

# OKLAHOMA Department of Corrections

*Standing Proud*



## *Offender Banking System (OBS) User's Guide*

*Updated March 2011*

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## **Notice**

**This guide, in conjunction with department policy and the vendor's user reference manual, prescribes the procedures and processes that department staff will follow with the Offender Banking System (OBS).**

# The OBS System

## Overview

The Offender Banking System (OBS) is a comprehensive software system that manages offender funds, trust account obligations, offender restitution, and a canteen inventory management and sales tracking system for canteen items sold to offenders and staff. The OBS system is based on a commercial software product used by the Federal Bureau of Prisons and several of state correctional system but has been extensively customized by the vendor using subject matter expert teams and user feedback gained from both field testing and operational lessons learned.

Offender accounts in the OBS system are established through the processing of a file received daily from the department's Offender Management System (OMS). Each night system comparisons are made between prior day offender information and new offender data from the OMS system. Based on differences found between the files new offender accounts are created in OBS, update existing offender information, mark accounts to be "released." Offenders not assigned to a predefined system specific location identifier are assigned to the ADM location which is responsible for the management and collection of restitution and other community based fees.

All 'offender accounts' are rolled up into one consolidated 700 Fund Trust Account for the daily reporting of transactional data to the State Treasure and Office of State Finance.

## System Design Goals

- Streamline the procurement and management of canteen inventory at all department canteen locations.
- Eliminate effort to manage the 'canteen draw' by incorporating a real-time interface between canteen sales and trust accounting activities.
- Provide tools to effectively manage offender funds held in trust by the department.
- Automate offender payroll functions and debt collections.
- Reduce staff time required to respond to internal and external requests for information and provide organization-wide reporting capabilities.
- Provide a framework to allow electronic funds acceptance and transfers in the future and support other electronic interface capabilities.

## System of Record

The department uses a variety of software systems that serve specific purposes with each system housing unique data. It is important that each one of these systems retain ownership or "system of record" for their respective data with respect to the OBS system. Software systems can effectively share their data without compromising the system of record concept as long as one and only one system allows their 'owned data' to be entered or updated.

OBS serves as the 'system of record' for all offender trust fund accounting data. OBS receives its offender management information from the department's Offender Management System, however no functionality exist in OBS to update any of the information in OMS. OMS data is updated in OBS through a nightly system interface process.

### **OBS Application**

OBS is a client-server application. The OBS system runs under Microsoft Windows on a local work station that has installed on it the OBS system. However, all the data entered or viewed comes from a centrally located system server which stores the data. For instance, when opening a screen, the computer is accessing the application on the user's workstation to display the screen itself while all data that is displayed on the screen come from the central server. The OBS server has both an immediate backup server for system redundancy and a disaster recovery site server.

### **Central versus Local Data**

The OBS system is designed to maximize consistency among institutions while still preserving flexibility for institutions to address different business processes. To accomplish this goal, OBS was designed with two screen groupings: central and local.

Central screens affect all institutions. Examples of central screens are: "control parameters", "item maintenance", "fund source type", "income type", "obligation type", "withdrawal type", etc. These central screens affect all institutions through a process called organizational parameter update. Central screens are only accessible through the ADM location.

Local screens affect organizational locations. Examples of local screens are: "purchase orders", "offender income screens", "offender withdrawal screens" etc. Data entered for all organizational locations is kept separate for OBS location use but can be accessed in aggregate for centralize reporting and certain central office functions.

### **Web Base and Ad Hoc Reporting**

The OBS system also includes a web-based reporting mechanism for the collection of probation and parole supervision fees and restitution payments. Probation officers can access this secure web base reporting system without having to have OBS software installed on their computer. OBS also has Ad Hoc reporting capabilities for users specifically trained in the extraction of system information using Microsoft Access.

## **User Assistance**

User assistance is available via 'On-line'; through the 'User Guide'; and through direct staff support. Additionally, vendor support is available to address issues and answer via the maintenance contract through the department's contract relationship manager.

### ***On-line Support***

OBS on-line support is immediately available by pressing F1 while any screen is open. Pressing F1 brings up a view and description of the screen to include system rules related to the use of that screen.

### ***OBS User's Guide***

This guide is specifically targeted to assist users in the application of the OBS system to their specific business requirements. As such, this guide is more business practice specific than on-line support screens.

### ***Direct Staff Support***

Users are encouraged to contact central office staff for assistance when needed. The OBS contract 'relationship manager', when required, will be the point of contact for seeking vendor assistance. Use of the department's 'HelpStar' system is encouraged for IT related questions.

# Trust Funds

Trust fund accounts are established for each incarcerated offender with account balances maintained and tracked using the Offender Banking System (OBS) trust fund module. Interest from each offenders' mandatory saving and draw accounts, by law, is payable to the Crime Victims Compensation Revolving Fund, at such intervals as determined by the Board, in addition to any other payments to such fund required by the offenders sentence or otherwise by law.

## Internal Controls

Field units will establish local policies to ensure that fiscal and OBS system integrity is not compromised. All offender money coming into a facility will be receipted and deposited daily at a local financial institution for credit to the department's 700 Fund. Offender deposits are to be recorded daily both into the OBS system and into the state accounting system through normal OBS/CORE processes. Local procedures, at a minimum, will ensure the staff person receiving and recording offender money into the OBS system at the facility is not the same person who makes the actual monetary deposit at the local financial institution.

All disbursements from OBS accounts will be by printed voucher signed by two authorized signatures or through electronic funds transfer. Under no circumstances will Trust Fund Officers, Cashiers, Unit Managers, or Case Managers be one of the authorized signatures for any check written against an OBS account. Business managers and accountants are authorized to be one of the two signatures but cannot sign together on one check.

The OBS system prints checks based upon withdrawal data entered into the system with an electronic record of the staff person entering the withdrawal. Because of this internal system record, local procedures do not need to restrict who can actually initiate the system print check action.

Staff will not allow other users to log into OBS under their user name and password. Any computer where OBS software is installed will be logged off or system locked by the user when the user is not physically present and able to monitor the machine.

## Offender Accounts

### Mandatory Savings Accounts

Twenty percent of all offender facility work and private sector income (work release and PIE program) shall be apportioned to an offender mandatory savings account per O.S. 57, section 549, paragraph 5. These savings shall be payable to the offender upon his or her discharge. Funds from this account may be transferred to the offender's draw account for use by the offender for fees or costs associated in filing a civil or criminal action as defined in O.S. 28, section

151 et seq. of the Oklahoma Statutes or for federal action as defined in 28 U.S.C., section 1911 et seq. An offender does not have the right, use, or control of any interest derived from any funds placed in a mandatory savings account (O.S. 57, section 549, paragraph 6).

### ***Offender Mandatory Savings Report***

Offender mandatory savings account balances and transactional information is available by running the "Offender Mandatory Savings Report." Reconstructing an offender's mandatory savings account's balance is generally possible by running this report from OBS inception date (February 1, 2009 for female offenders and May 1, 2009 for male offenders) to the current date. All mandatory savings account transactions will be display using this approach.

### **Offender Draw / Available Balance**

Offender draw accounts are those balances established in the Offender Banking System for use by the offender to deposit, expend or transfer funds for their personal use while incarcerated. An offender shall not have the right, use or control of any interest derived from any funds associated with their draw balance.

### **Interest Bearing Savings Accounts (IBSA)**

Offender interest bearing savings accounts are separate offender savings accounts established in the Offender Banking System under the authority of O.S. 57, section 549, paragraph 7. The department will credit interest to the offender's interest bearing savings account based on the offender's pro rata IBSA balance and the other accounts that make up the total commingled account balance in the 700 Fund. Facilities and department staff will keep all IBSA account information confidential and will only disclose information regarding IBSA accounts balances to the offender and authorized staff. The Director of the Department of Corrections will make the determination of those staff authorized to have IBSA account information.

### ***IBSA Account Request***

Offenders will use an IBSA Account Request form (**Attachment A**) for all IBSA account deposits and withdrawals. Deposits into the interest-bearing savings account require the entry of a validated offender's social security or tax payer identification number and will only be allowed when an offender's available balance is one hundred Dollars (\$100.00) or greater. However, no IBSA account transfer will be honored if it reduces an offender's available balance below \$100. The offender's mandatory savings account balance will not be used to determine the eligibility of the offender to participate in the interest-bearing savings account.

Offenders can request a transfer from their draw account to their IBSA account when their available balance exceeds one hundred dollars (\$100.00). Offenders who participate in the interest-bearing account will

only be allowed to transfer funds from their interest-bearing savings account to their draw account once every ninety (90) days. Any transfer of IBSA account balances to the offender's trust account will be subject to current offender obligations and auto deductions. All offender transfers to or from their IBSA account to their trust account must be approved by the offender's assigned facility Warden/District Supervisor or designee prior to transfer.

### ***Taxation of Offender Interest Earned***

IBSA interest paid to an offender is not exempt from federal or state income tax for reporting purposes. Interest credited to an offender's account in OBS is based on constructive receipt, meaning the date the interest was posted to the offender's IBSA account. Offenders are responsible for compliance with all federal and state tax filing requirements of this income.

The department will provide each IBSA account holder, no later than January 31<sup>st</sup>, a federal form 1099-INT showing the amount of interest posted to their IBSA account for the preceding taxable year. The Chief Financial Officer is responsible for the preparation, issuance and appropriate distribution of the 1099-INT forms. 1099-INT information will be based on the data provided from the OBS system using the "*Interest Posted Report*" under Administrative Reports.

### ***External Bank Accounts***

External banks accounts for offenders are not authorized upon implementation of the OBS system. Staff shall not have co-signature authority on any offender bank account. Offenders with legacy external banks accounts with staff signatures on them are required to close those external bank accounts and/or establish IBSA accounts if they wish to maintain control of over these funds. If an offender elects to transfer the external bank account's signature authority to a trusted family member, friend, or an attorney created and court clerk filed trust document and/or power of attorney; then all costs associated with the closing of the external bank account and the creation of these documents is the responsibility of the offender.

Business managers can assist offenders in the closing of outside bank accounts and transferring money to an IBSA. Offenders may not make any new deposits into or receive money from an outside bank account unless it is in conjunction with closing the account. Funds transferred from an external bank account to an IBSA account will first be deposited into the offender's draw account and then transferred to IBSA. Facilities and department staff will keep all IBSA account transaction information confidential and will only disclose information regarding IBSA accounts to the offender and specifically authorized staff.

## **Funds Deposited into Offender Accounts**

All cashier's checks and money orders credited to an offender's OBS trust account will be deposited locally and credited to the 700 Fund following normal CORE depository processes within one business day of OBS posting. Business staff will record the check number related to that deposit in the *Source Doc. #* field of the OBS "Offender Income/Payroll Entry" screen.

### **CORE Deposits**

CORE deposit numbers are unique in OBS and cannot be used twice. Business staff will first credit the amount of the individual deposit into OBS associated with the correct offender's account. Each OBS recorded deposit is assigned its own unique receipt number associated with that facility's location. Offender money orders will be batched and deposited at the facilities local bank prior to being entered into CORE. When a CORE deposit number has been assigned to the deposit users will then associate that deposit number to its' OBS receipt number(s) through the "Report of Deposit Creation" screen.

#### ***Voiding CORE Deposits in OBS***

The voiding of a CORE deposit number to correct an entry error in OBS requires users to contact the department's Finance and Accounting office for assistance. Incorrect CORE deposits entered into OBS will be voided using the "Report of Deposit Information" screen. User's will select "*Print Detail*" and print a copy of the proposed deposit cancellation prior to selecting "*Cancel Deposit.*"

#### ***Re-entering Void DP Numbers***

An OBS deposit that has been voided in CORE will require a facility to re-enter the corrected deposit in CORE, get a new CORE deposit number, and then re-assign the new CORE deposit number to the appropriate OBS receipt numbers using the "OBS Report of Deposit Creation" screen. Users must enter the date of the original OBS deposits to locate the correct "*receipt numbers*" to assign to the new deposit number.

- **Users must ensure that the CORE deposit totals and their associated OBS receipts number totals balance.**

### **OBS Deposit Slips**

A legible and fully completed OBS deposit slip (**Attachment B**) can be used (once implemented through policy) for the deposit of all cashier's checks and money orders into an offender's account. Exceptions to the use of the OBS deposit slip are limited to income from work release payroll (private sector pay) or settlement award source income.

Funds received through the mail from outside sources must be received in the form of a certified check or money order. Personal checks or cash sent via the mail will be returned to the sender and not credited to an offender's account. Any

funds received from offender visitors will be in the form of a cashiers' check or money order if accepted at the facility. Make sure the offender's name, DOC# and the senders name are on the money order or cashier's check or it will be returned to the sender.

When funds are recorded in the offender's account the facility can 'date-stamp' the attached deposit slip, if used, and give that to the offender as a record of the deposit being recorded into their account.

***Failure to Include OBS Deposit Slip***

If funds are received without an OBS deposit slip, or the deposit slip is only partially filled out, and/or lacking information; the funds will be deposited into the offender's account as usual.

**Outside Source Deposits Over \$500**

The facility head or designee will be notified whenever funds received for deposit into an offender's account exceed \$500.00 (the only exception to this requirement is private sector payroll checks for offenders in work release status). The *Fund Source Type* of "Hold for 15 Days" will be selected by the person crediting the offender's account for the deposit if the deposit is not readily identified (i.e. sale of property, succession proceeds, or immediate family). Early system release of this hold using the OBS system may be accomplished through the "*Offender Outstanding Negotiable Instrument Manager*" screen to immediately release the funds to the offender's draw account once the facility head or designee has approved the deposit.

If the facility head or designee has not released to the offender's draw account within three days of initial deposit, the offender will be notified in writing by the facility head or designee of the reason for the hold. If an investigation into the nature of these funds and the purpose of the deposit is not completed within the fifteen day hold period, the offender will be afforded a hearing with the facility head or designee.

When an offender is suspected of having a significant deposit broken out into smaller amounts to avoid the \$500 limit restriction business office staff can research the concern by running the "Offender Source Income Report" and selecting the date range and income types where the concern exists.

**Institution Incentive Pay Program**

Offender gang-pay will be calculated and paid in accordance with OP-060107 "Systems of Incarceration." Gang-pay will be credited by OBS through the overnight system process at the end of each month to all eligible offenders based upon the information reflected on the *Offender's Account Maintenance* screen. It is imperative Trust Fund Officers validate offender gang-pay information using the "*Offender Work Assignment Report*" for all offenders residing at their facility no later than the 25<sup>th</sup> of each month. Business staffs are encouraged to run this

report a second time just prior to the end of the month to ensure accuracy of data.

OBS gang pay posting is based on the offender's OMS level status at the end of the month and information recorded on the OBS Offender Maintenance screen. If an offender is discharged prior to month end gang pay will not be paid to the offender by the system. If an offender changes pay rates during the month the pay rate utilized in OBS for that month's pay calculation will be the level rate of the offender as the recorded in OMS at end of the month – regardless of effective OMS level change date.

Offenders should not be paid both OCI/Agri-services pay and gang pay during the same monthly pay cycle.

### **OCI/Agri-Services Pay**

Offenders working for OCI or Agri-Services will be batch paid by OBS within five working days of the ending pay cycle through the *Electronic Income Entry* process based upon their OCI/Agri-Services computed pay rate. OCI and Agri-Services accounting will upload into OBS a data file listing all eligible offender DOC numbers and Pay Amount no later than the 20<sup>th</sup> of the month. The OBS system automatically, through an electronic income import process, calculates the statutory savings requirement of 20 percent and applies system appropriate auto-deductions.

Certified payroll invoices will be forward to OCI/Agri-Services by facility business office staff during the month end payroll certification process. Business staff should be mindful of inmate transfers since they can be responsible for OCI/Agri-services payroll certifications for inmates who may have transferred into their facility during the month.

If a manual payroll correction is required due to a system entry error, the correction must be for the net difference. Manual payroll corrections entered after a month's payroll has been certified and invoiced will automatically become part of the next month's payroll certification.

### **Construction/Maintenance and Asbestos Crews**

Offenders working on construction/maintenance and asbestos crews will be batch paid by Operational Services accounting within five working days of the ending pay cycle through the *Electronic Income Entry* process based upon their computed pay rate. The OBS system automatically, through an electronic income import process, calculates the statutory savings requirement of 20 percent and applies system appropriate auto-deductions.

Certified payroll invoices will be processed by the facility business manager and forwarded to Operational Services accounting for payment. Facility business staff should be mindful of inmate transfers since they can be responsible for

payroll certifications for inmates who have transferred into their facility during the month.

If a manual payroll correction is required due to an entry error, the correction will be for the net difference. A manual payroll correction entered after a month's payroll has been certified and invoiced will automatically become part of the next month's payroll certification.

### **Manual Payroll Corrections**

A manual payroll correction may be required when an *Offender's Account Maintenance* screen values are not correct at the time of month end gang pay processing or the result of an incorrect upload of OCI, Agri-services, and/or Construction/Maintenance electronic payroll.

When a manual correction is required the facility business manager must be able to explain the reason for the correction. If the correction is due to incorrect offender maintenance values, the business manager must document the reason for the error and keep a copy of this justification for review by internal audit staff.

#### ***Positive Payroll Corrections***

A positive pay correction for the net difference can be credited to the offender's account through either an electronic income upload or manual payroll income entry depending upon the payroll type. A positive payroll correction, when entered after that month's payroll has already been certified will automatically become part of the next month's payroll certification.

#### ***Negative Payroll Corrections***

Negative corrections can be accomplished through the "Void Offender Income" screen. The user will select the appropriate income entry to void. Voiding an offender income transaction can take an offender's available balance into 'negative balance.'

If an individual withdrawal check is pending an OBS error message will be shown. If an OBS error message is received, the user must create an offender obligation using the Withdrawal Type "*Institutional Debt.*" Staff will enter into the "Source Doc. #" field *GANG PAY RECAP* and enter into both the "Original Amount Owed" and "Max Monthly Limit" fields the net amount of program payroll to be recaptured. The comments field will be used to explain the reason for the obligation.

Recapture of gang pay, OCI/Agri-services or Construction/Maintenance payroll overpayment through the obligation creation approach will result in the overpayment being recaptured however the payroll payment recaptured will be returned to the department's 200 Fund and not the facility's/unit's budget. Facility business managers are authorized to set

an obligation recapture deduction percentage against future account deposits to any reasonable percentage and recapture time if the payroll recapture will impose an undue hardship on the offender. Since auto-deductions were applied to the incorrect payroll, recapture of that payroll over payment should be for the full amount and not the net amount credited to the offender's available balance.

### **Statutory Savings**

The OBS system automatically calculates and deducts a statutory savings requirement of 20 percent as defined by O.S. 57, sec. 549, paragraph 5. Statutory savings are only deducted from offender payroll – whether entered through a batch process or manually through the “Offender Income/Payroll Entry” screen. The statutory twenty percent deduction is a maintenance value in the OBS system and can be adjusted if statute changes.

#### ***Impact of Pay Corrections on Statutory Savings***

If errors are made during OBS batch processing of payroll because of incorrect *Offender Account Maintenance* screen values, the facility trust fund officer will correct the error as described under payroll corrections. Trust fund officers, when making a negative payroll correction, may have to transfer from the offender's mandatory savings to the offender's available balance, any appropriate adjustment resulting from the erroneous payroll posting. Each situation will be evaluated individually based upon the circumstances of the erroneous posting and the correction approach required.

### **Work Release and PIE Private Sector Pay**

Work release and PIE payroll crediting will only be done at the time of private payroll payment receipt. Work release and PIE payroll does not create an account receivable for the facility and therefore will not be credited to an offender's account until such funds are actually received.

Offenders assigned to work release programs or facility Private Industry Enhancement (PIE) programs are required to pay program support fees. The staff member entering the private sector payroll check will credit the offender(s)'s account using the OBS “Offender Income/Payroll Entry” screen.” Staff will select a “Fund Source Type” of *Work Release* or *PIE Program* as appropriate and select an “Income Type” of *Private Sector Pay*.

The *Source Doc#* field will be used to enter the check number. The *Pay Area* field will be used to enter the date of the private sector pay check. The *Comments* field of the screen will be use to record any relevant additional information.

Program support fees are automatically computed based on income type by OBS and are the lesser of 50% of the net wages (defined as gross pay less taxes and

employer paid child support) or the number of applied payroll days times the community based per diem rate. The system automatically calculates the statutory savings requirement of 20 percent and applies remaining funds to the auto deduction process for existing obligations.

### ***Work Release Payroll Checks Over \$500***

Offenders in work release status who receive a private sector payroll check in excess of \$500 can immediately have their account credited to for the payroll check. Business office personnel are not required to place any hold on these checks pending supervisory approval since they are payroll related.

### ***Suspect Private Sector Payroll Checks***

If it is suspected that an offender has contacted a work release employer and convinced them to cancel a payroll check that has already been deposited into OBS with program support fee reductions taken, the facility business office will notify their District Supervisor of the offender's action. District Supervisors are responsible for follow-up, corrective action and requesting internal affairs investigation if required.

When the validity of an employer check is questioned at time of crediting the offender's account, staff should select a "*Fund Source Type*" of either *Hold for 7 Days* or *Hold for 15 Days* and an "*Income Type*" of *Private Sector Pay*. Placing a hold on crediting the offender's account for the check will allow normal program support, mandatory savings and any obligation auto-deductions to occur after the check has been confirmed as a valid negotiable financial instrument. After the check has been confirmed as a "valid check" facility business staff will release the hold by going to the "*Offender Outstanding Negotiable Instrument Manager*" screen and release the check.

Facilities may want to consider placing an "OBS hold" on an offender's final private sector payroll check to ensure the offender is not asking his/her employer to cancel the original check and reissue a new one. This should only be done by facility staff after coordination with their District Supervisor.

### ***Returned Private Sector Payroll Checks***

If an offender's account has been credited with a private sector payroll deposit and the deposit is subsequently reversed in the CORE system due to insufficient funds or employer cancelled check, the facility business manager will (if possible) reverse the offender's account crediting this deposit using the "*Void Offender Income*" screen.

If voiding the income entry is not possible, due to the deposit being tied to a CORE deposit ID number, staff will contact central finance and

accounting to discuss the issue. When possible staff will redeem the returned private sector payroll check (see “Bank Buy Errors” – this user’s guide) and as appropriate notify the department’s General Counsel, their District Supervisor, and Community Work Release and/or PIE Program Manager of the returned employer payroll check.

Staff should research the reason for the cancelled check. If the reason for the returned check is due to the offender requesting the employer to cancel the original check and reissue a new check, then a technical violation has occurred and every reasonable attempt will be made to require the offender to reimburse the department for the entire value of the returned private sector check so that appropriate OBS auto-deduction processes can occur. If the offender has already been released and is in supervised status, the business manager will contact the offender’s probation and parole officer to coordinate the collection of the private sector payroll check.

If the reason for the returned private sector payroll check is due to the employer not having sufficient funds to honor the check, the employer should be contacted and expected to reimburse the department for the cost of the returned check. When petty cash is used to redeem a returned private sector employer payroll check from a private bank, the payroll debt (and all associated costs) are then debts owed to the department.

1. The Deputy Director of Community Corrections should be notified when an offender action I suspected of causing an OBS entered private sector payroll check to not be honored by a banking institution.
2. The General Counsel will work with the Oklahoma Employment Security Commission to seek restitution from the Work Release or PIE program employers when a check issue by that employer is returned for ‘insufficient funds.’ The Deputy Director of Community Corrections will be notified when an employer check is returned for insufficient funds.
3. When notified of a returned private sector payroll check due to insufficient funds, Community Work Release Program managers and/or PIE Program managers will place the private sector employer on a watch list and promptly contact the department’s General Counsel and their senior management for guidance and coordination.
4. If a Private Sector employer has more than two returned employer paychecks within a six month period that private sector employer will be prohibited from employing department

offenders.

5. At all times the OBS 700 fund will be made whole through either a reversing entry (if possible) or through the check redemption process.

## **Payroll Certification and Payments**

### ***Monthly Gang /OCI /Agri-services/Construction Maintenance Payroll Certification***

Payroll certification is used to create an invoice and associated invoice number for the payment of accounts receivable related to the various department offender incentive pay programs. By the 5<sup>th</sup> working day of the following month each facility business managers must certify payroll in the OBS system for each department fund payroll program (Gang pay, Construction/Maintenance, OCI, and Agri-Services) associated with their facility. Payroll certification creates an invoice which is to be verified and signed by the facility business manager and then forward to central office for invoice payment.

### **Offender Payroll Log Report**

Use the “*Offender Payroll Log*” report under Offender Income reports to identify the payroll types to certify. Be sure to review prior month payroll periods to ensure any manual payroll correction is not overlooked. Leave the *Income Type field* blank when running this report to identify all payroll types requiring certification.

