

CHAPTER: 300

Business/Budget

DEPARTMENT ORDER:

303 – Bank Accounts

**OFFICE OF PRIMARY
RESPONSIBILITY:**

AS

Arizona Department of Corrections

Department Order Manual



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Charles L. Ryan, Director

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PURPOSE

This Department Order establishes procedures for the administration and accountability of all bank accounts established and controlled by the Department.

APPLICABILITY

This Department Order applies to all staff whose duties involve the accountability of bank accounts established and controlled by the Department. Section 5.0 of this Department Order is only applicable to private prison facilities.

RESPONSIBILITY

The Department shall comply with the State of Arizona Accounting Manual (SAAM) by the Arizona Department of Administration (ADOA) General Accounting Office (GAO) in all accounting functions.

The Chief Financial Officer shall ensure Business Managers are thoroughly familiar with the SAAM and they sign up and receive the ADOA GAO "Updates and News" emails. The SAAM is available online at <https://gao.az.gov>.

The Division Director for Administrative Services shall ensure Department Orders related to fiscal issues are annually reviewed after the Arizona State Legislature has adjourned to incorporate any relevant changes in law concerning fiscal management.

Any questions pertaining to accounting methods or practices shall be referred to the Chief Financial Officer.

PROCEDURES

1.0 ESTABLISHING BANK ACCOUNTS

- 1.1 To request the opening of a bank account, the Deputy Director, Division Director, Assistant Director, Warden or designee shall submit a memorandum to the Chief Financial Officer specifying the type and the purpose of the bank account.
- 1.2 The Chief Financial Officer shall approve or disapprove requests to open bank accounts prior to bank accounts being opened. When state funds are involved, the approval of Arizona State Treasurer's Office is also needed.
 - 1.2.1 Approved bank accounts shall be established with the state servicing bank when practicable. The Chief Financial Officer may approve accounts with banks other than the state servicing bank.

2.0 ACCOUNT INFORMATION

- 2.1 When a new account is opened, the following information shall be on file with the Chief Financial Officer's office:
 - 2.1.1 A copy of the completed authorized signature card
 - 2.1.2 Account name: ARIZONA DEPARTMENT OF CORRECTIONS, Location and Address
 - 2.1.3 Account number

- 2.1.4 Bank name
- 2.1.5 Branch name, number and address
- 2.1.6 Purpose of the account
- 2.1.7 Date opened
- 2.1.8 Name of Custodian
- 2.1.9 Type of account (i.e., checking or savings/public or private)
- 2.1.10 Interest bearing or included in the Department consolidation (Group Analysis)
- 2.2 The Business Manager or designee shall:
 - 2.2.1 Prepare and maintain monthly bank reconciliation for each bank account.
 - 2.2.2 Submit the following to the Chief Financial Officer:
 - 2.2.2.1 Bank reconciliation for each bank account by the 20th day of each month.
 - 2.2.2.2 Changes of an authorized signer or any other information.
 - 2.2.2.3 Requests to close bank accounts. The bank account balance needs to be zero before the closure.
- 2.3 Upon approval, the Chief Financial Officer shall forward:
 - 2.3.1 Changes of an authorized signer or any other information to the state servicing bank upon approval.
 - 2.3.2 Requests to close bank accounts to the Arizona State Treasurer’s Office.

3.0 REVOLVING SUB-FUND ACCOUNTS

- 3.1 To request a Revolving Sub-Fund Account, the Business Manager shall submit a request to the Division Director for Administrative Services stating the following:
 - 3.1.1 The purpose of the Revolving Sub-Fund Account.
 - 3.1.2 The amount deemed necessary.
 - 3.1.3 Who shall have custody and be charged with the management and accounting of the fund.
- 3.2 Upon approval, the Division Director for Administrative Services shall forward the request to the Chief Financial Officer, who shall send a prepared check for the approved amount to the requestor with a copy of the request.
 - 3.2.1 The Financial Services Bureau Accounting Unit shall maintain the original approved request.

