



**DEPARTMENT OF CORRECTIONS
Chief Financial Office**



Title:	AIC Revenue Generating Activities and Programs	DOC Policy: 30.1.6
Effective:	1/3/24	Supersedes: 07/23/18
Applicability:	All Employees	
Directives Cross-Reference:		
<ul style="list-style-type: none"> Oregon Constitution Oregon Accounting Manual Food Service Programs – Div 061 Performance Recognition and Award System (PRAS) – Div 077 Group Activities (AIC) – Div 145 Trust Accounts (AIC) – Div 158 Code of Ethics – Policy 20.1.2 Code of Conduct – Policy 20.1.3 Accounting-Control of Funds – Policy 30.1.1 Checks, Warrants, and Vouchers (Issuance) – Policy 30.1.2 Receipting, Securing and Depositing Funds – Policy 30.1.3 Donations – Policy 30.1.7 Fixed Assets – Policy 30.2.1 State P-Card (SPOTS) Card Program – Policy 30.3.2 Contracts Administration – Policy 30.3.3 Procurement Policy – Policy 30.3.4 Commissary Operations – Policy 40.2.3 Food Cost (Food Service) – Policy 40.2.12 		
Attachments:		
<ul style="list-style-type: none"> Other Funds Program Business Plan Proposal form (CD1773) Request for Event Pass-Through Account (EPTA) form (CD1777) 		

I. PURPOSE

The purpose of this policy is to establish the Department of Correction’s (DOC) policy and process for activities and programs where adults in custody (AICs) are producing or selling goods to generate funds and when department employees are overseeing activities and programs that generate funds for the benefit of AICs. AIC produced items sold through revenue generating activities and programs within DOC are restricted to intra-state commerce.

II. DEFINITIONS

A. Administrative Trust Account: An account created and approved by Central Trust that is located in the AIC financial system. Administrative trust accounts are not associated with an individual State Identification Number (SID#). Central Trust Administrative accounts include but are not limited to:

1. **Activity Account:** An administrative trust account established to hold funds generated by

AIC activities. Accounts that fall into this category include continuous fundraising, programs, and special interest groups accounts. Unlike funds in club accounts, funds generated for activity accounts are turned over to Central Accounting monthly by Central Trust and they will reside permanently in a cost center that does not bear interest.

2. **Club Account:** An administrative trust account established to hold funds for a group of AICs that meets the criteria of a club in accordance with the department's rule on Group Activities (AIC) (OAR 291-145). Funds raised on behalf of a club are held in trust by DOC for the benefit of a club's membership. Unlike funds in an activity account, funds generated for a club account are held in the Central Trust club account and controlled and administered by the club with DOC employee oversight. Club accounts receive interest.
 3. **Event Pass-through Trust Account (EPTA):** An administrative trust account that is created and approved by Central Trust, located in the AIC financial system, that acts as a temporary holding account for club fundraising events and at-cost events (whether sponsored by a club or not). An EPTA must be used for any situation that necessitates a state credit card purchase on behalf of an AIC. Refer to the department's policy on The State P-Card of Oregon Transaction System (SPOTS) Card Program (DOC policy 30.3.2) when purchasing with a SPOTS card. Funds collected from AICs are placed into an EPTA until expenses and revenue (if applicable) are reconciled and distributed.
- B. **Adult in Custody (AIC):** Any person under the supervision of the Department of Corrections who is not on parole, probation, or post-prison supervision status.
 - C. **AIC Trust Account:** An account established and maintained in trust by DOC on behalf of an AIC for the deposit and safeguarding of monies that are the property of the AIC or associated with the AIC. These accounts are identified by the AIC's own State Identification Number (SID).
 - D. **At-Cost Events:** Events that AICs may participate in at or below cost. These events are intended to normalize, humanize, and incentivize AIC behavior.
 - E. **Business Plan:** A written document that describes in detail how a revenue generating program operates. All business plans must have approval from the institution's Functional Unit Manager (FUM), the Assistant Director of Operations, and the Chief Financial Officer. Refer to Other Funds Program Business Plan Proposal form (CD1773).
 - F. **Chief Financial Officer (CFO):** The Chief Financial Officer is responsible for overseeing the financial actions of DOC. The CFO's duties include oversight of the functions tracking cash flow and financial planning as well as analyzing the department's financial risks and proposing corrective actions.
 - G. **Club:** An approved AIC group with a constitution and elected club representatives that represents a segment of the AIC population as outlined in the department's rule on Group Activities (AIC) (OAR 291-145).
 - H. **Club Fundraiser:** One-time event with the goal of raising revenue for the sponsoring entity. AIC clubs are the only entities approved to sponsor fundraising events.
 - I. **Community Contribution Program:** A program in which AICs produce goods for donation to various charitable organizations, local government entities, or a qualified organization as defined in the department's policy on Donations (DOC policy 30.1.7) and is approved by the FUM or designee.
 - J. **Continuous Fundraiser:** Continuous fundraisers are established in order to generate revenue for an institution's Adult in Custody Activities Cost Center and provide a benefit to the AIC population. Continuous fundraisers are facilitated by DOC employees and must have an approved business plan to operate.

