

GEORGIA DEPARTMENT OF CORRECTIONS



Standard Operating Procedures

Policy Name: Offender Store Account Guidelines

Policy Number: 407.02

Effective Date: 5/23/2023

Page Number: 1 of 10

Authority:
Commissioner

Originating Division:
Administration and Finance
Division (Fiscal Audits)

Access Listing:
Level I: All Access

I. Introduction and Summary:

The purpose of this Standard Operating Procedure (SOP) is to provide guidelines for the handling and management of the fiscal records and controls of the offender/detainee store accounts.

II. Authority:

A. O.C.G.A.: § 42-2-11.

B. Georgia Department of Corrections (GDC) Board Rule: 125-4-6-.05 Institutional Store.

C. GDC SOPs: 201.01 Store-Vending Accounts Expenditures in Excess of \$1,500.00 and 206.01 Offender Personal Property Standards; and

D. ACA Standards: 2-CO-1B-12, 2-CO-1B-13, 2-CO-1B-14, 5-ACI-1B-18, 5-ACI-1B-19, 5-ACI-1B-21, 4-ALDF-5C-25, 4-ALDF-7D-15, and 4-ACRS-7D-29.

III. Definitions:

A. **GDC Master Product List** - Authorized product list of items available for resale in commissaries.

B. **SCRIBE (State Correctional Repository Information System)** - Enterprise Offender Application Platform. All offender information is recorded in this system.

C. **CACTAS (Cashless Commissary and Trust Fund Accounting System)** - Enterprise Commissary Financial Platform. This is the commissary accounting system.

D. **CAPTIVA** - GDC Intranet Home Page.

E. **Inmate Trust Fund** - Funds held on behalf of offenders. The offenders may use these funds for commissary purchases, telephone minutes, etc.

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F. Adequate Controls - Internal controls necessary to safeguard the assets of the institution and to ensure the accuracy of financial reporting.

G. 42XX General Ledger Accounts - Accounts that are utilized as miscellaneous revenue accounts.

H. 62XX General Ledger Accounts - Accounts that are utilized as miscellaneous expense accounts.

IV. Statement of Policy and Applicable Procedures:

Offender stores were established for the benefit of the offenders, and the profits derived from the stores is to be used for the benefit of the offenders. Profits received from the sales of the store are held in a separate "STORE ACCOUNT." This account is not intended to be used as a trust account, and no fiduciary relationship with the offenders shall be created by the establishment of this account. All proceeds in the account shall be considered the exclusive property of GDC. The guidelines and procedures established herein are required to ensure store funds are properly administered and accounted for using standard accounting procedures.

NOTE: No Employee under the jurisdiction of GDC shall be permitted to operate a store at any institution for private profit, and no offender shall be permitted to operate a store for private profit.

A. Responsibility:

1. The operation of the store shall be the responsibility of the Deputy Warden of Administration, who shall be designated by the Warden/Superintendent at each respective institution.

NOTE: It is the policy of GDC that both the Warden/Superintendent and Deputy Warden of Administration limit as few keys as possible to the offender store.

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2. Store Sales are uploaded nightly from SCRIBE into the commissary accounting system. Inmate Trust Funds will be transferred electronically monthly by the Consolidated Banking Unit and will be posted to the Commissary Accounting System (CACTAS) within two working days of receipt by Central Office staff.
3. Assignment of an offender to the store may be considered the same as any other work assignment. Offender workers shall be changed at frequent intervals and should be closely supervised to minimize errors and theft.
4. Store merchandise shall not be used for any purpose except for resale to the offenders and for approved agency activities, where store profits are used to purchase the merchandise (such as the purchase of merchandise for Christmas packages) or an offender organization is authorized to make a purchase. Offender workers shall not be extended any free merchandise as a form of pay. Credit or I.O.U.'s shall not be accepted as a form of payment for merchandise from offenders.
5. The responsibility of taking adequate precautions necessary to keep store funds safe is delegated down to every individual responsible for receiving, holding, depositing, and withdrawing funds, property, etc. as assigned by their specific job duties. It is the responsibility of unit administrators to ensure that "Adequate Controls" have been used in the handling of funds, and that the party found to be responsible for the lack of due care (or who has not exercised adequate control) be held accountable. Ultimately, the Warden/Superintendent or unit's top administrator shall be the final responsible party.
6. The unit administrators shall be responsible for establishing controls to maintain complete and accurate accounting records (as defined by agency guidelines) of funds, merchandise, and property.
7. The unit administrator shall be responsible for establishing store hours and the posting of said hours.

