



**DEPARTMENT OF CORRECTIONS**  
**Chief Financial Office**



<b>Title:</b>	<b>Learning Entrepreneurship, Arts, and Production (LEAP)</b>	<b>DOC Policy: 30.1.9</b>
<b>Effective:</b>	<b>1/20/2023</b>	<b>Supersedes: N/A</b>
<b>Applicability:</b>	<b>Financial Services and Institutions</b>	
<b>Directives Cross-Reference:</b> Oregon Accounting Manual Workforce Development Education Programs - Division 113 Learning Entrepreneurship, Arts, and Production (LEAP)- Division 172 Trust Accounts (AIC) - Division 158 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 State P-Card (SPOTS) Card Program - Policy 30.3.2 Contracts Administration - Policy 30.3.3		
<b>Attachments:</b> Learning Entrepreneurship, Arts, and Production (LEAP) Business Plan Proposal LEAP Program Participation Agreement		

**I. PURPOSE**

The purpose of this policy is to document Department of Corrections (DOC) policies, processes, and procedures for facilitating a Learning Entrepreneurship, Arts, and Production (LEAP) Program in which adults in custody (AICs) produce and sell handmade goods to generate personal funds.

**II. DEFINITIONS**

- A. **Administrative Trust Account (Central Trust):** An account created and approved by Central Trust that is located in the AIC financial system. This type of account may be used for club accounts, group activities, or special interest groups, and are not associated with an individual State Identification Number (SID). Rule establishing policies and procedures for the creation and administration of AIC trust accounts, and safeguarding AIC funds used for authorized expenditures and assessments during incarceration or in anticipation of release can be found in OAR 291-158 Trust Accounts (AIC).

- B. Adult in Custody (AIC): Any person under the supervision of DOC who is not on parole, post-prison supervision, or probation status.
- C. Approved vendor: A vendor, approved by a DOC facility that is participating in a LEAP Program, that is allowed to send, through specified DOC procedures, raw materials, supplies, or tools to AICs participating in a LEAP Program in order for them to produce and sell handmade goods.
- D. Customer: Any person or organization soliciting an arrangement of services or goods that can or may be provided through a work program, LEAP Program, or work-based education program. Examples are DOC staff, the public, other agencies, internal DOC units, and outside entities.
- E. Department of Corrections facility: Any institution, facility, or staff office, including the grounds, operated by the Department of Corrections.
- F. E-Commerce portal: A department-approved internet website that allows for the purchase of products created by an AIC LEAP participant or DOC created goods.
- G. Expense: Something expended, frequently money, to secure a benefit or bring about a result.
- H. Event Pass Through 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 should be used for any situation that necessitates a SPOTS purchase on behalf of an AIC. Funds collected from AICs are placed into this account until expenses and revenue (if applicable) are reconciled and distributed.
- I. Functional unit: Any organizational component within the Department of Corrections responsible for the delivery of services or coordination of programs.
- J. Functional Unit Manager (FUM): Any person within the Department of Corrections who reports to either 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 superintendent is the FUM.
- K. Handiwork products: Craftwork or items that are made from raw materials purchased by the AIC LEAP Program participant in an approved LEAP Program. Common products include but are not limited to jewelry, woodworking, metal creations, greeting cards, etc.
- L. Learning Entrepreneurship, Arts, and Production (LEAP) Program: A program that authorizes an AIC to operate a sole proprietorship in which the AIC may create handmade products using their own resources, artistic talents, and skills, and to then sell those products to customers within the State of Oregon. See also OAR 291-172 LEAP – Learning Entrepreneurship, Arts and Production for the authority and guidelines established for LEAP programs.
- M. LEAP Program Supervisor: DOC manager responsible for the overall operation of a LEAP program.
- N. Market-based pricing: A price established for a product created in the LEAP Program that is based on: the actual cost of materials used to create the product, the estimated or actual labor cost to

create the product (determined by multiplying the estimated or actual number of hours by the state minimum wage rate), other overhead incurred to create the product, and any additional markup so as to not be sold below market value.

