96 and the per-diem rate for medium offenders will remain at \$44.03 regardless of the facility in which the offender is being housed.

7.1 Section C as it relates to the 98% guarantee, the state will guarantee to maintain the 2,280 bed guarantee with the only change being the guarantee will no longer stipulate the security level nor the location of the 2,280 offenders.

Article 11
Miscellaneous

Section 11.13 Required Purchases from the Oklahoma Correctional Industries

Contractors with the Oklahoma Department of Corrections (ODOC) shall make maximum use of products and services provided by the Oklahoma Correctional Industries (OCI) and no similar products or services shall be purchased by the contractor except as follows:

Exceptions from this provision may be made when the contractor and the OCI administrator, or his designee, agree the OCI product does not meet the reasonable requirements or specifications of the contractor for such product or service. In such cases, the OCI administrator or his designee will issue an "Exemption to Purchase" to the contractor.

The private prison shall not attempt to evade the meaning and intent of this section by variations from specifications of OCI products.

When disagreements between the contractor and OCI cannot be resolved at that level, the matter will be resolved by the Director.

Section 11.14 Notices

Renumbered 11.14 from 11.13 for inclusion of Section 11.13, above.

Appendix A "Department and Division Policies and Directives Applicable to Contractor" and D "Health Services" revised and updated, dated September 11, 2015 and attached to this Amendment.

All other terms and conditions of the Correctional Services Contract, including all amendments, remain the same and continue in effect through the term of this annual renewal contract. All references to DCF and/or CCF throughout the contract will apply to Cimarron Correctional Facility, or Davis Correctional Facility.

IN WITNESS WHEREOF, the parties hereto have executed this Contract on the 1st day of October, 2015.

State of Oklahoma

Corrections Corporation of America

Robert Patton, Director
Department of Corrections

Natasha Metcalf, Vice President
Partnership Development

Approved as to Form:

David Cincotta
General Counsel
Department of Corrections

**APPENDIX A
DEPARTMENT & DIVISION POLICIES AND DIRECTIVES**

APPLICABLE TO CONTRACTOR

(Revised September 11, 2015)

- OP-020307 "Sex and Violent Crime Offender Registration"
- OP-030101 "Unit Management Overview and Major Objectives" except for staffing requirements of I.B. 3-5.
- OP-030102 "Offender Housing"
- OP-030103 "Offender Job and Program Assignments"
- OP-030106 "Recreation Activity Programs"
- OP-030112 "Religious Services"
- OP-030115 "Access to Courts/Law Libraries"
- OP-030116 "Offender Libraries"
- OP-030117 "Correspondence, Publications, and Audio/Video Media Guidelines"
- OP-030118 "Visitation"
- OP-030119 "Offender Telephone Privileges"
- OP-030120 "Offender Property"
- OP-030122 "Offender Authority Over Other Offenders"
- OP-030123 "Offender Rights, Privileges and Responsibilities"
- OP-030134 "Chemical Abuse Testing"
- OP-030401 "Private Prison Monitoring Requirements"
- OP-030501 "Personal Hygiene and Appearance Code"
- OP-030601 "Oklahoma Prison Rape Elimination Act (PREA)"
- OP-031001 "Offender Escorted Leave/Activities"
- OP-040101 "Facility Security Standards"
- OP-040109 "Control of Contraband and Physical Evidence"
- OP-040110 "Search and Seizure Standards"
- OP-040111 "Transportation of Offenders"

OP-040114 "Security of Offenders in Non-Prison Hospitals"
OP-040115 "Offender Identification and Crime Alert Bulletin"
OP-040117 "Investigations"
OP-040204 "Segregation Measures"
OP-040401 "Transportation of Inmates by Central Transportation Unit (CTU)"
OP-050103 "Escape Notification Procedures"
OP-050108 "Use of Force Standards and Reportable Incidents"
OP-052001 "Emergency Procedures for Private Prisons"
OP-060101 "Overview of Case Management"
OP-060102M "Male Initial Custody Assessment Procedures"
OP-060103M "Male Custody Assessment Procedures"
OP-060104 "Community Corrections Assessment"
OP-060106 "Non-Associations and Protective Measures" OP-060107 "Systems of Incarceration"
OP-060125 "Department Offender Disciplinary Procedures"
OP-060203 "Adjustment Review"
OP-060204 "Offender Transfers"
OP-060205 "Parole Process Procedures"
OP-060211 "Sentence Administration"
OP-060212 "Maintenance and Access of Offender Records"
OP-060901 "Pre-Release Planning and Re-Entry Process"
OP-080201 "Private Sector Correctional Industry Standards"
OP-080501 "Oklahoma Correctional Industries Pay Plan"
OP-090101 "Standards for Offender Programs"
OP-090107 "Offender Education Program"
OP-090124 "Inmate/Offender Grievance Process"
OP-090128 "Offender Marriages"
OP-090131 "Offender Financial Responsibility Program"
OP-090133 "Career and Technical Training"

- OP-090211 "Volunteer Services"
- OP-090215 "Victim Services"
- OP-120230 "Offender Trust Funds"
- OP-120701 "Canteen Operations and Employee/Offender Welfare Fund"
- OP-130106 "Environmental Health, Safety and Sanitation Inspections"
- OP-130107 "Standards for Inspections"
- OP-150601 "Tobacco Regulations"

ANY OF THE ABOVE DEPARTMENT POLICIES AND DIRECTIVES WHICH BY THEIR TERMS OF THIS CONTRACT ARE NOT WHOLLY APPLICABLE TO THE CONTRACTOR'S FACILITY ARE INTENDED AS DECLARATIONS OF THE DEPARTMENT'S MANAGEMENT POLICIES. THESE POLICIES ARE TO BE ADHERED TO BY THE CONTRACTOR, HOWEVER THE CONTRACTOR MAY IMPLEMENT PROCEDURES THAT ARE CONSISTENT WITH THESE DEPARTMENT MANAGEMENT POLICIES.

APPENDIX D
HEALTH SERVICES
(Revised September 11, 2015)

Responsibility for Medical, Mental Health and Dental Services

A. Introduction: The Contractor will provide medical, dental and mental health care services delivered by licensed health care staff overseen by a health administrator in accordance with the Oklahoma Department of Corrections' procedures, the medical Operating Standards and this contract. Contractor shall follow all Department medical policy with the following exceptions:

- OP-140101 Organizational Responsibility of Medical Services
- OP-140116 Employee Physical Examinations and Medical Screenings
- OP-140130 Pharmacy
- OP-140140 Mental Health Administration and Organization
- OP-140145 Female Offender Health Services

The Contractor will follow CONTRACTOR policies in these areas and will notify DOC Medical/Mental Health Services in writing of desired changes in these areas. DOC will review the changes and return them to the Contractor within 30 days of receipt. Changes will not be implemented prior to the Contractor's receipt of written approval from the DOC, and such approval shall not be unreasonably withheld.

1. Definitions:

- a. Acute condition: An acute (immediate or severe) episode of illness or the treatment of injuries related to an accident, trauma, or other impairment or during recovery from surgery.
- b. Emergency care: The medical or surgical care necessary to treat the sudden onset of a potentially life or limb threatening condition or symptom. To qualify as a medical

emergency the care must begin within 12 hours after onset. Heart attacks, strokes, poisoning, loss of consciousness or respiration, and convulsions are examples of medical emergencies.

