

 <p>ARIZONA DEPARTMENT OF CORRECTIONS</p> <p>DEPARTMENT ORDER MANUAL</p>	<p>CHAPTER: 300 BUSINESS/BUDGET</p>	<p>OPR: AS</p>
	<p>DEPARTMENT ORDER: 303 <b>BANK ACCOUNTS</b></p>	<p>SUPERSEDES: DO 303 (09/05/00) DI 247 (03/10/11)</p>
		<p>EFFECTIVE DATE: MARCH 26, 2013</p> <p>REPLACEMENT PAGE REVISION DATE: N/A</p>

## TABLE OF CONTENTS

<b>PURPOSE</b>		
<b>APPLICABILITY</b>		
<b>PROCEDURES</b>		<b>PAGE</b>
303.01	<b>ESTABLISHING BANK ACCOUNTS .....</b>	<b>1</b>
303.02	<b>ACCOUNT INFORMATION.....</b>	<b>1</b>
303.03	<b>ESTABLISHMENT OF A REVOLVING FUND .....</b>	<b>2</b>
303.04	<b>INMATE STORE PROCEEDS FUND .....</b>	<b>4</b>
303.05	<b>EMPLOYEE FUNDS.....</b>	<b>6</b>
303.06	<b>CONTRACT BEDS WELFARE AND BENEFITS ACCOUNT .....</b>	<b>8</b>
	<b>DEFINITIONS.....</b>	<b>9</b>
	<b>AUTHORITY .....</b>	<b>10</b>
<b>ATTACHMENT</b>		

## PURPOSE

This Department Order outlines 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 303.06 is applicable to Contract Beds facilities.

## PROCEDURES

### 303.01 ESTABLISHING BANK ACCOUNTS

#### 1.1 Procedures for Obtaining Approval to Open a Bank Account

- 1.1.1 The Financial Services Bureau Administrator shall approve or disapprove each request prior to a bank account being opened. When state funds are involved, the State Treasurer's Office approval is also needed.
- 1.1.2 Approved bank accounts shall be established with the state servicing bank. Accounts with banks other than the state servicing bank shall be approved by the Financial Services Bureau Administrator.
- 1.1.3 The Deputy Director, Division Directors, Assistant Director, Wardens or their designees shall submit a memorandum of request to the Financial Services Bureau Administrator to obtain approval to open a bank account. The request shall explain the type and the purpose of the bank account.

### 303.02 ACCOUNT INFORMATION

- 1.1 When a new account is opened, the following information shall be on file with the Financial Services Bureau Administrator's office:
  - 1.1.1 A copy of the completed authorized signature card.
  - 1.1.2 Account name: ARIZONA DEPARTMENT OF CORRECTIONS  
Location  
Address
  - 1.1.3 Account Number.
  - 1.1.4 Bank Name.
  - 1.1.5 Branch Name, Number and Address.
  - 1.1.6 Purpose of the account.
  - 1.1.7 Date opened.
  - 1.1.8 Name of Custodian.

1.1.9 Type of account, checking or savings/public or private.

1.1.10 Interest bearing or included in the Department consolidation (Group Analysis).

1.2 Changes of an authorized signer to the signature card or any other information shall be approved by the Financial Services Bureau Administrator, who shall forward them to the state servicing bank.

1.3 Each Business Administrator or designee shall prepare and maintain a monthly bank reconciliation for each bank account. A copy shall be submitted to the Financial Services Bureau Administrator by the 20<sup>th</sup> day of each month.

1.4 Requests to close bank accounts shall be submitted to the Financial Services Bureau Administrator who shall forward them to the Treasurer's Office. The bank account balance needs to be zero before the closure.

**303.03 ESTABLISHMENT OF A REVOLVING FUND** - A Revolving Fund is established for the purpose of making minor emergency disbursements which cannot be accommodated through normal channels due to time constraints. When revolving funds are used, the disbursement process is not complete until the claims for payment are made from State funds.