- K. Cost Center:** A business unit within DOC's accounting system where program revenue and expenditures are tracked. For example, a business unit might be a warehouse location, job, project, work center, branch, or plant.
- L. Cottage Industry Program:** An Institution Work Program (IWP) that uses AIC labor to produce goods or services to sell to customers. Some programs have an education or training component. Revenue belongs to the cottage industry program. Cottage industry programs may purchase raw materials, receive donated materials from an outside entity, use surplus material, or use scrap or salvage material.
- M. Customer:** Any person or organization soliciting an arrangement of services or goods that may be provided through an AIC work program.
 1. External customers include AIC clubs, the public, DOC employees, non-employee service providers, other government agencies, and outside entities.
 2. Internal customers consist of any DOC unit. Examples include, but are not limited to, the following: Operations, Correctional Services, Administrative Services, and their subunits.
- N. Department of Corrections Facility:** Any institution, property, or employee office, including the grounds, operated by the Oregon Department of Corrections.
- O. Donation:** A financial or non-financial charitable contribution. Donations are voluntary and are made without receiving, or expecting to receive, anything of value in return.
- P. Expenditure:** Money spent for goods or services.
- Q. Expense:** The cost required for goods or services.
- R. Food Program:** An AIC work program that prepares and sells food. The food products may be sold on canteen to AICs, sold to other DOC entities, or other customers.
- S. Functional Unit Manager (FUM):** Any person within DOC who reports to the Director, Deputy Director, an Assistant Director, or an administrator and has responsibility for the delivery of program services or coordination of program operations. In an institution, the FUM is the superintendent.
- T. Institution Work Program (IWP):** The system used by DOC to categorize all approved AIC work assignments or any subset thereof. Work assignments may support daily institution operations or exist in programs supporting partnerships with other jurisdictions, agencies, or private parties. AICs participating in IWPs earn performance awards as defined in the department's rule on Performance Recognition and Award System (OAR 291-077).
 1. In internal IWPs, AIC work is usually performed at a DOC facility. An IWP is considered to be internal if it does not meet the criteria of an external IWP. Examples include cottage industries, custodians, and commissary workers.
 2. In external IWPs, AIC work is performed somewhere other than a DOC facility and DOC must have a contractual relationship with an external party that utilizes AICs. Examples include fire crews and work crews.
- U. Non-Employee Service Provider:** An individual who provides services or programs to the department or to AICs, including those who provide services and programs virtually, but not as a paid employee of the department. Examples of non-employee service providers include, but are not limited to, contractors, volunteers, mentors, criminal justice partners, and government agency partners.
- V. Office of Chief Financial Officer:** Division of DOC that provides support services to all levels of DOC through Financial Services and Financial Operations. Functional units relevant to this policy

include:

1. **Business Services:** A functional unit within Financial Services that places employees in larger institutions and provides satellite accounting and other fiscal services. This unit acts as a liaison between DOC's operating divisions and the Office of the CFO.
 2. **Central Accounting:** A functional unit of Financial Operations that records all financial transactions outside of the AIC financial system and is the custodian of DOC's fiscal records.
 3. **Central Trust:** A functional unit within Financial Services that is responsible for administering and managing AIC trust accounts, including making authorized transactions to AIC trust and administrative trust accounts in compliance with Oregon Administrative Rules and federal or state statutes.
 4. **Procurement and Contracts:** A functional unit of Financial Operations that is responsible for facilitating DOC contracts and ensuring that all DOC purchases align with federal and state regulations.
 5. **Statewide Financial Programs:** A functional unit within Financial Services that is responsible for oversight of all Other Funded programs specific to AIC revenue generating activities and programs. This unit provides guidance towards best business practices with an emphasis of fiduciary accountability. This includes developing policies and procedures, training employees, ensuring financial integrity, providing technical assistance, and monitoring and auditing compliance with applicable Oregon Administrative Rules, federal and state statutes, and DOC policies.
- W. Outside Food:** Food prepared by a licensed food service establishment other than DOC. This includes food prepared by or sold by a licensed commercial vendor purchased for AIC consumption.
- X. Program Supervisor:** DOC employee responsible for oversight of an AIC revenue generating program.
- Y. Revenue:** Money generated from the sale of goods or services.
- Z. Scrap or Salvage Material:** Materials that are no longer needed or able to be used for its intended purpose.
- AA. Surplus Material:** Excess inventory remaining after completion of a project which cannot be returned to the vendor for credit but is useful for some purpose.
- BB. Value-Based Pricing:** Actual cost of materials plus AIC labor costs (average PRAS cost for unit performing work) plus 20 percent (or what the market allows). Value-based pricing may not be applied to internal customer program sales.
- CC. Work Based Education (WBE) Program:** An education program that may involve AIC work. All WBE programs are administered by a community college with a contract in place. PRAS points are allowed and either a community college certification or other credentials are obtained by the AIC. If revenue is generated, profits are returned to DOC WBE program.

III. POLICY

A. GENERAL

It is the policy of DOC to conduct transactions of Other Fund programs in compliance with standard business practices, the Oregon Accounting Manual (OAM), the department's policy on Code of Conduct (DOC policy 20.1.3), the Oregon Constitution, Article I, Section 41, and any applicable federal or state statutes. All Other Fund programs that include activities where AICs

are producing or selling goods, or both, to generate money must comply with direction set forth by the Director.

1. The Oregon Constitution stipulates that products and services of corrections work programs shall be provided on such terms as are set by the DOC Director.
2. The Oregon Constitution stipulates the agency shall avoid establishing or expanding for-profit work programs that displace or significantly reduce pre-existing private enterprise, government, or non-profit programs that employ persons with developmental disabilities.
3. The decision to establish, maintain, expand, reduce, or terminate any corrections work program remains in the sole discretion of the DOC Director. Therefore, any time the agency creates an exception to the above it must work with state industry associations on a compromise.
4. The Oregon Constitution requires state agencies to use AIC labor when it saves the state money; therefore, the agency's AIC work programs focus on providing services to other agencies that require labor.
5. The OAM requires each employee authorized to make an expenditure decision involving state funds be responsible for the good judgment and lawfulness of the expenditure. Employees must ensure the transaction is for authorized purposes and is a responsible and appropriate use of the funds. A negligent or fraudulent expenditure may result in personal financial responsibility and disciplinary action up to and including dismissal.
6. DOC employees, contractors, and volunteers may not derive a benefit from revenue generating activities, events, or programs in accordance with the department's policy on Code of Conduct (DOC policy 20.1.3). DOC employees may participate in activities, events, and programs with appropriate payment. Payment must be submitted to Business Services or designee.
7. The Program Supervisor or designee is responsible for submitting completed Accounts Receivable Invoice Request forms (CD1477) to Central Accounting. Institutions may not generate their own invoice to directly bill a customer.
8. It is recommended that DOC employees inquire with the Statewide Financial Programs unit for any questions pertaining to this policy.