3.3 Establishing a Sub-Fund Account

- 3.3.1 Accounts may be established at the state servicing bank approved by the Chief Financial Officer in accordance with the SAAM and applicable Department written instructions.
- 3.3.2 Information printed on checks shall include "Facility Name Revolving Sub-Fund Account", sequential numbering and the legend "VOID 180 days from date of check."
- 3.3.3 The Business Manager shall designate individuals who are to have signatory authority on the account. The Revolving Sub-Fund Account Custodian cannot have signatory authority.

3.4 Accounting Procedures

- 3.4.1 To ensure funds are properly safeguarded, Revolving Sub-Fund Account Custodians shall implement GAO Revolving Fund procedures and the following Department procedures:
 - 3.4.1.1 The same staff member shall not sign and issue checks.
 - 3.4.1.2 No disbursements shall exceed \$500, unless approved by the GAO.
 - 3.4.1.3 Any disbursement of \$250 or more shall require two authorized signatures.
 - 3.4.1.4 A check shall not be made out to "CASH." If reimbursing the petty cash portion of the Revolving Sub-Fund Account, checks shall be made payable to Petty Cash – [Custodian's name] – Custodian.
 - 3.4.1.5 The GAO shall approve Revolving Fund exceptions.
 - 3.4.1.6 The check register, stub or control log balances shall be current at all times.
 - 3.4.1.7 Documentation supporting all expenditures shall be retained by the Revolving Sub-Fund Account Custodian.
 - 3.4.1.8 The receipts/invoices shall be attached to the file copy of the Arizona Financial Information System (AFIS) Claim.
 - 3.4.1.9 All checks, including VOIDS and CANCELED, shall be accounted for and not destroyed.

3.5 Reimbursement Procedures for Revolving Sub-Fund Accounts

- 3.5.1 Total expenses of each Revolving Sub-Fund Account may be included in a single claim.
- 3.5.2 Institutions that have Division-level accounting support shall submit the receipts to the Financial Services Bureau Accounting Unit for reimbursement.

- 3.5.3 Institutions/Units authorized to maintain a Revolving Sub-Fund Account shall prepare a monthly reconciliation and submit a copy to the Chief Financial Officer or designee within 30 calendar days of month end.

4.0 INMATE STORE PROCEEDS FUND – In accordance with Arizona Revised Statute (A.R.S.) §41-1604.02, the Inmate Store Proceeds (ISP) Fund consisting of all profits derived from the state's portion of privatization of the inmate stores.

- 4.1 The ISP Fund consists of profits derived from the commission on sales of goods at the institutions and rental income derived from privatization of the inmate stores. These funds shall be:
 - 4.1.1 Deposited with the Arizona State Treasurer.
 - 4.1.2 Recorded in AFIS and deposited into each institution's or Central Office's ISP Sub-Fund.
- 4.2 The Division Director for Prison Operations or designee shall approve the expenditure of ISP Funds.
- 4.3 Authorized expenditures include, but are not limited to the following:
 - 4.3.1 Inmate Resource Center/library, educational and resource material (i.e., legal materials, including law books/publications, and legal supplies; CDs, DVDs, educational movie fees, publications and supplies).
 - 4.3.2 Freezers, refrigerators and shelving required to establish inmate stores in newly opened units, prior to inmate store contractors servicing the units.
 - 4.3.3 Items for the health and welfare of the inmates, such as indigent supplies, barber supplies, ice and ice makers.
 - 4.3.4 Inmate Trust Account (ITA) supplies and forms.
 - 4.3.5 Inmate Identification Card supplies.
 - 4.3.6 Purchasing and maintaining the following:
 - 4.3.6.1 Recreational supplies and equipment, sporting goods, and passive games.
 - 4.3.6.2 Inmate cable TV systems (to include satellite TV programming), public programming licenses, films, movies and videos.
 - 4.3.7 Payment of the following:
 - 4.3.7.1 Salaries of inmates working in Inmate Stores and/or Inmate Resource Centers/libraries.
 - 4.3.7.2 Construction projects that directly benefit inmates (i.e., visitation Ramada's, basketball courts, and fencing for inmate recreation yards).
 - 4.3.7.3 Medical costs associated with personal injuries caused by inmates to other inmates.