### ***Gang Pay Invoices***

Gang pay invoices will be forwarded to the central office Claims Processing Unit on a normal transmittal form for payment within 10 business days of certification.

### ***OCI/Agri-services/Construction Maintenance Invoices***

OCI/Agri-services/Construction Maintenance units are to certify their own payroll invoices for each work location and send the certified invoices to central office claims processing for payment within 10 business days of certification.

### ***Work Release/PIE Program Payroll***

Business managers do not certify monthly Work Release/Prison Industry Enhancement Certification Program (PIE) payrolls. The payroll certification and its respective invoice need not be forwarded to Central Office for payment since payments are receipted and entered into both CORE and OBS by the facility at time of offender account crediting without an account receivable being created.

### ***Payment of Payroll Invoices***

All payroll invoices forwarded to Central Finance and Accounting claims processing unit should be processed within 30 days of certified invoice receipt. When the invoice and warrant are received the payment will be entered into OBS using the “*Payroll Receipt Entry*” screen. Payroll type, payroll month, calendar year, associated invoice number and warrant amount associated with the certified payroll invoice will be entered into this screen.

### ***Void Payroll Receipt Entry***

The “*Void Payroll Receipt Entry*” screen will be used to reverse an incorrectly entered payroll receipt.

### ***Reprinting of Payroll Certification Invoices***

Payroll certification invoices can be re-printed using the “Offender Pay/Work Project Claim Certification” report under Income Reports. Before using this report users will need to know the “payroll certification invoice #” for the certified payroll amount. This can be obtained by running the “Offender Payroll Log” report under Income Reports.

### ***State Disability Compensation Benefits***

Correct handling of state disability benefit awards for incarcerated offenders requires business staff to fully understand several complex statutory requirements. Oklahoma law requires any employee convicted of a misdemeanor or felony and sentenced to a term of incarceration of at least ninety (90) days in this state or in any other jurisdiction to have all benefits for “temporary total disability” awarded by the Workers’ Compensation Court forfeited by order of the Court on motion of the employer or the employer’s insurer after confirmation of the employee’s incarceration. The Court also may order the forfeiture of such benefits on its own motion upon receipt of notice from the Director of the Department of Corrections that the person awarded the benefits is incarcerated as an offender in a facility operated by or under contract with the Department.

The above provisions do not apply to disability benefits awarded to an offender for compensable injuries sustained by the offender while in the employ of a private for-profit employer during their period of incarceration – such as a PIE program or work release offender injury award (O.S. 85 section 22, paragraph 13a).

Disability benefits paid to offenders while incarcerated for Permanent Total and Temporary Partial disability for injuries sustained prior to their period of incarceration are to have those award benefits deposited into their account – but those awards must go “in full” to the department to support their cost of incarceration.

***Temporary Disability Awards for Offender Injuries Sustained Not In Work Release or PIE Program Status***

All Oklahoma awarded workers' compensation benefits received for temporary total disability by an offender with an incarceration sentence of at least 90 days will have those benefits forfeited by order of the court. The facility receiving the temporary total disability benefit check will notify the court or the insurer issuing the check that the recipient is incarcerated and seek guidance on how to return the disability payment.

***Temporary Total Disability Awards for Offender Injuries Sustained While in Work Release and PIE Program Status***

Oklahoma awarded workers' compensation benefits received for temporary total disability by an offender with an incarceration sentence of at least 90 days will have qualifying benefits deposited into the 700 Fund and credited to their OBS account.

**Qualifying Benefits and Authorized Deductions**

Disability payment benefits paid for a injury sustained while incarcerated for which a disability benefit is awarded are not subject to forfeiture under state guidelines if the benefit payment is the result of an injury sustained by an "offender" while working for a private sector employer. State statute says: (O.S. 85 section 22, paragraph 13a).

*"Any employee convicted of a misdemeanor or felony and sentenced to a term of incarceration of at least ninety (90) days in this state or in any other jurisdiction shall have all benefits for temporary total disability awarded by the Workers' Compensation Court forfeited by order of the Court on motion of the employer or the employer's insurer after confirmation of the employee's incarceration. The Court also may order the forfeiture of such benefits on its own motion upon receipt of notice from the Director of the Department of Corrections that the person awarded the benefits is incarcerated as an inmate in a facility operated by or under contract with the Department. The provisions of this subparagraph shall not apply to any benefits awarded to an inmate for compensable injuries sustained by the inmate while in the employ of a private for-profit employer or while employed in private prison industries, involving a for-profit employer, which deal in interstate commerce or which sell products or services to the federal government."*

However, the disability payment is subject to a program support deduction (O.S. 57, section 549).

## **Eligible Benefit Deposit Procedures**

Staff must first determine whether the temporary disability benefit award is related to an injury sustained by the offender while incarcerated and in the employ of a private for-profit employer or while employed in private prison industries, involving a for-profit employer, which deal in interstate commerce or which sell products or services to the federal government. Normally “a qualifying injury award” requires the offender to have sustained the injury for which the award is for while employed in a PIE program or on work release.

The other issue involved here is the amount of deduction for program support. O.S. 57, section 549, requires:

*“B. The State Board of Corrections shall cause to be placed in an account income from the inmate’s employment and any other income or benefits accruing to or payable to and for the benefit of said inmate, including any workers’ compensation or Social Security benefits.*

*1. From this account the State Board of Corrections may charge for costs of incarceration any inmate working in private prison industries or any other inmate for costs of incarceration not to exceed fifty percent (50%) of any deposits made to said account, unless said deposits were from a workers’ compensation benefit.*

*2. From this account, the State Board of Corrections may charge any inmate for costs of incarceration, an amount equivalent to one hundred percent (100%) of any deposits from a workers’ compensation benefit to said account.”*

However, prior trust fund policy and department business practices required: “All Oklahoma awarded workers' compensation benefits received by an inmate as a result of injury while employed in a private prison industry will be deposited into statutory savings and will not be drawn upon until the inmate discharges.”

Since Title 57 uses the term “may” for the cost of incarceration deduction and prior policy had the award deposited into the offender’s statutory savings, this guide takes the position that to meet these conflicting requirements business staff when crediting the offender’s OBS account for the award deposit will:

1. Review the offender's current available balance and mandatory savings balance to confirm beginning account balances before making any changes.
2. Credit the offender's account using the *Offender Income/Payroll Entry* screen in OBS and select for "income source" the drop down option of "State Disability Check" and for "income type" the drop down option of "Private Sector Pay." Selecting this income type will ensure the amount deducted for program support is consistent with other program support deductions taken for offender pay in OBS.
3. After the offender's account is credited for the disability check deposit, the staff person entering the deposit will select *Offender Accounts* and the *Offender Savings Manager* screen and transfer from the offender's available balance an amount equal to the net amount of the State Disability Check after the program support deduction (the net increase in the offender's account available balance) to the offenders mandatory savings account.

### ***Permanent Total and Temporary Partial Disability Worker's Compensation Benefits***

Oklahoma Statutes require that benefit awards for permanent total disability or temporary partial disability awarded by the Workers' Compensation Court and paid during the period of incarceration be deposited to the credit of an account established pursuant to O.S. 57, section 549 of the Oklahoma Statutes for distribution to the Department of Corrections for costs of incarceration (O.S. 85, section 22, paragraph 13b). State law says:

*"Any employee convicted of a misdemeanor or felony and sentenced to a term of incarceration of at least ninety (90) days in this state shall have all benefits for permanent total disability or temporary partial disability awarded by the Workers' Compensation Court and paid during the period of incarceration deposited to the credit of an account established pursuant to Section 549 of Title 57 of the Oklahoma Statutes for distribution in full to the Department of Corrections for costs of incarceration. The State Board of Corrections shall have the power to collect workers' compensation benefits on behalf of the prisoner as provided in this subparagraph and to distribute the benefits as provided by law."*

### **Qualifying Benefits and Authorized Deductions**

Workers' compensation benefits received for permanent total disability and temporary partial disability by an offender with an

incarceration sentence of at least 90 days will be deposited into the 700 Fund through normal CORE deposit processes. However, in this situation, state law is very clear that money deposited to the offender's account is to be distributed in full for costs of incarceration.

### **Eligible Benefit Deposit Procedures**

To accomplish statutory requirements for crediting the offender's OBS account for this type of workers' compensation benefit and then transferring that deposit to the department for cost of incarceration business staff will:

1. Credit the offender's account through the use of the *Offender Income/Payroll Entry* screen in OBS. When using this screen OBS staff will select for "income source" the drop down option of "State Disability Check" and for "income type" the drop down option of "*private sector pay.*" Following this process will allow OBS to automatically compute a cost of incarceration computation (program support) that is equal to the cost of incarceration charged offenders in work release/PIE program status.
2. After the offender's account is credited for the deposit, the staff person entering the disability deposit will then under *Offender Accounts* select the *Offender Withdrawal* screen and do a withdrawal from the offender's available balance for an amount equal to the net amount of the State Disability Check after the first cost of incarceration fee deduction (the net increase in offender's available balance after the Disability Check deposit). The withdrawal type will be "Program Fees." Using the program fee withdrawal code will have the funds paid to the department's 200 Fund.

### **Social Security Benefits**

Social Security payments received by offenders will be returned to the issuing Social Security regional office with a memorandum stating the recipient is incarcerated and the beginning date of the incarceration. Facility business managers can contact the Social Security Administration at 1-800-772-1213 for questions or assistance.

### **Department of Veterans Affairs Payments**

The Department of Veterans Affairs can award certain benefits to honorably discharged or retired veterans who are subsequently incarcerated in a Federal, state or local penal institution. However, the amounts paid to the veteran depend on the type of benefit and reason for incarceration. Facility business managers will contact the Department of Veterans Affairs at 1-800-827-1000 when a VA

check is received to confirm the nature of the benefit and the offender's continuing eligibility to receive the VA benefit. Generally, there are two types of VA issued checks.

### ***VA Disability Compensation Checks***

Disability compensation for a military retiree is based on a VA evaluated disability exam and hearing which then can then result in a VA rated disability percentage at time of retirement from the military. This rated disability percentage can change after military retirement when the offender's medical condition changes and the change has been evaluated by the Department of Veterans Affairs.

- Monthly VA disability compensation payments are required by law to be reduced by the Department of Veterans Affairs beginning with the 61st day of imprisonment for a felony. If the VA disability compensation payment going to an offender was originally based on a disability rating of greater than 10%; the new compensation payment amount will be reduced to a 10% disability compensation rate. If the offender was already being paid disability compensation at the 10% rate before being imprisoned, the new payment will be one-half of the 10% rate. Business office staffs are encouraged to identify the offender's actual VA disability percentage rating to assist them in identifying allowable amounts. A VA award letter should be sought to confirm the offender's actual disability percentage.

Example of typical VA disability reductions are:

- If the VA disability compensation payment before imprisonment was \$201 or more (greater than a 10% disability rating), the new payment amount should be around \$104 (depending upon current VA disability compensation amounts which are adjusted annually).
- If the offender had a 10% disability rating and was receiving \$104 before imprisonment, the new payment should be around \$52.00.

### ***Veterans on Work Release or Halfway House Status***

Veterans are eligible to have their full VA disability compensation benefits payments reinstated upon assignment to a work release program or upon assignment to a halfway house. Offenders need to contact their regional VA office for assistance when they become re-eligible for full VA disability compensation.

### ***VA Pension Benefit Checks***

Veterans discharged from the service with an honorable discharge and meet certain age, disability and income requirements are awarded a VA Pension Benefit. However, offenders imprisoned in a Federal, State or

local penal institution as the result of conviction of a felony or misdemeanor, are no longer eligible to receive those VA pension benefits after the 61st day of imprisonment following conviction.

When a facility business manager has confirmed a VA check received by an offender is a VA pension benefit, the business manager will work with the VA office to resolve how to handle the check and ensure the VA does not continue to send these benefit payments to the offender.

VA pension benefit checks will not be deposited into OBS.

### ***VA Benefit Dependent Apportionment***

The VA can take all or part of the amount of compensation an offender is normally eligible to receive. The benefit can be reduced or forfeited due to incarceration and/or apportioned to the offender's spouse, child or children and/or dependent parents on the basis of individual need. Offenders should be encouraged to have family members contact the nearest VA regional office to apply for VA benefit apportionment. Business office staff and case managers are encouraged to assist offenders and their family members to seek this financial assistance when appropriate.

### **Seasonal Bonus**

The department Parent Canteen Board, when approving the annual Offender/Staff Welfare and Canteen Support budget, may designate a seasonal bonus for distribution to offenders in December or January. This seasonal bonus, when paid, is not subject to any automatic deductions.

OBS system managers will invoice the 205 Fund for the cost of the seasonal bonus payment. Seasonal bonus invoices will be paid by facility business managers from their Offender/Staff Welfare and Canteen Support budget within 30 days of invoicing.

### **Settlement Awards**

O.S. 57, section 566.1 prescribes when an offender receives a settlement award the award shall be first used to satisfy offender's obligations in the following order: The OBS "*Offender Settlement Award Entry*" screen ensures these statutory priorities and requirements are met.

1. Any previous assessments of court costs or fines involving the criminal convictions of the offender;
2. Victims compensation assessments;
3. Restitution awards;
4. Probation or parole fees;

5. Child support or alimony;
6. Civil judgments; and
7. Any deficiencies of debts not paid of which the state or the Department of Corrections has notice by judgment, lien, garnishment, or other appropriate process.
8. After disbursement of the funds by the state or the Department of Corrections, twenty percent (20%) of the award shall be placed in the offender's mandatory savings account and the remainder shall be placed in the offender's regular draw account.

By statute the department is granted a reasonable time to review and discover all outstanding debts of the inmate. It is required to disburse the award to all outstanding debtors of the inmate within six (6) months notification of the final court order or award settlement agreement.

Any award money deposited into an offender's account pending legal review from settlement proceeds will be immediately encumbered in OBS by selecting a Fund Source Type of '*Settlement Award*' to prevent the offender from using these funds until a distribution plan has been coordinated with the General Counsel's office. The General Counsel's office will be provided a copy of all OBS tracked offender obligations and identify additional offender obligations not currently recorded in the OBS system. OBS users will enter into the system all newly identified obligations associated with the settlement award distribution plan. After all offender obligations are identified and entered into OBS the General Counsel distribution plan of the award settlement will be processed.

#### ***Encumbrance of Settlement Award***

Settlement award proceeds when deposited into OBS will be immediately encumbered. Encumbered funds will not be released for distribution until the General Counsel's office has provided their distribution plan.

#### ***Award Obligations***

When an award distribution plan is released by the General Counsel's office:

1. OBS staff will ensure all required award distribution obligations are established in OBS using the Offender Obligation Manager screen to create newly identified offender obligations.
2. Staff will then release those previously encumbered funds and immediately withdraw those funds for re-deposit into OBS.

### ***Award Distributions***

It is critically important that actual award distributions be accomplished using the *Offender Settlement Award Entry* screen. Use of this screen for settlement distributions will override any system defined monthly distribution limits so that all statutory rules are system enforced.

When using the *Settlement Award Entry* screen staff will:

1. Select the obligation(s) which will have settlement proceeds distributed and enter into the *User Allocation Amount* field the amount that the General Counsel has determined to be applied to a particular obligation and then select “update.”
2. Only when all distribution plan criteria have been satisfied and entered will the user select “save.”
3. Any excess settlement proceeds will first have the 20% mandatory savings applied and with any remaining balances then applied to the offender’s available fund balance.
4. Amounts posted to the offender’s available balance are subject to system auto-deduction rules.

### **Offender Obligations and Withdrawals - Institutions and Facilities**

Offender fund balances in the OBS accounting system and certain income deposits are reduced to pay existing and/or new offender debts, pay institutional levied restitution and fines as a result of an offender disciplinary action and to make canteen purchases. When an offender’s “available draw” is insufficient to immediately pay the offender’s entire debt an OBS obligation will be established by the Trust Fund Officer or automatically by the OBS system depending upon the nature of the obligation. Canteen sales will not normally allow an offender’s available balance to be reduced below zero. When obligations are created in OBS they will remain active until the obligation is either satisfied, the offender is discharged/paroled, or is otherwise released from the obligation by some system action. All obligations entered into OBS have a status of “active”, “inactive” or “fulfilled” and are retained indefinitely by the system.

#### **Withdrawal Entry vs. Obligation Manager**

When establishing obligations in OBS, users should use the Offender Withdrawal Entry screen if money is to be immediately withdrawn from the offender’s account. In most instances, if sufficient funds are not in the offender’s available balance, the system will create an obligation for the remaining amount owed.

Use the Offender Obligation Manager screen when “recurring withdrawals” are to be taken from future deposits (example: PLRA and State Court Costs). When using this screen to setup the obligation, money will only be immediately

removed from the offender's account when the user enters an amount to be immediately withdrawn when saving the obligation.

### **Use of Encumbrances**

Staff may want to establish an encumbrance using the Offender Encumbrance screen when uncertainty exist as to the actual offender debt – such as a potential institutional debt.

### **Offender Obligations and Deduction Priority**

O.S. 22, chapter 1, section 17, prescribes the following order for the establishment of offender obligations:

1. Restitution,
2. Fines and Court costs,
3. Other payments ordered in the sentence,
4. Costs and expenses of incarceration.

System deduction priorities in the OBS are designed to pay claims against the offender's "available balance" that are authorized by statute or department policy and are deducted in a priority order based on specific system defined rules. Obligations can be deducted from offender payroll and/or outside deposits depending upon the nature of the obligation and the statutes/policies governing the obligation. **Attachment D** lists those offender obligations for facility housed offenders deduction categories currently established in OBS as authorized by statute or policy. **Attachment E** list those obligations and payments on behalf of offenders in supervised status based on statute or policy. Obligation deductions for offenders in supervised status are discussed in the Restitution Accounting section of this guide.

### **Court Ordered Sanctions**

Court sanction obligations in OBS are generally for attorney fees and costs ordered by the court as a sanction for an offender filing a frivolous or malicious lawsuit. Income deductions are entered into OBS at the rate specified in the court order and deducted from all funds deposited in an offender's trust account until the debt is paid.

### **PLRA (Prison Litigation Reform Act) Obligations**

Trust fund officers will comply with OP-030115 "Access to Courts/Law Library" (funds will be first deducted from the offenders draw then, when exhausted, mandatory savings will be used) for deducting offender initiated legal filing fees of civil and criminal cases (defined in O.S. 28 section 151 et. seq. or for a federal action as defined in 28 U.S.C. § 1911 et. seq.). When all offender resources are consumed, the offender may petition the court to proceed "In Forma Pauperis."

#### ***Entering PLRA Obligations into OBS***

When a court approves "In Forma Pauperis" business office staff will:

1. Transfer sufficient funds (if required) from the offender's mandatory savings balance to the offender's available balance using the "Offender's Saving Manager" screen to pay the initial court ordered filing fee payment.
2. The PLRA obligation itself will be created using the "Offender Obligation Manager" screen with a withdrawal type of "PLRA." If sufficient funds are not available using all available resources staff will, when asked by the OBS system for an "initial payment amount" when saving the obligation, enter an amount equal to the court required initial payment. Entering the full PLRA court ordered initial payment at this time will have the system create two obligations: (1) one for the initial court required filing fee payment and (2) one for a monthly PLRA payment.
3. OBS will immediately attempt to satisfy the initial payment obligation by withdrawing from the offender's available balance sufficient funds to meet that initial payment (this is the reason for doing a savings transfer first). If sufficient funds are not available an obligation will be created for the difference with 100 % of any future outside income source and 80% of the offender's future payroll (the 20% mandatory savings auto-deduction will still occur) appropriately system attached until such time as the full initial payment requirement is met.
4. Monthly "PLRA" payment obligations in OBS, as defined by the court, are "system encumbered" based on federal and state statutory guidelines from both offender outside source income and offender pay but only at a deduction percentage of 20%. These guidelines require that a minimum of \$10 remain in the offender's account when a monthly payment is made to the court.
  - The OBS system monthly check the offender's "Total Account Balance" at the start of the month and if at least \$10 does not exist in the offender's account, it will release the prior month's system encumbered funds and not make a monthly PLRA payment to the court. This process will continue until at least a \$10 offender account balance is computed.

Do not confuse "initial PLRA payments" with recurring "monthly PLRA payments." Initial PLRA payments, when established using the above process, are not subject to the statutory "system encumbrance" \$10 account balance limitation and will be paid using any and all available balance resources. Creating the PLRA obligations as described above will

ensure “In Forma Pauperis” payments comply with both federal and state statutory requirements.

### **State Court Costs and Fines**

State court ordered costs are those fees, fines and other obligations levied by the court at the time of an offender’s incarceration. Case managers are responsible for notifying facility business office staff of all outstanding offender court costs and fines. Court obligations will be established in OBS by the trust fund officer and funds withdrawn at a ten percent rate of the offender’s net pay (work release, prison industries, agri-services or gang pay).

Business staff will enter the court case number into the Obligation Manager Screen as the “Source Doc #” – example: “CRF YYYY – XXXXX” where YYYY refers to the year of the case and XXXXX refers to the case number. The OBS system will only take a deduction for one court cost obligation at a time based upon the age of the obligation.

### **Child Support Enforcement**

O.S. 12, section 1171.2, “*Child Support Payments – Garnishment*” prescribes the process for child support enforcement collection. Paragraph b of this title specifies the rates and income subject to child support enforcement by saying:

*“B. The maximum part of the aggregate disposable earnings of any person for any workweek which is subject to garnishment or income assignment for the support of a minor child shall not exceed:*

- 1. Fifty percent (50%) of such person's disposable earnings for that week, if such person is supporting his spouse or a dependent child other than the child with respect to whose support such order is used; and*
- 2. Sixty percent (60%) of such person's disposable earnings for that week if such person is not supporting a spouse or dependent child.”*

It is the opinion of the department’s General Counsel that the department will collect court ordered child support if the department is in receipt of an income assignment order from the court. Collections against the child support income assignment will have a priority order just behind federal and state court ordered obligations and after the withdrawal of the statutorily mandated 20% offender savings. The department’s General Counsel has further indicated that only incentive pay and work release income are subject to child support enforcement collection at the 60% collection level.

OBS *Child Support* obligation maintenance values are set up to follow this deduction schedule with 60% set at the deduction percentage and only offender payroll subject to deduction. Business managers should evaluate the offender’s court ordered child support document to confirm the court has entered an income

assignment on the enforcement order. If so, then the department will collect and remit to the appropriate payee that portion of the ordered income assignment based on OBS system obligation maintenance values.

If an income assignment is not specifically stated on the court order, then the child support order is an offender obligation but it will not be result in O.S. 12, section 1171.2 ordered garnishment. Contact the General Counsel's office when a question arises as to whether an income assignment is part of the court order.

***Child Support Enforcement Order – Institutional Housed Offenders***

If a child support enforcement order is received while the offender is incarcerated at the institutional level business office staff will confirm the income assignment and then enter the obligation using the OBS *Offender Obligation Manager* screen with an obligation type of “*Child Support.*”

1. Maximum Amount Owed Field: Multiply the monthly income assignment identified in the court order times 12 months times the expected length of time until the youngest child turns 21 as the “original amount owed.” Example:  
$$\$150/\text{month} \times 12 \text{ months} \times 10 \text{ years} = \$18,000 \text{ owed}$$
2. Maximum Monthly Payment Field: Use the monthly income assignment identified in the court order as the “maximum monthly payment”.
3. Do not change the OBS default monthly payment percentage regardless of the income assignment order. This is a system defined value based on statute and General Counsel guidance.

***Child Support Enforcement Order – Work Release Offenders***

There are two acceptable approaches for handling child support enforcement orders for offenders in work release status.

1. Enter the child support enforcement order into OBS as described above. If so entered into OBS, child support enforcement will be collected as described above with mandatory program support collections based on net income after payment of the child support.
2. Forward the child support enforcement order to the offender's work release employer for pay garnishment.
  - a. If an OBS child support obligation has already been established in OBS, the obligation will have to be reduced to amounts already paid to prevent double garnishment on the offender's income.
  - b. If the obligation does not already exist in OBS then the

obligation will not be entered into the system since it is being forwarded to the work release employer for collection.

### **Court Ordered Garnishments**

Garnishments will only be entered into OBS when a specific court order exists. There are two garnishment categories created in OBS depending on the income assignment of the garnishment. Deduction percentages can be adjusted based on court order.