B. PROGRAM DEVELOPMENT

Business Plans are required for all programs that generate revenue for DOC. This includes, but is not limited to, cottage industries, external meal programs, and continuous fundraisers. Prior to implementing a new program, a business plan must be completed by an institution employee and approved by their FUM, Assistant Director of Operations, and the Office of the CFO, or designees. See the Other Fund Program Business Plan Proposal form (CD1773). In addition, the following guidelines, considerations, and requirements must be addressed by the business plan:

1. Potential liability, specialized AIC labor training, and product safety.
2. Program payment options and contractual considerations.
3. A contract is needed when an agreement between two or more parties creates a legally enforceable obligation to provide recurring or non-recurring services or goods to a customer. DOC employees shall work with the Contract and Procurements unit, in accordance with the department's policy on Contracts Administration (DOC policy 30.3.3), to establish a contract, if necessary, with the customer.
4. A contract is not needed for the following:

- a. Internal sales to other DOC work units.
- b. Point of Sale transactions at institutions, other DOC locations, or public events (flea markets, fairs, public markets, etc.).
5. Sales to customers.
6. Other Funds shall be used for start-up costs.
7. Any new program must be self-sustaining within six months on a current month basis.
8. If funding exists, exceptions may be made with approval by the Assistant Director of Operations or designee to continue operations when the goals and results of the program support the mission, vision, and core values of DOC.
9. Appropriate cost centers to manage the program will be established with Central Accounting using Cost Center Request form (CD1610) and Delegation of Expenditure Authority form (CD1439). If the program is a continuous fundraiser, the Adult in Custody Activities Cost Center is already established for use at each institution.
10. Programs that generate revenue for DOC, as well as at-cost events and clubs, must not compete with commissary by selling like items. Before selling any items that may be in competition with commissary, approval must be granted by the Assistant Director of Operations. Refer to the department's policy on Commissary Operations (DOC policy 40.2.3).
11. DOC employees, contractors, or volunteers may not function as a paid independent vendor to cater events. This is a conflict of interest. All purchases require a second person to verify that the receipt and the items received match.
12. All Requests for Withdrawal of Funds form (CD28 or CD28P) must have the AICs identity verified and authorized by a DOC employee and shall be submitted to Business Services for processing prior to products or services being provided to the AIC.
13. The purpose on the Request for Withdrawal of Funds form (CD28 or CD28P) must include a transaction description notating:
 - a. Location
 - b. Program
 - c. Product or service
14. Financial Services employees are responsible for funds verification of CD28s or CD28Ps in accordance with the department's rule on Trust Accounts (AIC) (OAR 291-158).
15. When SPOTS card purchases occur, Central Accounting processes payments from a cost center, not an administrative trust account which is managed by Central Trust.
16. Administrative trust accounts, for managing funds generated through fundraising, are established with Central Trust using a Request for Event Pass-Through Account (EPTA) form (CD1777).

C. INSTITUTION WORK PROGRAMS

1. Cottage Industries:
 - a. Cottage Industries are considered institution work programs (IWPs) operating within a DOC facility. The following procedures outline business requirements of a cottage industry. This includes food for meals sold to DOC employees that fall outside the scope of the department's policy on Sale of Meal Tickets (DOC policy 40.2.4) and work-based education programs that are operated as a cottage industry.

- b. Net income generated from a cottage industry program must be available to the program that generated the net income before support is given to a different IWP at the same facility. Funds generated from these activities must remain dedicated for use within IWP.
- c. At the discretion of the Assistant Director of Operations or designee, funds generated may be transferred to another institution's IWP.
- d. Standards and Protocols:
 - A. Customers may not engage in negotiations with AICs concerning projects, prices, or enter into any kind of business arrangement. If there is a need to provide project specifications to an AIC, the program supervisor shall facilitate the engagement. If attempts are made to circumvent this procedure, the customer's purchasing abilities may be suspended for an indefinite period of time, and in the case of DOC employees, also may include discipline, which will be determined by the FUM.
 - B. Goods and services must be available to the public unless the goods or services require the customer to access the institution, in which case the program may limit its customer base to individuals with institution access. Items represented in the catalog, but not yet assembled or produced, are considered available.
 - C. The program supervisor or designee performs an initial reconciliation of assets (cash, checks, inventory, etc.) prior to selling goods and a final reconciliation at the close of the business day if or when conducting business outside of normal operations.
 - D. If sales are made during non-business days (such as a weekend flea market or other public sales event), all proceeds (which may include money or tickets based upon program operations) and receipts must be brought to Business Services or designee at the start of the next business day for reconciliation. All sales involving cash must be in accordance with Oregon Accounting Manual Policy 10.20.00 and properly secured in accordance with the department's policy on Accounting – Control of Funds (DOC policy 30.1.1).
 - E. All cottage industries shall use value-based pricing for external customer sales as defined in Section II(M)(1) above. Program sales to internal customers must be at cost. The program supervisor has discretion to fluctuate product pricing based on special considerations which may include large quantity orders, community projects, non-profit organizations, or donations of materials, as long as the price is not lower than the cost to produce the item.
 - F. Cottage industry programs may not replicate or reproduce any images or items that are deemed to be trademarked, registered, or the protected property of others unless appropriate approval has been given.
 - G. When a new program supervisor is assigned to a cottage industry program, they are required to receive training from the Statewide Financial Services unit within 60 days.
 - H. Acceptable forms of payment:
 - i. Public, to include DOC employees: Cashier's check or money order must be submitted to Business Services or designee.
 - ii. DOC internal entities: A Journal Entry Request form (CD1476) must be completed by the program supervisor or designee once the order has been approved. The approved order, along with the Journal Entry Request form, (CD1476), must be approved by the appropriate cost center approver prior to

the order being picked up. The approved Journal Entry Request form (CD1476) must be forwarded to Central Accounting, along with any other supporting documentation, by the last business day of the month in which the order was completed.