- 4.3.7.4 Postal expenses for the benefit of inmates.
 - 4.3.7.5 Inmate labor for certain assignments, as outlined in Department Order #903, Inmate Work Activities.
 - 4.3.7.6 The repair or replacement of any state property damaged through intentional actions or neglect by inmates, in accordance with Department Order #803, Inmate Disciplinary Procedure.
 - 4.3.7.7 Incentive pay increases for Correctional Officer Series employees.
 - 4.3.7.8 Equipment to enhance safety for Department personnel and/or inmates.
 - 4.3.7.9 Other official needs as required, approved by the Division Director for Prison Operations or designee.
- 4.4 Proposal for Expenditures – Proposals for expenditure of unit or institution ISP Funds shall be submitted in writing to the appropriate ISP Committee Chair for inclusion on the agenda of the next Committee meeting. Proposals passed by a majority vote shall be submitted for final approval or disapproval to the Warden or designee of the institution.
- 4.5 ISP Checking Account
- 4.5.1 For small purchases, each institution may have an ISP checking account separate from AFIS, with a balance not to exceed \$5,000.
 - 4.5.2 All checks written from an ISP checking account shall require two staff signatures. The co-signers shall be responsible for the appropriateness of the fund expenditures. Purchase Orders in ProcureAz shall require two approvers.
 - 4.5.3 Business Managers shall submit a monthly report to the Chief Financial Officer or designee and to their respective ISP Committee on the ISP checking account activity.
- 4.6 Availability of Funds – Expenditures from the ISP Fund are dependent upon the current availability of revenue and cash.
- 4.7 Inspections – All ISP accounts are subject to an inspection as deemed necessary.
- 4.8 Financial Reports and Budgets – By July 15th, institutions shall submit an annual ISP budget to the Division Directors for Prison Operations and Administrative Services in a format identified by the Chief Financial Officer.

5.0 PRIVATE PRISON WELFARE AND BENEFITS ACCOUNT

- 5.1 Private Prison Welfare and Benefits (W&B) Account – Each private prison facility shall establish a W&B account. The Division Director for Prison Operations shall have sole discretionary authority over the W&B account and may, as needed, utilize or have access to monies from the account to satisfy legislative mandates or Department needs in accordance with A.R.S. §41-1604.02.

- 5.2 The following shall be deposited in the W&B account:
- 5.2.1 All profits received from the operations of the private prison inmate stores, vending machines in visitation, yard areas and snack bars.
 - 5.2.1.1 Commission on revenues generated from the contracted inmate telephone system, which is first deposited into the AFIS.
 - 5.2.1.1.1 Transfers to the private prison W&B account may occur with approval of the Division Director for Prison Operations or designee. Request must be submitted in writing.
 - 5.2.2 Expenditures are dependent upon the current availability of revenue. Such expenditures include, but are not limited to:
 - 5.2.2.1 Inmate activities outlined in section 4.0, subsections 4.3.1.1 through 4.3.7.4 of this Department Order.
 - 5.2.2.2 Private prison inmate store keeper's salaries.
 - 5.2.2.3 Other expenditures used for the recreational benefit, education and welfare of the inmate population.

5.3 Financial Reports and Budgets

- 5.3.1 By the 20th calendar day of the month, private prison facilities shall submit a monthly financial statement to the Chief Financial Officer or designee in the format identified by the Chief Financial Officer.
 - 5.3.1.1 Private prison facilities shall include a copy of the W&B account bank reconciliation and a copy of the first page of the bank statement.
- 5.3.2 Private prison facilities shall submit an annual W&B budget to the Chief Financial Officer by the 15th of July each year in a format identified by the Chief Financial Officer.

6.0 EMPLOYEE RECOGNITION FUNDS – The SAAM (5557) guides how money for employee recognition activities may be raised and spent, and how to account and report for these activities.