#### ***Garnishment***

Use this OBS obligation category when the court order requires income assignment against all offender income types. System maintenance values for this obligation type are:

Deduction percentage default = 100%

Income subject to deduction = payroll + outside source

#### ***Garnishment – Payroll Only***

Use this OBS obligation category when the court order only attaches an income assignment against offender pay. System maintenance values for this obligation type are:

Deduction percentage default = 50%

Income subject to deduction = payroll

### **Program Support Fees**

Cost of incarceration is offset through the collection of program support fees as authorized by O.S. 57, section 549. This fee is only assessed on work release private sector pay, private industry enhancement (PIE) payroll checks, and eligible temporary total disability benefit payments as described in this guide. The program support fee computation is automatically computed by OBS based on the lesser of 50% of the system credited net wages (defined as gross pay less taxes and employer paid child support) or the number of applied payroll days times the community based per diem rate.

### **Facility Obligations and Co-pays**

Department obligations are created in OBS to recognize an offender's debt related to specific department levied costs when the offender's available balance is insufficient to immediately pay the incurred debt. Facility obligations and co-pays should initially be entered into OBS as an "Offender Withdrawal."

Obligations result from medical, legal and postage co-pays, fines and institutional debt, and special order medical equipment orders when the offender does not have sufficient funds to immediately pay the debt. Obligations will not exceed the authorized amount of the co-pay, fine, special order or the replacement value of the item/s destroyed, damaged, or missing.

Obligations for co-pays, fines and levied institutional debts are specifically defined in policy. When questions arise about the nature of the obligation, users are to refer to the appropriate department policy that defines the institutional debt. Co-pays help offset the cost of providing services such as ambulance/doctor's fee, pharmacy prescriptions, and postage related to returning outside offender income where either the facility head disallowed the deposit or the sender did not complete a required Offender Deposit Slip. Institutional debt reimburses the department for damage to state property done by an offender and can be used to recapture overpayment of gang pay. Fines levied against an offender are the result of administrative action.

An offender obligation report will be provided to an offender when requested.

### ***Facility Obligations***

#### **Administrative Sanctions - Fines**

Attachment A "*Range of Allowable Sanctions*" of OP-060125 "*Department Offender Disciplinary Procedures*" prescribes the allowed administrative sanctions. It lists fines for a Class A of \$10 and Class B of \$5.

#### **Administrative Sanctions - Restitution**

Restitution may be imposed when monetary loss was incurred as a result of an infraction, but will not exceed the actual amount of the replacement value of the item/s destroyed, damaged, or missing. Restitution may also be imposed for the cost of providing a service such as ambulance or doctor's fees.

A footnote to OP-060125 Attachment A, says if restitution is imposed as a sanction, the funds may be collected from the offender's draw account at a rate not to exceed 50% of the deposits made to the account. Documentation will be provided to the offender verifying how the amount of restitution was determined. Restitution for personnel services will not be assessed. OBS users will use the withdrawal type of "Institutional Debt" when creating an obligation for this type of department restitution.

#### **Birth Certificates**

OP-060203 "Adjustment Review", under facility periodic review, requires of offenders to have two valid forms of identification, one of which must be a social security card. Often, the other form of identification sought is an offender birth certificate. When a birth certificate is required, business staff will do an offender withdrawal for the cost of acquiring a birth certificate. If the offender does not have a sufficient available balance to cover the cost of the birth

certificate OBS will allow the offender's "*available balance*" to go 'negative balance.' If the offender is indigent under the conditions described in the "Indigent Offender Status" section of this guide, then cost of the birth certificate will be paid out of the Welfare & Recreation Budget Fund 205.

- When an offender's account has a 'negative' available balance, OBS will immediately use any additional future deposits to move the offender's account back towards zero. A negative account balance takes precedent over an obligation deduction in the allocation of new deposits.
- If an offender is discharged with a negative "*available balance*", OBS will attempt to restore the negative amount when account consolidation occurs.
- If at time of discharge the offender's account is still negative (after account consolidation) the offender's account will have to be brought to zero balance through a deposit from the facility's petty cash fund. Facilities will reimburse their petty cash fund for this OBS deposit by making a claim against their 205 Fund (Inmate and Staff and Canteen Support Revolving fund).

## **Co-pays**

### **Legal Co-pays**

Offenders will be charged legal co-pays in accordance with OP-030115 "*Access to Courts/Law Library*" as prescribed in Attachment A of that policy.

### **Medical Co-pays**

Policy (OP-140117 "*Access to Health Care*" paragraph III. F) provides that offenders will not be refused health care because of their financial status. However, offenders will be charged a \$2.00 copayment fee for each offender-initiated request for a medical, dental or optometric service and \$2.00 for each medication issued during an offender-initiated clinic visit. It is extremely important for Trust Fund officers, when in doubt, to confirm with their medical services administrator that a medical co-pay charge is to be applied to the offender's account. While not specifically stated in policy, offenders are usually not charged for chronic condition services.

Upon implementation of electronic medical records at all department locations the OBS will be able to electronically import

medical and pharmacy co-pay charges. Actual implementation date of this import technology will be determined by management.

### **Medical Co-pay Exemptions**

OP-140117, paragraph III F. 3, states: “offenders will not be charged a \$2.00 copayment fee for the following:

1. Physical examinations and health assessments;
2. Medical provider initiated health care services, including any medical, dental, and optometric follow-up treatment or care, which is recommended by the medical provider and can be scheduled on a subsequent clinic visit;
3. Laboratory services;
4. Radiological services;
5. Immunizations, tuberculosis screening, vaccinations, and any other treatment prescribed for public health concerns;
6. Mental health services;
7. Initial health assessments conducted during the reception process at the assessment and reception center;
8. EKG’s, dressing changes, and other treatments prescribed by a healthcare provider;
9. Prenatal, perinatal, and clinically indicated postpartum care;
10. Health care provider initiated medical referrals to outside public or private health care facilities;
11. Initial acute care treatment rendered for an on-the-job injury;
12. Prescription medications prescribed for asthma, coronary artery disease, chronic obstructive pulmonary disease, diabetes mellitus, Hepatitis C, HIV, hypertension, seizures, and mental health disorders.
13. Specific prescription medications listed as co-pay exempt in OP-140117 “*Access to Healthcare - Attachment A*”
14. Emergency or trauma care (i.e., life threatening medical condition).

### **Postage Co-pays**

OP-030115 "Access to Courts/Law Library" authorizes offenders to be charged for the cost of returning an 'unauthorized items' and the return of cash or checks to the sender.

### ***Reimbursement of Obligations and Co-pays***

Voiding a withdrawal for an offender obligation and/or co-pay due to an incorrect entry is generally possible if a check has not been printed. If a check has been printed then the facility must cancel the check and then void the withdrawal/obligation entry. If this approach is not possible due system limitations then the staff must seek offender reimbursement for the incorrect withdrawal from the Chief Financial Officer.

### **Offender Encumbrances**

Encumbrances are established by a facility to withhold offender available balances for a future payment. When an encumbrance is established in OBS the offender's available balance is reduced until such time as the encumbrance is cancelled or an offender withdrawal occurs.

### ***Encumbrance Release***

Only the OBS location that creates an encumbrance can release the encumbrance. If offender movement occurs during the period of encumbrance, the gaining OBS location must contact the offender's prior OBS location to release the encumbrance.

### **Return of a Discharged or Paroled Offender**

If a discharged or paroled offender returns to department custody his/her OBS account will automatically be reactivated during the OMS to OBS overnight process. Facility business offices shall research all offender obligations in OBS using the "*Obligation Manager Entry*" screen (unclick 'active only') to determine whether the offender was discharged or paroled with an outstanding and unfulfilled offender obligation.

Old obligations, if not fulfilled, will be validated and re-activated in OBS by the facility business office. Prior court obligations will be researched and updated for payments received by the court while the offender was not in department custody. New court obligations will be researched by appropriate department staff and entered into OBS.

## **Trust Account Management**

### **General Ledger Reconciliation**

The Chief Financial Officer is responsible for the reconciliation of all OBS general ledger (GL) accounts to system financials. Reconciliation of GL accounts should be done monthly. To assist with monthly reconciliation processes the OBS

system provides the following reports. All reports are exportable to Excel files. When exporting a file to Excel be sure and 'unmerge' consolidated cells.

- General Ledger Account Balance – Trust
- General Ledger Account Balance – Canteen
- GL Account Name Detail Daily Transaction Summary
- GL Account Name Detail Report
- Canteen Balance Sheet
- Trust Fund Balance Sheet
- Statement of Canteen Operating Income
- IBSA Interest Posted
- Offender Statement Report (DOC# = CNTRANS)

**GL Cash-Canteen and CNTRANS**

The “GL Account Name Detail Daily Transaction Summary” report is used for GL account analysis. When reconciling the “Cash-Canteen” general ledger account be sure to account for any CNTRANS deposits done during the conversion process (female and male data import inventory purchases) and/or subsequently deposited directly to the CNTRANS account (canteen ASA accounts). CNTRANS account balances should equal adjusted “Cash-Canteen” values when reconciled.

CNTRANS transactional detail is derived from the “Offender Statement Report” for the time period selected. Enter the offender name of “CNTRANS” for the DOC#. This offender name is only available at the ADM location. CNTRANS reconciliation should be done monthly.

**Sample CNTRANS Reconciliation**

GL Account Reconciliation				
April 2009				
Offender Statement Report - CNTRANS				
Transaction Date	Transaction Type	Source Document #	Receipt#/Check#	Amount
04/01/2009	Beginning Balance - CNTRANS			\$ 373,563.49
	SALES TAX PAYMENT - T Total			(\$21,729.14)
	TRUST CANTEEN PAYMENT - T Total			\$222,345.54
	VENDOR PAYMENT - T Total			(\$145,492.04)
	Ending Balance CNTRANS - 40/30/2009			<u>\$428,687.85</u>
	Less: CNTRANS Deposits (Feb thru April)			(\$250,000.00)
4/30/2009	Cash - Canteen (GL Balance Report - Canteen)			<u>\$178,687.85</u>

**GL Offender Accounts and Cash-Trust**

Export of data from the “GL Account Name Detail Daily Transaction Summary” report with a GL account name of ‘Offender Accounts’ is used to reconcile both the GL “Offender Accounts” and GL “Cash-Trust.” The ‘net’ total of the month’s transactions is the starting point for this account reconciliation.

## Sample GL Offender and Cash-Trust Account Reconciliation

<b>GL Account Reconciliation</b>			
<b>April 2009</b>			
<b>Offender Accounts / Cash-Trust</b>			
<b>Total Month Transactions - GL Account - "Offender Accounts"</b>	\$ (376,508.13)	\$ 373,005.39	\$ (3,502.74)
<b>Total Transactions:</b>	13252	7374	
Ending Balance - Offender Accounts (Mar 09)			\$ 1,057,861.50
<b>Ending Balance - Offender Accounts (April 09)</b>			<b>\$ 1,054,358.76</b>
IBSA - Interest Posted (April 09)			\$ 0.33
<b>General Ledger Report - Trust - Offender Accounts (April 09)</b>			<b>1,054,359.09</b>
Total Offender Accounts - Active			\$ 618,733.02
Total Offender Accounts - Roster Release			\$ 2,193.86
IBSA Balance - not separately shown on GL Account Balance (Trust) report			\$ 2,700.33
Cash Canteen - GL Ledger Account Balance (Canteen) April - [CNTRANS from canteen]			\$ 178,687.85
Additional Cash Deposits into CNTRANS (Feb - April)			\$ 250,000.00
WUNK Balance - April			\$ 1,062.40
Total of Other Virtual Accounts			\$ 981.63
<b>Ending Balance - Offender Accounts (April 09)</b>			<b>\$ 1,054,359.09</b>
<b>Reconciliation: Cash - Trust (April 2009)</b>			
<b>Ending Offender Account Balance (Type) - April 09</b>			<b>\$ 1,054,359.09</b>
Plus: Total Accounts Payable - All Trust Accounts (April)			\$ 222,027.31
Less: Total Accounts Receivable - All Trust Accounts (April)			\$ (91,356.60)
<b>Cash - Trust GL Report (April 2009)</b>			<b>\$ 1,185,029.80</b>

### **GL Accounts Receivable**

In OBS all accounts receivable are payroll related. There are four payroll account receivable types: Agri-services, Construction/Maintenance, DOC (Gang Pay), and OCI. Use the "GL Account Name Detail Report" for the account receivable type to be reconciled. It is also critical that information from the GL "Accounts Receivable-XXX" be cross checked with information generated from the "Offender Payroll Log" and the "Payroll Reconciliation" reports to verify manual payroll corrections were been correctly posted to the system by field staff and invoice payments made.

### **Canteen Profits - 205 Fund**

Canteen system profits are transferred from the OBS system to the *Inmate and Employee Welfare and Canteen Support (205) Fund*. At the ADM location use the *Offender Withdrawal Entry* screen with an "Offender DOC#" of "CNTRANS" and the withdrawal type of "Canteen Profits-T." Profit transfers to the 205 Fund will occur as directed by the Chief Financial Officer.

### **Local Trust Maintenance**

Each OBS location has local trust maintenance screens which are used to identify certain trust system maintenance values germane to their location. Local trust maintenance screens are located under the "Administration", "Local Trust"

menu.

### ***Local Offender Work Assignment Maintenance***

Facilities should review and setup “*Local Offender Work Assignment Maintenance*” screen values for those offender work assignment areas germane to their location.

1. Un-select “display active only” to view all available central office work assignment areas.
2. Select (un-select) “institution active” to activate (deactivate) an offender work assignment area for use with “Offender Maintenance” screen work assignment drop down list.

### ***Local Offender Group Maintenance***

The “*Local Offender Group Maintenance*” screen is used to activate those virtual offender group accounts approved for use by the facility manager.

1. Un-select “display active only” to view all available central office virtual offender groups.
2. Select (un-select) “institution active” to activate (deactivate) a virtual offender account approved for use by facility management.

### **Offender Account Maintenance**

Facility business managers are responsible for offender account maintenance information and values.

### ***Monthly Review of Offender Maintenance Values***

Offender maintenance value information will be reviewed and updated monthly along with any *Exception Pay Amount* values. It is recommended this review occurs prior to the end of the month just prior to gang pay posting by the system. This review can be easily done by running the “Offender Account Maintenance Values Report.”

### ***Review of New Offender Maintenance Values – Transfer of Offender***

It is extremely important when a new offender arrives at a facility for trust fund staff to review and update the “Offender Account Maintenance” screen. If the offender’s account has a freeze associated with it, gaining facility staff must confirm the reason for the frozen account with the prior facility. Staff should review the “Offender Account Maintenance” screen and run the *Offender Statement Report* for each newly assigned offender and confirm all encumbrances.

Remember, only the facility that establishes an encumbrance can release the encumbrance. Conversely, when transferring an offender to another facility business office staff should review the transferring offender’s account to ensure all maintenance values, encumbrances, and obligations

are correctly entered into the OBS system prior to offender transfer.

### ***Offender Sales Tax Exemption***

O.S. 68, section 1357 ¶ 34 authorizes a state sales tax exemption for offenders who are qualified disabled veterans with a VA disability rating of 100 percent. O.S. 68, section 1361.2 requires the person to whom the sale is made be required to furnish proof of eligibility for the exemption as issued by the Oklahoma Tax Commission. The “Offender Maintenance” screen has a radial button to flag offenders who are in possession of this exemption. Because VA disability ratings can be reduced, when an offender changes facility locations the gaining facility’s trust fund officer will re-validate the OTC exemption by examination of the exemption card.

### **Offender Privilege Level**

An offender’s gang pay rate and spending level limit in OBS are based on the offender’s privilege level field in OMS and is updated nightly. Case management or record officers have the ability in OMS to change an offender’s privilege level with a future effective start date. OBS however uses the entered OMS privilege level, regardless of future effective date, for computation of gang pay and offender spending limits. If an offender privilege level change is entered in advance with a future effective date then the higher privilege level will be the pay rate and spending level limit from date of change entry for OBS offender account transactions.

### **Indigent Offender Status**

The OBS system considers an offender indigent based upon a rolling 30 day period of the offender having less than \$10.50 in their trust “available balance.” It is imperative that staff confirm from OBS the offender’s eligibility to receive indigent supplies prior to distribution of those supplies. Staff will use the OBS system *Indigent Offender Report* to confirm an offender’s indigent eligibility.

Indigent status as defined by OBS - is based on two criteria and a rolling 30 day window for application of these two criteria along with the number of days since the last gang payroll payment was posted. System criteria for offender inclusion on the Indigent Status Report are:

1. The offender cannot have an ‘available balance’ (the old ITAS term was ‘draw account balance’) of \$10.50 or greater within the last 30 day period.
2. The offender cannot have a withdrawal total greater than \$10.50 within the last 30 days (a rolling 30 day window) for non-debt items (i.e. commissary purchases and trust account withdraws for non-obligations payments).

These two OBS defined criteria are impacted directly by the number of days

since gang pay was last posted. Since gang pay runs on the last day of the month (nightly processing of gang pay occurs on the night of the 30th for a payment posting in the early morning on the 31st), an offender who receives gang pay will likely be not be listed on the *Indigent Status Report* the next day if the report is run on the 31st of the month. This is because there could be two gang payment postings within 30 days if the preceding month had less than 31 days.

If the facility business manager waits until the 1st or 2nd of the month to run the *Indigent Status Report* then the prior month's gang payroll payment will not be factored in. However, if the inmate spends the money of the combined two payroll payments within the same rolling 30 day window at the canteen those combined expenditures could remove the offender from indigent status because of rule #2.

It is recommended that facilities at least once a week run their *Indigent Status Report* to identify eligible offenders because of this rolling 30 day window and how it is impacted by the timing of payroll receipts, canteen purchases and trust account withdrawals for non-obligation payments.

### **Data Entry Errors**

Business staff must exercise extreme diligence in the posting of offender income, withdrawals and obligations. Correcting income entry errors are possible in OBS. Voiding an incorrect income entry will reverse all related auto-deductions and can take an offender's available balance into a negative available balance if those voided funds have already been spent by the offender. Negative balances will be recaptured by the system when additional funds are posted to the account.

It is important for users to understand the following concepts when trying to correct an OBS income data entry error. Deposit errors are those data entry errors where either the wrong offender was credited with the deposit or the correct offender was credit with the deposit but the staff person entering the income into OBS used an incorrect "income type."

Another type of income data entry error is where an offender was correctly credited with an income deposit but the deposit is reversed due to a problem with the financial instrument. For problem related to this second situation please refer to the section of this guide called "Bank Buy Back Errors."

### ***Deposit Errors***

When funds are credited to an offender's account through one of the Offender Income Entry screens those funds are subject to OBS auto-deduction rules and processes with an 'OBS receipt number' created by the system at time of income entry specifically related to that deposit. If the error is caught before the 'OBS receipt number' is tied to a 'CORE deposit number' then reversing the error is possible by using the "Void

*Offender Income*” entry screen. Use of this screen will reverse the deposit and any associated auto-deductions.

However, once that ‘OBS receipt number’ is linked to a ‘CORE deposit number’ through the *Report of Deposit Creation* screen there are only two methods for fixing a income data entry error.

### **Method 1 – Income Correction Entry Screen**

The “*Offender Income Correction*” entry screen can be found under the Trust – Checks and Deposits menu drop down. Use of this screen requires the user to enter the Offender’s DOC #, the OBS receipt #, the CORE deposit ID#, and the income amount. Select ‘search’ to bring up the deposit.

Users will need to identify the offender’s DOC # and new income type for the corrected deposit amount. Validate both data entry corrections before saving the entry.

In all cases, staff should print out an “Offender’s Statement Report” prior and after making an income correction to ensure the correction was properly done by the system.

### **Method 2 – Voiding CORE Deposit ID Number**

This approach should only be done if Method 1 does not work or has already been done once on the same deposit. This approach requires coordination with central office finance and accounting and the Office of the State Treasurer.

When using this approach, users must first break the linkage in the OBS system with the CORE deposit number by voiding the old Deposit ID number in OBS and replacing it with a new CORE Deposit ID number after the income correction has been made. Remember, when tying a new CORE Deposit ID# to a group of existing deposits, users must enter into the “*Report of Deposit Creation*” screen the original date of the related deposits.

When using Method 2, users must contact central office finance and accounting to have the original CORE Deposit ID# cancelled. Users will also notify them of the new ID number.

### ***Bank Buy Back Errors***

There are certain times when income is credited to an offender’s account but the financial instrument is not honored by the banking system. This can occur when the deposit is a stolen money order/cashier’s check; the issuer has voided the check; or a financial instrument reversal by the State Treasurer.

When notified by the State Treasurer's office or a local bank that a check has been returned 'unpaid' staff should first contact central office finance and account to discuss the best approach to this problem.

### **State Treasurer Reverse's Deposit – 700 Fund Reduced**

When central office finance and accounting is to make the correction that a bad check has been reversed the offender's account must be reduced along with an appropriate reduction in the general ledger account – 'Cash-Trust.' Central office staff will use the "*Offender Bank Buy Back Entry*" screen under the Trust, Check and Deposits menu to reverse the deposit.

When entering "Bank Buy Back" reductions please ensure an "Offender Statement Report" is printed so that buy back corrections can be verified. Bank buy back entries can cause an offender's to go negative balance if sufficient are no longer available to reverse the deposit.

### **Bank Allows Facility to Redeem Bad Check – 700 Fund Not Reduced**

When a facility is notified by their local bank that a bad check must be redeemed by the facility a multistep OBS process is required to redeem this check.

1. The facility will go to the "*Offender Income Correction*" screen and enter the offender's DOC#, the OBS receipt #, the CORE deposit ID#, and the income amount. Select 'search' to bring up the deposit.
2. The facility will then in the "To" block re-enter the offender's DOC# and select the income type of "Admin Correction Deposit." This re-entry process will allow the original auto-deductions to be reversed and have the funds re-deposited into the offender's account such that a check can then be issued to the local bank for the entire amount.
3. The facility will then proceed to the "*Offender Withdrawal Entry*" screen and do a withdrawal from the offender's account for the entire bad check redemption amount. This withdrawal can cause the offender's account to have a negative available balance if sufficient funds are no longer in the account to redeem the bad check.
4. Facilities will then print the check written to the local bank and redeem the bad check.

### ***Payroll Errors***

Gang pay, OCI/Agri-services and Construction/Maintenance income entry errors are exceptions to Method 1 and 2. Voiding an incorrect payroll entry can be done so long as the payroll has not been certified. Once payroll is certified the best way to recapture an overpayment is to establish an institutional debt for the offender.

### ***Transfer of Incorrectly Entered Income – Not Approved***

Transferring funds from money posted to an incorrect offender's account to the correct offender's account will not reverse auto-deductions that occurred during the initial posting of the incorrectly posted income. It is extremely important that the original incorrect income posting be voided or corrected and money not transferred to ensure correct auto-deduction rules are applied to the income posted.

### ***Withdrawal Errors***

Withdrawal errors can occur through either incorrect withdrawal entries or through the auto-deduction process if the obligation was not correctly entered into the system.

#### **Incorrect Withdrawal Entries – institution printed checks**

Most incorrect withdrawal entries on institution printed checks can be voided in OBS so long as a check has not been printed. However, once a check is printed the check must be first voided using the *Check Information* screen under *Trust, Checks and Deposits* to break the linkage between the withdrawal and the printed check. It is important to keep in mind, once a check has been reconciled in OBS through the monthly OST/OBS reconciliation process – that check cannot be voided in OBS and therefore the withdrawal itself cannot be voided.

#### **Incorrect Withdrawal Entries – central office group checks**

When an incorrect withdrawal has occurred and the withdrawal is part of a central office group check, the incorrect entry can be voided without having to cancel the central office check. The next central office group check however will be reduced by the amount of the voided entry.

There are certain situations where an incorrect withdrawal entry cannot be voided without voiding a central office check. Those situations generally relate to victims' restitution, court costs, and consolidated obligation payments.

### **Obligation Errors**

Most obligations in OBS should be established using the *Offender Withdrawal Entry* screen. When entry errors are made using this screen and an obligation is created then the user must first:

1. Void the withdrawal that created the obligation, and then
2. Void the obligation that the incorrect withdrawal created.

### **Obligation Errors – Offender Obligation Manager**

When investigating whether an incorrect obligation was created using the *Offender Obligation Manager* users should unclick “Display Active Only” field at the bottom left of the screen to pull up all obligations – both active and inactive. Click on the incorrect obligation and review the “Obligation History Report” to identify system payments against the obligation to see what has transactions have transpired since the obligation was initially established.

### **Fulfilled Obligations**

If the obligation is “fulfilled” then the only way to void the incorrect obligation for those with institutional printed checks is to both void a previous payment (you can only void withdrawals if they are still pending check printing) and then void the obligation. Another approach is to increase the total obligation amount owed and then void the amended obligation.