- iii. External government entities: An Accounts Receivable Invoice Request form (CD1477) must be completed by the program supervisor or designee once the order has been approved. The approved order must be signed by a representative of the external government agency prior to the order being picked up. The Accounts Receivable Invoice Request form (CD1477) must be forwarded to Central Accounting, along with any other supporting documentation including the authorized order, by the last business day of the month in which the order was completed.
 - iv. AICs: A Request for Withdrawal of Funds form (CD28 or CD28P) must be submitted to Business Services.
 - v. Other forms of payment may be accepted if approved by the CFO.
- e. Records Management:
- A. The Statewide Financial Programs unit is responsible for approving the processes and procedures used to document, track, and control the financial activities of cottage industry programs.
 - B. The Statewide Financial Programs unit is responsible for coordinating financial records for all cottage industry programs.
 - C. Records must be maintained for audit purposes in accordance with records retention policies and the Secretary of State's retention schedule.
 - D. The program supervisor is responsible for the completeness and accuracy of records for the cottage industry program.
 - E. The program supervisor is responsible for ensuring timely submission of Journal Entry Request forms (CD1476) and Accounts Receivable Invoice Request forms (CD1477).
 - F. Costs must be reviewed for accuracy by the program supervisor and updated annually as necessary which may necessitate amending contracts with external customers to ensure program sustainability.
 - G. Cottage industry program revenue and expenditures must be reconciled on a monthly basis by the program supervisor. Program supervisors may utilize the following to ensure financial accountability:
 - i. DOC accounting system records and reports
 - ii. AIC financial system reports
 - iii. Internal spreadsheets
 - iv. SPOTS purchases
 - v. Sales receipts
 - H. Program supervisors shall meet with Statewide Financial Programs unit representative(s) annually to ensure processes and controls are operating as intended. Quarterly, the Statewide Financial Programs unit prepares a detailed summary of cost centers for distribution to key stakeholders including the FUM.

- f. Order Procedures for Cottage Industry Programs:
 - A. Catalog:
 - i. All products offered for sale must be listed in a program catalog or list of standard products. The catalog must provide information describing the product, availability, designated price, and any available options.
 - ii. Choices are limited to what is listed in the catalog. Any deviation from the catalog is considered a custom order. Custom orders are available with approval from the program supervisor.
 - iii. Customers may have the option to view the product catalog via a webpage.
 - B. Orders:
 - i. All customers must present Business Services or designee with a completed order form and must make payment through Business Services or designee using an approved form of payment during regular business hours. Upon receipt of payment, Business Services or designee will issue a serially numbered receipt to the customer. The order form will be marked paid, and a copy of the form will be sent to the program supervisor and used as an order fulfillment request. If there is a delay in fulfillment (for example, the item is not in stock) the customer will be contacted.
 - ii. Some items, due to their size or complexity, are not kept in inventory and will only be assembled upon receipt of the paid order. The program catalog will provide approximate assembly times. The program supervisor will determine when the item will be available.
 - C. Custom Orders:
 - i. Order initiation:
 - I. The customer completes an order form and supporting documentation is attached (for example, drawings, pictures, etc.).
 - II. The customer submits the completed order form to the program supervisor for review.
 - ii. Order approval or denial: The program supervisor approves or denies the request.
 - I. Denial: Order form is marked denied with a brief explanation. The order form is returned to the customer and a copy of the denied order form is retained on file.
 - II. Approval: A unique tracking number is assigned, and an estimate is provided to the customer. The estimate shall use value-based pricing, taking into consideration market fluctuation of pricing for needed materials.
 - iii. If the estimate is accepted, a 50 percent deposit of the estimated price shall be paid to Business Services or designee. Customers may also pay for products in full. Business Services or designee will provide the customer with a serially numbered receipt and notify the program supervisor the deposit has been received. All deposits are non-refundable.
 - iv. Following notification of payment, the cottage industry program may begin working on the order. Note: The materials for the order may not be purchased

until notification of payment is received.

- v. If there are any deviations from the original price quoted prior to or during production, the customer will be notified and must approve the price change in writing.

D. Order Payment:

At completion, the customer will be notified and must submit payment of the remaining balance, if owed, to Business Services or designee and will be issued a receipt for payment in full.

E. Order Pick Up:

To pick up their order, the customer must bring the receipt to the program location, or other location as determined by the program supervisor, where a copy will be made for record purposes. All custom ordered items are to be picked up within 60 days of notification of completion. All items not picked up may be resold on a first come, first served basis.

g. Donation of Goods and Services to Customers:

Goods from a cottage industry program may be donated in accordance with a community contribution program. The following methods shall be used:

- A. Method 1: Materials are purchased by a community organization and provided to the cottage industry. DOC may donate AIC labor and employee supervision; or
- B. Method 2: The donation is created with products made from non-metal scrap or salvage materials of a value less than \$250.00 and in accordance with the department's policy on Fixed Assets (DOC policy 30.2.1). DOC may donate AIC labor and employee supervision.

2. Food Programs:

The Request for Banquet form (CD1771) and Request for Refreshments form (CD1772) must be used as supporting documentation. The Food Service Manager or designee must attach other required documents, as explained below, when submitting for payment.