1.1 A request for a revolving fund may be submitted by the Budget Unit Supervisor of an institution/unit to the Division Director for Administrative Services, stating the following:

1.1.1 The purpose of the revolving fund.

1.1.2 The amount deemed necessary.

1.1.3 Who shall have custody and who shall be charged with the management and accounting of the fund.

1.2 Approved requests shall be forwarded to the Financial Services Bureau Administrator who shall prepare a check for the approved amount to be sent to the requestor along with a copy of the request.

1.2.1 The approved original form shall be maintained by the Financial Services Bureau, Accounting Unit.

1.3 Establishing a bank account with the check received from the Department.

1.3.1 Accounts may be established at the state servicing bank approved by the Financial Services Bureau Administrator.

1.3.2 Information printed on checks shall include "Facility Name Revolving Fund", sequential numbering and the legend "**VOID** 180 days from date of check".

1.3.3 The Budget Unit Supervisor shall designate those individuals who are to have signatory authority on the account. The fund custodian cannot have signatory authority.

- 1.4 Accounting Procedures for Revolving Fund Accounts - The procedures below shall be implemented to ensure funds are properly safeguarded. Revolving Fund Account custodians shall adhere to the regulations published in the Arizona State Accounting Manual (SAAM), the General Accounting Office (GAO) Technical Bulletins, and to the Department's System of Written Instructions. Revolving Fund regulations are available on the internet at <http://www.gao.az.gov/publications/SAAM/SAAM-2c02-20011212.pdf>, in every Business Office, and at the Financial Services Bureau Accounting Unit.
- 1.4.1 The same staff member shall not sign and issue checks.
  - 1.4.2 No disbursements shall exceed \$500.00, unless approved by the General Accounting Office.
  - 1.4.3 Any disbursement of \$250.00 or more shall require two authorized signatures.
  - 1.4.4 A check shall not be made out to "CASH". If reimbursing the petty cash portion of the revolving fund, make checks payable to: petty cash - custodian's name – custodian.
  - 1.4.5 Issuing a Revolving Fund check for an employee's salary requires advance approval from the Department of Administration and the Financial Services Bureau Administrator or the authorized representative.
  - 1.4.6 The Revolving Fund shall not be used for unapproved, non-emergency transactions including:
    - 1.4.6.1 Loans or cash advances to employees.
    - 1.4.6.2 Travel reimbursement.
    - 1.4.6.3 Travel Advances.
    - 1.4.6.4 Payments to employees for personal services.
    - 1.4.6.5 Subscriptions, memberships, registrations or tuition.
    - 1.4.6.6 Monthly recurring operating expenses of the agency.
    - 1.4.6.7 Situations which can be accommodated through other established procedures.
    - 1.4.6.8 Exceptions must be approved by the Arizona Department of Administration's General Accounting Office.
  - 1.4.7 The check register, stub or control log balances shall be current at all times.
    - 1.4.7.1 Corrections to the check register, stub or control log are to be made by drawing a single line through the error. Erasing or painting out is prohibited.

1.4.7.2 Documentation supporting all expenditures shall be retained by the fund custodian.

1.4.7.3 The receipts/invoices shall be attached to the file copy of the Arizona Financial Information System (AFIS) Claim.

1.4.8 The bank account shall be reconciled monthly.

1.4.9 All checks, including VOIDS and CANCELED, shall be accounted for and shall not be destroyed.

#### 1.5 Reimbursement Procedures for Revolving Fund Accounts

1.5.1 Total expenses of all indexes may be included in a single claim.

1.5.2 List the index code and the sub-object which most accurately describes the expense. Reimbursements of the revolving fund shall be made from the appropriate funds of the budget unit.

1.5.3 Claims shall equal the checks written plus the total receipts for cash paid out. Each check number to be reimbursed shall be entered on the face of the claim. Receipts for cash paid out shall be noted as "Petty Cash".

1.5.4 Batch and enter into the AFIS the same as any other claims batch.

1.5.5 When the reimbursement warrant is received, verify the warrant amount against the claimed amount, record the warrant number on the claim and deposit it into the revolving fund bank account.

1.5.6 Facilities which have their accounting support at Division Level shall submit the receipts to the Financial Services Bureau Accounting Unit for reimbursement.