Voiding an offender obligation that uses central office printed checks is treated differently by the system. **Caution** - voiding central office printed check offender obligation will reverse all prior offender payments and restore the funds to the offender – even if he/she actually owed the earlier payments. If in doubt seek guidance. (See below)

### **Obligation Reductions – Use of Outside Payment**

If the obligation is still active, it can be “inactivated” or reduced to zero balance by payment through the *Offender Obligation Outside Payment Entry* screen. When an obligation is created in OBS its record will remain in the system indefinitely along with all transactions related to it. There are times however, if an obligation was set up in error, where appropriate auto-deductions have occurred and do not need to be reversed. If this is the situation, system users must reduce the current obligation amount to zero balance using the *Offender Outside Payment Entry* screen to prevent additional auto-deduction processes from taking additional payments against the incorrectly entered obligation.

### **Offender Canteen Purchases**

An offender's available balance is immediately reduced when a canteen purchase is made. Offenders can only purchase canteen items when their available balance is greater than zero and the offender's authorized weekly canteen purchase limit has not been exceeded. Weekly canteen purchase limits are defined in OP-060107 "Systems of Incarceration."

#### ***Exempt Canteen Purchases***

Items purchased from a facility canteen that fall under the definition of "Maximum Allowable Property" and "Maximum Allowable Clothing (male or female)" as defined by OP-030120 "Offender Property." are exempt from weekly mandatory spending limits.

#### ***Non-Exempt Canteen Purchases***

All canteen items that do not meet the definition of "Maximum Allowable Property" and "Maximum Allowable Clothing (male or female)" as defined by OP-030120 "Offender Property" are considered non-exempt purchases. Non-exempt canteen items can only be purchased by an offender so long as the offender's weekly canteen purchases of non-exempt items does not exceed the weekly spending limit as authorized by OP-060107 "*Systems of Incarceration.*"

### **Offender Release**

The *Offender Release Entry* screen is used when releasing an offender from custody or when the offender is transferred to a private prison. However, some offender funds may not be available for consolidation and disbursement using the *Offender Release Entry* screen until either an encumbrance (example: an offender debt encumbrance) or funds held as a negotiable instrument (example: Hold for 7 days, Hold for 15 days, Settlement Awards) are released. Additionally, if the offender has IBSA savings, those IBSA savings must be transferred to the offenders 'available balance' before account consolidation. If an offender does not have \$50 or more in their Mandatory Savings Account the business manager may encumber 20% of the offender's draw account initially and 20% of income received from any source until the \$50 balance is met as long as it does not leave the offender in indigent status.

If the offender release is cancelled for any reason; void the release, reactivate all obligations and transfer the mandatory savings portion of the available balance back to the mandatory savings account.

An offender release can be voided as long as OMS has not released the offender. Once OMS has released the offender, the Void Offender Release will no longer work until OMS no longer shows the offender as released. Voiding an offender release will also void all disbursements made during the offender release.

If an offender has a negative 'available balance' upon release consolidation, mandatory savings and other account balances will be used to restore the offender to zero if possible. If consolidation of these balances does not restore the offender's account to zero then a petty cash disbursement must be made to the offender's account to restore the system to zero. Staff will create an offender obligation to recognize the petty cash disbursement.

There are three system hard coded release types that do distinct OBS special functions. Those hard coded release types are:

1. System Release: this release type will consolidate all available offenders trust account funds for disbursement.
2. Release to Private Prison: this release type will consolidate all available offender trust accounts funds – except mandatory savings – for disbursement to the private prison.
3. Transfer Whereabouts Unknown: this release type is used when a released offender's address is unknown. This release type immediately move funds to the WUNK (Whereabouts Unknown) account so that the money can begin the "aging process" for eventual transfer to the State Treasurer's unclaimed property division. Remember, when money is "released to WUNK" the funds can still be claimed and disbursed by central office staff for up to one year when the offender's address becomes known.
4. The other system release types available to users are administration release type descriptions and follow the same basic processes as a "system release" in that all funds are consolidated.

Upon normal discharge or parole, an offender's account will be consolidated (*System Release, Parole, GPS / EMP Release*), and a voucher and/or vouchers will be prepared based on the offender's consolidated account balances. The notification of discharge or parole will be maintained in the daily work envelope.

***Minimum \$50 Distribution***

If an offender trust account at a facility does not have a total of \$50 after consolidation a voucher will be drawn on the facility's petty cash account payable to the department and processed for an amount needed to equal a minimum \$50 release payment. The petty cash voucher will be deposited into the offender's trust account, the account then consolidated and a system release accomplished.

1. Facilities will not use offender trust balances to furnish the offender with the proper and necessary clothing or for a railroad or bus ticket

within the continental United States (lower 48 states). If the offender is ordered to appear before a court or their parole officer then the travel arrangements must be made to that or an adjacent location.

2. Offenders on pre-release supervision programs such as EMP, GPS, PPCS, or released into the custody of another agency (Detainer/INS Release) are not eligible for the supplemental petty cash payment support (minimum \$50 distribution). These offenders will be paid only their actual consolidated trust fund balances (IBSA and Available Balances).
3. Offenders with a sentence of 120 days or less, or on the delayed sentencing program, will have the supplemental petty cash voucher at the discretion of the facility head or designee.
4. Offenders discharging to other law enforcement agencies are not eligible for supplemental petty cash distribution and will be paid just their consolidated trust fund balance.

#### ***GPS/EMP Release***

As a condition of release under the GPS or EMP monitoring program, offenders will be given all their trust account balances to include mandatory savings, IBSA and available draw. If an offender's combined trust account balance is less than \$50 at the time of entering the GPS or EMP monitoring program, the offender will only be given the value of his/her combined trust account balance.

No funds will be withheld for a subsequent \$50 discharge payment as prescribed under O.S. 57, section 513 since the offender has already been released into the community. Offenders acknowledge this condition by their signature on the GPS/EMP agreement.

#### **Return of an Offender - GPS/EMP Pre-release Supervision**

When an offender fails to successfully complete their GPS/EMP program and is subsequently returned to incarcerated status at a department institution or community facility the first \$50 deposited into the offender's trust account from any income source will be transferred by the facility business manager to the offender's mandatory savings account so that sufficient funds will be later available for the statutory \$50 discharge payment.

When sufficient funds are not available at final release from department custody through this process, the \$50 statutory discharge payment will be paid using the combined value of the offender's mandatory savings, IBSA and available draw balances

with any difference being made up from petty cash resources as provided by law.

### ***Death of an Offender***

OP-030120 *Offender Property* provides upon death of an offender, the person listed on the "Designation for Disposition of Property" form (DOC 030120B) will be provided a written inventory of the deceased offender's money and personal property by certified mail (O.S. 57 section 530.2).

OBS uses OMS data for tracking whether an offender is considered "active" in the system. When a facility's records manager changes a deceased offender's status from "active to deceased" in OMS; the OBS system (based upon a nightly update process) prompts the "losing facility" to "release" the offender's account. This type of release should be handled using either a:

- "Systems Release" if the offender has set up the appropriate beneficiary arrangements and a disbursement is to be immediately made to the named beneficiary (beneficiaries), **or**
- "Transfer to Whereabouts Unknown" if beneficiary information is not established or current (beneficiary is now deceased / multiple beneficiaries without establishment distribution percentages / unknown beneficiary address) in the offender's case file.

Before transferring the deceased offender's trust accounting responsibilities to Central Administration (WUNK), the deceased offender's facility will ensure all beneficiary notification requirements of OP-030120 are met. Business office staff will coordinate with central administration staff the transfer of account distribution responsibilities.

If within twelve months of account transfer to WUNK an account distribution to a beneficiary is appropriate, the deceased offender's account balance will be distributed using the "*Whereabouts Unknown Process Claim*" screen. If twelve months has elapsed since the funds were transferred to WUNK beneficiaries will have to contact the State Treasurer's unknown property division for release of the funds.

### ***Released on Detainer / INS Release***

If an offender is released to another jurisdiction on detainer, or is an illegal immigrant turned over to the federal government for re-patronization, all the offenders mandatory savings will be transferred back to the department through the disbursement process (Cumby vs. State; Oklahoma Supreme Court Decision, 699 P.2d 1094) (Daniels vs. Kaiser; Oklahoma Supreme Court Decision, 851 P.2d 529). Detainer / INS released offenders will only be given those funds from their individual

IBSA account and their available balance portion of their trust fund accounts.

To facilitate the dual distribution users will first print the *Offender Statement Report* prior to doing an *Offender Release Entry*. When doing the release select as the release type “*System Release*”, consolidate the account, and then write two disbursements – one to the offender for the offender’s “available balance” and, the other to the department for the offender’s “mandatory savings.”

Offenders released on detainer or INS Release are not eligible for the supplemental petty cash payment support (minimum \$50 distribution). These offenders will be paid only their actual trust fund balances not including mandatory savings.

### ***Escape of an Offender***

When an offender escapes, the offender’s OBS account will be immediately frozen using the “*Offender Account Maintenance*” screen.

- The “comments field” of the *Offender Account Maintenance* screen will be used to enter appropriate information germane to the account freeze and must include escape date.

The offender’s OMS location identifier is amended with an “X designation” on the end which OBS interprets as the offender still being assigned to that facility for count purposes but now in escape status. This new location identified can be seen by doing an offender search of all “active” offenders and then sorting by facility.

### **Escaped Offender Re-incarcerated Within 12 Months**

If an offender is re-incarcerated within 12 months in an Oklahoma Department of Corrections’ facility the OBS system will assign the offender to an active facility and automatically transfer account balances.

If the offender is re-incarcerated in another jurisdiction and a claim is subsequently made on behalf of the offender within one year of escape, the facility/unit head will authorize the release any funds held in the claimant’s draw and IBSA accounts. Mandatory savings balances will be transferred back to the department through the disbursement process for deposit into the department’s revolving fund. (Cumby vs. State; Oklahoma Supreme Court Decision, 699 P.2d 1094).

To facilitate the above dual distribution of available balance and

mandatory savings users will:

1. Print the *Offender Statement Report* prior to doing the *Offender Release Entry*. A copy of this report should be placed in the Offender's case file.
2. On the *Offender Release Entry* screen select a release type "System Release", consolidate the account, and then write two disbursements – one to the offender for the offender's "available balance" and the other to the department's revolving fund for the offender's "mandatory savings."

### **Escaped Offender Not Re-incarcerated Within 12 Months**

An escaped offender who is not re-incarcerated will have their funds considered 'abandoned.' The offender's account will be unfrozen and the funds transferred to WUNK so that a distribution process to the State Treasurer's unclaimed property fund can occur. To facilitate WUNK transfer of abandoned funds users will:

1. Print the *Offender Statement Report* prior to doing the *Offender Release Entry*. A copy of this report should be placed in the Offender's case file.
2. Unfreeze the offender's account and amend the comments field to show the date of WUNK transfer (example: Offender escaped 5/01/2008 account frozen – Offender funds transferred to WUNK 5/01/2009).
3. On the *Offender Release Entry* screen select the release type of "Transfer to Whereabouts Unknown", consolidate the account. Consolidation of funds using the transfer type of "Transfer to Whereabouts Unknown" will consolidate both draw and mandatory savings. If IBSA balances are also involved they will be first moved to available balance prior to consolidation.
  - a. This system release for transfer of offender's funds to WUNK will, for one day show the offender as "released" in OBS but not OMS. During the next overnight process OMS will update OBS and return the offender in OBS to active status but "escaped" for a housing location.
  - b. However, offender account balances will now reside in WUNK and no longer part of the offender's active account.
4. If the offender subsequently returns to incarcerated status – assuming their funds have not already been transferred to the OST

Unclaimed Property Fund – a claim will be processed against WUNK using the *Whereabouts Unknown Process Claim* entry screen with a claim type of “*Transfer*.” This transfer can only be done by central office staff.

5. All funds returned to the offender from WUNK will immediately be moved to the offender’s mandatory savings since these funds were considered “abandoned” by the department through the WUNK process and are no longer considered an available balance to the inmate.
6. If a WUNK distribution to the OST Unclaimed Property Account has occurred, the offender will be instructed to claim his/her funds from the state Treasurer under provisions of the Uniform Unclaimed Property Act.

### **Unclaimed Funds**

O.S. 60, Chapter 13, section 657 “Uniform Unclaimed Property Act”, “*Property Held by Courts, Public Officers and Agencies*” requires “intangible property held for the owner by a court, state or other government, governmental subdivision or agency, public corporation, or public authority which remains unclaimed by the owner for more than one (1) year after becoming payable or distributable is presumed abandoned.” Funds considered abandoned will be transferred to WUNK. The department, in its annual report as defined by O.S. 60, section 661, to the State Treasurer on unclaimed property will provide:

1. The name of the offender of any unclaimed offender trust fund sums,
2. The offender’s DOC number,
3. The last known address of the offender,
4. The date when the property became payable, demandable or returnable to the offender. This date, by agreement with the State Treasurer, shall normally be the offender’s discharge date.
5. In the case of an escaped or deceased offender where the funds were transferred to WUNK, the date will be the date the funds are transferred to WUNK.
6. Any sums reportable and owing which are less than fifty dollars (\$50.00) will be reported in the aggregate.
7. Department staff will use due diligence to locate the owner of the unclaimed offender trust funds (examples: deceased offender’s beneficiary now identified or the offender discharged without a good

forwarding address) prior to reporting and remitting said sums as unclaimed in accordance with O.S. 60, section 661 of the Oklahoma Uniform Unclaimed Property Act.

8. Once unclaimed trust fund balances have been transferred to the State Treasurer any subsequent claim to those funds must be referred to the Division of Unclaimed Property in the Office of State Treasurer.

### **Offender Clubs / Charitable Activities / Group Accounts**

Offender clubs and charitable fund raising activities, when locally authorized, will use one of the centrally managed Offender Group Maintenance screen defined group accounts. Group accounts must be locally activated by a facility location through the "Local Offender Group Maintenance" screen.

Locally activated offender clubs and/or group accounts should be under the direct supervision of a specific facility staff sponsor appointed by the facility head. Facility heads are accountable for all activities and expenditures of any group account they authorize. Business managers should provide facility heads *Offender Statement* reports monthly for their review of all authorized group account activity.

#### ***Offender Donations and Group Accounts***

Offender donations to a specific OBS offender club or fund raising activity will be done through the fund transfer process from an offender's available draw balance directly to the group account. When authorized by both the sponsor and facility head, group accounts may conduct limited fundraising activities to generate additional revenues for a specific purpose. Any money so generated will be deposited into the 700 fund using normal CORE deposit processes and credited to the appropriate group account.

#### ***Club and Charitable Group Expenditures***

Group account sponsors will approve all expenditures and disbursements from their group account.

#### ***Club and Charitable Group Account Reports***

Trust Fund Officers will provide monthly reports on group accounts to appropriate staff sponsors and the facility head. These reports can be generated using the "Offender Statement Report." Staff will select a report start and end date, and enter in the *Offender Number* field the three letter OBS designation for facility followed by the four letter code of the group account (Example: EWCRACA for Eddie Warrior CC Run Against Child Abuse charitable group account).

External bank accounts will not be used for offender club and charitable funding raising activity management upon implementation of OBS.

### ***Institutional Sales Group Account (INST)***

The institutional sales group account is the only group account allowed to have a negative balance through the purchase of canteen items. Business managers are encouraged to use this group account for institutional purchases.

Reimbursement to this account for canteen purchases should be done through by a Local Purchase Order (LPO) within 30 days of the canteen purchase.

### **Request for Disbursements**

Offenders may request a cash disbursement from their available draw balance for magazine subscriptions; an approved special order purchase; to send money to a family member; for community offender cash draws or for other approved disbursement needs. All cash disbursements require that the offender have in his/her available draw balance sufficient funds for the requested disbursement.

Once a disbursement has been approved and a check printed – the disbursement will not be voided in OBS without the original printed check returned to the business office un-cashed.

### ***Institutional Disbursements***

An institution level request/authorization form (**Attachment G**) will be signed by the offender and approved by a staff member designated by the facility head for offender initiated disbursements (4-4047). Trust fund officers will sign the request/authorization form as a confirmation of processing the transaction. Cashiers will also sign the disbursement after cutting the warrant and enter the OBS check number on the form. Offender requested disbursements will be entered into OBS using the “Offender Withdrawal Entry” screen.

### ***Disbursements Greater Than \$500***

If the disbursement is for over \$500, the business manager, a deputy warden, warden or warden’s designee must personally meet with the offender to verify they are aware of the planned disbursement and have requested it.

### ***Community Cash Draw Requests***

A community level request/authorization form (**Attachment G**) will be signed by the offender and approved by a staff member designated by the facility head for offender initiated disbursements from their available draw balance (4-4047). Weekly community cash draw requests, once approved, will be batched together for entry and entered into OBS with a batch number assigned by the Business manager/Trust Fund Officer using the “Multiple Offender Withdrawal Entry” screen in OBS.

## **OBS Checks**

All cash disbursement checks from the OBS system will be printed using only approved blank check stock on a printer that uses MICR toner cartridges.

### **Blank Check Stock**

Blank check stock should be loaded in the tray of the dedicated printers and not fed to the printer using the pullout tray on top. It is important the printer tray is used for blank check stock to keep the printer from incorrectly printing the MICR line too low on the check. Check stock should be loaded in the printer drawer face down with the check portion at the top (back) of the drawer. When not in use facility staff should remove the check stock drawer and store it in a secure location.

All blank check stock is issued to a facility by central office Finance and Accounting. Blank check stock will have a unique check stock number preprinted on the top of the check. Check stock numbers are not check numbers. Check numbers are printed by OBS and are unique to each printed check and are displayed both at the top right of the check and on the MICR line. Central office and facility business staff will ensure blank warrant stock is properly secured at all times.

Facility managers will keep a list of all check stock numbers issued to their facility and account for the usage of the issued check stock daily. Check stock usage will be separately identify OBS and Express Check system use.

### **OBS Checks**

The Print Check screen is used to print checks and enter JE payments. When specific fund types are withdrawn from an offender's account, a pending check entry is created. These pending entries are cleared when checks are printed using the *Print Check* screen. When a check is cancelled after printing, all transactions included in the check are returned back to pending status.

Cancelling or voiding a check does not reverse a withdrawal. To void the associated withdrawal, the related withdrawal must be voided using the *Void / Re-enter Offender Withdrawal* screen.

Only one OBS user can access the *Print Check* screen at the same time. Users will quickly review all printed checks and confirm that the checks have correctly printed prior to selecting the "yes" button. If the "no" button is inadvertently selected after a check is printed the check number will be voided by the system and not reused. Incorrectly printed checks are to be retained by the facility until such time as all check stock has been accounted for. **Users must be careful not to mail out incorrectly printed checks.**

## **Printing Checks**

In order to allow the OBS system to generate sequential check numbers only one user is allowed to access the *Print Check* screen at a time. System users should be sensitive to the time they are tying up the *Print Check* screen. Staff should not leave their computer once they start printing checks and have confirmed the checks printed correctly and exited the *Print Check* screen.

### **Central Office versus Facility Checks**

#### **Central Office Checks (ADM)**

##### Central Checks

- Defined by withdrawal type as a 'central' check.

##### Group Checks

- Withdrawals entered into OBS at ADM using the *Multiple Inmate Withdrawal Entry* screen to a common payee.

##### Individual Checks

- Withdrawals entered at ADM but have a withdrawal check type maintenance screen value of institution.

##### Obligation Checks

- Used primarily to pay court obligations.

##### Journal Entries Payments

- Payments that are remitted electronically are printed as a journal entry. Printing a journal entry withdraws the cash and creates OSF extract report expenditure.

##### On-Hold Victims Checks

- A single check payable to the Crime Victims Compensation Board to transfer unclaimed victims compensation. The check will be made up of all withdrawals which are more than 3 years old towards the victims who are on "hold" – including unknown victim funds.)

##### Victim Checks

- Withdrawal payments to victims that are not on hold.

#### **Institution / Facility Checks**

##### Group Checks

- Withdrawals entered into OBS at an institution or facility using the *Multiple Inmate Withdrawal Entry* screen to a common payee.

#### Individual Checks

- Withdrawals entered at a facility or institution but have a withdrawal check type maintenance screen value of institution.

#### Vendor Checks

- Amounts paid to a vendor as defined by the canteen purchasing and receiving process. Pending check records are accumulated in the nightly process and are based on the receiving documents entered that day.

### **Check Signatures**

All OBS checks require two Office of State Treasury (OST) approved signatures. The Chief Financial Officer and facility Wardens/District Supervisors are jointly responsible for ensuring only appropriate staff have check signature authority. Under no circumstances will Trust Fund Officers, Cashiers, Unit Managers or Case Managers be one of the authorized signatures submitted to the Chief Financial Officer for signature review, approval and forwarding to OST. At the facility level at least one signature must be someone other than the business manager/accountant.

### **Monthly 700 Fund Reconciliation**

The Chief Financial Officer will ensure 700 fund deposits and withdrawals recorded in the State's CORE financial system are reconciled with OBS recorded transactions monthly using the OBS *Bank Reconciliation* screen and CORE extract files for importation into OBS of OSF and OST financial data. All discrepancies will be researched and resolved before completion of the reconciliation process.

#### ***Cancelled by Statute Checks***

*O.S. 62, section 263 State Checks or Vouchers Unpaid After 90 Days – Cancellation* states:

“All depository checks or vouchers issued after June 30, 1980, by any state officer, department, board, commission, institution or agency in payment of any obligation of the state which shall for any cause remain unpaid and outstanding for a period of ninety (90) days shall be canceled.”

After completion of the monthly reconciliation process, the Chief Financial Officer will provide facility business managers a list of those checks written at their facility which are no longer valid financial instruments of the state.

Facility business managers when given this list will:

1. Void the expired check using the *Check Information* screen of OBS

and selecting the “cancel check” button for the check number entered.

2. Immediately restore the funds to the offender’s OBS account by voiding the offender’s withdrawal using the *Void / Re-enter Offender Withdrawal* screen.

### ***Reconciled 700 Fund Correction***

When a deposit in OBS has already gone through the reconciliation process both the offender receipt number and CORE deposit number associated with that receipt cannot be reversed or cancelled. Therefore, as far as OBS is concerned, the deposit is considered valid because it has been reconciled. Unfortunately, there are instances where the OST has; after CORE and OBS reconciliation processes are completed, does a 700 fund deposit reversal to void a once valid deposit because of a delayed error discovery. When this occurs, both the offender whose account received the erroneous deposit and trust account cash must be adjusted to reflect the OST 700 fund deposit reversal. This adjustment is a non-check withdrawal and will be using the “*Offender Buy Back Entry*” screen. A check will not be printed when this type of buy back correction is made.

**Only central office staff is authorized to make these corrections.** The use of this correction may cause an offender’s account to go negative balance. When a negative balance condition is identified, the offender will be notified of the cause of the negative balance situation and be held responsible for bringing their OBS account balance back to zero balance. **All future deposits will first be used to restore the account back to zero balance before being any income is credited to the offender’s account for any other purpose.**

## **Private Prison Held Offenders**

Department and private prison activities are governed by contract and OP-030401 “*Private Prison Monitoring Requirements*”. When an offender is transferred to the care and custody of a private prison their mandatory savings, IBSA accounts, and offender obligation balances will be maintained by central administration private prison accounting with only available balances transferred to the private prison. Private prison housed offenders are assigned to the PRV location in OBS.

### **Available Balance Transfers**

Available draw balances transferred to the gaining private prison by the facility will use the “*Offender Release Entry*” screen with a release type of *Release to Private Prison*. This OBS release type consolidates all available offender trust accounts funds – except mandatory savings – for disbursement to the private prison (see – Offender Release this section). However, some offender funds

may be system restricted for consolidation and disbursement using the *Offender Release Entry* screen until either an encumbrance (example: an offender debt encumbrance) or funds held as a negotiable instrument (example: Hold for 7 days, Hold for 15 days, Settlement Awards) are released.

### **Statutory Saving Contributions for Offenders Held by a Private Prison**

Private prison contractors will forward in electronic format (excel file) offender statutory savings collections to central office Private Prison Accounting no later than five business days after private prison gang pay has been posted. A check from the private prison provider for the posted mandatory savings contribution will be mailed immediately following the electronic file being sent.

#### ***Electronic Import of Private Prison Offender Savings***

Each private prison offender savings data import typically effects well over 1,000 offender trust accounts. Extreme care must be taken when importing this data. Staff will review and convert private prison excel files into a comma delimited text file for electronic import into OBS. The electronic importation of private prison offender savings data will be accomplish only after the private prison check deposit has been recorded in CORE.