- c. Urgent care: Care medically necessary to prevent deterioration, other than normal aging of an offender's health that results from an unforeseen illness or injury and be delivered within 72 hours.
 - d. Chronic care: A pattern of care that focuses on long-term care of offenders with chronic (longstanding, persistent) disease or conditions. It includes care specific to the problem as well as other measures to encourage self-care, to promote health and to prevent loss of function.
 - e. Medical care: All care including acute and chronic care that is not classified as emergency care which is routinely required by prevailing community standards and as described herein.
 - f. Inpatient care: Health care received by a patient admitted to an institution licensed and operated pursuant to law which is primarily engaged in providing health services on an inpatient basis for the care and treatment of injured or sick individuals through medical, diagnostic and surgical facilities.
 - g. Outpatient care: Health care provided where the offender remains ambulatory and is not kept in a health care facility overnight.
 - h. Major mental illness: An offender will be identified as having a major illness if currently prescribed psychotropic medications.
 - i. Reimbursable medical costs: Those medical, mental health and dental costs payable by the State of Oklahoma.
- B. Licensure: All health care providers will be licensed, certified or registered as required by state and federal laws and regulations. All health services employees will practice only within the scope of their licensor's certification and the Medical or Nursing Practice Act.
- C. Health Care: Health care will be delivered onsite at least 16 hours per day Monday through Friday and at least 8 hours per day Saturday, Sunday and legal holidays, with provision for emergency services 24 hours, seven days, either on or offsite at a nearby emergency facility. There shall be on-call nursing coverage during hours when there is no health care staff at the facility.

D. Primary Medical Care: The Contractor's health care program will provide offenders with primary health care services to include but not necessarily limited to the following services at the facility:

- Medical screening performed upon admission to the facility.
- Primary care services, including sick call in accordance with the DOC Operating Standards to general and lockdown populations.
- Physician services.
- Nursing services.
- Medical Observation services.
- Mental health services.
- Laboratory services.
- Vision services.
- Radiology services.
- Prescription pharmacy services.
- Over-the-counter medications
- 24 hour emergency medical, mental and dental health care services.
- Treatment, management and control of TB, HIV/AIDS, and other communicable diseases.
- Special medical and dental diets.
- Physical therapy services, speech therapy and occupational therapy.
- All orthotic devices
- Durable medical supplies and equipment.
- Medical and dental prostheses.
- Hearing aids.
- Glasses.

E. Dental Care: The dental program provided by the Contractor will provide offenders with dental treatment to include but not necessarily limited to the following services:

- Emergency treatment of dental abscesses.
- Amalgam and composite restorations.
- Root canal treatment on anterior teeth that are restorable.
- All necessary extractions, to include soft tissue and partial bony impaction.
- Full dentures.
- Maxillary removable partial dentures when necessary for proper mastication.
- Mandibular removable partial dentures when necessary for proper mastication.
- Oral prophylaxis.
- Annual cleaning
- Access to oral surgery specialty outpatient care to include but not limited to extractions, biopsies or other surgical procedures and the treatment of fractured jaws.
- Partial dentures for anterior teeth

F. Mental Health Care: The mental health program will provide adequate access to a psychologist and a psychiatrist, clinical practice nurse, or psychiatrically trained physician for consultative and prescriptive services. Although a licensed psychologist is preferred, a part-time psychologist or psychiatrist may be employed for on-site consultation and supervision of licensed master's level professionals. The mental health personnel will be responsible to screen evaluate, and treat major mental illnesses as required in DOC OP-140201, "Mental Health Services Duties and Responsibilities." The Contractor will maintain a suicide prevention program in accordance with its policies and procedures. Services will also include, at a minimum, substance abuse services, to include education and self-help, basic cognitive behavioral group programs and individual psychological counseling.

G. Optometric Care: All offenders 40 years of age and older shall be offered, at their request, an annual optometric examination to include testing for glaucoma, as well as testing for near and far sightedness. Offenders less than 40 years of age may be offered a visual acuity screening test. An offender whose vision tests as 20/70 vision or worse in one or both eyes (with or without glasses) is eligible to receive one optometric examination annually.

H. Outpatient Care: The Contractor will be liable, as set forth in section 5.6 L., for the costs associated with the delivery of outpatient medical, mental health, optometric and dental care incurred away from the facility. Access to OU Medical Center (OUMC) shall be available to the Contractor under the same conditions, as it is available to offenders in state operated facilities. Medical appointments will be made upon referral from the facility physician and upon acceptance by the hospital physicians.

- I. Inpatient Care: The Contractor will provide such care onsite if a licensed hospital is a part of the prison facility. If not, a licensed hospital(s) which provides for all inpatient medical/psychiatric services as appropriate will be utilized. OU Medical Center (OUMC) may be utilized as set forth in Section 5.6.H. The costs for inpatient or outpatient surgery, all hospital costs and the cost of autopsies will be paid as set forth in section 5.6.L.

- J. Emergency Care and Urgent Care: The Contractor will be liable, as set forth in section 5.6.L., for the costs associated with the delivery of Emergency care and Urgent care. In emergency medical situations, or in urgent care situations, the Contractor will make appropriate arrangements for medical treatment. Where possible, the Contractor will attempt to arrange the emergency care at OU Medical Center (OUMC). Emergency transportation by air or ground ambulance will be at the Contractor's expense.

- K. AIDS Patients and HIV Positive offenders: The Contractor will be responsible for the treatment of offenders infected with the Human Immunodeficiency Virus (HIV). This will include, but will not be limited to, all in-patient and outpatient medical costs excluding the cost of providing antiviral medications therapeutically indicated for the treatment of the HIV. If the number of the HIV positive offender population being treated increases by 10 offenders then the medication cost allocation shall be subject to negotiation. The Contractor may return any offender diagnosed with Acquired Immune Deficiency Syndrome (AIDS), as defined by the Center for Disease Control to the State. The Contractor is responsible for treatment of Hepatitis C patients subject to the exceptions contained herein. The Contractor will treat Hepatitis C offenders in accordance with the Oklahoma DOC protocol in existence at the time of execution of this Contract. When an offender becomes an end-stage Hepatitis C patient and can no longer be treated at the Contractor's facility, the DOC will transfer the offender out of the Facility.

- L. Payments for Health Service: NOTE: Currently some treatment is provided at OU Medical Center (OUMC) at no cost to the Department or the Contractor. If free services become unavailable in the future, the Contractor will be responsible for expenses as set forth herein and the per diem shall be adjusted based on offender patient data from the previous two year period. The Department and Contractor shall provide each other with all offender patient data for the prior two year period within sixty days of the date of closing of the hospital. Offender patient data shall include, in a manner consistent with federal and state privacy laws, the number of offender patient visits and the number and type of medical procedures performed on offender patients on behalf of the Department or the Contractor. After the first year of such additional expenses, the State will review with the Contractor these operating costs. If the parties cannot reach an agreement regarding a per diem adjustment within ninety days of the close of the hospital, either party may terminate this Agreement upon ninety days' notice. Such a termination shall not be considered a termination for cause.
 - 1. Onsite health care - The Contractor will be responsible for the cost of all health care, staff, medications, supplies, services, equipment, and communications provided to/ or for offenders onsite, whether required by the Contractor's staff or outside consultants. The cost of additional pages, forms, and incorporation of outside medical consultant reports to the medical record is included in costs paid by the Contractor.