1.5.7 Facilities/Units authorized to maintain a revolving fund shall prepare a written detailed system of internal controls for these procedures within 30 days of the effective date of the fund and submit a copy to the Financial Services Bureau Administrator.

1.6 Personal checks shall not be cashed or used as an IOU to replace revolving fund cash.

**303.04 INMATE STORE PROCEEDS FUND** - In accordance with A.R.S. 41-1604.02, the Inmate Store Proceeds (ISP) Fund 2505 has been established. The ISP Fund consists of all profits derived from the State's portion of privatization of the inmate stores.

1.1 Profits derived from the commission on sales of goods at the institutions shall be deposited with the State Treasurer's Office and recorded in the AFIS and into the ISP Fund with each institution having a separate account within the Fund. For small purchases, each institution may have an Activities and Recreation (A&R)/ISP checking account separate from the AFIS, with a balance not to exceed \$5,000.00.

1.1.1 Rental income derived from privatization of the inmate stores shall also be deposited into the ISP Fund.

- 1.2 Monies in the ISP Fund may be used at the discretion of the Division Director for Offender Operations or designee for:
  - 1.2.1 Inmate activities as described below.
    - 1.2.1.1 Payment for the repair or replacement of any state property which is damaged through intentional actions or neglect on the part of inmates in accordance with Department Order #803, Inmate Disciplinary System.
    - 1.2.1.2 Funding for legal materials at the institutions, including law books and legal supplies, which the Department is required to provide. Expenditures for legal materials and paralegal services shall be made in accordance with Department Order #902, Inmate Legal Access to the Courts.
    - 1.2.1.3 Library, educational and resource materials, such as films, CDs, DVDs, educational movie fees, books and supplies.
    - 1.2.1.4 Purchase and maintenance of recreational supplies and equipment, sporting goods and passive games.
    - 1.2.1.5 Purchase and maintenance of inmate cable TV systems (to include satellite TV programming), public programming licenses, films, movies and videos.
    - 1.2.1.6 Construction projects which directly benefit inmates, such as visitation ramadas, basketball courts, and fencing for the inmate recreation yards.
    - 1.2.1.7 Items for the health and welfare of the inmates, such as indigent supplies, barber supplies, ice and ice makers.
    - 1.2.1.8 Inmate trust account supplies and forms.
    - 1.2.1.9 Freezers, refrigerators and shelving for new stores being established in newly opened units, prior to the Commissary Contractors servicing the unit.
    - 1.2.1.10 Payment for inmate labor for certain assignments as outlined in Department Order #903, Inmate Work Activities.
    - 1.2.1.11 Postal expenses for the benefit of inmates.
    - 1.2.1.12 Inmates Identification badge supplies.
  - 1.2.2 Incentive pay increases for correctional officers.
  - 1.2.3 Equipment to enhance safety for Department personnel and/or inmates.
  - 1.2.4 Other official needs as required which are approved by the Director or designee.

- 1.3 Proposal for Expenditures – Proposals for expenditure of unit or institution A&R/ISP Funds shall be submitted in writing to the Chair of the appropriate A&R Committee for inclusion on the agenda of the next committee meeting. Proposals which are passed by a majority vote shall be submitted for final approval or disapproval to the Warden or designee of the institution.
- 1.4 All checks written from an A&R/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.
  - 1.4.1 Institution Business Administrators shall submit a monthly report on the A&R/ISP checking account activity to the Financial Services Bureau Administrator and to their respective A&R Committee.
- 1.5 Availability of Funds – Expenditures from the A&R/ISP Fund are dependent upon the current availability of revenue and cash.
  - 1.5.1 The Financial Services Bureau Administrator shall submit a quarterly consolidated ISP/Welfare and Benefits (W&B) report to the Division Directors for Offender Operations and Administrative Services.
- 1.6 Inspections – All ISP/W&B accounts are subject to an inspection by the Inspections Unit on a yearly basis or as deemed necessary.
- 1.7 Financial Reports and Budgets – By July 15<sup>th</sup>, institutions shall submit an annual A&R/ISP budget to the Division Directors for Offender Operations and Administrative Services in a format identified by the Financial Services Bureau Administrator.