- 6.1 Institutions and Divisions may establish an Employee Recognition Fund. A separate sub-fund in AFIS shall be established for each institution or Division, with the approval and signatory authority being delegated to the appropriate Division Director, Assistant Director, Warden or designee.
- 6.2 Each Division or institution shall maintain their Employee Recognition Fund records in accordance with SAAM and all applicable Department written instructions.
- 6.3 Allowable Expenditures – Are expenditures to support Employee Recognition Events (i.e., awards for work accomplishments, holiday parties, picnics, etc.).
- 6.4 Allowable Revenues
 - 6.4.1 Food sales (i.e., baked goods, burritos, etc.) - No alcoholic beverages

- 6.4.2 Yard sales
- 6.4.3 Car washes
- 6.4.4 Auctions or Silent Actions
- 6.4.5 Other revenue generating activities deemed appropriate by the Director or designee
 - 6.4.5.1 Revenues may not be generated from raffles or gambling type activities.

- 6.5 Event/activity Coordinator(s) and/or Committees shall provide participating employees with a receipt upon request.
- 6.6 The appropriate Division Director, Assistant Director, Warden and Administrator shall ensure adequate separation of duties is considered in the counting, handling and depositing of cash into the Employee Recognition Fund.
- 6.7 All Employee Recognition Funds shall be subject to annual inspections.
- 6.8 With prior authorization, the Procurement Card (P-Card) can be used, in accordance with the SAAM and this Department Order, to spend Employee Recognition Funds.

7.0 INMATE FUNDRAISER ACCOUNTS – Each Department institution shall use the Inmate Fundraiser Checking Account with a debit card established for the individual institution to host inmate fundraiser events that cannot be accommodated using the ITA. The debit card may be used in lieu of a check to pay the vendor and/or the charity, and to order products online. Inmate Fundraiser Accounts shall be used strictly for inmate fundraiser use. Private prisons shall use a corporate account for inmate fundraisers.

- 7.1 The Business Manager shall:
 - 7.1.1 As the Inmate Fundraiser Account Custodian, have delegated approval and signatory authority,
 - 7.1.2 Submit monthly reconciliations, including copies of all expenditures receipts, including vendors and charities, to the Central Office ITA Manager no later than the end of the following month.
- 7.2 All checks, including voided and cancelled checks, shall be accounted for, not destroyed, and returned to the Business Manager.
- 7.3 The same staff member shall not sign and issue checks.
- 7.4 ITA fundraiser checks may be deposited into the established fundraiser account.
- 7.5 Account service fees shall be debited directly from the account on a monthly basis and accounted for out of the charity proceeds.
- 7.6 The Personal Identification Number (PIN) number associated with the debit card may be changed after each inmate fundraiser, or when responsibilities are reassigned at no charge.