2. Offsite outpatient (to include emergency care and urgent care)- The Contractor will be responsible for payment direct to the billing facility for the costs of all such care, including medications, special treatments, supplies, and prostheses ordered by the outpatient provider for the health care of the offender, which originates while the contract is in effect between the Contractor and the Department.
 3. Offsite inpatient hospital - The Contractor will be responsible for payment direct to the billing facility for the costs of all such care provided in the hospital or ordered to be provided after the inmate is returned to the institution. The Contractor may claim reimbursement from the Department for the inpatient hospitalization in a licensed hospital, for the hospital charges only, not separate physician or other provider charges, for the amount which exceeds \$70,000 per inpatient hospital discharge for each single hospital stay which originates while the contract for services is in effect between the Contractor and the Department. The Department will reimburse the Contractor at the rate of 70% for all charges over \$70,000.
 4. Department health services personnel must be notified of hospitalizations within 24 hours following admission. When admission occurs after routine working hours, weekends or holidays, notification must occur the next working day. Reimbursement, as set forth herein, for hospitalizations will occur only when notification is received within 24 hours of admission. An authorization number will be issued by Department health services personnel for each hospitalization. Prior to Department personnel processing payment to the Contractor for reimbursement, the Contractor must forward a billing summary and copies of the invoices, with the authorization number noted on each invoice and a completed authorization form attached, to Department central offices. The Department reserves the right to audit the billings for such charges for accuracy and medical necessity as part of the claim process.
- M. Medical Co-pay Program: The Contractor will implement a medical co-pay procedure in accordance with Department Policy and Procedure, OP-140117, "Offender Access to Health Care". The cost will be \$4.00 per visit and \$4.00 per prescription. Money received in connection with any medical co-payment plan will be reported monthly to the Department on a quarterly basis.
- N. Security: Security services for authorized outpatient/diagnostic/specialty care delivered off-facility will be the responsibility of the Contractor. During any period the offender is in the custody of the Contractor and is housed in a local, private hospital, the Contractor will provide security services. The Department will provide security for inpatient hospitalizations at OU Medical Center (OUMC), as long as Department maintains a security post at this location.
- O. Medical Records: The Department medical record will be transferred with the offender to the private facility. All offender x-rays will be forwarded to the Medical Unit at the Lexington Assessment and Reception Center. Upon the return of an offender to a Department facility, the offender's Department medical record and a complete copy of all medical records generated during incarceration at the private facility will be provided to the Department health

services personnel. The Contractor will retain offender prescription refill requests for six (6) months after an offender is transferred from the Facility.

- P. The Contractor will implement a medical record system utilizing the Department's medical record and chart forms and observing the requirements for protected health information as described in Appendix D.
1. The Contractor will ensure the use of the Problem Oriented Medical Record (POMR) format and shall ensure that accurate, comprehensible, legible and up-to-date medical information is maintained on each offender under its care. Medical records will be considered confidential. The Contractor will ensure specific compliance with laws and standards regarding confidentiality, informed consent, and access/disclosure.
 2. Procedures will be instituted for the receipt and filing of all outside consults, emergency room visits and inpatient hospitalizations. The Contractor will comply with the Oklahoma State Statute regarding retention of health records. All medical records, including x-ray films, are the property of the State of Oklahoma.
- Q. Administrative Reports: The Contractor's health services administrator or designee will prepare a monthly statistical report to be submitted to the Department's health services division.
- R. Audits and Inspections: Department medical personnel will conduct an audit and inspection of the facility health services unit on at least a semiannual basis and more often as required.
- S. Medical Quality Assurance and Self-Monitoring Program: A quality assurance review and self-monitoring program will be established and maintained to ensure that communication and intensive review of serious issues, such as an offender death, serious injury, et al, is initiated by the Contractor and that the Contractor informs the State about the circumstances, details and corrective measures taken in such an event. Notification will be pursuant to Section 5.18. Forwarding of the corrective action plan shall be within 45 days of the precipitating serious event.

Staffing Pattern and DOC Procedures: In regard to the Contract staffing pattern, DOC will accept CONTRACTOR staffing patterns provided CONTRACTOR agrees to comply with DOC Health Services procedures and implements a quality assurance process, including doctor to doctor communication, that addresses self-monitoring, continuity of care and quality issues and in turn communicates this information, given certain confidentiality requirements, to the DOC Medical Services Division. For the purpose of this Contract regarding medical issues, correspondence with the Chief Medical Officer of the facility or CONTRACTOR will constitute official notice pursuant to the Contract requiring immediate action.



**Quarterly OCI and Agri-Services
Budget Update**

Oklahoma Correctional Industries
Income Statement for FY 2015
July 1, 2014 through June 30, 2015

Sales Revenue	\$ 16,762,824
Cost of Goods Sold	<u>\$ (7,436,760)</u>
Gross Profit or (Loss)	\$ 9,326,064
Overhead Expense	\$ (5,435,841)
General and Administrative Costs	<u>\$ (1,693,342)</u>
Net Income or (Loss)	<u><u>\$ 2,196,881</u></u>

Revenues - derived from our traditional industries, private partnerships, and our Private Industry Enterprise program

Cost of Goods Sold (COGS) - production costs for goods sold during a specified period

Overhead Expense - expenses incurred other than raw materials (labor, travel, supplies, maintenance, depreciation, etc.)

General & Administrative Costs - allocation of expenses not directly related to production

Oklahoma Correctional Industries
Balance Sheet for FY 2015
July 1, 2014 through June 30, 2015

Current Assets	\$ 14,850,346
Fixed Assets	<u>4,572,561</u>
Total Assets	<u><u>\$ 19,422,908</u></u>
<hr/>	
Liabilities	\$ 1,553,140
Fund Balance	<u>17,869,768</u>
Total Liabilities and Fund Balance	<u><u>\$ 19,422,908</u></u>

Equation:

assets= liability + owners equity (fund balance in government accounting)

Current Assets - cash, accounts receivable, and inventories

Fixed Assets - office equipment, factory equipment, vehicles, and buildings net of depreciation

Liabilities - accounts payable and sales tax payable

Agri - Services
Income Statement for FY 2015
July 1, 2014 through June 30, 2015

Sales Revenue	\$	11,366,513
Cost of Goods Sold		<u>(4,688,446)</u>
Gross Profit or (Loss)		6,678,067
Expenses		<u>(6,047,193)</u>
Net Income or (Loss)	\$	<u>630,873</u>
Net Income		630,873
Cost Avoidance		<u>3,051,213</u>
Agency Benefit	\$	3,682,086

Revenues - derived from sales of products: meat, milk, and cattle

Cost of Goods Sold (COGS) - production costs for goods sold during a specified period

Expenses - expenses incurred other than raw materials (labor, travel, supplies, maintenance, depreciation, etc.)