### 303.05

**EMPLOYEE FUNDS** - A Department wide Employee Fund shall be established in the AFIS. The Director or designee shall have approval and signatory authority for events and expenditures.

- 1.1 Institutions and divisions may establish an Employee Fund. A separate checking account 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.
- 1.2 Each division, institution and budget unit Business Office Department wide shall maintain records for their Employee Fund in accordance with the Generally Accepted Accounting Principles (GAAP), Arizona Manual and all applicable Department written instructions.
- 1.3 All requests shall be submitted to the Director, Deputy Director, Division Director, Assistant Director, Warden or Administrator in writing and approved, prior to implementing revenue generating activities or expenditures from the Employee Fund account.
  - 1.3.1 Allowable expenditures are:
    - 1.3.1.1 Employee recognition events (i.e., awards for work accomplishments, holiday parties, picnics, etc.).

- 1.3.1.2 Recognition of bereavement events, limited to occurrences affecting family members who fulfill the proximity of relationship tests outlined in the Department of Administration (ADOA) Personnel Rules governing bereavement leave.
- 1.3.1.3 Approved charitable organizations.
- 1.3.1.4 Shoeshine supplies used for programs where inmates shine employees' shoes.
- 1.3.2 Allowable Revenues:
  - 1.3.2.1 Food sales, (i.e., baked goods, burritos, etc.). No alcoholic beverages.
  - 1.3.2.2 Yard sales.
  - 1.3.2.3 Car washes.
  - 1.3.2.4 Other revenue generating activities as deemed appropriate by the Director or designee taken from the Department's approved activity list.
- 1.4 Event/activity Coordinator(s) and/or Committees shall provide participating employees with a receipt.
- 1.5 The appropriate Division Directors, Assistant Director, Wardens and Administrators shall ensure adequate separation of duties is considered in the counting, handling and depositing of cash into the Employee Fund.
- 1.6 All Employee Funds shall be subject to annual inspections.
- 1.7 Each Business Administrator for the institution or division shall submit a monthly bank reconciliation of the Employee Fund checking account to the Financial Services Bureau Administrator.
- 1.8 A debit card may be issued and used for an authorized employee fund.
  - 1.8.1 The debit card shall bear the name of the employee fund and the debit card shall be used as a debit card only, not as a credit card.
  - 1.8.2 The Debit Card Authorization, Form 303-3, shall be completed for all debit card transactions.
    - 1.8.2.1 The transaction must be authorized by an account signer.
    - 1.8.2.2 The Debit Card Authorization form must be completed prior to the card use and held with the record keeper while the debit card is out for use.
    - 1.8.2.3 After a purchase, the transaction receipt shall be attached to the Debit Card Authorization form and retained by the designated record keeper of the employee fund.

- 1.8.3 The debit card shall be secured, along with any cash, checks and negotiable instruments, in a lockable location (i.e., file cabinet, safe, etc.).

### **303.06 CONTRACT BEDS WELFARE AND BENEFITS ACCOUNT**

- 1.1 Contract Beds Welfare and Benefits (W&B) Account – Each Contract Beds facility shall establish a W&B account. The Division Director for Offender Operations shall have sole discretionary authority over the W&B account and may as needed, utilize or have access to monies from the W&B account to satisfy legislative mandates or Department needs in accordance with A.R.S. 41-1604.02.
  - 1.1.1 The following shall be deposited in the W&B account:
    - 1.1.1.1 All profits received from the operations of the Contract Beds inmate stores, vending machines in visitation, yard areas and snack bars.
    - 1.1.1.2 Commission on revenues generated from the contracted inmate telephone system, which is first deposited into the AFIS.
      - 1.1.1.2.1 Transfers to the Contract Beds W&B account may occur with approval of the Division Director for Offender Operations or designee. Request must be submitted in writing.
  - 1.1.2 Expenditures are dependent upon the current availability of revenue. Such expenditures are limited to:
    - 1.1.2.1 Funding for legal material at the institutions, including law books and legal supplies which the Department is required to provide. Expenditures for legal material and paralegal services shall be made in accordance with Department Order #902, Inmate Legal Access to the Courts.
    - 1.1.2.2 Educational and resource material, such as films, CD's DVD's, educational movie fees, books and supplies.
    - 1.1.2.3 Purchase and maintenance of recreational supplies and equipment, sporting goods and passive games.
    - 1.1.2.4 Purchase and maintenance of inmate cable TV system (to include, satellite TV programming), public performance licenses, films, movies and videos.
    - 1.1.2.5 Minor construction projects, such as visitation ramadas and basketball courts which have been approved in accordance with this section.
    - 1.1.2.6 Other expenditures used for the recreational benefit, education and welfare of the inmate population.
    - 1.1.2.7 Payment for the repair or replacement of any state property which is damaged through intentional activities or neglect on the part of inmates.