#### **File Conversion Steps**

1. Users will copy onto a second spreadsheet of the private prison provided excel file offender DOC numbers and associated private prison provide savings contribution amounts.
2. On the above second spreadsheet page use the excel formula of: =IF(LEN(A1)=7,A1, REPT(0,7-LEN(A1))& A1) to convert the private prison used DOC# to an OBS 7 digit format.
3. Copy the converted DOC# column and then “paste special – paste value” the same DOC# column on top of itself. This step will change formula values to OBS DOC# values.
4. Convert the savings dollar amounts to OBS imported format by clicking on the top of the amount column and then reformatting the numbers using “format cells”, “custom” and entering #,#00.00.
5. The final step will be to save the modified file as a text file:

Example:	File Name:	LCF – July 2009
	Save as type:	Text (Tab delimited) (*.txt)

6. Confirm the text file first and last lines to ensure unnecessary spaces do not exist that could prevent file import into OBS.

### **OBS Income Entry**

Upon completion of the file conversion process users will import the text delimited file into OBS using the *Electronic Income Entry* screen.

1. Enter the Income Type of *Private Prison Savings*.
2. Select a Fund Source Type of *Electronic Income*.
3. In the Source Document # field enter the three letter designator of the private prison along with the month and year of the deposit being imported (example: LCF – May 2009).
4. Select '*Read File*' and confirm the Total Field exactly matches both the amount of the CORE deposit and the totals identified on the private prison excel file.
5. Select '*Process*' to begin the data import and system matching of offender savings deposit upload. The system will automatically print a report of all offender numbers, dollar amounts imported and its associated receipt number.
6. Go to the "*Report of Deposit Creation*" screen under Trust, Checks and Deposits to link the CORE deposit number with the appropriate offender savings deposit receipts.

### **Common File Import Problems**

File import problems are generally associated with two types of errors.

- Wrong DOC# Error

This type of error is where the private prison has the offender in their system with a different DOC# than what resides in OMS. This can occur when the prison initially enters the offender to their trust accounting system and makes a transposition error. To identify and correct this type of problem OBS will give an error message of "*The DOC# XXXXXXXX is invalid.*" With this message the system will also identify the line number associated with it.

Abort the electronic import and return to the text file. Select "Control F" and type in the incorrect DOC# to locate the incorrect

DOC# in the file. Confirm the correct DOC# using the Offender Lookup page on the DOC website. Edit the text file to change the incorrect DOC# to the correct DOC# and save the file. Re-attempt OBS income entry.

- Additional Spaces on Text File

This type of error is caused by not doing step 6 of the file conversion process. This type of problem is normally system identified by the error message of “*Incorrect line length at line XXX.*”

Abort the electronic import and return to the text file. Check both the first and last line entries on the file to confirm there are no spaces following the last character on the line. When you have identified the additional spaces delete them and then save the text file. Re-attempt OBS income entry.

### **IBSA Accounts for Offenders Held by a Private Prison**

Offenders housed in a private prison may request to establish an IBSA account in accordance with O.S. 57, section 549, paragraph 7 (see “Interest Bearing Savings Accounts” for rules regarding the establishment of an IBSA account). Such requests, when made, will be transmitted to central office Private Prison Accounting along with a check for the IBSA deposit into OBS (see Attachment A). All deposits into an offender’s IBSA account can only be made from the offender’s OBS trust account, therefore all OBS auto-deduction rules will apply to private prison offender deposits.

Offenders with an IBSA account may only request to transfer funds from their private prison draw account to their IBSA account when their private prison draw account balance is greater than \$100. Private prisons will ensure that at least \$100 remains in the offender’s private prison draw account after an IBSA account transfer. Private prisons are to establish procedures to facilitate IBSA transfer requests and are required to maintain IBSA account transaction information confidential.

IBSA account holders are allowed no more than one transfer every 90 days to their private prison draw account. Private prisons are to establish procedures to facilitate IBSA transaction requests and are required to keep IBSA account transfer requests confidential.

#### ***IBSA Account Statements for Offenders Held by a Private Prison***

Offenders with an active IBSA account will, upon request, will be provided a copy of their “Offender IBSA Account Statement Report” once every 90 days by the Central Office Finance and Accounting unit. This statement will be printed at the beginning of each calendar quarter and mailed directly to the Private Prison business office for distribution to the offender. Calendar quarters are defined as a three month period beginning with the

months of January, April, July, and October.

### **Offender Obligations – Private Prisons**

The Offender Banking System is the Department of Corrections' system of record for all offender recorded debts. As such, it is imperative that OBS records reflect offender obligations owed by the offender while in the care and custody of a private prison under contract with the department.

#### ***Offenders Transferred to a Private Prison***

Upon offender transfer to a private prison, those gaining facilities will be provide a copy of a current "*Offender Obligation Report*" with court case numbers associated with each state and PLRA court action identified on the report. They will also be provided payee information as appropriate.

#### ***Obligations Owed to External Entities***

The gaining private prison is responsible for appropriately collecting funds from the offender's private prison draw account to satisfy those debts owed to external entities (example: PLRA, state court cost, child support, garnishments, etc.). They are responsible for monthly remittances to those entities the appropriate payment based on federal and state law, and/or department policy.

#### ***Obligations Owed to the Department of Corrections***

When an offender is transferred to a private prison and has unfulfilled DOC obligations recorded in the OBS system, private prisons will not collect against those obligations. Because of OBS system update limitations, collection against these obligations will be held in abeyance until the offender returns to a DOC operated facility.

#### ***Offenders Transferred Back to DOC Custody***

Private prison business offices are responsible for forward to the gaining public facility all currently owed offender obligations recorded in their trust accounting system. DOC business managers, upon receipt of the obligation information will compare OBS system balances to those account balances provided by the private prison and update the offender's OBS system balance through the "*Offender Obligation Outside Payment Entry*" screen to reflect those payments made on behalf of the offender by the private prison while in their custody.

DOC business managers will use the OBS *Offender Withdrawal Entry* screen and the withdrawal type of "*Private Prison Administrative Charge or Private Prison Debt*" depending upon the nature of the obligation to record private prison levied obligations. If the offender's available balance is insufficient to fully satisfy the debt, OBS will automatically create an offender obligation for the difference. Select as the payee the private

prison to which the debt is owed.

### **Private Prison Administrative Charges**

Private Prison Administrative Charges are those fines and co-pays levied by a private prison for custodial services that, by contract, are to be collected from the offender and paid to the private prison. Private prisons will forward to the offender's gaining public facility a list of all active private prison assessed "administrative charges" owed by the offender upon their return to a DOC facility.

Public facilities, upon receipt of the debt notification, will enter those obligations into OBS using the *Offender Withdrawal Entry* screen and the withdrawal type of *Private Prison Administrative Charge*. Payment of these offender obligations are an institutional printed check, therefore, facilities will enter payee information based upon the private prison facility where the debt is owed.

The *Private Prison Administrative Charge* withdrawal type uses 100% as a default deduction percentage from both offender payroll and outside source income to satisfy this debt payment – which is similar to DOC administratively levied deductions.

### **Private Prison Debt**

Private Prison Debt are those charges assessed against an offender as a result of a restitution sanction levied by a private prison to an offender under the authority of OP-060125 "Department Offender Disciplinary Procedures." Private prisons will forward to the offender's gaining public facility a list of all active private prison assessed debts. Amounts entered into OBS for a private prison debt should be based on specific administrative action and supported with documentation from the private prison showing the debt assessment.

This withdrawal type uses 50% as a default deduction percentage from both offender payroll and outside source income which is consistent to a public facility restitution collection processes.

## **Contract Jail Housed Offenders**

Department contract jail activities are governed by county jail contract and department policy. When an offender is transferred to the care and custody of a contract county jail their OBS trust accounts, IBSA accounts, and offender obligation balances will be maintained by the contract jail's host facility. Any funds permitted to offenders by the county jail provider, pursuant to the contractor's policy and procedures, will be transferred to the contract county jail through the use of an OBS disbursement upon proper authorization by the offender.

### **Institution Incentive Pay Program and Work Assignment Area**

Host facilities are responsible for the payment of institution incentive pay (gang pay) to all contract county jail held offenders in accordance with OP-060107 "Systems of Incarceration." Exceptions to the payment of gang pay to contract county jail housed inmates must be by contract and/or specifically approved by the Associate Director of Field Operations. Gang-pay will be credited by OBS through the overnight system process at the end of each month to all eligible offenders based upon the information reflected on the *Offender's Account Maintenance* screen. It is imperative host facility Trust Fund Officer validate offender jail gang-pay information using the "*Offender Work Assignment Report*" for all contract jail housed offenders no later than the day before the last day of each month.

OBS gang pay posting is based on the offender's OMS level status at the end of the month and any pay exception/exemption information recorded on the OBS *Offender Maintenance* screen. If an offender is discharged prior to month end, gang pay will not be paid to the offender by the system. If an offender changes level during the month the pay rate utilized in OBS for that month's pay calculation will be the level rate of the offender as the recorded in OMS at end of the month – regardless of effective OMS level change date.

### **Billing Contract Jails for Gang Payroll Cost**

Offender payroll funds are included in the per diem payment to the contract county jail (section 6.1, paragraph D of the standard county jail contract) with the one exception of the Oklahoma County Sheriff Contract. Host facilities, on the OBS *Offender Maintenance* screen, will select a work assignment area of "XXXX County Jail" with XXXX representing the county's name or the appropriate OBS work assignment area. Using information received from the OBS *Gang Pay Posted* report, host facilities (except OCRS) are to invoice the contract county jail for the cost of the OBS gang payroll payment. Facilities, upon receipt of payment from the county jail, will deposit the money into the department's clearing account. Host facilities are responsible for accurate billing and accounting of this account receivable.

### **Outside Source Income - Contract Jail Held Offenders**

All offender income from an outside source is to be first deposited into the offender's OBS account, and per working agreement with the contract jail, disbursed to the contract jail managed trust account. The reason for the initial OBS deposit and subsequent disbursement is to ensure all appropriate system auto-deduction rules are enforced and appropriate offender obligations paid.

### **Offender Obligations – Contract Jail Held Offenders**

Host facilities are responsible for recording and accounting for offender trust account obligations while held in a contract county jail. It is for this reason that all income to the offender must first go through the OBS system's auto-deduction

process prior to being disbursed to any subsequent county jail managed trust account.

### **Canteen Services – Contract Jail Held Offenders**

Canteen services to contract jail held offenders are solely governed by the county jail's contract with the department and host facility's operating agreement with the local contract jail provider. Some counties allow offenders to purchase canteen items directly from the host facility's canteen on a defined delivery schedule. Other counties require contract jail housed offenders to purchase canteen items solely from the contract jail's commissary. When counties require the offender to purchase solely from their own canteen system, they are by contract, to provide comparable commissary goods and prices to those provided by the department to other incarcerates.

# Canteen Operations

The department wide canteen management and accounting module in OBS is designed to locally process canteen sales to offenders and staff, manage canteen inventory both locally and system wide, and interface in real time with offender trust account balances.

## Canteen Boards

O.S. 57, section 537 requires that a Canteen System Board be established with a Canteen System Board of Directors for all canteen system services operated within the Department of Corrections. The members of the Canteen System Board are appointed by the Director of the Department of Corrections.

All canteen system operations are under the control of the department Canteen System Board and operate pursuant to written guidelines established by the Board and department policy. This user's guide supports those guidelines.

Canteen operations are composed of all correctional facility canteens, offender telephone systems, and offender electronic mail systems and are collectively called the Canteen System. The system is required by statute to be self-supporting from sales receipts.

### **Canteen System Board of Directors**

Members of the Canteen System Board of Directors for canteen services will consist of the members appointed by the director and as defined by policy.

#### ***Canteen System Board Meetings***

The Canteen System Board of Directors normally meet at least once each quarter to review canteen system operations, profits and budget activity. Annually, at its' June meeting, it reviews and approves the annual operating budget for the canteen system and the Inmate and Employee Welfare and Canteen System Support Revolving Fund. Ad hoc meetings can be scheduled at any time by the director of the Department of Corrections.

### **Facility Canteen Boards**

Each institution with a canteen, as defined by policy, will have a facility canteen board. Facility canteen boards, where established, assist the warden of the facility or designee in the oversight of the day-to-day canteen system according to the guidelines set by the department Canteen System Board.

The directors of facility canteen boards consist of the facility head and at least two additional members appointed by the facility head. The facility business manager will assist the facility canteen board. Facility canteen board meetings

should occur at least quarterly with documentation of meeting minutes and approved board action. It is the responsibility of the facility canteen board to review those items offered for resale through that facility's canteen and to review local canteen operations.

### **Canteen System Profits**

Profits from the department canteen system are transferred to and annually budgeted in the Department of Corrections Inmate and Employee Welfare and Canteen System Support Revolving Fund (Fund 205) as directed by the Chief Financial Officer. All monies accruing to the credit of the 205 Fund are budgeted and expended by the Department of Corrections and the Canteen System Board of Directors for the benefit of inmates of the various institutions and personnel of the Department and to support canteen system operations according to written Department policy and welfare budget limitations. A quarterly report of canteen system profit transfers will be provide to the Parent Canteen Board.

Facility special project expenditures from the 205 Fund are authorized when specifically approved by the Canteen System Board of Directors.

### **Offenders Working in the Canteen**

Offenders may work in a correctional facility canteen and will receive reimbursement for such work through the institution incentive pay program. Facilities are encouraged to periodically rotate offender canteen staff to reduce potential familiarity issues and inventory problems.

### **Canteen Merchandise and Services Exempt from Central Purchasing Act**

As provided in O.S. 57, section 537, "merchandise and services to be purchased for resale or distribution through the canteen system, offender telephone equipment or services, and offender electronic mail equipment and services shall be purchased by voucher drawn against canteen system accounts and all such purchases of goods and services are exempted from the provisions of The Oklahoma Central Purchasing Act. All revenues from canteen operations, offender telephone system services, and offender electronic mail system operations shall be used exclusively for the benefit of the offenders of the various institutions and personnel of the Department of Corrections as determined by the Canteen System Board of Directors."

### **Board Support**

The Department of Corrections Finance and Accounting unit and the administrator of the Offender Banking System will coordinate and monitor facility canteen financial and inventory management activities and provide assistance to the Canteen System Board of Directors and the various Facility Canteen Boards as required.

## Standards for Canteen Services

### Operating Standards

1. All food items must be pre-packaged. The breaking apart of prepackage food items for resale will only be allowed if the separated items are themselves pre-packaged by the producer of the good and include an expiration date. Canteen staff must ensure any food expiration date is not lost when separating a prepackaged food from its larger package.
2. Offender organizations for fund raising activities may re-sell popcorn, tea, and coffee purchased through the canteen through the use of offender group accounts. No other food products available through a facility canteen will be re-sold for a fund raising activity.
3. Offender organizations at institutions may not sell any items in visiting rooms or during visitation. Offender organizations at community level may sell approved items in visiting rooms or during visitation.
4. Community Correction Centers will not operate canteens or use a “bag and drop” host facility canteen operation unless specifically authorized by the Deputy Director of Community Corrections. Pre-packaged food items may be provided through vending machines.
  - A. The agency must give Department of Rehabilitative Services (DRS) priority before entering into a contract for vending machines on state owned premises or premises leased by the state when the machines are used by the public or staff and are not used in lieu of a department operated canteen (*O.S. 7, section 73*). If DRS declines a contract, then the Department of Corrections has met the statutory obligation and may enter into a contract with a private vendor. (**Attachment M**: Legal Memorandum – Vending Machine Contracts – June 9, 2008).
  - B. Where vending machines are utilized in lieu of a department operated canteen, a community correction facility is not required to seek those vending services from a Department of Rehabilitative Services (DRS) approved provider (**Attachment M** Legal Memorandum – Vending Machine Contracts – June 9, 2008).
  - C. Profits generated from a DRS vending machine provider are considered to belong to the DRS provider.
  - D. Profits generated from a non-DRS vending machine will be considered part of the department’s canteen system and remitted monthly to the Chief Financial Officer for deposit into the 205 Fund.

5. Offenders working in a facility canteen may not access the canteen computer, cash register, directly hand the item(s) sold to the offender customer, or participate in any record keeping or determination of any canteen inventory purchase decision.
6. The OBS system uses the “item markup” approach for sales price determination. All canteen Item markups will be based on their item category as defined in **Attachment I**. This approach differs from a “gross margin” pricing system in that an item using an “item markup” will always have a lower sales price in OBS than its’ equivalent markup percentage would have been using the same percentage expressed as a “gross margin markup.”
7. Returns of electronic items sold through the canteen are not allowed. The canteen system is not responsible for manufacturer warranties. Unit staff may assist offenders with product returns provided the offender has the receipt for purchase and a copy of the manufacturer’s warranty registration.
8. Canteens will only stock those over-the-counter (OTC) medications for offender resale as authorized by the Chief Medical Officer.
9. Canteen cash sales proceeds will be remitted to the business office at the close of the canteen’s business day. Included with the cash will be a copy of the receipt register’s “Daily Canteen Summary Report” and one copy of each “Hobby Craft Sales Receipt’ done that business day.
10. Business office staff will compare canteen cash received with the information from the two canteen register reports described in item #9 to ensure cash received and receipt totals balance.
11. Facilities will physically count on-hand canteen inventory once a month and calculate inventory discrepancies using the “Inventory Reconciliation Report.” These discrepancies must be corrected through creation of an Inventory Adjustment report. The time of the month to count the canteen’s inventory can be determined by the facility based on the facilities’ needs. For example, if canteens were to count on the 15<sup>th</sup> of each month, the canteen could sell down inventory to make the task easier and have plenty of time to build inventory back up before gang pay at the first of the next month.

### **Inventory Loss Prevention**

Department canteen operations are a sizable business when considering the daily sales and the amount of inventory on hand for the 17 separate canteen locations. For this reason it is critical for every canteen to implement and follow

excellent “inventory loss prevention procedures”. This segment of the user guide will provide some processes canteens should have in place to control inventory losses and help to develop good management practices as it relates to canteen inventory.

### ***Receiving Deliveries from Vendors***

When a delivery is received from a vendor it's important to have excellent check-in procedures to eliminate losses due to short orders that are not reflected on the vendor's invoice as actually received.

For example, a loss can occur when a vendor delivers 10 cases of chips and canteen staff reads the invoice and sees 10 cases of 8 bags delivered and then just counts the cases without opening the boxes. However, after the vendor leaves, a staff member opens a case box and discovers only 6 bags of chips. In this example the department just lost 2 bags of chips in inventory because the staff member failed to count the number of bags in the box.

Staff must open all boxes and break down pallets in the vendor's presence when receiving items to ensure all invoiced items are actually being received before signing an invoice. This way the vendor can credit the invoice before it's signed by a DOC staff member.

Once a vendor's invoice is signed, it is a legal binding document and the canteen is at the vendor's mercy for any future item shortage credit. If you find a delivery shortage after the vendor leaves the facility, you should immediately call the vendor to ask for credit. However, they are not required to give the credit in this situation.

Honest mistakes can and do happen. Vendors want happy customers. To minimize these types of mistakes it is critical that facility staff open every box to check for damage and shortages. Never allow an offender to check in a vendor's delivery. Receipt and validation of inventory is the responsibility of the canteen supervisor and ultimately the business manager.

### ***Vendor Credits***

Sometimes it is discovered that inventory was delivered damaged or out of date after the vendor has made a delivery and is no longer at the facility. When this happens, it is important to develop the habit of immediately calling the vendor and asking for credit for the damaged or out-of-date inventory. In most cases vendors will give the credit on a future invoice – as long as they believe it's a legitimate credit. Once again vendors like happy customers but facility canteens must first bring the problem to the vendor's attention. Do not leave money on the table by failing to ask for a vendor credit when it is legitimately due. However, it ultimately is the responsibility of the canteen supervisor to minimize this through the proper

receiving of inventory.

### ***Inventory Rotation***

When you receive inventory from a vendor it is critical that excellent rotation practices be followed when re-stocking the canteen with the new inventory.

Poor inventory rotation practices are a major cause of inventory write-off due to product expiration. For example: diet soda products have a very short shelf life. If a canteen receives 50 cases of diet soda from a vendor and then stacks the new inventory on top of the diet soda currently on-hand, then before too long the bottom of the stack (older inventory) will become out of date. Remember to rotate all inventory when new stock is received. Follow the inventory management practice of "First-In / First-Out."

### ***Inventory Security***

Theft is the number one cause of inventory losses in any retail environment. One of the most effective things to control theft is to search all offenders working in the canteen each time they leave. Rotation of offender canteen staff every 90 days or so can also minimize theft losses.

Facilities may want to look at other security measures such as rotating DOC staff responsible for the receiving of new inventory from vendors. Having different employees involved in the receiving process will help to reduce the temptation of an employee making a personal deal with a specific vendor in regards to the delivery and receiving of an invoice billed to DOC.

### ***Scanning of Canteen Sales***

The easiest way to unknowingly lose inventory is poor scanning operations when ringing up a sale. The proper setup of the canteen's sales scanner and monitor is extremely important. Monitors should be placed where they can be seen when scanning an item without having to turn the person's head or body who is making the sale.

It is important to ensure with every scanned item, that the item is recognized by OBS on the monitor and that the offender is actually authorized to receive the item. If the person working the canteen window is not reading the monitor for the scanned items, they will not be able to tell if the item rang up properly.

The failure to observe the monitor when selling canteen items will result in sending free inventory out the window because they are hearing the scanner register the item but not paying attention to the fact that the scanned item was not being 'sold.'

### ***Damage Control***

Breakable inventory should be stocked close to the floor and in low traffic areas. Do not stock breakables high on a shelf or on a main aisle when there is heavy traffic.

It should be every canteen's policy that damaged inventory is never given out to anyone, especially to an offender. The practice of giving out damaged inventory to offenders and staff (once they become aware of this practice) can result in increases in damaged inventory. Giving out damaged inventory can result in greater inventory losses because of the human potential to seek a 'freebee' by damaging items when management is not looking. Damage inventory must be securely disposed of without anyone benefiting from the loss. Do not give away any damaged inventory – it will only lead to greater inventory losses.

### ***Efficient Inventory Re-Order Procedures***

Over ordering can be a major cause of inventory loss. It is very important when manually placing an order with a vendor to know of the canteen's daily item sales, how many days before next delivery from that vendor, and how many units are currently on-hand. The OBS stores all canteen inventory transactions in its database and will calculate all this information and provided the canteen supervisor with a suggested re-order quantity.

However this information is only as good as the system maintenance values that were entered into the "Lead Time Days" field on all locally activated items. Also canteen supervisors need to ensure their "Shelf Quantity Days" for their canteen have been correctly entered by the central office Canteen Inventory Manager. When running the "Inventory Needs Report", if recommended re-order quantities do not 'make sense' then contact the system Canteen Inventory Manager at central office to discuss the problem.

The over ordering of canteen stock greatly increases the risk of inventory losses due to expiration dates and other canteen loss issues.

### **Canteen Vendor Management**

Office of State Finance (OSF) policy requires that all vendors who do business with the state be registered and have an OSF ten digit vendor identification number and assigned location code so that appropriate accounting and tax reporting information is recorded in the state's financial accounting system.

A vendor's OSF identification and location information will be entered in the OBS system's central office *Vendor Maintenance* screen before a vendor purchase order is created. Facilities may work with vendors who are not registered with

OSF and assist them in becoming a registered vendor. The OSF vendor registration website is: <http://www.ok.gov/OSF/documents/osfvend.pdf>.

1. Canteen supervisors will not purchase items for resale from vendors who do not have an OSF vendor number and location code pre-defined in the OBS system as identified in the centralized *Vendor Maintenance* table.
2. Canteens should use their "*Inventory Needs Report*" to assist them in the determination of efficient canteen re-order management practices.
3. Canteen staff will recommend, through their chain of command, opportunities for agency wide item purchase contracts to achieve maximum item cost efficiencies.

### **Average Moving Cost**

Inventory in the OBS system is valued using "average moving cost" and updated when new items are brought into inventory through the receiving document process. Offender canteen returns also affect the "average moving cost" of an inventory items.

#### ***AMC Errors***

When AMC errors are suspected facility canteen supervisors will immediately stop selling the item(s) and notify central office of the suspected error. Central office staff will research all suspected errors and, when appropriate, take steps to notify all canteens supervisors of the error. Canteen supervisors, when requested by central office, will suspend system-wide selling of the identified item(s) until such time as a resolution to the AMC error is accomplished.

### **Negative Canteen Inventory**

Canteens should not sell items below a zero OBS inventory quantity. To help prevent this problem canteen shall run the "Item Quantity Below Zero report" after the canteen has closed for the day to identify any items with a negative inventory count. Canteens will identify the cause of the negative inventory and make the appropriate corrections prior to going home for the day. Items listed on the "Item Quantity Below Zero Report" for the previous day and not corrected, may not be sold until such time as the canteen's inventory is back in balance.