****Cost Avoidance - other services, and products provided to DOC at no cost****

FY Cost Savings to the Agency - meat, milk (Prime Vendor vs Agri-Services Pricing)	\$	2,754,800
FY Cost Savings to the Agency - opportunity buys (Prime Vendor vs Opportunity Buy Pricing)	\$	286,300
Services provided to DOC (brush hogging county road right of way, applying herbicide to lagoons, etc)	\$	<u>10,113</u>
Total Savings	\$	3,051,213

Agri - Services
Balance Sheet for FY 2015
July 1, 2014 through June 30, 2015

Current Assets	\$ 9,405,858
Fixed Assets	<u>1,897,326</u>
Total Assets	<u><u>\$ 11,303,183</u></u>
<hr/>	
Liabilities	\$ 346,754
Fund Balance	<u>10,956,429</u>
Total Liabilities and Fund Balance	<u><u>\$ 11,303,183</u></u>

Equation

assets= liability + owners equity (fund balance in government accounting)

Current Assets - cash, accounts receivables, inventories, live stock, and prepaid land leases

Fixed Assets - office equipment, farm and factory equipment, vehicles and buildings net of depreciation

Liabilities - accounts payable and sales tax payable

Department of Corrections
Oklahoma Correctional Industries
Balance Sheet
As of June 30, 2015

Cash	838,638.86	
Restricted cash -1131	1,282,859.23	
Accounts Receivables	2,991,084.00	
Raw Materials Inventory	5,981,471.00	
Finished Goods Inventory	2,747,455.65	
Goods In Transit	60,281.65	
Work In Process Inventory	948,555.99	
Total Current Assets		14,850,346.38
Fixed Assets		
Office equipment	1,858,396.68	
Factory equipment	6,298,427.13	
Vehicles	2,539,540.06	
Buildings	7,560,019.41	
Accumulated Depreciation Buildings	(5,060,598.49)	
Accumulated Depreciation Equipment	(8,623,223.37)	
Total Fixed Assets		4,572,561.42
Total Assets		19,422,907.80
Liabilities and Fund Balance		
Accounts Payable	341,580.65	
Sales tax Payable	4,945.72	
Goods Received Suspense	1,206,613.59	
Total Liabilities		1,553,139.96
Fund Balance		
Reserved:		
Reserved for Fixed Assets	4,572,561.42	
Reserved for Inventories	9,737,764.29	
Unreserved, undesignated	3,559,442.13	
Total Fund Balance		17,869,767.84
Total Liabilities & Fund Balance		19,422,907.80

OKLAHOMA CORRECTIONAL INDUSTRIES
CONSOLIDATED MANUFACTURING INCOME STATEMENT FY 2015
SUMMARY

	June 2015	2015 Fiscal YTD
Revenue		
Sales	848,341.18	11,664,594.34
Miscellaneous Sales		5,351.91
Miscellaneous Income	2,302.45	11,741.14
Private Prison Income	13,056.12	71,645.62
Private Industry Income	182,075.51	1,082,686.15
Private Partnership Income	296,541.46	3,926,804.62
Total Revenue	<u>1,342,316.72</u>	<u>16,762,823.78</u>
Cost of Goods Sold		
Cost of Goods Sold	(657,721.03)	(7,435,888.17)
Cost of Goods Sold Adjustment	(871.36)	(871.36)
Total Cost of Goods Sold	<u>(658,592.39)</u>	<u>(7,436,759.53)</u>
Gross Profit or (Loss)	<u>683,724.33</u>	<u>9,326,064.25</u>
Overhead		
WIP Factory Overhead	(120,969.16)	(935,599.44)
Inventory Overhead	22,560.08	(60,393.04)
Factory Overhead	650,011.14	6,431,833.21
Total Overhead Variance	<u>551,602.06</u>	<u>5,435,840.73</u>
Operating Profit or (Loss)	<u>132,122.27</u>	<u>3,890,223.52</u>
General & Administrative Costs		
WIP G & A Overhead	(62,089.73)	(496,976.42)
Accounting	23,149.07	282,828.40
Administration	62,918.55	816,335.18
Computer Operations	39,836.36	467,229.56
Customer Service	8,378.58	143,515.98
Sales & Marketing	46,908.92	480,409.72
Total G & A Variance	<u>119,101.75</u>	<u>1,693,342.42</u>
Net Income or (Loss)	<u><u>13,020.52</u></u>	<u><u>2,196,881.10</u></u>

Notes:

Miscellaneous sales - Sales of other than products or services (pallet and paper recycling)

Private Prison Income - Program Support returned to OCI from PIE employees

Cost of Goods Sold - Cost of Goods Sold (COGS) is the total of all the cost of all goods invoiced during a specific period. This total includes all value added to materials during the manufacturing process (Pre-determined Overhead Rate and Fixed Overhead Rate). The POHR is comprised of Estimated / Budgeted Production related Labor and expenses divided by estimated / budgeted total of labor hours. The Fixed Overhead Rate includes all estimated / budgeted General & Administrative expenses divided by estimated / budgeted total of labor hours.

WIP Factory Overhead- Total of all actual production hours "times" the Pre-determined Overhead Rate. This offsets the value added from Budgeted labor and expenses in COGS to actual expenses posted for the period. "Production Credits"

Inventory Overhead - adjustments to inventory due to cost or quantity changes, loss, scrap etc.

Factory Overhead - Expenses incurred other than raw materials (labor, travel, supplies, maintenance, depreciation, etc.)

General & Administrative Costs - allocation of expenses not directly related to production

OKLAHOMA CORRECTIONAL INDUSTRIES
CONSOLIDATED MANUFACTURING INCOME STATEMENT FY 2015
DETAIL

	April 2015	2015 Fiscal YTD
WIP Production Credits		
Set-up Time Productive WIP		
Run Time Productive WIP	<u>(120,969.19)</u>	<u>(935,599.47)</u>
Total WIP Factory Overhead	<u>(120,969.19)</u>	<u>(935,599.47)</u>
Inventory Overhead		
Inventory Cost Adjustments	(4,949.92)	(26,099.46)
Inventory Quantity Adjustment	1,380.56	(60,554.47)
Inventory Physical Count Adj		118.31
Raw Materials Variance	26,129.44	26,140.84
WIP Variance		<u>1.74</u>
Total Inventory Overhead	<u>22,560.08</u>	<u>(60,393.04)</u>
Factory Overhead		
Labor Expense		
Staff Salaries		
Salaries Regular	<u>109,565.19</u>	<u>1,335,659.06</u>
Total Staff Salaries	<u>109,565.19</u>	<u>1,335,659.06</u>
Staff Benefits		
Health & Life Insurance	29,224.20	339,630.58
State Share FICA	8,259.87	100,650.56
State Share OPERS	16,077.78	207,105.84
State Share Annuity	<u>666.59</u>	<u>7,934.20</u>
Total Staff Benefits	<u>54,228.44</u>	<u>655,321.18</u>
Engineering Services		
Professional Services		
Employment Services	33,189.31	271,940.02
Offender Labor	<u>174,439.00</u>	<u>1,693,312.04</u>
Total Labor Expense	<u>371,421.94</u>	<u>3,956,232.30</u>
Travel Expense		
In State Travel		
Per Diem		2,081.50
Lodging		0.00
Miscellaneous		<u>303.20</u>
Total In State Travel	<u>0.00</u>	<u>2,384.70</u>
Out of State Travel		
Per Diem		198.00
Miscellaneous		
Lodging		
Total Out of State Travel	<u>0.00</u>	<u>198.00</u>
Food & Lodging Agency Direct		<u>231.00</u>
Total Travel Expenses	<u>0.00</u>	<u>2,813.70</u>