- a. Food programs selling to external customers must use value-based pricing unless the Food Service Manager involved can justify to their FUM and Food Service Administrator a different markup. Food programs selling internally to DOC must be at cost. Documentation supporting pricing must be kept for audit purposes. This includes customer quotes, food receipts, etc.
- b. Costs must be reviewed by the Food Service Administrator for accuracy and updated annually as necessary. Costs include, but are not limited to, the cost of food and AIC labor.
- c. Past and current formulas for calculating cost of meals and overhead must be maintained as part of the program's permanent records.
- d. Food program accounts and transactions must be reconciled with the DOC accounting system on a monthly basis with all reports printed and stored for audit purposes.
- e. Sales from food programs must be recorded in the DOC accounting system in accordance with the department's policy on Food Cost (Food Service) (DOC policy 40.2.12).
- f. DOC employees shall ensure compliance with federal, state, county, and local regulations controlling the sale of food. Examples include United States Department of

Agriculture, state and county health departments, and the Oregon Department of Agriculture.

g. External Food Programs:

External food programs consist of food prepared at a DOC facility and sold to an external entity. Examples include meals to jails or sales of baked goods. External food programs require an approved business plan.

- A. External food programs, including proportionate DOC employee time, must be self-supporting within six months of startup on a current month basis unless the program is given approval to continue for a specific period of time by the FUM, the Institution Administrator, and a designee from the Office of CFO.
- B. Food sold under this program model must include a contract with the purchaser. Exception to this would be one-time or nonrecurring purchases.
- C. Food prepared for one-time or nonrecurring purchases must be documented on a Request for Banquet form (CD1771) and Request for Refreshments form (CD1772). These forms must be used as supporting documentation for invoicing the customer.
- D. An Accounts Receivable Invoice Request form (CD1477) must be completed and submitted by the program supervisor or designee to Central Accounting monthly for all external food sales. The Accounts Receivable Invoice Request form (CD1477) may contain multiple line items for different food products. Exception to this would be for one-time, nonrecurring sales of less than \$100.00 or point-of-sale transactions for more than \$100.00 where a customer pays in full when the food is picked up.
 - i. Transactions for one-time, nonrecurring sales of less than \$100.00 are completed by using a Request for Banquet form (CD1771) and Request for Refreshments form (CD1772) as the invoice and supporting documentation.
 - ii. Customers may not be billed; they must pay for the sale prior to acceptance of product.
- E. Ongoing expenses for food purchased with General Fund must be reimbursed quarterly.
- F. Proceeds from food programs are considered an institution work program activity. Net revenue can only be used to support the existing program or other institution work programs. It is recommended that food service IWPs have their own cost center in the institution IWP fund, separate from other IWPs, such as work crews or creative arts programs.

h. Internal Food Programs:

Internal food programs consist of food prepared at a DOC facility and sold for internal meetings and activities (cookies, cinnamon rolls, fruit platters, sandwich platters, beverage service) that are not a part of the Sale of Meal Tickets Policy (DOC policy 40.2.4). Guidance for staff meal ticket purchases can be found in the department's policy on Sale of Meal Tickets (DOC policy 40.2.4) and the department's policy on Food Cost (Food Service) (DOC policy 40.2.12). Internal food programs do not require an approved business plan.

- A. All food provided for internal meetings and DOC activities must be documented on a Request for Banquet form (CD1771) or Request for Refreshments form (CD1772). DOC may not be charged additional costs including the 20 percent markup. The Banquet Request and Refreshment Request forms must be used as supporting

documentation for a Journal Entry Request form (CD1476) or an Administrative Check Request or Transfer form (CD28a).

- B. All food provided for club events must be documented on a Request for Banquet form (CD1771) or Request for Refreshments form (CD1772). Club events are subject to additional costs including the 20 percent markup. The Banquet Request and Refreshment Request forms must be used as supporting documentation for the Administrative Check Request/Transfer form (CD28a).
 - C. Supplies purchased with General Fund for food that is resold must be reimbursed to the General Fund Food Service cost centers in accordance with the department's policy on Food Cost (Food Service) (DOC policy 40.2.12).
 - D. If food products are sold for DOC usage, a cost center will be charged for the expense, Food Services is responsible for submitting a Journal Entry Request form (CD1476) and associated Request for Banquet form (CD1771) and Request for Refreshments form (CD1772) as supporting documentation. Note: Journal Entries are for charging cost centers and are processed by Central Accounting.
 - E. If food products are sold to AIC clubs, Food Service shall be paid monthly from the club's administrative trust account by submitting an Administrative Check Request or Transfer form (CD28a) and associated Request for Banquet form, (CD1771) and Request for Refreshments form (CD1772) as supporting documentation. Note: CD28a forms are processed by Central Trust.
 - F. All food service requests shall be made with adequate time (minimum 30 days) for Food Service to accommodate requests. It is at the discretion of the Food Service Manager to make an exception to requests submitted late. The Food Service Manager, in conjunction with the FUM, has the option to decline to provide food for an event; in which case, the event planner may have the option, depending on institution policy, to use an external vendor to provide needed food.
 - G. If outside food is brought in for an internal event, event planners need to consult the Food Service Manager to ensure proper sanitation measures and storage is available in accordance with the department's rule on Food Service Programs (OAR 291-061). The event planner is responsible for the safety and sanitation of the outside food.
- i. Commissary Food Programs:
- A. Markup for food sold on AIC commissary such as oatmeal, farina, and baked goods must be based on a profitable business model to provide for self-supporting commissary operating costs in accordance with the department's policy on Commissary Operations (DOC policy 40.2.3).
 - B. Items prepared for sale on AIC commissary must be billed at least quarterly through a Commissary generated invoice sent to Central Trust with supporting documentation. Central Trust will submit payment to Food Service through Central Accounting.
 - C. Supplies purchased with General Fund for food that is resold on AIC commissary must be reimbursed to General Fund Food Service Cost Centers at least quarterly.
3. Other Work Programs:
- a. Internal AIC work programs that do not have a revenue generating component are outside the scope of this policy. Examples include, but are not limited to, custodians and

- AICs assigned to work in areas such as the physical plant.
- b. AIC work crews (IWP) are outside the scope of this policy.
- c. The Statewide Financial Programs unit may serve as a resource to ensure sound business practices are being followed.