When canteens purchase items from a vendor and then immediately sell those items the same day, the canteen supervisor shall ensure a purchase order and receiving document are completed before the end of the business day. The failure to follow this procedure can cause canteen inventory items to go negative in count and remain negative overnight. Negative inventory counts may cause significant errors in the item's OBS inventory valuation (AMC). Erroneous pricing of canteens items across the entire department canteen system will result if inventory management discipline is not enforced.

## **Inventory Adjustments**

Canteen adjustments impact inventory valuations, system tracking of items on-hand, and cost of goods sold. When entering and classifying a canteen inventory adjustment the follow definitional standards will be used. Adjustments for inventory error corrections, shrinkage and spoilage adjustments should be closely monitored and well documented by facility staff.

### ***Inventory Correction***

Inventory corrections are done for an inventory adjustment when the item quantity in OBS doesn't agree with the actual item quantity on hand (number of units of an item on the shelf) after taking an actual fiscal inventory. Using the "*Inventory Count Sheet*" and computing discrepancies using the "*Inventory Reconciliation Report*" a manager can correct inventory count by adding or subtracting the number of units out of balance on the *Reconciliation Report*. This type of adjustment may also be used, when specifically instructed by central office, for an inventory adjustment to correct an AMC error. Users should document their justification in the comments field when entering this inventory adjustment.

### ***Unsalable Inventory***

Never carry over from one month to another any inventory that is unsalable. Unsalable inventory should be adjusted out every month regardless of the amount. After the monthly canteen inventory is counted and inventory adjustments are entered, the inventory values in OBS should match exactly to actual on-hand quantity. Canteen ordering/stocking practices and security procedures should be reviewed in months the inventory adjustments exceed acceptable levels. The ideal inventory adjustments should be around .5% to 1%, with a target of .5%; this is calculated based on the percentage of total sales the total inventory adjustments represent for a given period. Adjustments that continually exceed 1% should be subject to review.

### ***Shrinkage***

Shrinkage adjustments are made when the inventory reduction is the result of theft, offender consumption, or a loss that is unknown. An example of unknown loss could be "inventory unintentionally **not charged** to an offender but given to the offender at the canteen window because the staff member making the sale did not observe the system warning that the offender had exceeded their trust account's available balance. Through an inventory adjustment the canteen manager can correct inventory by subtracting the number of units short. Users should document their justification in the comments field when entering this inventory adjustment.

### ***Spoilage***

Use spoilage adjustments for an inventory reduction when inventory on-

hand becomes unsalable due to damage or breakage of inventory stock after vendor delivery (on-site in warehouse or canteen). Spoilage adjustments are done also for inventory that has exceeded its "sale by" date. Spoilage is basically inventory that was delivered by the vendor and brought into the system through a receiving document but has become unsalable and does not qualify for vendor credit. Users should document their justification in the comments field when entering this inventory adjustment.

### ***Disposable Items***

The disposable items reason is for inventory used as a point of sale (POS) supply. These are items purchased by the canteen with a PO but given to the customer at no charge to execute a sale. An example is sacks purchased by the canteen but used to package their offender canteen sales. Another example is spoons given away with an ice cream sale. Through an inventory adjustment the canteen manager can correct on hand inventory by subtracting the number of units used as POS supplies. Users should document their justification in the comments field when entering this inventory adjustment.

### ***Vendor Returns***

Use "Vendor Return" as an inventory adjustment when inventory is received out of date, damaged, or actual count is short from the vendor and the vendor has given an "on-invoice credit." Invoice credits are entered in the discount field of the receiver and the corresponding inventory adjustment entered into OBS using the "Vendor Return" reason to correct inventory on-hand. Users should document their justification in the comments field when entering this inventory adjustment. The justification must also include the receiver number where the vendor credit is taken.

## **Item Management**

The department manages all items offered for resale through the canteen system through the use of a central office "*Item Maintenance*" screen. Items are entered into this screen by first identifying their UPC/PLU, item description and assignment of the item to a "department" and "category."

When entering a new item into the central "*Item Maintenance*" screen 'lead time days' will normally be set to "1" with a 'multiplier' of 1. Facilities when selecting the item for their local inventory stock will adjust their 'lead time days' and 'multiplier' to support their specific canteen needs.

Items when entered into the central office "*Item Maintenance*" screen will also be identified as eligible for sale to 'level 1' and 'level 2' inmates. Item not subject to sales tax (stamps) will be identified. Item 'exemption' from normal spending limits and whether the item is kosher/halal will also be marked as appropriate.

### ***Blocking Item Sales***

When appropriate, the central office canteen inventory manager, can temporarily or permanently block any inventory item from being sold throughout the system through the “*Item Maintenance*” screen.

### ***Blocking Item Re-order***

Inventory items can be block from future reorder through the “*Item Maintenance*” screen by ‘deactivating’ the item. Item ‘deactivation’ does not block existing inventory stock from being sold. When wanting to both block an item from being sold or re-ordered, users must first check the “block item” sales box and de-activate the item.

### **UPC/EAN/PLU Codes**

All items sold through facility canteens will utilize a centrally managed inventory UPC (Universal Product Code), EAN (European Article Number), or PLU (Product Lookup Unit) code numbering system. Canteen supervisors have access to all centrally managed UPC/PLU item listings maintained in OBS through their “*Local Item Maintenance*” screen. From the central inventory listing they will select only those UPC/EAN/PLU coded items authorized by their local canteen board.

### **UPC/EAN/PLU Code Request/Changes**

When canteens wish to purchase items for which no centrally managed UPC/PLU currently exists in OBS or change an item’s description the facility canteen supervisor will, before completing or modifying a purchase order, contact the central office canteen inventory manager. When requesting a new UPC/PLU item number added to OBS, the canteen supervisor will provide the information as required below and fax or email the request (**Attachment J**) to the central office canteen inventory manager.

1. UPC/EAN number (if available).
2. All UPC codes must conform to the UPC-A (12 digit number) format with no spaces, dashes or any other character. EAN codes utilize a standard 13 digit format. If a UPC/EAN number is not specifically associated with the product the canteen supervisor will advise and request that a PLU number be assigned.
3. Item description;
4. Appropriate department assignment;
5. Recommended category assignment;
6. Recommended lead time for product re-order;

7. Whether the item should have a “quantity prompt”;
8. Whether the item qualifies for exemption from the weekly offender canteen purchase limit;
9. If the item taxable or non-taxable;
10. Item multiplier;
11. If a food item – identify if it is Kosher.

**PLU Code Standards**

When a new canteen PLU code is required the central office canteen inventory manager will assign the new canteen item a four digit PLU code using the numerical standards identified in the table below. Items brought into inventory under a PLU code will utilize the “package price” of the item with the appropriate “item multiplier” identified on the Purchase Order and Receiving documents.

<b>Item Categories</b>	<b>Four Digit PLU</b>
Food / Beverages	20XX
Personal Hygiene	21XX
Health & Beauty	22XX
Stationary	23XX
Crafts	24XX
Clothing (Non-OCI)	25XX
Canteen Supplies	26XX
Medical	27XX
Electronics	28XX
Household	29XX

**Use of PLU Codes**

Food items brought into inventory under a UPC designation will not be broken up for resale. If non-food prepackaged items that have a manufacturer’s UPC code are separated by the facility canteen for resale (example: pens, pencils, T-shirts, etc.), the canteen supervisor will utilize a PLU code for those items and not the manufacturer’s UPC code for inventory purchase order and receiving purposes.

**OCI/Agri-Services UPC/PLU Code Standards**

Oklahoma Correctional Industries and the Agri-Services Unit will, to the maximum extent possible, provide the central office canteen inventory manager a UPCEAN code for every item they offer to facility canteens for resale through the canteen system. When a manufacturer product UPC/EAN code is not available OCI managers will create an item unique PLU code for the specific item offered

for resale through the canteen system.

All OCI/Agri-Services PLU codes will be twelve (12) digits in length and utilize the following format.

<b>OCI/Agri-Services Item</b>	<b>Twelve Digit PLU</b>
Item Description	099999XXXXXX

### **Over the Counter Medications**

It is a desire of medical services that canteens, for security and offender medical care management purposes, utilize a standardize list of over-the-counter pharmacy products and those listed medications be purchased from a vendor authorized by the medical services division.

It is the responsibility of department medical services to provide facility canteens a list of standard over-the-counter medications to be stocked for resale. Canteens will utilize the preferred pharmacy contract vendor for these over-the-counter medications. As with all canteen purchases, the preferred vendor must be an OSF listed vendor with an OSF vendor identification and location code set up in the OBS vendor maintenance table.

### **Hobby, Art and Craft Sales**

Hobby, art and craft items sold through the facility canteen are subject to a canteen board approved category markup along with appropriate state, county and city sales taxes. The current markup percentage in OBS for Hobby Craft Sales is 30%. Sales tax percentages are based on Oklahoma Tax Commission data and should be updated in OBS at least quarterly by central office staff.

Hobby craft items are not brought into the canteen inventory system but are sold through the "*Hobby Craft Sales Entry*" screen with proceeds from the sale directly posted to the appropriate offender's trust account. Deductions from the offender's account are then automatically done by the system for sales tax and system markup. Hobby craft sales will not be shown on the canteen "Markup Summary" report but are included in the "Statement of Canteen Operating Income" report.

Sales entry into the "*Hobby Craft Sales Entry*" screen of any item will only occur after a buyer and offender have agreed upon a cash price for the item inclusive of system markup and appropriate sales taxes.

Canteens can only accept cash, money orders and cashier checks for hobby, art and craft sales. Personal checks are not authorized. All finished hobby, art and craft items, except for gifts described below, will be sold through the facility canteen and may be offered for sale to the public.

### ***Entering a Hobby, Art and Craft Sale Into OBS***

Canteen Staff will enter a craft sale using the *Hobby Craft Sales Entry* screen.

1. Canteen sales staff will enter the offender's DOC number and the amount of the hobby craft sale.
2. The OBS system will compute the appropriate markup based upon the Hobby Craft Sales markup percentage and appropriate sales tax based on the canteens state, county, and city tax rate.
3. Sales staff will enter in the "Source Doc. #" field the last name of the purchaser.
4. Sales staff will enter into the comments section a brief description of the item being sold.
5. Two system generated hobby craft sales receipts are printed for each hobby craft sale once it is 'saved.' One copy of the receipt is to be given to purchaser with the second copy retained by the canteen and forwarded to the business office with the daily cash receipts.
6. The "Offender Statement Report" will be used for providing the offender information on the proceeds and trust account auto-deductions associated with the hobby craft sale.
7. Money collected from the hobby craft sale and credited to the offender's will equal the total cost of the sale as computed by OBS. OBS will credit the deposit into the offender's account of the hobby, art or craft sale proceeds and then do an auto-withdrawal process for the sales taxes owed and system profit.

### ***Standards for Offender Hobby, Art and Craft Sales***

1. Offenders making hobby, art and craft items may send up to a total of six gifts per year to persons on their authorized visitation list without the item being sold through the canteen system.
2. Employees may purchase arts and crafts through the facility's canteen according to local procedures.
3. Upon transfer, all offender art and craft supplies, incomplete items, and finished inventory will be transferred or disposed of in accordance with OP-030120 entitled "Inmate Property."
4. Hobby Craft Sales have a 30% OBS parameter markup. Therefore

when a hobby craft sale is made outside of the OBS system for subsequent entry into OBS (example: facility arts and crafts show), staff must:

- Apply the 30% OBS markup for the item sold based on the offender's agreed to sales price, and then
- Apply the appropriate canteen sales tax to the items cost plus OBS markup to determine the actual entire sales price amount,
- Receive from the buyer an amount equal to the entire sales price,
- Record each individual sale and income received in the OBS system using the *Hobby Craft Sales Entry* screen.
- Canteen supervisors are encouraged when conducting these types of events to contact central office to see about setting up a remote canteen site OBS sales computer to facilitate these sales events.

### **Zero Cost Inventory**

The department, as a result of a federal court legal settlement, is required to allow and track the distribution of religious pamphlets through the canteen system. To facilitate this process the OBS system has been modified to allow 'non-cost' items to be brought into inventory and disbursed at without charge to the offender.

Items brought into inventory at zero cost must first be 'flagged' as a zero cost item on the "*Item Maintenance*" screen. A "PO" and "Receiver" will be used to bring these items into inventory.

### **Staff Sales**

Canteens are authorized to sell canteen items to department staff. Cash sales require daily deposit of cash receipts into the 700 fund using normal CORE deposit procedures and will be reconciled daily with the cashiers daily deposit slip.

### **Administration Canteen Maintenance**

There are seven central office canteen maintenance screens that control the overall operation of the canteen module. Those seven screens are:

1. *Canteen Maintenance* screen: This screen is used to define specific facility canteens; define their appropriate sales tax rates (city, county and state) and if changed by law the effective date of the change; and the specific canteen's shelf quantity days.

### ***Shelf Quantity Days***

It is extremely important to the efficient operation of OBS that the canteen *shelf quantity day's* field appropriately reflect the *average number of days* that relate to a specific canteen's shelf space.

Example: Because of canteen space limitations only five days of resale inventory can be kept on hand. The shelf quantity days for that canteen should be set for five days.

The default setting for canteen shelf quantity is 10 days. It is the responsibility of each canteen supervisor to let central administration know if their canteen shelf space requires a lesser number of shelf quantity days.

2. *Vendor Maintenance* screen: Defines authorized OBS canteen vendors, their mailing address, OSF vendor number and location code. (see Canteen Vendor Maintenance this section)
3. *Item Department Maintenance* screen: Defines the major item categories of all items sold through the canteen system.
4. *Item Category Maintenance* screen: Defines the sub-categories of all items sold through the canteen system. It also defines category "markups" and whether the subcategory can be sold to level I and II offenders.
5. *Item Maintenance* screen: Defines all items sold in OBS (UPC/PLU #, item description, item department and item category). It also defines whether the item is Kosher / Halal, an exempt property list item, a taxable or non-taxable sales item, requires a quantity prompt, etc. All item maintenance is controlled by central office and must meet the rules defined in this guide.
6. *Adjustment Type Maintenance* screen: Used to define the authorized reasons for making a canteen inventory adjustment. (see Inventory Adjustments this section)
7. *Privilege Level Spending Limits* screen: Used to define offender privilege level spending limits **and** gang pay privilege level amounts. These OBS system restrictions will be established based on current policy (OP-060107 - *Systems of Incarceration*).

### **Facility Canteen Maintenance**

There are two basic grouping of facility canteen maintenance screens. One maintenance screen group defines the canteen computers allowed to access the canteen module. The other group defines those items will be stocked for resale

by that specific canteen, the vendors they will use to make their canteen purchases, and the information that will appear on the purchase order and receiving document germane to that specific canteen. The Local Item Maintenance screen is specifically addressed below because of its importance to efficient OBS operations.

### ***Local Item Maintenance***

The *Local Item Maintenance* screen identifies those items a facility canteen will stock (or special order) in its' canteen for resale. To select new items from the centrally managed UPC/PLU item table uncheck the "display active only" button. Check the "institution active" button to activate a new inventory item to the facility's active canteen stock group. Facilities when activating new items should identify in the vendor field the vendor they will commonly use to order the item. Enter into the "lead time/days field" the average number of days that it takes from the time the item was last received to normally receive the next delivery.

### **Lead Time/Days**

Normally, an item's re-order lead time is based on the selected vendor's delivery schedule to that canteen. The "Lead Time/Days" field is located on the *Local Item Maintenance* screen. It is imperative when entering an item's "re-order lead/time days", the user consider the preferred vendor's delivery schedule and enter into this field a lead time sufficient for those items based on the number of average days between item delivery from that vendor.

### **Item Multipliers**

Item multipliers are used in OBS to define the "normal package quantity" of the item normally purchased. Item multipliers are "institutional specific" and are individually set by the facility canteen through the *Local Item Maintenance* screen under *Administration/Local Canteen*.

The item multiplier field behaves differently on the *Purchase Order* screen and the *Create Receiving Report* screen.

1. For purchase orders, users will enter the actual quantity to be purchased and OBS will round up to this number to the nearest item multiplier as defined on the *Local Item Maintenance* screen.
2. On the Receiving Report, users will enter the quantity received and OBS will take the number entered and multiply it by the item multiplier to calculate the quantity received.

### **Use of Quantity Prompt**

Canteen supervisors are responsible for designating those active items in OBS that their facility canteen will resale. Use the “quantity prompt” button for identifying those items where the item’s multiplier is greater than one. Most item multipliers in OBS are based on package quantities. A unit multiplier of one may be appropriate when dealing with broken or reduced package quantities. This is especially important for items brought in at a package price but sold individually.

**Recommended Reorder Quantities**

As discussed earlier in this section, shelf quantity days refer to storage space and are defined in the central office *Canteen Maintenance* screen. The OBS system computes an item’s “Max Quantity” (also referred to as *recommended order quantity*) during the nightly process.

The following formula is used to determine the suggested canteen reorder need defined on the *Inventory Needs Report*.

$$((\text{average daily sales}) * (\text{lead time/days} + \text{shelf quantity})) - (\text{quantity on hand} + \text{quantity on order})$$

An example of this formula in use is:

Item’s average daily sales	=	10 items
Vendor lead time for reorder	=	6 days
Canteen shelf quantity space	=	10 days
Quantity on hand	=	30 items
Quantity on order	=	40 items

$$10 * (6+10) - (30+40) = 90$$

Recommended purchase quantity	=	90 items
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**Note:** If either “*shelf quantity days*” (as defined on the Central Administration *Canteen Maintenance* screen) or “*lead time days*” (as defined on the Local Canteen Item Maintenance screen) are incorrectly defined in the system, then recommended reorder quantities will reflect bogus information.

**Purchase and Receiving of Canteen Inventory**

All items purchased for resale in a facility canteen will be done using the OBS purchase order and receiving process and only from vendors who are DCS/OSF registered vendors and listed in the OBS canteen vendor maintenance table. Canteen supervisors are not to purchase any item from a vendor without first completing an OBS purchase order. All purchase orders, amended purchase orders, receiving documents and vendor invoices will be kept together.

Canteen supervisors will ensure all items brought into their canteen for resale are

received using the OBS *Receiving Report* screen. When inventory delivered does not agree with the purchase order staff will edit the original OBS purchase order to match vendor invoice. Only after the amended purchase order agrees with the vendor invoice will an OBS receiving document be created.

### ***OBS Purchase Orders***

It is extremely important when creating or editing the OBS *Purchase Order* screen that users enter into the package quantity field the appropriate quantity received (this can be either a case or unit quantity).

#### **Case and Unit Quantities**

Full case quantities are entered when the multiplier under local item maintenance is greater than one. Unit quantity is entered when the multiplier field is one. The appropriate multiplier field must be reviewed within the purchase order to determine whether a case or unit quantity should be entered. The only time staff should be entering a value into the computed quantity field is when they are receiving a quantity of units less than the established item multiplier setup in their local item maintenance screen.

**AMC Error Warning:** Any time a value is entered into the computed quantity field the user must manually change the package cost field from a full case cost to a unit cost. Failure to follow this rule will result in erroneous computation of the item's Average Moving Cost (AMC).

When an item is being brought into inventory with a unit cost greater than 25% of its current AMC value, a warning message will pop up notifying that a significant AMC change is likely to occur. Failure to heed this warning and confirm unit cost will result in incorrect pricing of the item when sold,

### ***OBS Receiving Documents***

No editing or adjusting of a receiving document should be done as a result of differences between the original vendor order and actual vendor invoice. Users must edit the original OBS purchase order for invoice changes before receiving items into inventory. Only after the purchase order matches the vendor invoice will the user create a receiving report.

When executing a receiving document, users will select 'receive all' and confirm the total cost field matches the vendor invoice. If they do not agree then the original purchase order must be amended.

Only after vendor invoice and OBS total cost field agrees will the user enter into the receiving document any vendor discounts/credits and freight cost. Any discounts/credits and/or freight cost must be shown on an

invoice by a vendor before being enter into a receiving report.

### **Vendor Discounts and Refunds**

Vendor discounts, credits and refunds will be entered on the receiving document in the “*credit/discount field.*”

### **Vendor Freight Costs**

Vendor freight charges will be entered on the receiving document in the “*freight field.*”

## **Payment of Canteen Invoices**

Vendor account payables for canteen purchases are processed through the OBS accounting system based on the OBS receiving process. Business office staff will coordinate with their canteen supervisors prior to printing any vendor check to ensure no purchase order/receiving document corrections are required or in progress. Once a vendor payment is printed, its related purchase order and receiving document cannot be modified without first voiding the entire check.

All completed purchase orders and receiving documents related to a particular vendor by a facility in OBS are consolidated at the time a vendor check is printed.

### ***Self Imposed 7 Day Delay***

Business office staff should normally wait at least 7 days between the time the vendor invoice is received and the printing of the vendor check. Using this time delay in making a vendor payment helps to ensure inventory corrections can be made without having to void a vendor payment check. Business office staff should confirm with their canteen supervisor:

1. There are no suspected AMC errors related to the invoice's receiving document.
2. That all items on the invoice have been received by the canteen and the canteen supervisor supports invoice payment.

### ***Invoice Payment Required within 30 Days***

O.S. 62, section 34.72 requires establishment “of a procedure to assess and pay interest for the late payment of an invoice, which interest shall be calculated beginning the thirtieth day after receipt by the designated office of a proper invoice for which payment has not been mailed, transmitted, or delivered to a vendor by the close of business on the forty-fifth day.” Such interest shall be at an annualized rate based on an average of the interest rate for thirty-day time deposits of state funds during the last calendar quarter of the last preceding fiscal year, as reported by the State Treasurer.

Facility business managers will ensure that vendor invoices do not go unpaid more than 30 days.

### ***Vendors Payable Report***

The “Vendors Payable Report” is a useful tool to identify those canteen receivables that have generated an Account Payable-Canteen and the status of the payment. This report also shows the check number applicable to the receiving document, any vendor discount/credit and associated shipping cost (if applicable).

## **Canteen Module Reports**

The following list of reports is not all inclusive but just provides users information on many of the canteen module reports and the type of information available.

### ***Useful Inventory Management Reports***

- Agency Zero Movement Report (ADM Only) – Identifies those inventory UPC codes that had zero sales activity for the date range selected.
- Consolidated Inventory Report – Identifies active inventory information to include sales, inventory movement, AMC, COGS and suggested reorder quantities.
- Inventory Adjustment Report – Identifies inventory adjustments (correction errors, shrinkage, spoilage, disposable items and vendor returns) for the period selected. This is a good report to do both time and location comparative analyses.
- Inventory Inquiry Report – Use this report to see whether an inventory item is currently in stock and at what canteen locations.
- Inventory Needs Report – Identifies those items the system recommends re-ordering from a vendor based on existing shelf quantity, average sales/week, quantity on hand and quantities on order.
- Inventory Reconciliation Report – Use to compare actual physical quantities of inventory on hand to inventory tracked by the system. Discrepancies identified using this report become inventory adjustments to bring actual stock values in line with actual physical count.
- Exempt Canteen Items Report – This report identifies, by offender DOC#, those exempt item canteen purchases (for the period selected) that may need to be recorded on the offender’s property record.
- Stock Status Report – Identifies those items select by the local canteen supervisor to be sold by that canteen, the item’s

primary vendor, and related item quantity information.

- Receipt Report by Rec# – Identifies inventory received by receiving report number.
- Receipt Report by PO# – Identifies inventory received by purchase order number.

### ***Useful Canteen Item Reports***

- Item Activity Report – Identifies sales and inventory activity for a specific inventory item for the date range specified.
- Item Detail Report – Identifies whether a inventory item requires a quantity prompt when sold, if it's a taxable item when sold, is it exempt from the offender's weekly canteen spending limit, whether the item is kosher/halal, and if it can be sold to a privilege level 1 or 2 offender.
- Item Quantity Below Zero Report – Identifies if a local canteen has sold more of an item than its inventory count identifies was on hand at the end of the day. This useful report helps to identify in advance whether an AMC error is likely to occur because the canteen failed to timely record the receipt of inventory from a vendor into the OBS system.
- Item Sales History at Selling Price Report – Identifies all the offender sales (for the time period selected) to include quantities sold, sales price, and total dollar sales of that item to an offender(s).
- Item Status Report – Identifies those centrally managed UPC/PLU codes listed in the system and whether they are active, inactive, and/or locally active at a specific canteen.
- Price List Report – Identifies current canteen inventory sales prices.
- Returns for Period Report – Identifies those offender sales (by item and date) that were returned back into inventory and the associated sales transaction receipt number.