Utilities		
Water & Waste	82.60	3,869.91
Natural Gas	3,347.18	82,575.80
Electricity	<u>18,925.13</u>	<u>225,228.21</u>
Total Utilities	<u>22,354.91</u>	<u>311,673.92</u>
Rent Expense		
Building Space		
Equipment & Machinery	578.56	14,356.16
Electronic Data Equipment		<u>754.45</u>
Total Rent Expense	<u>578.56</u>	<u>15,110.61</u>
Maintenance & Repair - Outside Vendor		
Buildings & Grounds	4,677.61	35,688.09
Equipment	17,173.79	83,006.17
Telecommunications Equipment		219.00
Office Equipment	600.51	2,866.80
Data Processing Equipment		
Total Maintenance & Repair	<u>22,451.91</u>	<u>121,780.06</u>
Supplies Expense		
Housekeeping & Janitorial	1,654.31	29,032.38
Maintenance - Building & Ground	1,350.50	39,630.68
Maintenance - Equipment	14,634.96	165,259.45
Maintenance _ Telecommunications		0.00
Maintenance _ Data Process Equipment		0.00
Food & Kitchen		2.32
Medical		0.00
Motor Fuel - Common	10,897.49	152,365.27
Motor Fuel - Special	1,268.28	10,689.13
Uniform Clothing & Accessories		5,668.67
Safety & Security	565.91	24,443.04
Packaging		0.00
Shop	143,332.07	915,579.72
Meeting Refreshments		0.00
Office - Non-expendable		0.00
Office Expendable	2,150.45	24,447.36
Data Processing	567.45	3,779.41
Motor Vehicle - Expendable	86.95	9,378.91
Motor Vehicle - Non-expendable	<u>1,426.81</u>	<u>25,967.21</u>
Total Supplies Expense	<u>177,935.18</u>	<u>1,406,243.55</u>
Depreciation Expense		
Equipment	17,066.44	200,192.13
Building	<u>15,264.04</u>	<u>182,973.99</u>
Total Depreciation	<u>32,330.48</u>	<u>383,166.12</u>
Other Expenses		
Freight	4,629.64	67,080.19
Postage		5,012.20
Telecommunications Services	9,641.30	96,193.59
Printing & Binding Services		725.84
Advertising/Prototypes	2,336.04	31,658.98
Licenses, Permits, etc		337.75
Employee Reimbursement Non-travel		0.00
Inter-Governmental Payments		200.00
Damaged Merchandise	2,613.62	3,443.82
Warranty Repair Costs	<u>3,717.56</u>	<u>30,160.58</u>
Total Other Expenses	<u>22,938.16</u>	<u>234,812.95</u>
Total Factory Overhead	<u>650,011.14</u>	<u>6,431,833.21</u>

Department of Corrections
Oklahoma Correctional Industries
Statement of Cash Flows
As of June 30, 2015

Net Income/(Loss)	2,196,881.10
Cash Flows from Operating Activities	
Depreciation	
Buildings	192,073.35
Other	294,217.52
Adjustments to Reconcile	
(Increase)/Decrease in Operational Assets	
Accounts Receivable	(706,565.91)
Inventory	
Raw Materials	651,858.65
Work in Process	(834,318.29)
Finished Goods	282,261.03
Increase/(Decrease) in Operational Liabilities	
Accounts Payable	92,557.81
Net Cash Provided by Operating Activities	2,168,965.26
Cash Flow From Investing Activities	
Purchases of Equipment and Property	
Office Equipment	(24,034.28)
Factory Equipment	(289,360.85)
Vehicles	0.00
Buildings	(218,601.96)
Land	0.00
Net Cash Gained (used) in Investing Activities	(531,997.09)
Financing Activities	
Net Cash Gained (used) in Financing Activities	0.00
FY 15 Appropriated Funds	
FY 15 Adjustments	
Net Cash for Period	1,636,968.17



**Oklahoma Correctional Industries
Manufacturing Statement for
All Factories**

For Period Ending June 30, 2015

	<u>June, 2015</u>	<u>2015 Fiscal Year To Date</u>
<u>Direct Materials</u>		
Beginning raw inventory	\$ 6,221,396.72	\$ 6,621,027.95
Purchases	388,998.61	6,238,576.16
Available For Use	<u>6,610,395.33</u>	<u>12,859,604.11</u>
Ending raw inventory	<u>5,970,437.59</u>	<u>5,970,437.59</u>
Direct Materials Used	\$ 639,957.74	\$ 6,889,166.52
<u>Offender (Direct) Labor</u>	94,580.59	681,731.95
<u>Factory Overhead</u>		
Factory Staff	171,561.65	1,969,277.07
Travel Expenses	0.00	1,652.20
Utilities	18,440.92	272,682.67
Rentals	578.56	16,452.39
Maintenance & Repairs	15,751.62	107,812.33
Supplies	160,244.29	1,174,395.55
Depreciation	32,330.48	383,133.40
Other	8,374.81	131,464.16
Inventory Shrinkage	<u>23,331.80</u>	<u>(59,346.68)</u>
Total Factory Overhead	430,614.13	3,997,523.09
Total manufacturing costs	1,165,152.46	11,568,421.56
Work in progress beginning inventory	857,175.99	56,532.52
Total cost of work in progress	<u>2,022,328.45</u>	<u>11,624,954.08</u>
Work in progress ending inventory	<u>882,486.81</u>	<u>882,486.81</u>
<u>Cost of Goods Manufactured</u>	<u>\$ 1,139,841.64</u>	<u>\$ 10,742,467.27</u>

Department of Corrections
 Agri-Services
 Statement of Cash Flows
 As June 30, 2015

Net Income/(Loss)	630,873.32
 Cash Flows from Operating Activities	
Depreciation	
Buildings	89,135.28
Other	203,247.38
 Adjustments to Reconcile	
(Increase)/Decrease in Operational Assets	
Accounts Receivable	21,649.86
Sales Tax Payable	(94.40)
 Inventory	
Raw Materials	4,669.26
Finished Goods	(15,208.09)
Stock Feed	(83,549.16)
Semen	676.98
Bulk Fuel	50,987.92
Prepaid Leases	(2,852.49)
Packaging Materials	0.00
 Increase/(Decrease) in Operational Liabilities	
Accounts Payable	(154,089.44)
Net Cash Provided by Operating Activities	
 Purchases of Equipment and Property	
Office Equipment	(6,431.23)
Agricultural Equipment	0.00
Factory Equipment	0.00
Vehicles	0.00
Buildings	0.00
Land	0.00
 Cash Flow From Investing Activities	
Equity Other	
FY 15 Appropriated Funds	1,015,032.00
FY 15 Adjustments	
Net Cash for Period	1,754,047.19

Department of Corrections
 Agri-Services
 Balance Sheet
 As of June 30 , 2015

Current Assets

Cash	\$ 898,251.28
Restricted Cash -1131	\$ 863,003.32
Accounts Receivables	\$ 914,719.79
Due to/From OCI	
Raw Materials Inventory	\$ 815,047.27
Finished Goods Inventory	\$ 209,766.37
Work In Process Inventory	
Live Stock	\$ 5,303,410.00
Stock Feed	\$ 332,824.94
Semen	\$ 11,670.00
Wood	\$ 21,320.00
Prepaid Land Leases (Commissioner of the Land)	\$ 31,352.49
Bulk Fuel	\$ <u>4,492.37</u>
Other Current Assets	

Total Current Assets \$ 9,405,857.83

Fixed Assets

Office equipment	\$ 123,529.59
Factory equipment	\$ 1,354,733.03
Vehicles	\$ 1,533,952.19
Farm Equipment	\$ 3,952,449.80
Buildings	\$ 2,319,960.47
Land	\$ 319,684.69
Accumulated Depreciation Buildings	\$ (1,373,135.37)
Accumulated Depreciation Equipment	\$ (6,333,848.89)

Total Fixed Assets \$ 1,897,325.51

Total Assets \$ 11,303,183.34

Liabilities and Fund Balance

Accounts Payable	\$ 346,577.81
Sales tax Payable	\$ 176.51
Goods Received Suspense	