D. ACTIVITIES

1. Continuous Fundraisers:

Continuous fundraisers are DOC programs intended to generate revenue on a recurring basis for the benefit of the AIC population. Revenue from continuous fundraisers is classified as AIC Activities funds. These programs may include photo, rental, food, or other types of programs that provide a benefit to the AIC population. Continuous fundraisers must have an established business plan which has approval to operate from the institution's FUM, Assistant Director of Operations, and the Chief Financial Officer. Continuous fundraisers are set up and managed by DOC and are not a function of clubs. Continuous fundraisers are not to compete with commissary by selling like items unless prior approval is received by the Assistant Director of Operations or designee. Refer to the department's policy on Commissary Operations (DOC policy 40.2.3).

- a. Continuous fundraisers may not be used to generate funds to offset security, food, clothing, DOC employee office supplies, medical or mental health care expenses, or any other routine General Fund expenses.
- b. Institutions may request a specific Central Trust activity account for a continuous fundraiser, to easily track the revenue generated for the AIC Activities cost center.
- c. The FUM is responsible for ensuring funds generated are used for appropriate expenditures, such as AIC activities or items to benefit the AIC population.
- d. Continuous Fundraising Approval:
 - A. Institutions must work with the Statewide Financial Programs unit to develop a business plan.
 - B. Once the business plan is approved by the FUM, the Statewide Financial Programs unit obtains approval from all other parties.
 - C. Institutions may implement the continuous fundraiser once final approval of the business plan has been received.
 - D. All continuous fundraiser business plans must be reviewed, updated, and signed by the FUM or designee annually. If no changes are necessary, then the continuous fundraiser may be reapproved by the Statewide Financial Program Manager or designee.
- e. Standards and Protocols:
 - A. It is acceptable to use a SPOTS card to purchase items to support continuous fundraiser operations.
 - B. AICs participating in a continuous fundraiser must submit a Request for Withdrawal of Funds form (CD28 or CD28P) which will be processed to an institution's Central Trust activity account. These accounts are turned over to the institution's AIC Activities Other Fund cost center monthly.

2. At-Cost Events:

At-cost events allow DOC to facilitate events that AICs may participate in at or below cost. These events are intended to normalize, humanize, and incentivize AIC behavior. Examples of at-cost events may include food, incentive meals, entertainment, and approved items. At-cost events must be approved by the FUM or designee.

- a. AICs must be charged at or below cost when participating in at-cost events.
- b. At-Cost Event Approval:
 - A. In order to ensure appropriate level of service and to avoid scheduling conflicts, institutions must coordinate with all operational areas to include Business Services, Security, Correctional Rehabilitation Services, Food Service, and Administration when facilitating an at-cost event. For institutions that do not have on-site Business Services employees, inform Business Services employee(s) assigned to the institution.
 - B. Once approved by the FUM or designee, institutions may implement the at-cost event.
- c. Standards and Protocols:
 - A. It is acceptable to use a SPOTS card to purchase items for at-cost events.
 - B. Funds are required to be in the appropriate EPTA prior to purchases with a SPOTS card.
 - C. If outside food from a restaurant is purchased for an at-cost event, the SPOTS card holder is responsible for determining if the SPOTS card may be used for the purchase in accordance with the department's policy on The State P-Card of Oregon Transaction System (SPOTS) Card Program (DOC policy 30.3.2).
 - D. The funds collected from AICs and processed to an EPTA must match or be less than the total at-cost event expenses. Only funds recorded in the EPTA shall be listed in the EPTA column in the SPOTS Reconciliation Log (CD1710). If expenses exceed the amount collected, the excess needs to be placed in the standard amount column in the SPOTS Reconciliation Log (CD1710). If the event was facilitated below cost, the sponsoring entity must cover the difference.
 - E. In the event funds collected from AICs are slightly higher than expenses, the excess funds must be transferred by the SPOTS cardholder to the institution's AIC Activities cost center via an Administrative Check Request or Transfer form (CD28a).
 - F. All purchases require a second person to verify that the receipt matches the items received.
 - G. Institutions shall develop a system for tracking approved Request for Withdrawal of Funds forms (CD28 and CD28P) in order to accurately determine the number of AICs participating in an at-cost event to limit waste or over-purchasing. The system shall be based upon reports provided by Business Services. If available, institutions are encouraged to use electronic processes.
 - H. DOC employees facilitating at-cost events may not allow AICs to participate in the event if the AIC has non-sufficient funds (NSF).
 - I. If unsold perishable goods from an at-cost event are going to waste, they will be disposed of appropriately at the discretion of the FUM or designee.
- d. Trust Accounting:

- A. AICs who want to participate in an at-cost event must submit a Request for Withdrawal of Funds form (CD28 or CD28P). AICs must sign the Request for Withdrawal of Funds form (CD28 or CD28P) in the presence of a DOC employee for identity verification in accordance with the department's rule on Trust Accounts (AIC) (OAR 291-158).
 - B. The purpose on the Request for Withdrawal of Funds form (CD28 or CD28P) must include a transaction description notating:
 - i. DOC facility
 - ii. Sponsoring entity (club name or DOC division)
 - iii. Event description
 - iv. Event date (if applicable)
 - C. Request for Withdrawal of Funds form (CD28 or CD28P) must be submitted to Business Services two weeks prior to the at-cost event.
 - D. Financial services employees are responsible for funds verification of CD28 and CD28P forms in accordance with the department's rule on Trust Accounts (AIC) (OAR 291-158).
 - E. Purchases may not be made until the Request for Withdrawal of Funds form (CD28 or CD28P) have been processed and the number of participants is known.
 - e. Central Accounting:
 - A. When SPOTS card purchases occur, Central Accounting processes payments from a cost center. If there are purchases on the SPOTS Reconciliation Log (CD1710) in the EPTA column, SPOTS card users are responsible for submitting their SPOTS Reconciliation Log (CD1710) to both Central Trust and Central Accounting to ensure appropriate reimbursement occurs.
 - B. All of the above steps must be completed for audit and documentation purposes.
3. Clubs:

Clubs are DOC-approved AIC groups that represent a segment of an AIC population with a common social or cultural interest. Clubs are required to have an approved constitution with elected AIC club representatives. Money generated on behalf of a club is held in trust by DOC for the benefit of a club to further their purpose. Clubs allow AICs to gain leadership experience in a pro-social setting with the assistance of DOC employee club advisors.

- a. Standards and Protocols:
 - A. Once a club constitution has been approved, a Central Trust club account may be requested by the facilitating employee by submitting a Request to Establish Administrative Account for Clubs & Activities form (CD1776).
 - B. Club constitutions must be reviewed, updated, and signed by the FUM or designee annually.
 - C. Club events, donations, and purchases are approved or denied by the FUM, or designee based upon legitimate correctional objectives and the club's purpose as outlined in their constitution.
 - D. DOC is responsible for providing oversight to ensure there are sufficient funds held in trust to cover club expenses and that club expenses are in alignment with the club

purpose. DOC employees may not allow funds held in trust to be overspent. Central Trust club accounts may not be allowed to run a deficit.

- E. Business Services must provide financial reports to clubs on a monthly basis which provides transactional details that have posted to the Central Trust club account.
 - F. DOC employee club advisors must assist clubs in facilitating their goals and objectives as outlined in the club constitution but may not provide undue influence as to how clubs operate and choose to spend club funds.
 - G. All disbursement of club funds must be made in accordance with the department's policy on Checks, Warrants and Vouchers (Issuance) (DOC policy 30.1.2).
 - H. SPOTS cards are the preferred method for making club purchases. Central Trust may issue a check from a club trust account if the purchase cannot be made with a SPOTS card. Any remaining monies from a withdrawal to purchase products must be turned in the next business day in order to credit the club trust account appropriately.
 - I. AIC clubs must track and approve all club expenses. In maintaining responsibility for club financial management, DOC employee club advisors must provide clubs with a copy of an itemized receipt for all purchases made on a club's behalf.
 - J. AIC clubs may own store memberships.
 - i. DOC employees may not use a club's membership cards for personal use.
 - ii. Memberships must be established using the institution and club name and may not include any DOC employees on the account.
 - iii. Membership cards must be kept secured by the FUM or designee.
 - iv. Rebates (if applicable) must be deposited into the Central Trust club account.
 - K. DOC employee club advisors who facilitate business on behalf of clubs, shall only do so through DOC-approved processes with vendors that have been registered and licensed with the Secretary of State.
 - i. DOC employees must follow DOC contract and procurement guidelines when making purchases for clubs.
 - ii. It is unauthorized for clubs or AICs acting on behalf of club membership to enter into a contractual relationship with vendors or any other organization.
- b. Club Events:
- A. Club events include club fundraisers, club at-cost events, club banquets, and any other club-sponsored activity. Revenue generated through fundraising activities must have a clear goal that aligns with the club's purpose and objectives. All events, including fundraisers, are not to compete with commissary by selling like items. Exceptions must be approved by the Assistant Director of Operations or designee. Refer to the department's policy on Commissary Operations (DOC policy 40.2.3).
 - B. Club events may not be used to generate funds to offset security, food, clothing, DOC employee office supplies, medical or mental health care expenses, or any other routine General Fund expenses.
 - C. Money generated on behalf of a club is held in trust by DOC for the benefit of a club to further the club's purpose, including money generated through fundraising events. DOC employee club advisors are responsible for ensuring that funds generated by clubs are managed by the clubs. DOC employee club advisors are also responsible for

ensuring that club monies are accounted for in their assigned EPTA.

D. Event Procedures:

- i. In order to ensure appropriate level of service and to avoid scheduling conflicts, DOC employee club advisors must coordinate with all operational areas to include Business Services, Security, Correctional Rehabilitation Services, Food Service, and Administration when facilitating club events.
- ii. Institutions must work with Business Services to develop, maintain, and distribute a calendar of club events. Final approval for club events must be authorized by the FUM or designee.
- iii. The authorizing entity must assume the cost of security, or any overtime associated with events, whether it is in the food service area or elsewhere in the institution.
- iv. Markup for club fundraisers may not exceed 100 percent of the cost to produce or purchase the item. For example, the purchase of a \$5.00 fundraiser meal may not be marked up beyond \$10.00.

E. Food Purchases:

- i. DOC employee club advisors are required to consult with the FUM or designee to recommend appropriate serving sizes and amounts of food ordered or purchased from outside sources.
- ii. Institutions shall develop a system for tracking approved Request for Withdrawal of Funds form (CD28 and CD28P) in order to accurately determine the number of AICs participating in the club event to limit waste or over-purchasing. The system shall be based upon weekly reports provided by Business Services. If available, institutions are encouraged to use the electronic process.
- iii. Food left over from an event is the responsibility of the club sponsoring the event. If there is significant leftover food, items may be donated to the institution for general AIC consumption, with the FUM or designee's approval.