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8. Store personnel must ensure offenders purchasing and receiving commissary items, sign a receipt of goods using their full name. Initials or nicknames are unacceptable. Offenders incapable of signing their full name may make a "mark" which must be witnessed by staff.

B. Pricing:

1. Offender spending limits shall be set by the Department. The current weekly spending limit is \$80.00.
2. Commissary selling prices for all store items will be set by the Department and will be uniform state-wide at all offender commissaries. Price lists will be distributed to facilities as needed, based on price changes/adjustments.
3. A price list of all items shall be posted in a conspicuous place at each store so that the offenders may view the price list. The same, accurate and up-to-date price list should also be posted in each dormitory.

C. Miscellaneous Funds: (receipts, which are not generated from the sale of merchandise in the store)

1. Miscellaneous revenue and other funds, such as: photo sales, cosmetology income, coin-operated laundry machines, and indigent reimbursements shall be deposited into the Store account and posted to the proper 42XX revenue account.
2. The following items should be deposited into the Store bank account:
 - a. Funds for meals purchased in the dining facility shall be deposited into the Store Account using account 4213, to facilitate the remittance of sales tax collected with the offender store sales.
 - b. Cash considered contraband can either be identified as cash received in the mail, which is returned to sender, or cash found on an offender, which is

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sent to Central Accounting, posted to account 4211 and then remitted to GDC Central Accounting from account 6211.

- c. Cash received at intake is to be deposited into the Store Account and posted to account 4212. A check should then be issued from account 6212 and made payable to the GDC-Consolidated Banking Unit. The Purchase Report showing all offender names, GDC numbers and amounts included for that check should be mailed to the Consolidated Banking Unit at P.O. Box 1529, Forsyth, GA 31029.

NOTE: The Central Banking Unit will post the check to the corresponding offender's account and the offender can use the funds to buy commissary goods, telephone minutes, etc. Any funds left in the account will be given to the offender upon release from GDC custody.

D. Purchasing Merchandise:

- 1. The purchasing of merchandise shall be accomplished through the Business Office. Items purchased for sale in the commissary will be limited to those on the GDC Master Product List (except for postage, photo coupons and debit calling minutes), and all purchases must be made in accordance with the GDC Commissary Contract. The sales manager/store clerk shall:
 - a. Place orders based on sales for prior periods. The CACTAS suggested Purchase Order report calculates re-order levels based on sales history.
 - b. Adhere to First-In-First-Out (FIFO) method of receiving and issuing merchandise, such that older merchandise shall be sold first to minimize spoilage and obsolescence.
 - c. Ensure merchandise is stacked orderly to facilitate inventory counts.

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- d. Not be allowed to keep the official set of books (commissary accounting system). The store control ledger shall be maintained in the Business Office.
2. The store accounting system should be maintained current and reflect all activity, such as: receiving merchandise, recording vendor credits, and booking damages, at a minimum of every two working days after a transaction has taken place.
3. The store area shall be kept clean, and damaged items shall be discarded after the items are adjusted out of inventory (written-off).
4. Someone other than the storekeeper shall be designated to receive merchandise from vendors if **staffing levels permit**. All copies of invoices and packing slips should be signed and dated for the date of receipt of the merchandise. Offenders shall not receive merchandise unsupervised.
5. Authorized delivery schedules shall be set per contract. Any proposed changes must be coordinated through the Central Office.
6. No item that can be returned to the vendor for credit shall be charged off as "spoiled merchandise."

E. Inventory for Overages or Shortages:

1. A monthly physical inventory of commissary items is required and resulting adjustments for overages or shortages must be made. Inventory adjustments shall be made monthly, using the "Shrinkage/Overage Expense." This adjustment will be posted to the monthly GDC Income Statement.

NOTE: There is a pull-down menu in CACTAS to use when doing inventory adjustments – select the menu option for Shrinkage/Overage Expense and Damage Goods Expense.

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2. The allowable adjustment to "shrinkage/overage expense" is limited to ½ of 1% (.005) of the total cost of sales for the preceding 30 days, for each store, as determined by running the commissary sales report in CACTAS (Cos column). Adjustments outside the allowable limit must be justified in writing to the Administration and Finance Division.

F. Audits:

1. When there is suspicion of fraud or an extensive shortage in the store account, the Warden/Superintendent shall inform the Department's Administration and Finance Division and request an audit of the accounts.
2. Any change in personnel responsible for store accounts shall be reported to the Fiscal Audit Unit with a request to conduct a checkout audit.