- O. Merchant identification number: A unique number provided by the State Treasury and credit card industry for processing credit card transactions.
- P. Net profit: Revenue(s) minus transactional expense(s) and fee(s), including but not limited to credit card merchant fees.
- Q. Office of the Chief Financial Officer: Section of the department that provides support services to all levels of the department through Financial Operations and Financial Services. Financial units that are relevant to this policy include:
  - 1. Business Services: A functional unit within the Financial Services Division that places employees in larger institutions and provides satellite accounting and other fiscal services. This unit acts as a liaison between the department's Operations Division and the Office of the CFO.
  - 2. Central Accounting: A functional unit of the Financial Operations Division that records all financial transactions outside of the AIC financial system and is the custodian of the department'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. Statewide Financial Programs: A functional unit within Financial Services that is responsible for the 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 on 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.
- R. Participating facility: Correctional facilities approved by the Assistant Director of Operations and the Chief Financial Officer to operate a LEAP Program.
- S. Program fee: Any fee that is charged to an AIC LEAP participant that is related to participation in a LEAP Program. These fees are to assist with offsetting costs incurred by DOC to operate a LEAP Program within a Department of Corrections facility and to provide AIC LEAP participants an opportunity to pay business expenses normally associated with operating a business that they would have to pay for directly if their business was not inside a Department of Corrections facility. Program fees may consist of the following:
  - 1. Bench fee: A program fee charged to an AIC LEAP participant to have access to and use a bench and associated workspace.
  - 2. E-Commerce portal fee: A program fee assessed to the AIC LEAP participant associated with the cost of processing e-commerce sales of handiwork products.

3. Other miscellaneous fee: A program fee assessed to the AIC LEAP participant in order to reimburse DOC for business expenses (example: postage).
- T. Revenue: Money generated from the sale of goods or services.
- U. State P-Card of Oregon Transaction System (SPOTS): A state-sponsored credit card that agencies may use to procure and pay for goods and services.

### **III. POLICY**

#### **A. General**

1. Selected AICs within participating facilities may be allowed to create and sell or otherwise dispose of items of authorized handiwork products through approved channels.
2. The price of handiwork products for sale will be market-based. ORS 421.405 prohibits officers and employees of the state from receiving the use or profit of the labor or services of any AIC.
3. AIC LEAP participants purchase all raw materials, supplies, and tools used for the creation of handiwork products, receive the net profits from any sales of those handiwork products, and reimburse DOC for state costs associated with the creation of handiwork products and operation of the LEAP Program.

#### **B. LEAP Program**

##### **1. Program Development**

- a. A Learning Entrepreneurship, Arts, and Production (LEAP) business plan proposal must be completed and approved by the FUM, Operations Division, and the Office of the CFO or those designated before starting a new program. In addition, the following guidelines, considerations, and requirements shall be addressed by the business plan:
  - (i) Potential liability, specialized AIC labor training, and product safety.
  - (ii) Whether operational capacity, staff, space, and AIC labor is available and is approved by the Assistant Director of Operations.
  - (iii) How AICs are assessed on their ability to be successful entrepreneurs.
- b. If an E-Commerce portal solution is desired the following will occur prior to using an online store:
  - (i) A change order will be created through the DOC Procurement and Contracts unit with a State Treasury approved credit card processing vendor. See DOC Policy 30.3.3 Contracts Administration.
    1. Credit card merchant identification numbers will be established through the State Treasurer's Office.

2. LEAP Program Supervisor or designee will work with Statewide Financial Programs unit to modify the online store template.
3. Appropriate accounts to manage the LEAP Program will be established with Central Trust and Central Accounting.
4. The DOC Information Security Officer (ISO) will be notified of any creation, modification or deletion of merchant accounts and e-commerce portals for the purpose of PCI-DSS adherence and attestation.