Total Liabilities \$ 346,754.32

Fund Balance	
Reserved:	
Reserved for Fixed Assets	\$ 1,897,325.51
Reserved for Inventories	\$ 6,729,883.44
Unreserved, undesignated	\$ 2,329,220.07

Total Fund Balance \$ 10,956,429.02

Total Liabilities & Fund Balance \$ 11,303,183.34

Agri-Services
Income Statement
As of June 30, 2015

	June 2015	Fiscal Year 15 Year to Date
SALES	893,342.32	10,768,800.34
IN KIND INCOME	19,196.39	597,712.57
COST OF GOODS	<u>(419,370.12)</u>	<u>(4,688,446.29)</u>
GROSS PROFIT	493,168.59	6,678,066.62
EXPENSES		
SALARIES	224,354.43	2,876,141.83
OFFENDER PAYROLL	17,533.00	178,904.20
OTHER SERVICES	2,963.70	8,855.50
FARM EXPENSES	116,287.57	1,582,283.78
FUEL	20,346.81	276,322.02
RENT	5,612.07	67,250.09
BUILDING, VEHICLE & EQUIPMENT REPAIR EXPENSE	56,306.21	498,590.30
UTILITIES	12,119.67	104,279.22
OTHER EXPENSE	19,157.48	166,148.26
DEPRECIATION	24,855.66	288,418.10
TOTAL EXPENSE	<u>499,536.60</u>	<u>6,047,193.30</u>
NET INCOME	<u><u>(6,368.01)</u></u>	<u><u>630,873.32</u></u>

Notes:

In Kind Income - Market value (Sysco Price) of vegetables raised and provided to facilities at no cost.

Cost of Goods Sold - Our cost of raw materials needed to produce the goods for sale

Other Services - Testing done by outside sources (soil, ecoli, food) Does not include veterinary services.

Farm Expense - Agricultural supplies, feed, vet supplies and services, seed, fertilizer, etc.

Rent - Rental of equipment and land

Other Expense - Office supplies, shop supplies, travel, fees, licenses, etc

Depreciation - based on straight line method.

* FY Cost Savings to the Agency - Meat, Milk(Prime Vendor vs Agri-Services Pricing)	2,754,799.64
* FY Cost Savings to the Agency - Opportunity Buys (Prime Vendor vs Opportunity Buy Pricing)	286,300.21
* Services provided to DOC(brush hogging county road right of way, applying herbicide to lagoons, etc)	<u>10,112.76</u>
	<u>3,051,212.61</u>

A brown arrow-shaped box pointing to the right, containing the text "Quarterly Financial Internal Audit Update".

**Quarterly Financial Internal
Audit Update**

Oklahoma Department of Corrections
Internal Audit Summary Report
Fourth Quarter, Fiscal Year 2015

During the fourth quarter of fiscal year (FY) 2015, the Internal Audit team closed and submitted seventeen (17) audit reports to the director and, after his approval, those reports were submitted to the State Auditor and Inspector office. The units/facilities audited were:

1. Northeast District Community Corrections
2. John Lilley Correctional Center
3. Employee Services
4. Mabel Bassett Correctional Center
5. Oklahoma Correctional Industries (OCI) Customer Service (private partnership) at Mabel Bassett Correctional Center
6. Classification and Population
7. Inspector General
8. Construction and Maintenance
9. Northwest District Community Corrections
10. OCI Factory at Mack Alford Correctional Center
11. OCI Factory at Lawton Correctional Facility
12. Joseph Harp Correctional Center
13. Lexington Assessment and Reception Center
14. Cimarron Correctional Facility (private prison)
15. Davis Correctional Facility (private prison)
16. Lawton Correctional Facility (private prison)
17. Business Services (Hub Management)

The audit of the three private prisons were conducted using agreed-upon procedures and the audit focused on contract compliance of commissary pricing and internal controls over trust funds activities for Oklahoma Department of Corrections offenders housed there. There were no noncompliance findings in the areas examined for these three prisons.

The Fiscal Management compliance and Internal Controls over the following financial activities were examined, including Accounts Payables, Accounts Receivables (Prisoner Public Works Projects and Private Industry Enterprises), Purchasing, Receiving, Purchase Cards, Express Checks, Debit Cards, Canteen (Offender Banking System and Inventory), Trust Fund, Warehouse Inventory, OCI Factory Inventory, Probation Parole Restitution Receipts and Fixed Assets Management System.

Noncompliance Findings in accordance with Fiscal Management Policy

Purchase Cards – Finding: The statements and supporting documents were received in the purchase card comptroller’s office after the deadline date.

The plan of corrective action instructed the cardholders to comply with policy and the policy will be reworded when it comes up for review.

This finding was reported against the following:

1. Mabel Bassett Correctional Center
2. Classification and Population
3. Construction and Maintenance

Purchase Cards – Finding: Someone other than the cardholder was accessing WORKS and printing the statements.

The plan of corrective action instructed the cardholders to comply with policy and the policy will be reworded when it comes up for review.

This finding was reported against the following:

1. Mabel Bassett Correctional Center
2. Classification and Population

Accounts Payables – Finding: From the sample of 2,040 invoices tested, 107 (5 percent) were paid after 45 days from the date of receipt in the business office.

The plan of corrective action requires the business office to abide by the 45-day limit set in accordance with Title 62 OS § 34.71.

This finding was reported against the following:

1. Mabel Bassett Correctional Center
2. Classification and Population
3. Employee Services
4. Business Services (Hub Management)
5. Inspector General
6. Construction and Maintenance
7. Northwest District Community Corrections
8. Joseph Harp Correctional Center

RISKS (1) The agency may expose itself to reactions from vendors for untimely payments.

- (2) Delaying payments of invoices may result in additional cost of interest charges.

Summary of Internal Control Weaknesses

Canteen Inventory at Mabel Bassett Correctional Center – Thirty-three percent of the shelf items sampled (14 of 43) were not in agreement with the OBS closing inventory balances.

Canteen Inventory at John Lilley Correctional Center – Twenty-one percent of the shelf items sampled (8 of 38) were not in agreement with the OBS closing inventory balances.

Canteen Inventory at Lexington Assessment and Reception Center – Forty-four percent of the shelf items sampled (21 of 43) were not in agreement with the OBS closing inventory balances.

Warehouse Inventory at Lexington Assessment and Reception Center – Forty-six percent of the shelf items sampled (18 of 39) were not in agreement with the facility closing inventory balances.

- RISKS**
- (1) Theft of inventory may go undetected.
 - (2) Loss of revenue.
 - (3) Inadequate supplies to meet demand.
 - (4) Inaccurate disclosed Balance Sheet valuation (CAFR).

To mitigate these risks, the plan of corrective action for the Canteen and Warehouse inventories included a comprehensive review and implementation of controls over receiving, recording issuing, pat down searches of offender workers and random inventory audits to be conducted by a team appointed by the warden.

Trust Funds at Mabel Bassett Correctional Center – The accounting technician in the business office was functioning in a dual capacity as both trust fund officer and cashier. This employee was allowed to (1) receive the daily deposits comprising of canteen sales and checks from outside sources, (2) prepare the daily deposit, (3) take the daily deposit to the local bank, (4) post the deposit into OBS/CORE system and (5) also responsible for posting the deposit into ORACLE (people soft) system.

It was discovered that several of the daily deposits were not posted to ORACLE.

Several of the bank deposit slips were not found during the audit.

Several instances where the CORE deposits were posted without any indication of the date it was deposited at the bank.