F. Standards and Protocols:

- i. Funds collected from AICs must be processed to an EPTA if there will be a SPOTS purchase. All club purchases must be listed in the EPTA column in the SPOTS Reconciliation Log (CD1710). If expenses exceed the amount collected, the club must transfer money from their club trust account to the EPTA to cover the difference. Exceptions to this procedure must be approved by the Statewide Financial Programs unit.
- ii. It is acceptable to use a SPOTS card to purchase ingredients to prepare a fundraiser meal.
- iii. If outside food from a restaurant is purchased for an AIC fundraiser, the SPOTS cardholder is responsible for determining if the SPOTS card may be used for the purchase in accordance with the department's policy on The State P-Card of Oregon Transaction System (SPOTS) Card Program (DOC policy 30.3.2).
- iv. Funds are required to be in the appropriate EPTA prior to purchases with a SPOTS card.
- v. All outside purchases require a second person to verify that the receipt matches the items received. The receipt must be provided to Central Accounting and

Central Trust (if EPTA used), during the SPOTS cardholder's monthly reconciliation.

- vi. DOC employees, contractors, or volunteers may not function as a paid independent vendor to cater events. This is a conflict of interest.
- vii. Friends, family members, or other associates of AICs may not function as a paid independent vendor to cater events.

G. Trust Accounting:

- i. AICs who want to participate in a club event must submit a Request for Withdrawal of Funds form, (CD28 or CD28P). AICs must sign the Request for Withdrawal of Funds form (CD28 or CD28P) in the presence of a DOC employee for identity verification in accordance with the department's rule on Trust Accounts (AIC) (OAR 291-158).
- ii. The purpose on the Request for Withdrawal of Funds form (CD28 or CD28P) must include a transaction description notating:
 - I. DOC facility
 - II. Club name
 - III. Event description
 - IV. Event date
- iii. Request for Withdrawal of Funds form (CD28 or CD28P) must be received by Business Services two weeks prior to the club event.
- iv. Financial services employees are responsible for funds verification of CD28 and CD28P forms in accordance with the department's rule on Trust Accounts (AIC) (OAR 291-158).
- v. Purchases may not be made until Request for Withdrawal of Funds form (CD28 or CD28P) have been processed and the number of participants is known.
- vi. DOC employee advisors may not allow AICs to participate in the event if the AIC has non-sufficient funds (NSF).

H. Central Accounting:

- i. When SPOTS card purchases occur for clubs, Central Accounting processes payments from a cost center. All club purchases must be on the SPOTS Reconciliation Log (CD1710) in the EPTA column. SPOTS card users are responsible for submitting their SPOTS Reconciliation Log (CD1710) to both Central Trust and Central Accounting to ensure appropriate reimbursement occurs.
- ii. Central Accounting will receive an associated reimbursement from Central Trust to reconcile to the SPOTS Reconciliation Log (CD1710) for EPTA purchases.
- iii. Each of the above steps must be completed for audit and documentation purposes.

c. Donations:

- A. A club may choose to fundraise for a charitable cause or donate money they have already accrued. Clubs may facilitate donation drives with approval from the FUM or designee.

B. Donations to Charitable Causes:

- i. All fundraisers for a charitable cause must follow the standards and protocols for club events.
- ii. All check requests payable to a charitable cause must be submitted with a memo containing two signatures from the club representatives authorizing the payment. Designated DOC employees must approve the request and submit the Administrative Check Request or Transfer form (CD28a) to Central Trust.
- iii. Designated DOC employees approve donation requests based upon legitimate correctional objectives. Hardship donations to DOC employees may not be authorized in accordance with the department's policy on Code of Ethics form (DOC policy 20.1.2) and on Code of Conduct form (DOC policy 20.1.3).
- iv. Designated DOC employees may approve a donation request as long as the club has sufficient funds in their club account to cover the donation, as well as pending club purchases.
- v. Central Trust will return the donation check to the institution unless other arrangements have been communicated.

C. Donations to DOC:

- i. Institutions may not accept non-monetary donations from clubs.
- ii. If a club requests to purchase items to benefit the AIC population, which will become DOC property, the institution may accept a monetary donation to make the purchase with the approval of the FUM or designee.
- iii. If a club wants to donate to DOC, the club representatives authorizing the donation must submit a memo specifying the intended use of funds.
- iv. Prior to accepting a monetary donation or making a purchase, institutions must provide approval for the item to come into DOC following all security standards.
- v. DOC employee club advisors procuring assets must work with the Contract and Procurements unit to ensure commercial safety standards are met. All purchases must adhere to the department's policy on Procurement (DOC policy 30.3.4).
- vi. All monetary donations from a club must be sent directly to a Central Accounting cost center via an Administrative Check Request or Transfer form (CD28a) submitted to Central Trust prior to purchasing items. Designated DOC employee club advisors are responsible for confirming that the donation is sufficient to cover the requested expense unless the institution is choosing to cover part of the expense with funds already allocated in a cost center.
- vii. If donated funds are insufficient, the institution must return the donation to the club in lieu of making the purchase.
- viii. Once the monetary donation is received by DOC, a Receipt for Contribution/Donation form (CD1609) must be issued to the club by Business Services. Institutions must follow the department's policy on Receipting, Securing and Depositing Funds (DOC policy 30.1.3).

D. Donations to Clubs:

- i. Clubs may not accept grants. DOC may accept a grant on behalf of a club with approval from the FUM and the Financial Services Administrator. All grant money

received by DOC on behalf of a club must reside in an appropriate cost center.

- ii. Clubs may not accept non-monetary donations, including gift cards. DOC may accept a non-monetary donation on behalf of a club with approval from the FUM and the Financial Services Administrator.
- iii. The FUM and the Financial Services Administrator or designee(s) must approve all monetary donations to clubs.

IV. IMPLEMENTATION

This policy will be adopted immediately without further modification.

Certified: _____ signature on file

Julie Vaughn, Rules Coordinator

Approved: _____ signature on file

Heidi Steward, Deputy Director