G. Expenditures of Store Funds Other Than Items for Sale:

1. The Store Account shall be used primarily to purchase items or services for the benefit of offenders.
2. Expenditures from store fund profits for offender benefits are not to exceed ten percent (10%) of gross sales for any fiscal quarter, without the prior written approval of the Assistant Commissioner for the Administration & Finance Division (or designee). Expenditures up to \$1,500.00 shall be approved by the Warden/Superintendent. Expenditures over \$1,500.00 and up to \$7,500.00 shall be made with the written approval of the facility's respective Regional Director. All expenditures over \$7,500.00 require written authorization from the Facilities Division Field Operations Director (See SOP 201.01 Store/Vending Account Expenditures in Excess of \$1,500.00).
3. Net profits from the store account shall not be expended for any activity or purpose not related to offender welfare.

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4. If purchases of hobby and craft supplies are made from the store account, the finished products made from such supplies shall belong to the offender store and any proceeds from the sale of the same shall be considered store profits.
5. The store account shall be used for the payment of "store expenses" necessary for the operation of the store, i.e., expenses for store equipment, printer cartridges, other operating supplies, etc. and shall be coded to Account 6103. Remittance of Reimbursement to Central Office, Account 6106, will be automatically calculated and remitted via an electronic funds transfer by the Consolidated Banking Unit, as part of the monthly trust funds transfer to the store account. Thirty and one-half percent (30.5%) of store sales are remitted to Central Office to cover salaries and benefits of the store employees, recreation staff, and chaplaincy staff.
6. The documentation of purchases from this fund shall be the same as requirements for the spending of budgeted funds, except there shall be no routing copies to the Central Accounting Office. Documentation must be held at the facility for audit.
7. Bidding requirements for purchases from the Store Account are the same as when making purchases with budgeted funds. Follow the guidelines listed on CAPTIVA under the Purchasing Manual link, with the understanding there are no statutorily required sources to purchase from when using store funds. Competitive bids are not required for expenditures less than \$5,000.00. For expenditures of \$5,000.00 or more, the unit shall solicit the number of bids that would be required for a similar expenditure of budgeted funds. These requirements are specified in the GDC Purchasing Manual. Copies of all bid packages shall be kept at the unit for audit purposes.
8. Expenditures utilizing store funds are taxable expenses (except for purchase of store merchandise).

H. Separation of Duties: A proper separation of duties of GDC business office staff shall be established to protect the integrity of the funds.

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I. Sales Tax Computation:

1. All Georgia Department of Revenue (DOR) Sales taxes shall be calculated, paid, and filed by Central Office Staff. Payments shall also be posted in the commissary accounting system by Central Office Staff.
2. Payment may be confirmed at the local level by reviewing banking activity online. Tax transactions shall be processed no later than the 10th of each month. The Sales Tax expense will be visible to facilities via the Commissary Accounting System as well.

J. Inventory:

1. When monthly inventory of the store merchandise is taken, the following shall be noted:
 - a. Quantity on hand.
 - b. Description of item; and
 - c. Store name or number.
2. A Service Center Item list (single store facility) or Store Item list (multiple store facility), with recorded inventory counts will be retained for audit purposes.
3. Offenders shall not participate in the physical inventory of the store. Additionally, offenders shall not be allowed to distribute goods to other offenders by passing goods through the sales window during store operation.

K. Corrective Action to an Overage or Shortage:

1. Any computation of overage or shortage which exceeds the allowable write-off of ½ of 1% (.005) of the cost of sales for the preceding 30 days, should be investigated immediately.

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2. Store inventory recounts should be done for line items with large variations.
3. If an offender is working in the store, consideration shall be given to replacing the offender.
4. Unexplained over-the-limit shortages or overages for the cost of goods sold for the preceding 30 days [greater than ½ of 1% (.005)] shall require closer scrutiny (ex: weekly inventory counts), until the cause of the shortage or overage can be determined.

L. Reporting Requirements:

1. Monthly and annual required reports from the Offender Store Account CACTAS software: Trial Balance and GDC Income Statement.
2. Monthly bank account reconciliations shall be completed in the commissary accounting system within 5 working days, after receipt of the bank statement.

V. Attachments:

Attachment 1: Offender Benefit Fund Purchase Request Form

VI. Record Retention of Forms Relevant to this Policy:

Upon completion, Attachment 1 shall be maintained for five (5) years and then destroyed.