8.0 PROCUREMENT CARD PROGRAM

- 8.1 The P-Card Program is under state contract and is authorized by the ADOA State Procurement Office to facilitate the purchase of goods and services and to provide an efficient method of paying for these goods and services. Cardholders shall adhere to the regulations published in the SAAM, Sections 4522, 4535, 4536, and 4537.
- 8.2 The Director shall appoint, in writing, an agency P-Card Administrator, assigned within the Financial Services Bureau. The Financial Services Bureau shall be responsible for the establishment and monitoring of the Department P-Card Program.
- 8.2.1 The Financial Services Bureau P-Card Administrator responsibilities include:
- 8.2.1.1 Coordinating with the ADOA State Procurement Office on matters relating to the P-Card contract and implementing procedures within the Department.
 - 8.2.1.2 Providing training to cardholders, to include the Standards of Conduct/Ethics.
 - 8.2.1.3 Acting as a liaison with the State P-Card contractor (Bank) to obtain cards for Department employees and to assist in resolving card disputes with the Bank and/or retailers.
 - 8.2.1.4 The issuance and monitoring of cards issued to Department employees, and obtaining and destroying cards that are no longer needed.
 - 8.2.1.5 Monitoring and enforcing compliance with Department Order #302, Contracts and Procurement and SAAM requirements.
 - 8.2.1.6 Documenting invoice reviews on the Purchasing Card Statement Checklist, Form 303-5.
- 8.2.2 P-Cards shall be issued by the Financial Services Bureau to Department employees authorized by the appropriate Business Administrator, Bureau Administrator or Warden. Only State of Arizona employees may be authorized cardholders.
- 8.2.2.1 Employees wishing to be issued a P-Card shall submit a written request and a completed Arizona Department of Corrections (ADC) Purchasing Card/Cardholder Agreement, Form 303-4 and the State of Arizona Purchasing Card Cardholder Agreement, Form GAO PC-101 through their chain of command and the Business Administrator to the P-Card Administrator.
 - 8.2.2.2 The P-Card Administrator shall review the request and, if approved, forward it to the Bank.
 - 8.2.2.3 Prior to release and activation of the P-Card, the P-Card Administrator shall provide training to the cardholder.
 - 8.2.2.4 Upon completion of training, the P-Card Administrator shall sign the ADC Purchasing Card/Cardholder Agreement, Form 303-4, and the State of Arizona Purchasing Card Cardholder Agreement, Form GAO PC-101.

- 8.2.3 The P-Card shall be assigned only to the cardholder and shall be embossed with the cardholder's name.
 - 8.2.3.1 Use by any other individual is prohibited.
 - 8.2.3.2 P-Cards are not reported in the cardholder's personal credit file and do not affect the cardholder's personal credit, except in cases where the card is misused, in cases of fraud and theft by the cardholder.
 - 8.2.3.2.1 Purchases made under these circumstances shall not be honored by the State.
- 8.2.4 Spending Limits - All Department purchasing cards have a maximum limit up to \$5,000 per purchase and total credit limit up to \$10,000 per month. The P-Card Administrator may impose lower limits to the individual cardholders.
 - 8.2.4.1 The ADC Chief Procurement Officer may also grant higher limits on an exception basis to handle unusual or emergency conditions.
 - 8.2.4.2 The cardholder may be limited by the Bank on the types of items authorized for purchase. A retailer may reject a card if inappropriate purchases are attempted.
- 8.2.5 The following items are not authorized for purchase:
 - 8.2.5.1 Items and services that must be back ordered. Receipt of the items shall be prior to the end of the billing cycle.
 - 8.2.5.2 Travel – All travel shall be completed through the State of Arizona, Central Travel Account (Ghost Card account) and the travel reimbursement process outlined in Department Order #310, Travel.
 - 8.2.5.3 Cash advances.
 - 8.2.5.4 Fuel - The "Voyager" card shall be used to purchase fuel for Department vehicles.
 - 8.2.5.5 Items and services not authorized by the normal purchase order process.
- 8.2.6 State Contracts – All products and services available on State of Arizona contracts (such as office supplies, furniture, etc.) shall be purchased from the contracted vendor(s) only.
 - 8.2.6.1 Purchases shall not be "split" to circumvent card, credit dollar limits or completion of competitive actions required by Department Order #302, Contracts and Procurement.
- 8.3 Cardholder Procedures – The cardholder shall maintain a log of purchases that includes a date, vendor, dollar amount, work order number, a facility number or any other information deemed necessary by the Business Administrator to determine which accounting codes to apply to the purchase at the end of the billing cycle. Prior to making a purchase the cardholder shall confirm availability of budget and obtain approval from the appropriate supervisor.