- RISKS**
- (1) There appears to be inadequate separation of duties resulting in one employee having control over too many areas of responsibility.
 - (2) Abnormal delays by ODOC in posting deposits in ORACLE may cause problems with timeliness of reconciliations performed by the State Treasurer’s office.
 - (3) The agency’s fiduciary responsibilities over the integrity of trust fund accounts and deposits may be compromised.

To mitigate these risks, the adopted plan of corrective action moved the accounting functions from the facility to the hub accounting office. This provided access to other accounting staff to achieve the necessary separation of duties.

Fixed Assets Management System

Safeguarding and Accountability

The 100 percent verification of fixed assets listed on the FAIS started in FY 2014 continued into FY 2015. The methodology adopted reflects positive improvements in the agency’s safeguarding and accounting for the assets spread across the geography of its operations. The FY 2015 period covers the twelve months of the fiscal year.

	PRE AUDIT \$M	POST AUDIT \$M	ADJUSTMENT \$M
FY 2014	45.9	43.4	-2.5 (6%)
FY 2015	57.4	56.0	-1.4 (3%)

The FY 2014 and FY 2015 adjustment resulted from items which were being reported on the FAIS but met one of the following conditions: unserviceable, broken, unsafe, used for parts, overstated cost, sold at state surplus or traded in on purchase of another piece of equipment and policy limit of certain non-reportable items costing less than \$2,500.

FY 2015 included ten (10) facilities/units (\$6.7 million) which were not previously audited in FY 2014.



Offender Population Update

Population Update
Population Information as of July 31, 2015
Compared to July 31, 2014

Total System Committed Offender Population	Females	Males	Total
Current Population	2,961	25,037	27,998
Population Last Year	2,754	24,448	27,202
Change from last year	207	589	796

DOC Facilities	Females	Males	Total
Current Population	2,593	17,152	19,745
Population Last Year	2,406	16,761	19,167
Change	187	391	578

Private Prisons	Females	Males	Total
Current Population	0	5,828	5,828
Population Last Year	0	5,810	5,810
Change	0	18	18

County Jail Contracts	Females	Males	Total
Current Population	0	593	593
Population Last Year	0	553	553
Change	0	40	40

Halfway Houses	Females	Males	Total
Current Population	321	1,125	1,446
Population Last Year	296	996	1,292
Change	25	129	154

Out Count	Females	Males	Total
Current Population	47	339	386
Population Last Year	52	328	380
Change	(5)	11	6

Total System Community Supervised Offender Population	Females	Males	Total
Current Population	6,249	20,619	26,868
Population Last Year	5,842	19,491	25,333
Change from last year	407	1,128	1,535

Probation Supervision	Females	Males	Total
Current Population	5,597	17,495	23,092
Population Last Year	5,163	16,300	21,463
Change	434	1,195	1,629

Parole Supervision	Females	Males	Total
Current Population	419	2,515	2,934
Population Last Year	474	2,737	3,211
Change	(55)	(222)	(277)

GPS	Females	Males	Total
Current Population	225	551	776
Population Last Year	200	420	620
Change	25	131	156

EMP	Females	Males	Total
Current Population	0	17	17
Population Last Year	0	16	16
Change	0	1	1

PPCS	Females	Males	Total
Current Population	0	1	1
Population Last Year	0	1	1
Change	0	0	0

Community Program Failures	Females	Males	Total
Current Population	8	40	48
Population Last Year	5	17	22
Change	3	23	26

Total System Population	Females	Males	Total
Current System Population	9,210	45,656	54,866
Population Last Year	8,596	43,939	52,535
Change	614	1,717	2,331

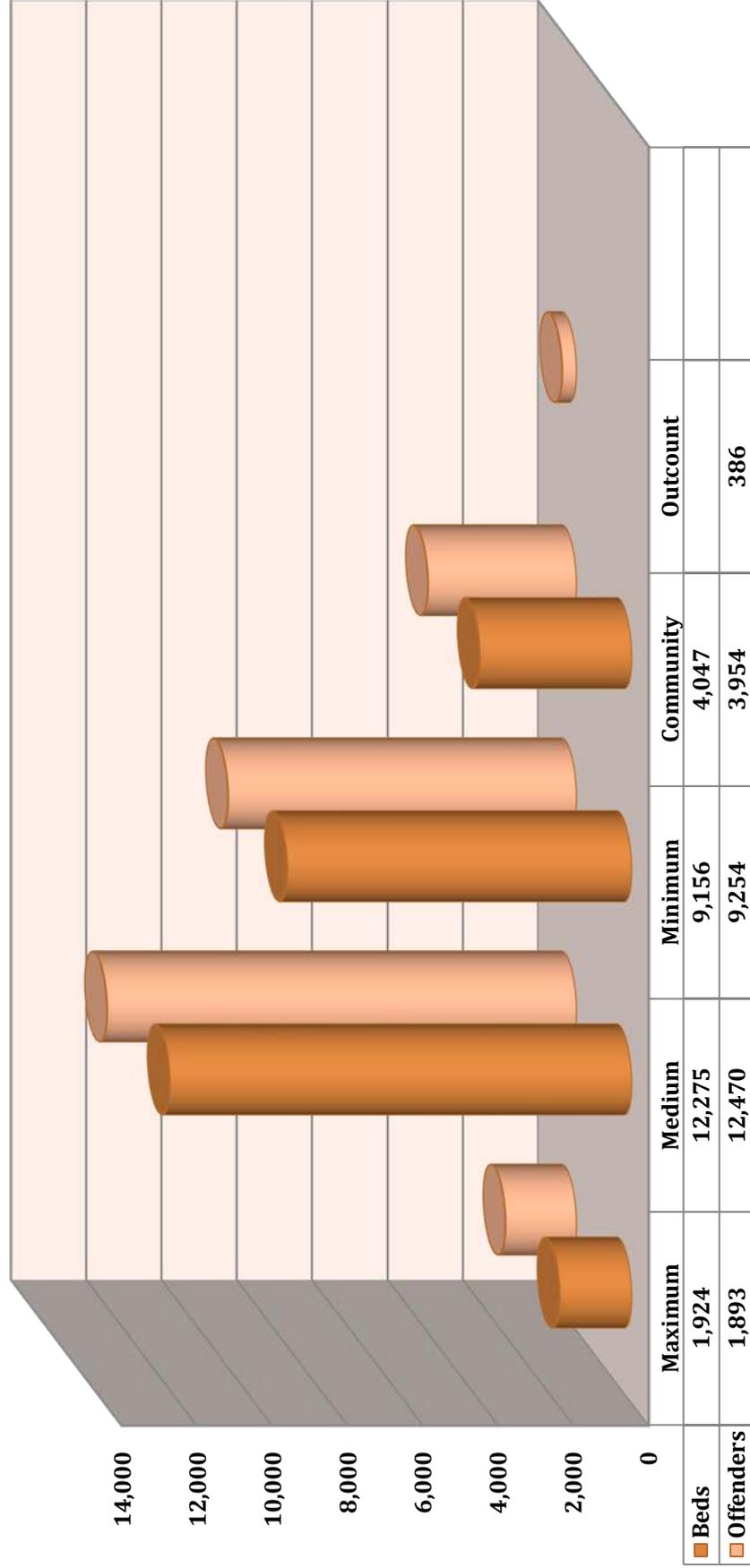
County Jail Inmate Backup	Females	Males	Total
July 31, 2015	28	368	396
Population Last Year	22	199	221
Change	6	169	175