- 1.1.2.8 Payment of medical costs associated with personal injuries caused by inmates to other inmates.
  - 1.1.2.9 Contract Beds store keeper's salaries.
  - 1.1.2.10 The Payment of salaries of the inmates working for inmate stores or libraries.
  - 1.1.2.11 Items to start up and replenish store inventories and/or store supplies. Example: case register tape, store forms and the purchase and repair of store equipment; freezers, refrigerators and cash registers.
  - 1.1.2.12 Other official needs approved by the Division Director for Offender Operations or designee.
- 1.2 The Financial Services Bureau Administrator shall prepare a quarterly consolidated A&R report and submit the report to the Director, the Division Director for Offender Operations, and the Region Operations Directors.
- 1.3 Financial Reports and Budgets
- 1.3.1 Contract Beds facilities shall submit a monthly financial statements in the format identified by the Financial Services Bureau Administrator.
    - 1.3.1.1 Statements are due to the Financial Services Bureau Administrator by the 20<sup>th</sup> calendar day of the month.
    - 1.3.1.2 Contract Beds facilities shall include a copy of the W&B account bank reconciliation and a copy of the first page of the bank statement.
  - 1.3.2 Contract Beds facilities shall submit an annual W&B budget, in a format identified by the Financial Services Bureau Administrator.
    - 1.3.2.1 Annual Budgets are due to the Financial Services Bureau Administrator by the 15<sup>th</sup> of July each year.

## DEFINITIONS

**ARIZONA FINANCIAL INFORMATION SYSTEM (AFIS)** - The state-wide accounting system.

**INMATE ACTIVITIES AND RECREATION FUND (A&R)** - Is a special services account, which contains monies held in trust by the Department for the benefit, education and welfare of inmates. The fund is administered by the Department.

**INSTITUTION COMMITTEE** - A designated group of Department employees who review and recommend the use of A&R/ISP Funds.

**INSTITUTION A&R/ISP FUND** - A special services account established at each institution for the benefit, education and welfare of inmates.

**INMATE TRUST ACCOUNT** - An account in which the Department acts as a bank via the Inmate Banking System (IBS) for all funds received for the inmates.

**PETTY CASH** - A sum of money set aside, from the Revolving Fund, to be used on a loan basis for the purpose of making change or paying small obligations for which the issuance of a formal voucher and check would be too expensive and time consuming.

**PETTY CASH VOUCHER** - A written document used to record individual disbursements of petty cash.

**REVOLVING FUND** - An account to be used for the purpose of making cash outlays for emergency situations which cannot be accommodated through normal channels due to time constraints. Revolving Funds are not to be used to circumvent procurement, travel or accounting policies, procedures, and requirements. This section is not applicable to Contract Beds contracted by the Department.

**UNIT ALLOCATION** - An allocation of institution funds reserved for each unit.

**WELFARE AND BENEFIT (W&B) FUND** - Is a special services account, which contains monies held in trust by the Contract Beds facilities for the benefit, education and welfare of inmates.

{Original Signature on File}

---

Charles L. Ryan  
Director

#### **FORMS LIST**

303-3, Debit Card Authorization

### **AUTHORITY**

A.R.S. 35-193 Revolving Funds

A.R.S. 41-1604.02

A.R.S 44-312 (A)

A.R.S. 44-313

A.R.S. 47-4404

Arizona Accounting Manual Sections V, L1-3