- 8.3.1 The cardholder is responsible for ensuring each charge customer copy and/or cash register receipt contains enough information to properly identify the purchase.
 - 8.3.1.1 Information shall include the date, dollar amount and brief description.
 - 8.3.1.2 If the above information is not included, the cardholder shall write the information on the paperwork.
 - 8.3.1.3 The cardholder shall retain the charge customer copy and cash register receipt for all purchases made until they receive the cardholder monthly statement.
- 8.3.2 If the customer copy or cash register receipt is lost or unavailable, a memorandum (affidavit) containing the appropriate information shall be substituted along with a reason the receipt is not available.
- 8.3.3 At the close of the billing cycle, the cardholder shall receive the cardholder's monthly statement of purchases. The cardholder shall review this statement and match it with the customer copies and cash register receipts of the charges.
 - 8.3.3.1 Within five business days of receiving the cardholder monthly statement, the cardholder shall:
 - 8.3.3.1.1 Attach the customer copies and cash register receipts to the statement, along with any credit memos.
 - 8.3.3.1.2 Sign the back to certify it is accurate.
 - 8.3.3.1.3 Forward the reconciled statement to the appropriate Business Administrator.
 - 8.3.3.2 Cardholders shall not review and approve their own monthly statement. The approval shall be obtained by the next level manager in the employee's chain of command.
 - 8.3.3.3 If the cardholder is unavailable to sign the monthly statement (e.g., leave, training, travel, etc.), the customer copies and register receipts shall be forwarded to the appropriate Business Administrator prior to leaving, if possible.
 - 8.3.3.3.1 The Business Administrator shall indicate "Not available to Sign" the statement and sign in the cardholder's place.
- 8.3.4 The cardholder shall resolve any disputed items and bring them to the attention of the retailer. If unable to resolve the dispute with the vendor, the cardholder shall make an official dispute to the Bank.
- 8.4 Business Administrator Procedures – Within three business days after receiving the Corporate Account monthly statement from the Bank, the Business Administrator shall:
 - 8.4.1 Obtain, review, approve and sign all cardholder monthly statements with original cash register receipts and charge customer copies. Business Administrators shall not delay the payment while waiting for the cardholder monthly statements.

- 8.4.2 Review and audit any use tax charges added for all items for which an Arizona Privilege Tax (sales tax) was not charged, for example out-of-state or catalog sales.
- 8.4.3 Provide a breakdown by chart of accounts elements of the dollar amounts to be encumbered and paid on this statement. Breakdown by individual charges are not necessary but may be grouped together as totals by account elements.
- 8.4.4 In the institutions, complete the Purchasing Card Statement Checklist, Form 303-5, and forward the approved Corporate Account monthly statement to the institution Business Office for payment.
- 8.4.5 In Central Office, forward the Corporate Account monthly statements with receipts to the P-Card Administrator, who shall complete the Purchasing Card Statement Checklist, Form 303-5, and authorize payment.
- 8.5 Accounting Procedures – Within three business days of receipt of the Corporate Account monthly statement, the Financial Services Bureau and institution Business Offices shall process the invoice for payment.
 - 8.5.1 Discrepancies in the breakdown by chart of accounts elements shall be immediately referred to the Business Administrator.
 - 8.5.2 If an adequate response is not obtained within two business days, the Financial Services Bureau and institution Business Offices may process the invoice for payment using other appropriate funds belonging to the Business Administrator or Manager. The Financial Services Bureau shall notify the Business Administrator or Manager to adjust the budget as necessary.
 - 8.5.3 All monthly payments to the State P-Card contractor shall be made within the statement due date to allow the State of Arizona to take advantage of the rebates related to card usage.
- 8.6 Compliance Procedures – The P-Card Administrator shall periodically request records necessary to validate that P-Card policies and procedures are being adhered to as required.

DEFINITIONS/GLOSSARY

Refer to the Glossary of Terms

FORMS LIST

303-3, Employee Recognition Fund - Debit Card Purchase Authorization

303-4, Purchasing Card/Cardholder Agreement

303-5, Purchasing Card Statement Checklist

AUTHORITY

A.R.S. §35-193 Revolving Funds

A.R.S. §41-1604.02, Inmate Stores; Establishment; Privatization; Prices; Goods; Inmate Store Proceeds Fund

A.R.S. §44-312, Public Sale of Abandoned Property

A.R.S. §44-313, Deposit of Monies

A.R.S. §47-4404, Bank Not Obligated to Pay Check More than Six Months Old

State of Arizona Accounting Manual Sections V, L1-3