## **2. Records Management**

- a. The Office of the CFO will be responsible for approving the processes and procedures used to document, track and control the financial activities of DOC LEAP Programs. See DOC Policy 30.1.1 Accounting – Control of Funds.
- b. Statewide Financial Programs will audit and oversee the financial accounting of LEAP Programs.
- c. Records must be maintained for audit purposes in accordance with records retention policies and the Secretary of State’s retention schedule.
- d. Records must be maintained by DOC staff regarding money management and accounting reconciliation.
- e. If an e-commerce portal is used, appropriate credit card fee reconciliation, deposits to AIC accounts and if relevant, SPOTS card reimbursements shall be coordinated through Central Trust and Central Accounting.
- f. Ultimate responsibility for completeness and accuracy of record keeping lies with the LEAP Program Supervisor.
- g. LEAP Program accounts and transactions will be reconciled with Central Trust and Central Accounting records monthly, with reconciliation reports printed and stored for audit purposes.
- h. The LEAP Program Supervisor should meet with the Statewide Financial Programs unit, as needed, to assure processes and controls are operating as intended. Quarterly, the CFO or designee shall prepare a summary of accounts for distribution to key stakeholders including the FUM.

## **3. Standards and Protocols**

- a. All AICs participating in a LEAP Program will be provided a LEAP program participation agreement to be reviewed and signed annually, which covers the following:
  - (i) Program description
  - (ii) Notification process for changes to the program
  - (iii) Program eligibility
  - (iv) Conduct and appearance
  - (v) Business registration requirements and agents
  - (vi) Limitations
  - (vii) Program fee structure

1. Bench and crafting space fee
2. E-commerce portal fees (if applicable)
3. Additional fees as required (i.e., equipment rental)

- (viii) Ordering raw materials, supplies and tools protocol
- (ix) Limitations on crafting trade
- (x) If applicable, website/online store use
- (xi) Taxes
- (xii) Tools, special equipment, and safety requirements
- (xiii) Vendor approval process
- (xiv) Pricing standards
- (xv) Shipping standards
- (xvi) Bench and workspace standards
- (xvii) Copyrights/trademark compliance
- (xviii) Consignments
- (xix) Inventory control
- (xx) Bookkeeping and Central Trust balance requirements
- (xxi) LEAP program hours of operation
- (xxii) Leaving the program or removal standards
- (xxiii) AIC LEAP Program participant complaint and resolution procedures
- (xxiv) Terms and conditions
- (xxv) AIC LEAP Program participant agreement signature page

- b. All orders shall be facilitated by the LEAP Program Supervisor or designee.
- c. Program performance and sustainability should be reviewed annually.
- d. Program fees to cover LEAP Program costs may be assessed to the AIC LEAP participant. The LEAP Program Supervisor is responsible for oversight of the collection of program fee payments.

- (i) Program fees shall be paid by the AICs monthly through a Request for Withdrawal of Funds.

- e. SPOTS cards may be used to purchase raw materials, supplies, and tools for the AIC LEAP participant. In accordance with DOC Policy State P-Card (SPOTS) Card Program 30.3.2, no SPOTS purchases may be made on behalf of an AIC until full payment has been made to the institution's LEAP Program EPTA. See also DOC Policy Checks, Warrants and Vouchers (Issuance) 30.1.2 for guidance on SPOTS reconciliation submission.
- f. If non-e-commerce portal sales are made during non-business days (such as a weekend flea market, art fair, or other public sales event), all proceeds and receipts must be delivered to the Business Office, or designee, at the start of the next business day for reconciliation. All sales involving cash must be in accordance with the Oregon Accounting Manual (OAM 10.20.00). Staff must have both a beginning inventory and beginning cash itemized prior to start of sale for reconciliation at the conclusion of the

sale. All funds shall be properly secured in accordance with OAM money handling requirements.