### ***Other Useful Canteen Reports***

- Markup Summary Report – Provides comparative sales, cost of goods sold (COGS), and gross profit (before sales taxes) for the 17 canteen locations. Sales and COGS information included in this report DO NOT INCLUDE hobby craft sales since these items are not brought into canteen inventory but are sold through the canteen system directly by an offender.
- Offender Canteen Available Balance Report – Provides current available spending limit information on a facility's offender population and whether an offender has shopped at the canteen within the last 30 days.
- Offender Transaction History – Identifies, for a specific offender and the time period selected, all canteen item purchases.

- Sales Per Period Report – Identifies, for the time period selected, total item sales, total quantities sold, and total sales dollars. This report does not include hobby craft sales information since these sales are not brought into inventory.
- Sales Tax Report – Identifies, for the time period selected by OBS location: taxable sales, taxable sale refunds, net taxable sales, non-taxable sales, non-taxable sales refunds, and gross sales. Information from this report is used to file the monthly Oklahoma Tax Commission sales tax report as required by law.
- Vendor Listing Report – Identifies vendors that are centrally active in the OBS system, inactive, and what locations use a particular vendor.
- Vendor Payables Report – Identifies, by receiving document number for the date range selected, all vendor payables and any associated check number used to pay the vendor invoice.

### **Computation and Payment of Canteen Sales Taxes**

The department utilizes a common sales tax permit for all its canteen locations. Central office staff will utilize the Oklahoma Tax Commission (OTC) “Quick Tax” electronic filing system for reporting canteen sales. The website for this system is: <https://ok.quicktax.govconnect.com/Welcome.asp>. When utilizing the “Quick Tax” system staff will select “Sales Tax”, enter the department’s FEIN number and tax permit number and select the payment type of “mail in.” Sales tax report filing and payment is due to OTC by the 20<sup>th</sup> of the month.

#### ***OBS Sales Tax Computation***

The OBS system computes canteen sales tax charges by facility canteen location as defined in the “Canteen Maintenance Screen.” It is extremely important that OBS sales tax rates be kept current with published OTC state, county and city sales tax rates. Central office staffs are responsible for keeping OBS sales tax rates current with OTC published rates. Facilities are responsible for notifying central office of a known county or city tax rate change.

#### ***OBS Sales Tax Report***

Prior to entering the OTC “Quick Tax” system, central office staff will run the OBS “Sales Tax Report.” This report is a comprehensive report that provides canteen sales information by institution on total sales, taxable sales refunds, non-taxable sales, non-taxable sales refunds, and net sales. Users will use the sales report information applicable to the reporting month for entering information into the OTC Quick Tax reporting system.

#### ***Entering OTC Computed Sales Tax Liabilities into OBS***

The OTC Quick Tax System provides the OBS system its sales tax liability

and sales tax discount information into the “*Sales Tax Expenditure Entry*” screen. Users will enter the OTC computed “*Net Sales’ Tax Liability*” into the “Net Sales Tax Expense” field for the canteen location. The OBS system will automatically calculate the “OBS Sales Tax Discount.”

It is extremely important before selecting “save” that the OBS system’s “Net Sales Tax Expense” is equal to the OTC computed sales tax obligation. Only select “save” after confirming both the OTC computed tax liability and OBS Net Sales Tax Expense are equal.

### **Printing the Sales Tax Payment Check**

Printing the sales tax check will be done by central office through the Print Checks screen and selecting “Central Checks.” Sales Tax payments will be mailed to the Oklahoma Tax Commission at the address provided on the OTC invoice.

# Restitution Accounting

The OBS system incorporates multiple functions that support client restitution obligation management and the collection of statutory fees from clients who are under the supervision of field probation and parole staff.

## Receipt of Client Field Collections

All monies collected by field staff from a client must be in the form of a cashier's check or money order made out for payment to the Department of Corrections and will be receipted using the OBS secure website "Field Collection" screen. The initials "DOC" will not be used on the payee portion of any remitted money order or cashier's check to prevent the payee portion of the deposit from being easily altered. Proceeds collected by field officers after recorded in the OBS system through the OBS web page will be forwarded to Restitution Accounting with a copy of the OBS Restitution/Fee receipt.

## Field Collections Web Page

### ***Client Field Collection Information***

The OBS system uses offender information provided by OMS. Payments to be entered into the system from a client require the client to exist in the OMS system.

### **OBS Only Clients**

If the client does not exist in OMS the Restitution Unit may establish an "OBS only client" through the "*Manual Account Creation*" process. All "OBS only clients" will start with the number "8."

Client fees or restitution obligations will not be collected by probation and parole officers until such time as the client is established in the OMS system and system tracked obligations are created. When a new client's information is received at an intake by a Probation and Parole district office, the office will immediately notify Restitution Accounting of the new client and provide a copy of the case card.

### **Clients Not In OBS**

When a supervised offender present's them self to an officer with a collection payment and the client's obligations are not established in the OBS system, the officer will immediately contact Restitution Accounting for assistance.

## **Transmittal of Client Obligation Information by Probation and Parole Offices**

Establishing a new client in the OBS accounting system requires the supervising probation and parole office to notify restitution accounting of all restitution obligations and fees to be paid by the client and the client's expected monthly payment schedule. This information, when received, will be entered into OBS by restitution accounting staff before any collection can be entered for the client.

### **Field Collection Web Page Data Entry**

Probation and parole officers and field staff using the OBS website page for receipt of client payments will follow these procedures:

1. Log into the OBS secure web page (ADM location).
2. Confirm the client's name and DOC# shown on the "*Field Collection*" screen is the person from whom the collection is being entered.
3. Enter the "total" dollar amount of the financial instrument being used for payment in the "Amount" field.
4. Check the obligations listed in the "Plan Distribution" box. If there are any cases or fees that are no longer being actively supervised listed, inform Restitution Accounting before proceeding any further.
5. In the "Money Document #" field enter the money order/cashier's check serial number to include the entire serial number (include any letters). Do not enter any punctuation marks.
6. Select from the "Company" drop down menu the name of the company that issued the financial instrument. Typing the first letter will take the user to the start of the alphabetical grouping for that letter. If a company's name is not listed the user will call restitution accounting at (405) 425-2799 to have a new company entered for use.
7. Probation and parole officers must enter their badge number in the "Badge #" field. If the person accepting the payment does not have a badge number then they must enter into the "Badge #" field their last name followed by first name initial.
8. The offender's required monthly obligation payment(s) will be

automatically deducted by the OBS system. Additional funds collected with this payment, or at a later time during the same month, will be shown as “unallocated”.

9. “Unallocated” funds will be displayed as the last amount shown in the list of “*System Totals*” in the upper right of the *Field Collections* screen.
10. Users must edit the payment by clicking the edit button beside the obligation to which they would like to apply any portion of the “unallocated balance.” Unallocated funds must have a “zero balance” prior to the system allowing a “*Save and Print*” action.
  - a. The priority for applying unallocated funds is:
    - i. Restitution (if owed)
    - ii. Pre-sentence investigation fee (if owed)
    - iii. Advance payment towards supervision fees.

NOTE: Application of unallocated funds towards supervision fees will not eliminate the next month’s supervision fee obligation in the OBS system unless the fees are “paid in full” or a “fee waiver” has been entered.

#### ***Client Payments for More than Amounts Owed***

The OBS system will not allow officers and field staff to accept a payment for amounts greater than the system shows the client owes for the “total obligation.” If a client submits a payment for more than is shown owed by the system, the officer or staff member will confirm with restitution accounting the client’s actual obligations.

If a discrepancy is discovered and the officer wants to accept the payment, the officer/staff member must request restitution accounting to update the client’s obligations. If system tracked obligations are confirmed correct and the officer still wants to accept the client’s payment then restitution accounting will increase the client’s “restitution” obligation by the over payment.

The person accepting the over payment must then submit, through their chain of command, a “**request for refund**” for the over payment. This request for refund must be “signed” by the officer’s assistant/district supervisor and will include the client’s current mailing address.

If a properly approved request for refund is not received, the overpayment will be sent to the Crime Victims Compensation Board after three years per state statute.

## **Web Page Reports**

There are several OBS web page reports available to Probation and Parole staff to look up client restitution and fee obligation data and payment transaction information. Those reports are:

- Offender Obligation Report – shows system tracked client obligations, start collection date, original amount owed, interest accrued (if ordered by the court), waived amounts, current amount owed, monthly payment amount, status, source document #/court case #, and county owed.
- Offender Receipt Report – for the date range selected, shows: acceptance date, receipt number, money order number, collection date, company name on money order, and amount.
- Offender Transaction List Report – for the date range selected, shows: transaction date, transaction type, money order number, receipt number, amount, and account balance.
- P&P Officer Identification Report – for the counselor login name entered, shows the counselor's OMS tracked caseload by DOC#, offender name, last restitution payment date, and last supervision fee payment date for those assigned offenders.
- Statement of Restitution Obligation Report – for the offender selected, shows court case number, county restitution owed, restitution type, original amount owed, current amount owed, and pay off balance.

## **Victim Restitution**

O.S. 22, section 991a requires the Department of Corrections be responsible for the monitoring and administration of client restitution of those clients under its direct supervision and to ensure restitution payments are forwarded to the victim.

### **Waiver of Restitution**

Amendments or alterations to the restitution order may be made upon the court's own motion; petition by the crime victim or petition by the client. A special report may be submitted to the sentencing court recommending waiver or extension of the time in which to pay the restitution. Restitution payment obligations may only be waived by the sentencing court.

### ***Probation***

When restitution is ordered to be collected by the department, it will be collected as outlined in the sentencing documents. All monies collected must be in the form of a cashier's check or money order and will be receipted by the client's supervising officer using the "Field Collection" screen on the OBS secure website. The receiving officer will make two copies of the Restitution/Fees Receipt. One copy will be given to the

client and the second copy will be attached to the payment instrument and remitted to Restitution Accounting daily.

### ***Parole***

When restitution is required as a condition of parole as indicated on the parole certificate, the supervising officer will contact the appropriate district attorney's office to determine the amount of restitution owed, name of victim, and current address of the victim(s). The supervising officer will forward this information in a special report to the Restitution Accounting office.

### **Restitution Order Modification**

If the amount of restitution or the identity of the victim cannot be established, a special report stating this will be forwarded to the district supervisor for forwarding to the Pardon and Parole Board for a modification of the condition.

1. Payment Schedule – A monthly payment schedule will be established so that the client may complete all restitution payments by the expiration of parole supervision. The “Financial Plan” will be utilized to schedule restitution payments for parolees. A copy of the financial plan with monthly payment schedule is to be forwarded to restitution accounting.
2. The method of collection of restitution will be the same as in paragraph 1 above.

### **Processing Fee**

O.S. 22, section 991d, paragraph A3, provides for a reasonable user fee to be collected to cover the expenses of administration of the restitution. A \$1.00 processing fee is therefore collected for each money order. This fee collection process is automated; therefore, OBS cannot accept a \$1.00 money order for payment of restitution. If a \$1.00 money order is received with another money order for restitution, add the dollar to the larger amount and enter them as one payment. If the serial numbers are in sequence, enter the number of the first money order followed by a dash with the last number of the second money order. (Example: 12345678-9)

### **Failure to Pay Restitution**

When a client is 60 days delinquent in the payment of restitution, sanctions are normally applied. District offices will access the OBS system to provide information of delinquent client payments.

### **Restitution Obligation Entry**

Restitution obligations, when ordered by the court, will be entered using the “*Restitution Manager*” entry screen. When entering a new restitution obligation

initial mandatory entry data includes:

- Client's DOC#
- County and Court Case #
- Sentence Date and Date of Loss
- Amount of restitution ordered by the court
- Start Collection Date
- Maximum payment ordered by the court (no limit, monthly, yearly)
- If interest is ordered by the court then required annual interest rate will be entered.
- Identify whether the obligation is 'jointly/severally owed'.
- Victim information will be entered in the victim information fields to include amounts owed to each victim of the total 'amount owed.'
- The default priority number for each and every victim to include "unknown" is 99. If a priority order is established by court that priority sequence will be entered into the 'priority field.'
- If for some reason a 'payment hold' is placed on the victim, then that box will be checked.

## **Supervision Fees**

Clients under the supervision of the department are charged a supervision fee of (\$40.00) per month based on the client's ability to pay. In hardship cases, the department may expressly waive all or part of a client's supervision fee. Fee waivers require District Supervisor approval.

Regardless of the number of multiple sentencing documents or court cases under supervision, only one monthly supervision fee will be collected from each client. In the event of multiple convictions, the supervising officer will receipt the fee collected to the longest sentence of all cases for which a fee has been assessed.

### **New Conviction While Under Supervision**

If a client receives a new conviction while under supervision without a revocation on the original case, the officer will continue to receipt the fee to the original case. In the event the supervision expires on the original sentence with time remaining on the new conviction, fees will then be receipted to the new conviction's CRF number. This will occur the first month after the expiration of the original sentence. If a new Judgment and Sentence is issued, the fee balance starts over as zero.

### **Community Supervision**

O.S. 22, section 988.9 directs any offender sentenced to a community sentence pursuant to the Oklahoma Community Sentencing Act to pay a supervision fee if under the supervision of the department. The fee for supervision services performed by agencies other than the department shall be paid directly to that

agency.

### **Court Ordered Supervision**

O.S. 22, section 991d paragraph A1, directs that when the court orders supervision by the Department of Corrections or the district attorney requires the department to supervise any person pursuant to a deferred prosecution agreement, the person shall be required to pay a supervision fee unless the fee would impose an unnecessary hardship on the person.

### **Parole Supervision**

O.S. 22, section 991d, paragraph B, directs the Pardon and Parole Board to require a supervision fee to be paid by the parolee as a condition of parole.

### **Interstate Compact Agreement Clients**

O.S. 22, section 991d, paragraph C, directs that upon acceptance of a client by the Department of Corrections whose probation or parole supervision was transferred to Oklahoma through the Interstate Compact Agreement, or upon the assignment of a client to any community placement, a supervision fee is required to be paid by the client to the Department of Corrections.

### **Reduction/Waiver of Supervision Fees**

#### ***Hardship Waiver***

Supervision fees may be reduced or waived for a 90 day period by DOC any time during the course of supervision if a legitimate hardship can be verified. The reduction in fees will be reviewed every 90 days to verify the hardship continues to exist. If the hardship has been determined to be permanent, the fee may be waived for the duration of supervision.

#### ***Incentive Waiver***

Supervision fees may be reduced or waived for a specified time as an incentive awarded to the client. An incentive fee waiver or reduction shall not exceed \$100.00 for each six month time period.

#### ***Approval of Fee Reductions and Waivers***

If a recommendation is made by a supervising officer to reduce or waive a supervision fee, the supervising officer will submit the "Factors for Consideration of Fee Waiver or Reduction Request" (DOC 160701A) to their district supervisor or designee, through the normal chain of command for approval.

1. Each person in the chain of command must concur with the request before final approval is granted.
2. The approval/denial will be entered into the OBS "Offender Obligation Waiver Entry" screen by the Probation and Parole District Supervisor

or designee. Only by exception will a fee waiver be entered by Restitution Accounting.

### **Interstate-Out Fee Collection**

In the event that an Oklahoma client is being supervised by another state, Oklahoma supervision fees will not be collected. If the client is delinquent prior to transferring to another state, the delinquency must be resolved prior to transfer either by payment or waiver.

### **Supervision Fee Refunds**

A memorandum will be forwarded to restitution accounting stating the reason for the fee refund along with supporting documentation for the refund and the client's home address. The refund request memorandum shall be approved by the District Supervisor or designee.

Refunds will be processed by restitution accounting within 30 days of the refund request being approved by the District Supervisor and forwarded to restitution accounting. The supervisor of restitution accounting will ensure the refund payment is paid from the 200 Fund.

## **Other Fee Collections**

### **DNA Fees**

O.S. 22, section 991a, paragraph I, directs persons subject to DNA testing who are not received at the Lexington Assessment and Reception Center be required to pay a fee of Fifteen Dollars (\$15.00).

### **GPS Fees**

O.S. 22, section 991a paragraph A. 1(o) directs for a client sentenced to the electronic monitoring program administered and supervised by the Department of Corrections or a community sentence provider, pay a monitoring fee to the supervising authority, not to exceed Three Hundred Dollars (\$300.00) per month.

### **EMP Fees**

O.S. 22, section 991a paragraph 7(e) directs a client who participates in the electronically monitored home detention program administered and supervised by the Department of Corrections to pay a monitoring fee, not to exceed Seventy-five Dollars (\$75.00) a month if in the opinion of the court the defendant has the ability to pay such fee.

### **Pre-sentence Investigation Fees**

O.S. 22, section 982, paragraph A. directs the court to order offenders to pay a pre-sentence investigation fee, except when the death sentence is available as punishment for the offense. A fee will be paid to the Department of Corrections of not less than Five Dollars (\$5.00), nor more than Two Hundred Fifty Dollars (\$250.00) for the presentence investigation. In hardship cases, the court will set

the amount of the fee and establish a payment schedule.

## **Community Sentencing**

O.S. 22, section 988.9, paragraph A, of the Oklahoma Community Sentencing Act requires the collection of supervision fees, administrative fees, and if assessed by the court program reimbursement costs, restitution, and fines to be paid by the client. This fee will be collected only when the client is under the direct supervision of a district probation and parole office and not a private vendor.

### **Restitution Collections by Private Providers**

When restitution is ordered by the court to be paid through the Department of Corrections and the restitution is collected by a private provider, the payment will be recorded on the same client receipt as the Community Sentencing Administration Fee. Pre-printed receipt books will be provided by Restitution Accounting to Community Sentencing for distribution to their private providers. Collected funds will be attached to their corresponding original receipt and remitted daily to restitution accounting. Entry of receipt information from private providers into OBS will be done by Restitution Accounting. The address for remitting payment is:

Department of Corrections  
P.O. 11400  
Oklahoma City, OK 73136  
Attn: Restitution Accounting

Restitution payments collected by private providers will include a \$1.00 collection fee for each money order associated with the restitution payment as allowed by statute to cover Restitution Accounting administrative cost.

### **Community Sentencing Administration Fee**

O.S. 22, section 998.9, paragraph B, directs offenders participating in a local community sentencing system under a court-ordered community punishment are required to pay an administrative fee to support the local system which shall not exceed Twenty Dollars (\$20.00) per month. Administrative fees shall be recorded in a Department of Correction receipt books when collected and forward to the department's Restitution Accounting unit for deposit to the 700 Fund. Community Sentencing Fees so collected and deposited will be transferred monthly to the department's 210 Fund for appropriate use by the various Community Planning Councils.

### **Community Sentencing Supervision Fee Collections by Private Providers**

O.S. 22, section 998.1 et. seq. of the Oklahoma Community Sentencing Act requires the collection of supervision fees, administrative fees, and if assessed by the court program reimbursement costs, restitution, and fines to be paid by the client.

## **Community Sentencing Receipt Books**

Collections by private providers are not authorized to use the OBS field collection website. Collection receipt books will be issued by restitution accounting to the Community Sentencing Division of the Department of Corrections for distribution to the Community Sentencing Planning Councils for their distribution to private company providers to receipt collected funds (**Attachment L**). All receipts books when issued by restitution accounting will become the responsibility of the Community Sentencing Division and returned by the division when used by the Planning Councils to restitution accounting for audit purposes. Receipt books issued will be kept in a secure location at all times with appropriate fiscal controls.

Probation and Parole Officers that collect Community Sentencing Fees will record those field collections in the secure OBS website and remit the collections with a copy of the OBS fee receipt to restitution accounting.

### ***Receipt Information***

Each cashier's check or money order submitted will have a receipt attached to it. The information on the receipt will be printed legibly and will include the following:

1. Client's name as sentenced;
2. Receipting officer's badge number;
3. Client's DOC number;
4. County of conviction for the longest sentence of all cases for which a fee has been assessed;
5. Case number of the longest sentence of all cases for which a fee has been assessed;
6. Date receipted;
7. Total amount of payment with a breakdown of the amount for each type of payment that shall include a \$1 collection fee for restitution payments;
8. Name of the company issuing the cashier's check or money order (no abbreviations);
9. Serial number of the cashier's check or money order;
10. Client's signature;

11. Officer's signature.

The sum of all types of payments recorded on the receipt must equal the total recorded on the receipt and this total must equal the issue amount of the money order or cashier's check.

The receipting staff member will ensure all information on the receipt is correct and all sections are completed. The receipt will be signed and dated by both the client and the person collecting the money. Both the money order and receipt will be secured until forwarded on the same day of collection to the Restitution Accounting unit.

In the event that an error is made on a receipt, the receipting officer will write "VOID" across all four copies of the receipt in large block letters. The receipt copies will not be removed from the book when voided. If the error is found after receipts have been torn out, re-attach all copies back into the receipt book.

If a receipt book is lost or stolen, the private provider to whom the book was issued will immediately notify both the appropriate Community Planning Council and the Deputy Director of Community Corrections. The Deputy Director of Community Sentencing will in turn notify Restitution Accounting and the Administrator of Internal Affairs of the lost book.

## **Useful Restitution and Community Corrections Reports**

There are a number of OBS reports available to both restitution account and district offices to assist them in the management of fees and victim's restitution collections. Those reports are:

### **Accepted Field Daily Collections Report**

This report is used by restitution accounting for the date range select: System receipt # the field collection, DOC# and Offender Name, serial number and company name of the money order used to pay the collection, officer badge number or name of the individual taking the payment, date of payment, name of staff member accepting the OBS restitution collection, and the amount.

### **Central Office Field Collections Report**

For the date range selected, this report will group collection types and amounts by district office.

### **Community Sentencing Administration Fees Collected Report**

For the date range selected, this report will group by county recorded collection information to include: county, case number, sender name, received date and amount collected.

### **Fees Waived Report**

For the date range selected, this report will list fee waiver information to include: client number, amount waived, start date of waiver, end date of waiver, badge number of client supervisor, waiver entered by name, and date of waiver entry.

### **Officer Daily Field Collections Report**

For the date range selected, this report will list field collection information to include: P&P office, system receipt number, serial number and company name of money order, status (accepted/pending/rejected), accepted/rejected date, and amount.

### **P&P Officer Identification by District Report**

For the district selected, lists by officers those offenders assigned to his/her caseload to include last restitution payment date and last supervision fee payment date.

### **P&P Officer Identification Report**

Lists for officer selected those offenders assigned to his/her caseload to include last restitution payment date and last supervision fee payment date.

### **Reject Field Collections Report**

For the date range selected, lists by client name and number: date payment collected, money order number and company name, officer ID, date payment rejected, restitution staff person rejecting the payment, and amount.

### **Unknown Victims Restitution Report**

Lists by date range selected and grouped by DOC# and name: court case number collection applied too, county, badge number making the collection, money order number and amount of collected restitution applied towards "unknown victims."

### **Victim Payments On-Hold Report**

For the date range selected, lists: hold date, amount, victim ID, victim name, and court case number.

### **Victim Transaction Detail Report**

For the victim ID number entered, lists: original amount owed, amount paid to date, outside payments, and balance due.

# **OBS Contract Management**

SB 82XX, 2nd Extraordinary Session of the 50th Legislature, section 8, provided the Department of Corrections authorization to enter into a pilot acquisition program for offender canteen, trust fund and restitution accounting system services that will allow the Department to centralize offender accounting operations. The contract, through this legislation, is exempt from the provisions of the Oklahoma Central Purchasing Act.”

## **OBS Contract**

The contract between the vendor, Advanced Technologies Group (ATG), and the Department of Corrections grants the right to use the OBS software to manage trust accounts, restitution and commissary operations of all offenders residing at institutions and facilities managed and operated by the Oklahoma Department of Corrections.

### **License Agreement**

The Oklahoma Department of Corrections is granted a non-exclusive perpetual enterprise license to use the ATG software. The perpetual license grants the department the use of the software to manage trust accounts, restitution and commissary operations of all offenders residing at institutions and facilities managed and operated by the department. There is no limit to the number of machines or users that can access the software. The department, by licensing agreement, may not use this software to process accounts or administer records for the benefit of, or for purposes or rendering services to any other business or agency. This license cannot be transferred, leased, assigned or sublicensed.

The vendor retains sole and exclusive ownership of all right, title, and interest in and to the OBS software, all copies thereof, all modifications and enhancements thereto (including ownership of all copyrights, and other intellectual property rights pertaining thereto subject only to the right and license granted by the licensee. The license does not provide the department with any ownership of the software but only to the rights as defined in the license agreement. The department, by contract and license, will not attempt to reverse compile, modify, translate, or disassemble the software in whole or in part.

The data stored by the software is owned exclusively by the department.

### **Source Code Agreement**

Under the terms and conditions of the contract, a source code agreement will be entered into between ATG and the Department of Corrections. The source code agreement calls for a mutually agreeable third party to immediately release the source code to the department in the event of certain events as specified in the contract. Upon occurrence of any of the qualifying events outlined in the contract, the department will have a fully paid, non-terminable license to use the software for its sole use. The fees of the third party escrow agent, by contract,

are to be paid by ATG.