State Facility Capacity Percentages		
Assessment & Reception Centers		96%
Institutions		122%
Community Corrections Centers		99%
Community Work Centers		105%
TOTAL STATE BEDS		118%

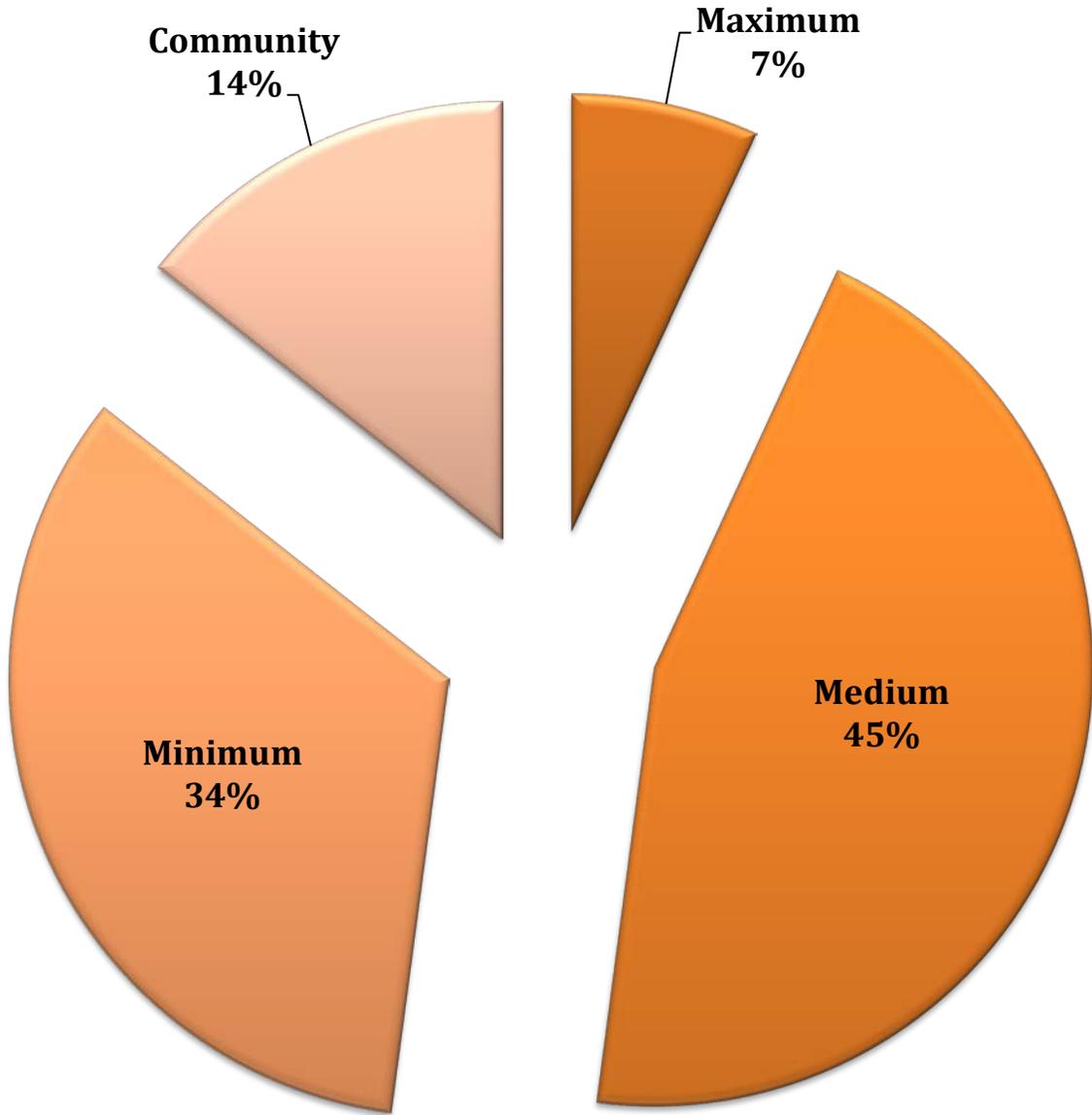
Pardon & Parole Board Results	Females	Males	Total
Month: July 2015			
Considered	28	328	356
Denied	22	285	307
Recommended	6	43	49
Percentage Recommended	21.43%	13.11%	13.76%

Governor's Actions	Females	Males	Total
Month: July 2015			
Reviewed	0	1	1
Approved	0	0	0
Denied	0	1	1
Percentage Approved	0.00%	0.00%	0.00%

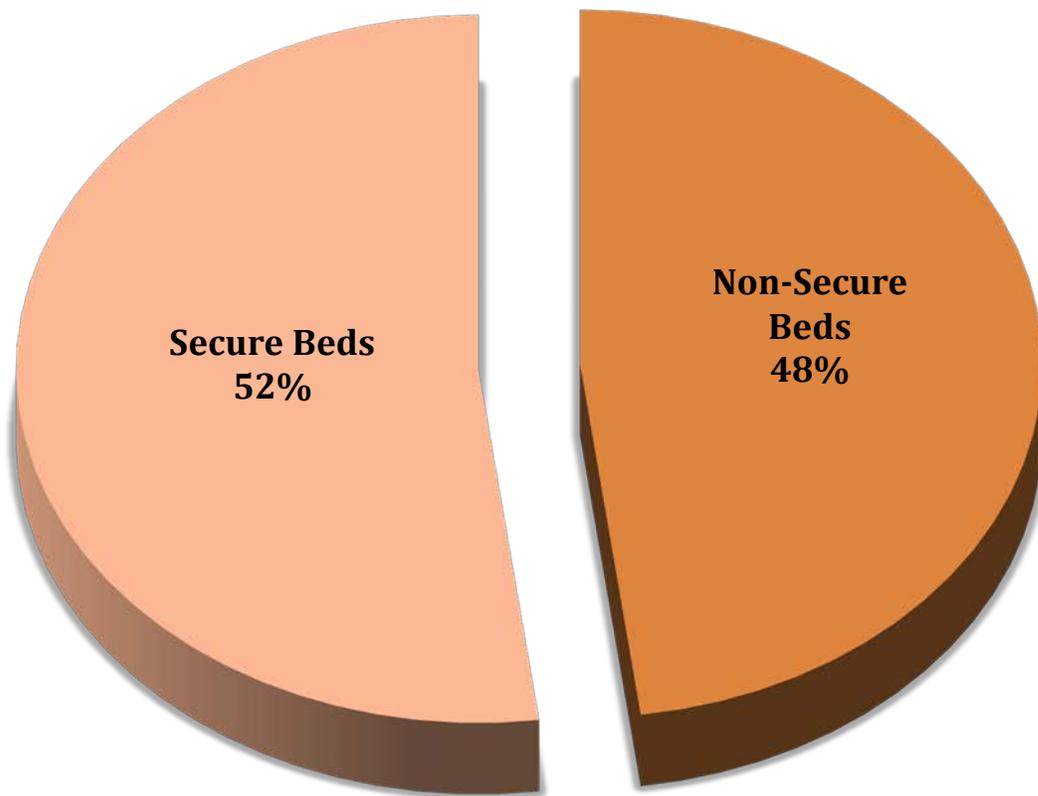
Offender and Bed Distribution July 31, 2015



**Offender Distribution by Security Level
July 31, 2015**



**Percentage of Offenders in Secure and Non-Secure Beds
July 31, 2015**



**Offenders in DOC Facilities v. Contract Facilities
July 31, 2015**