- g. If an institution has been approved for AIC-to-AIC sales, the institution may allow AICs within 30 days of release to make purchases to be included in their property at release.
- h. All customers shall pay market-based price on all items purchased from the LEAP Program.
- i. The LEAP Program Supervisor or designee has discretion to approve fluctuating product pricing based on special considerations; to include large quantity orders or other special circumstances. Staff members shall not receive reduced pricing for individual purchases without prior approval from the LEAP Program Supervisor or designee.
- j. DOC staff are reminded that they cannot receive a benefit from their employment in accordance with DOC Policy Code of Conduct 20.1.3 and must not cause undue influence over AIC LEAP participants.
- k. The AIC LEAP participant shall not replicate or reproduce images or items in a manner that violates the intellectual property rights (including, but not limited to, copyright, patent, or trademark).
- l. When new staff are assigned to the LEAP Program, it will be required that they receive training from the Statewide Financial Programs unit.

#### **4. LEAP Program Sales Procedures – Other than E-Commerce Portal**

##### a. Department Facilitated Sales

###### (i) Receiving Payment

1. Only approved payment methods will be accepted. Payment methods will be approved by the CFO or designee.
2. Upon receipt of payment, the Business Office or designee will issue a serially numbered receipt to the customer. This number will be notated on a LEAP order form. See DOC Policy 30.1.3 Receipting, Securing and Depositing Funds.
3. A LEAP order form will be marked paid, and a copy of that form will be scanned to the LEAP Program Supervisor or designee.
4. The Business Office or designee will forward payment to Central Trust, who will deposit the money on to the AIC Trust Account.

##### b. Delivery of Product

- (i) The LEAP Program Supervisor or designee will determine when the item will be available and will contact the customer to arrange for pick-up if the item is not being mailed to the customer. This may coincide with the time of payment if the item is available immediately.
- (ii) The LEAP Program Supervisor or designee will verify the customer's receipt with a LEAP order form before giving the handiwork to the customer.

- (iii) Items marked for customer pick-up will be designated as abandoned if they are not picked up within 60 days. Abandoned products will be returned to the AIC LEAP participant's inventory. Payment will not be refunded.

c. Custom Orders

- (i) Payment and product delivery procedures are the same as department facilitated sales.

- (ii) Approval of Custom Orders

1. LEAP Program Supervisor or designee must approve or deny all custom orders.
2. Denied Orders
  - a. An explanation for why the order was denied will be notated on the order form by the LEAP Program Supervisor or designee.
  - b. LEAP Program Supervisor or designee will make a copy of the denied order form for program records.
  - c. Order form and payment, if received, will be returned to the customer.

- (iii) Canceled Orders

- a. In the event there is a need to cancel a custom order for unforeseen circumstances which may include: supply chain disruptions, alternative program operations, errors, etc., an explanation for why the order was canceled will be notated on the order form by the LEAP Program Supervisor or designee.
- b. LEAP Program Supervisor or designee will make a copy of the canceled order form for program records.
- c. Order form and payment, if received, will be returned to the customer.

**5. LEAP Program Sales Procedures – Using E-Commerce Portal**

a. Orders:

- (i) Each online store will be uniquely identified by the institution and program. The store will maintain a unique merchant identification number for processing credit card orders.
- (ii) All products must be identified, and market-based pricing established prior to the sale of online LEAP program goods or services.
- (iii) Each product will be given a product number that will be unique to the institution, the program, and AIC LEAP participant. The identity of the AIC participant shall not be revealed to the customer.
- (iv) The LEAP Program supervisor or designee shall create, update, and maintain the online sales catalogue.
- (v) The LEAP Program supervisor or designee shall oversee the processing of orders. Daily reconciliation of sales shall occur.



- (vi) Custom order protocol will be identified on the online store website and strictly adhered to.
- (vii) Online stores have a strict no return policy. Rare exceptions may be made by the LEAP program supervisor.
- (viii) Appropriate shipping and order pick up protocol will be followed to maintain safety and security of the institution.

**6. Work Based Education (WBE) Program**

- a. LEAP programs are not a WBE program. Refer to Work-based Education (WBE) Training Programs, OAR 291-113-0021 for details on WBE programs.

**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, Acting Director