### **OBS Vendor Documents**

The department, by contract, is authorized to use and reproduce for internal purposes all OBS user documentation furnished by ATG provided that all copies made by the department contain all proprietary designations.

### **OBS Vendor Maintenance Contract**

Upon software acceptance the Department of Corrections will utilize ATG provided OBS system maintenance and support services and pay a monthly maintenance fee as prescribed in the contract. As part of the maintenance and support services, OBS system managers can expect vendor help desk support during normal business hours via telephone. The Administrator of Offender Banking will ensure a current list of appropriate vendor assistance staff and telephone numbers is maintained to facilitate the escalation of support requests that cannot be resolved by either department or vendor help desk technicians as provided in the contract.

1. The department will provide the vendor will reasonable access to the software subject to site security requirements.
2. The Administrator of Offender Banking Services is designated as the "relationship/contract manager" of the OBS system and will be the contact person for all issues regarding the OBS software and vendor support issues.
3. All OBS software customizations and change orders will be requested through the Administrator of Offender Banking Services and must be approved in writing through the Associate Director of Administration with funding identified for the requested change(s) prior to any authorized vendor action.

# System Security

The OBS system utilizes a layered approach to meeting system security requirements. OBS system users will adhere to all Information Management policy and procedures for employees accessing the OBS system through state facilities as defined by OP-021001 “*Department of Corrections OneNet/Internet Standards*” and OP-020701 “*Control and Use of Network Computers.*”

## New OBS Users and User Group Change Request

### New User Training

All new OBS users and current OBS users for whom a change is requested will be trained in OBS application parameters for their appropriate user group before being granted access to the system. New user training classes will be accomplished by qualified facility OBS users. If a facility does not have someone qualified to teach the appropriate OBS skill they will arrange for the new user to be trained in their specialty area by a qualified neighboring facility user. Supervisors will certify training has been received before requesting a new user be given access to the system.

### New User and Permissions Change Request

When a new user or user group permission's change is to be accomplished for a field or central office OBS system location or user, the appropriate supervisory staff will submit to the Administrator of Offender Banking Services or designee a “New OBS User and Permissions Change Request” form (**Attachment K**) identifying the requested change. The change request will include:

1. Users Name
2. Primary OBS Job Responsibilities
3. Work Location
4. Work Phone Number
5. Email Address
6. Supervisor's Name
7. Supervisor's Phone Number
8. Supervisor's Email Address
9. Supervisor's signature certifying appropriate OBS training has been received by the new user.

## **OBS System Access**

### **OBS System Access Rights**

The Administrator of Offender Banking Services or designee, after a new user has been trained, will ensure appropriate IT network security managers are timely notified and request the new user be granted OBS through the OBS Active Windows Directory.

The Administrator of Offender Banking Services or designee will assign the new user to his/her appropriate user group based upon the user's specific system access needs. The Administrator of Banking Services will keep a file of all department employees who have current OBS access rights and their assigned user group.

### **Termination of OBS Access**

When an existing OBS user leaves employment or retires from the Department of Corrections the OBS user's immediate supervisor will contact the Administrator of Offender Banking Services or designee within 24 hours of employment separation. Upon notification of an OBS user's employment separation the Administrator of Offender Banking Services or designee will ensure that OBS system access is terminated.

The Administrator of Human Services or designee will provide the Administrator of Offender Banking Services or designee electronic notification of department employees who leave employment service that have OBS access.

## **OBS Software**

### **Installation of OBS Software**

OBS software will only be installed on computers owned and operated by the department and only at institutions and facilities managed and operated by the Oklahoma Department of Corrections. When a new institution or facility is created within the department, the Administrator of Offender Banking Services will request, through a change order, the vendor add the new location to the OBS software.

### **Web Page Access**

Access to the web-based report and field input screen of OBS will only be granted to department staff with a specific need to access web-based functionalities. Private prisons, halfway houses, and/or other non-department users are not authorized, by contract restriction, to access web page functionalities.

# **Attachments**

## Attachment A – IBSA Account Request Form

### IBSA Account Request

<b>DOC #:</b>	<b>Request Date:</b>
<b>Offender Name:</b>	<b>SSN# (Tax Payer ID#)</b>
<b>Facility:</b>	

<b>Requested Action</b>	<b>Amount</b>
<b>Deposit of Funds Into IBSA Account</b> (Deposits Into IBSA requires the Offender's "Available Balance" be at least \$100. There is no time limitation on the frequency of IBSA deposits.)	\$
<b>Transfer Funds From IBSA Account</b> (Transfers Out Are Only Allowed Once per 90 days)	\$
Date of Last IBSA Transfer	

Offender "Available Balance" At Time of Request	\$
Offender Signature	
Warden or Designee Signature	Date Approved

## Attachment B – OBS Deposit Slip Form

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### OBS Deposit Slip

<b>Offender Information</b>		
DOC# _____	Offender Name _____	
	(Last)	(First) (M/I)
Facility _____		
<b>Sender Information</b>		
Name _____		
	(Last)	(First) (M/I)
Street/P.O. Box _____	Apartment # _____	
City _____	State _____	ZIP _____
Country (If other than U.S.) _____		
<b>Deposit Information</b>		
<b>Cashiers' Check/Money Order #</b>	<b>Date</b>	<b>Amount</b>

---

### OBS Deposit Slip

<b>Offender Information</b>		
DOC# _____	Offender Name _____	
	(Last)	(First) (M/I)
Facility _____		
<b>Sender Information</b>		
Name _____		
	(Last)	(First) (M/I)
Street/P.O. Box _____	Apartment # _____	
City _____	State _____	ZIP _____
Country (If other than U.S.) _____		
<b>Deposit Information</b>		
<b>Cashiers' Check/Money Order #</b>	<b>Date</b>	<b>Amount</b>

## **Attachment C – OBS Deposit Slip Memorandum**

**Deleted**

# Attachment D – OBS Obligation Deduction Matrix (Facilities & Institutions)

## OBS Obligation Deduction Matrix – Institutions and Facilities

Obligation Type	Deduction Type	Priority Order	Deduction Percentage	When Collected	Income Categories to Deduct From		Statute/Policy Authority
					Payroll	Outside Source Funds	
Mandatory Savings	Auto Deduction	Auto (1)	20%	Incarcerated	Auto	Auto	O.S. 57 § 549 / OP-120230 ¶ III, A.
Program Support Fee	Auto Deduction	Auto (2)	Computed	Incarcerated	Auto	Auto	O.S. 57, § 549, ¶ C. / OP-120230 ¶ III B. / OP-090110 ¶ VIII B.
Court Ordered Sanctions	Obligation	3	80%	Incarcerated	Yes	Yes	O.S. 57 § 566 ¶ D.
Initial Federal/State Court Filing Fee Contribution (Both Fed & State PLRA)	Obligation	4	100%	Incarcerated	Yes	Yes	28USC, PART V, CHAPTER 123 § 1915 / O.S. 57 § 566.3
Monthly Payment (Both Fed & State PLRA)	Obligation	5	20%	Incarcerated	Yes	Yes	28USC, PART V, CHAPTER 123 § 1915 / O.S. 57 § 566.3
State Court Costs and Fines	Obligation	9	10%	Incarcerated	Yes	No	Based on amounts defined in J&S, enter in Court Case Order #
Child Support	Obligation	20	Court defined	Incarcerated	Yes	No	O.S. 12, Chapter 21 § 1171.2
Court Ordered Garnishments	Obligation	21	100%	Incarcerated	Yes	Yes	Defined by specific court documents.
Garnishment - Payroll Only	Obligation	22	50%	Incarcerated	Yes	No	Court Order Only defines it as a payroll deduction.
Institutional Debt (Restitution)	Obligation	30	50%	Incarcerated	Yes	Yes	OP-060125, Attachment A
Fine - Class A Violation	Obligation	31	100%	Incarcerated	Yes	Yes	OP-060125, Attachment A
Fine - Class B Violation	Obligation	32	100%	Incarcerated	Yes	Yes	OP-060125, Attachment A
Medical Co-pay	Obligation	40	100%	Incarcerated	Yes	Yes	OP-140117 ¶ III F. / OP-030115 - Attachment 140117A
Legal Co-pay	Obligation	41	100%	Incarcerated	Yes	Yes	OP-030115, Attachment 030115A
Badge Reissue Fee	Obligation	51	100%	Incarcerated	Yes	Yes	OP-040115 ¶ I. B2d
Postage Return Co-pay	Obligation	52	100%	Incarcerated	Yes	Yes	OP-030117, ¶ IB, 8f.
Inmate Requested Copies	Obligation	53	100%	Incarcerated	Yes	Yes	
Private Prison Debt	Obligation	54	50%	Incarcerated	Yes	Yes	
Private Prison Administrative Charge	Obligation	55	100%	Incarcerated	Yes	yes	

## Attachment E – OBS Obligation Deduction Matrix - Restitution

### . OBS Obligation Deduction Matrix – Restitution Accounting

Electronic Processing Fee - Restitution Payments	Auto	100%	Auto	Auto	O.S. 22 § 991 d. / OP - 160701 ¶ II D.8.
Victims Restitution	2	Court defined	Yes	Yes	O.S. 22 § 991a / OP-160701 ¶ III B.
Probation and Parole Supervision Fee	33	100%	Yes	Yes	O.S. 22 § 991 d. / OP - 160701 ¶ III A.
EMP Fee	36	100%	Yes	Yes	O.S. 22 § 991a ¶ 7 e / OP - 160701 ¶ III C.
DNA Fee	60	100%	Yes	Yes	O.S. 991a, ¶ J. / OP - 160701 ¶ III C.
Community Sentencing Administration Fee	62	100%	Yes	Yes	O.S. 22 § 988.9 / O.P. 160701 ¶ II C.
GPS Fee	63	100%	Yes	Yes	O.S. 991a, ¶ A 1(o) / OP - 160701 ¶ III C.
Pre-sentence Investigation Fee	64	100%	Yes	Yes	O.S. 22 § 982 ¶ A. / OP - 160701 ¶ III C.

## Attachment F – OBS Offender Clubs and Charity Group Codes

### Available OBS Offender Clubs and Charitable Funding Raising Activities

Group Code	Group Name
AFRI	African American
ALCO	Alcoholics Anonymous
FUND	Charitable Fund Raising
CHRI	Christian
CHR1	Christian - Medium
COMR	Commingled Religious Organizations
CITG	Confined Inter-Tribal Groups
DAWA	Dawah
EMPL	Employee Council
EMPW	Employee Wellness
EXPU	Expunged OMS
HISP	Hispanic
INST	Instn. Sale
IRON	Iron Lodge
ISLA	Islamic
ISLM	Islamic - Medium
JAYC	Jaycees
JEWI	Jewish
LIFE	Lifers
MUSI	Music
MUSL	Muslim
MUSM	Muslim Medium
NARC	Narcotics Anonymous
OFFE	Offender Council/Alliance
OFFM	Offender Council/Alliance - Med
PARE	Parenting
RECR	Recreation
RACA	Run Against Child Abuse
STAF	Staff Sale
TOAS	Toastmasters
TOAM	Toastmasters - Med
VETE	Veterans Groups
WICC	Wiccans
WORL	World Vision

# Attachment G – Request for Disbursement Form

DEPARTMENT OF CORRECTIONS		
REQUEST FOR DISBURSEMENT		
		No. _____
PAYEE:\$ _____	NAME _____	
STREET ADDRESS _____		
CITY, STATE & ZIP _____		AMOUNT _____
AUTHORIZED BY:		
<input type="checkbox"/> TRUST FUND OFFICER		
<input type="checkbox"/> CANTEEN OFFICER	_____ SIGNATURE	DATE 20 _____
<input type="checkbox"/> PETTY CASH OFFICER		
CASHIER _____	_____ SIGNATURE	_____ CHECK NO.
FOR: _____		
_____		
_____		
OFFENDER APPROVAL: _____	_____ SIGNATURE	_____ NUMBER
OFFENDER REQUEST APPROVED BY: _____	_____ SIGNATURE	_____ BADGE NUMBER

# Attachment H – Community Corrections Offender Draw Request Form

## OBS Community Corrections Offender Draw Request

Date: _____	
Offender Name: _____	DOC# _____
Facility: _____	
Total Draw Requested	\$ _____

## OBS Trust Account Disbursement Confirmation

Total Received	\$ _____
Rec'd: Offender's Signature and Date:	
From: Staff Signature and Date:	

## Attachment I - Canteen Departments & Category Markups

### Canteen System Department, Categories and Markups

Category	Department	Markup
CARBONATED	BEVERAGE	30%
NON CARBONATED	BEVERAGE	25%
POS SUPPLIES	CANTEEN SUPPLIES	0%
ACCESSORIES	CLOTHING	20%
FOOTWEAR	CLOTHING	20%
PANTS / SHORTS	CLOTHING	20%
SHIRTS	CLOTHING	20%
UNDERGARMENTS / SLEEPWEAR	CLOTHING	20%
CRAFT ITEMS	CRAFTS	30%
CRAFT SUPPLIES	CRAFTS	30%
BATTERIES / ACCESSORIES	ELECTRONICS	30%
FANS	ELECTRONICS	20%
MISCELLANEOUS ELECTRONICS	ELECTRONICS	30%
MP3 PLAYER; PRE-PAID SONGS	ELECTRONICS	13%
MP3 PROGRAM ACCESSORIES	ELECTRONICS	30%
RADIOS	ELECTRONICS	30%
TELEVISIONS	ELECTRONICS	30%
WATCHES / CLOCKS	ELECTRONICS	30%
BREAD / PASTRIES /COOKIES	FOOD	30%
CANDY / SNACKS	FOOD	30%
CEREALS	FOOD	20%
CONDIMENTS / SPICES	FOOD	25%
DINNER MIXES	FOOD	20%
FROZEN SNACKS	FOOD	30%
FRUITS / VEGETABLES	FOOD	20%
HOLIDAY PROMOTIONS	FOOD	15%
MEATS / BEANS	FOOD	25%
REFRIGERATED FOOD	FOOD	30%
SOUPS	FOOD	20%
HAIR CARE / ACCESSORIES	HEALTH & BEAUTY	25%
LOTIONS / POWDERS	HEALTH & BEAUTY	25%
MAKEUP	HEALTH & BEAUTY	25%
MISCELLANEOUS H/B	HEALTH & BEAUTY	25%
BED / BATH ITEMS	HOUSEHOLD	20%
HOUSEWARES	HOUSEHOLD	30%
LAUNDRY / CLEANING	HOUSEHOLD	20%
MISCELLANEOUS HOUSEHOLD	HOUSEHOLD	30%
COLD / ALLERGY	MEDICAL	20%
DIGESTION	MEDICAL	20%
EYE CARE	MEDICAL	20%
FOOT CARE	MEDICAL	20%
MISCELLANEOUS / MEDICAL OTC	MEDICAL	20%
PAIN RELIEF	MEDICAL	20%
SKIN CARE	MEDICAL	20%
SUPPLIES	MEDICAL	20%
VITAMINS	MEDICAL	20%
BATH TISSUE	PERSONAL HYGIENE	5%
DENTAL	PERSONAL HYGIENE	5%
DEODORANT	PERSONAL HYGIENE	5%
FEMININE PRODUCTS	PERSONAL HYGIENE	5%
SHAMPOO / CONDITIONER	PERSONAL HYGIENE	5%
SHAVING	PERSONAL HYGIENE	5%
SOAP	PERSONAL HYGIENE	5%
BOOKS	STATIONARY	20%
GAMES	STATIONARY	30%
MISCELLANEOUS STATIONARY	STATIONARY	20%
STAMPS	STATIONARY	0%
WRITING SUPPLIES	STATIONARY	20%
MISCELLANEOUS TOBACCO	TOBACCO	35%

<b>RELATED</b>		
<b>NON SMOKING TOBACCO</b>	<b>TOBACCO</b>	<b>35%</b>
<b>SMOKING TOBACCO</b>	<b>TOBACCO</b>	<b>35%</b>

## Attachment J – UPC/PLU Change Order Form

### UPC/PLU CHANGE ORDER FORM

#### Requestor Information

Facility	
Contact Name	
Phone Number	
Email Address	

#### Item Information

<b>UPC Number</b> (12 digit UPC-A Format)	<b>Item Description</b>

<b>Item Department</b> (See Attachment I)	<b>Item Category</b> (See Attachment E)

Multiplier #	Lead Time (Days)	Taxable ? Y/N	Kosher ? Y/N	Exempt ? Y/N

NEW ITEM	<input type="checkbox"/>	<b>Justification:</b>
CHANGE IN ITEM DESCRIPTION	<input type="checkbox"/>	
CHANGE OF KOSHER/EXEMPT	<input type="checkbox"/>	
CHANGE OF DEPARTMENT	<input type="checkbox"/>	
CHANGE OF CATEGORY	<input type="checkbox"/>	
CHANGE OF TAXABLE STATUS	<input type="checkbox"/>	

<b>Requestor Signature:</b>		<b>Date:</b>
<b>Processor Signature:</b>		<b>Date:</b>

## Attachment K – New OBS User and Permission Change Form

### New OBS User and Permissions Change Request

#### New User Information

Name:	
Primary OBS Responsibilities:	
Work Location:	
Work Phone Number:	
Email Address:	

#### Supervisory Information

Name:	
Work Phone Number:	
Email Address:	

#### Reason For Request

New User		<b>Comments:</b>
Change of User Group Permissions		
Employment Termination		

#### Supervisor's Certification

I certify the requested new OBS user has received the appropriate OBS user training in the area of trust, canteen and/or restitution accounting for which I am requesting they be granted system access and user group permissions.

Signed: \_\_\_\_\_

Date: \_\_\_\_\_

Date System/User Access Granted \_\_\_\_\_

Signature of Person Establishing Access Rights:

---

# Attachment L – Community Sentencing Receipt Form

<-----3-1/2 INCHES----->

Department of Corrections  
Community Sentencing  
OBS Restitution / Administration Fee  
Receipt

**PLEASE PRINT CLEARLY**  
PAYMENTS MUST BE MADE BY CASHIER'S CHECK OR MONEY ORDER

Name _____	Planning _____
DOC # _____	Council # _____
County _____	CRF # _____
Total Amount \$ _____	Restitution \$ _____
	Collection Fee \$ _____
	Administration Fee \$ _____

NAME OF COMPANY  
ISSUING CHECK \_\_\_\_\_  
AND \_\_\_\_\_  
SERIAL NUMBER \_\_\_\_\_

CLIENT SIGNATURE  
X \_\_\_\_\_  
COLLECTING AGENT'S SIGNATURE  
X \_\_\_\_\_

**MAIL TO:** **123456**  
DEPARTMENT OF CORRECTIONS  
ATTN: RESTITUTION ACCOUNTING  
PO BOX 11400  
OKLAHOMA CITY OK 73136

WHITE - MAIL WITH CHECK  
CANARY - DISTRICT  
PINK - CLIENT COPY  
CANARY - DO NOT DETACH

8 INCHES

## Attachment M – Legal Memorandum: Vending Machine Contracts

### LEGAL MEMORANDUM

---

**DATE:** JUNE 9, 2008  
**TO:** J'ME OVERSTREET  
**CC:** TINA HICKS, JIM HARRIS  
**FROM:** MIKE OAKLEY  
**RE:** VENDING MACHINE CONTRACTS

---

An opinion has been requested regarding the contracting for vending machines at state facilities. A field unit has asked for a contract which would allow a private vendor to provide vending machines at a state facility. The vending machine would be available for the general public and for employees of the agency

#### FIRST QUESTION:

Whether the department may enter into a contract with a private vendor to provide vending machine services where the machine would be used by the general public and agency employees?

A second related question has been presented concerning the use of vending machines by offenders. The Canteen Board desires to contract with vendors to supply vending machines for offenders in community corrections settings in lieu of operating a full offender canteen. Since offenders at community corrections are allowed to possess cash, they would be allowed to pay for canteen items from the machines. The Canteen Board would negotiate a contract which would allow the board to retain a portion of profits from the canteen.

#### SECOND QUESTION:

May the Canteen Board enter into a contract for vending machines for offender use where offenders are allowed to buy from the vending machines in lieu of usual canteen operations and the board is allowed to retain a portion of the profits?

## ANALYSIS: QUESTION 1

Since the two questions both involve the operation of vending machines, they are analyzed together with respect to the applicable statutory provisions related to vending machine operations. The Oklahoma Legislature has answered the first question. Title 7, Section 72 of the Oklahoma Statutes, defines “vending facility” as follows:

1. "Vending facility" means automatic vending machines, cafeterias, snackbars, cart service, shelters, counters, and such other appropriate auxiliary equipment which may be operated by blind licensees and which is necessary for the sale of newspapers, periodicals, confections, tobacco products, food, beverages, and other articles or services dispensed automatically or manually and prepared on or off the premises in accordance with all applicable health laws;

The legislature has established a public policy which favors the granting of such vending contracts to the State Department of Rehabilitation Services (DRS). Title 7, Section 73 of the Oklahoma Statutes, creates a duty for state agencies to give priority to vending facilities operated by blind persons. The statute provides:

- A. It shall be the duty of the board of county commissioners of each county and the governing boards of all state institutions, state agencies and state or county public trust authorities, with regard to the premises of county or state property under their respective jurisdictions or the premises of property leased by them in whole or in part, to give priority to vending facilities operated by licensed blind operators and established by the State Department of Rehabilitation Services. Governing boards shall observe such priority by entering into an agreement with the Department. Operators shall be licensed by the Department.

From reading the statute, it appears clear that the agency must first offer a contract to DRS when the vending machine is for the use of the general public or employees. The primary goal of statutory construction is to ascertain and follow the intent of the legislature, and, “if statute is plain and unambiguous and its meaning clear and no occasion exists for application of rules of construction statute will be accorded meaning expressed by language used.” *TRW /Reda Pump v. Brewington*, 1992 OK 31, 829 P.2d 15. The language of the statute appears plain and unambiguous as applied to vending machines for public and staff use. If DRS declines a contract, then the Department of Corrections has met the statutory obligation and may enter into a contract with a private vendor.

## ANALYSIS: QUESTION 2

Further analysis is required to answer the second question regarding the Canteen Board, which is created by Title 57, Section 537 of the Oklahoma Statutes. The language of the statute creating the board and its mission must be examined. “The

fundamental rule of statutory construction is to ascertain and give effect to the legislative intent, and that intent is first sought in the language of a statute,” *Tulsa County Budget Bd. V. Tulsa County Excise Bd.*, 2003 OK 98, 81 P.3d 662.

The statute provides,

“A. There shall be established a Board of Directors for all canteen services within the Department of Corrections. The members of the Board shall be appointed by the Director of the Department of Corrections. All canteen operations shall be under the control of the Board and shall operate pursuant to written guidelines established by the Board. The overall canteen operation shall be self-supporting.”

The provisions creating the preference for DRS contracts is applicable to boards of

“state institutions, state agencies and state or county public trust authorities, with regard to the premises of county or state property under their respective jurisdictions or the premises of property leased by them.”(7 O.S. § 73, supra.)

Examining the language of both statutes, it is clear the Canteen Board is not the governing entity of a state institution or agency. Further, the Canteen Board has no jurisdiction over the institutions or premises upon which the institutions operate. While governing boards over state institutions or agencies would operate without making a profit, the legislature clearly expects that the Canteen Board to have and retain profits. The statute provides,

“All profits from the canteen operations shall be used exclusively for the benefit of the inmates of the various institutions and personnel of the Department of Corrections as determined by the canteen Board of Directors pursuant to subsection A of this section.” (57 O.S. § 537.B)

“Legislative acts are to be construed in such a manner as to reconcile different provisions and render them consistent and harmonious and give intelligent effect to each.” *Eason Oil Co. v. Corporation Commission*, 1975 OK 14, 535 P.2d 283. Giving effect to both provisions, it is clear the Canteen Board is not subject to the restrictions of 7 O.S. § 73 and the mandate to give DRS priority when the machines are utilized by offenders at community corrections security facilities. Although the statutory provisions do not specifically address the use of vending machines, the legislature obviously intended for the Canteen Board to utilize the profits from the canteen.

## CONCLUSION

The answer to question one is clearly provided by statutory language. The agency must give DRS priority before entering into a contract for vending machines on state owned premises or premises leased by the state when the machines are used by the public or staff.

The answer to question two is also provided by the language of the statute which creates the Canteen Board. The Canteen Board is not required to give priority to DRS in contracting for vending machines when the machines are utilized by offenders in lieu of regular canteen operations.

Please advise if you have further questions.

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