

**OKLAHOMA
BOARD OF CORRECTIONS
REGULAR MEETING**

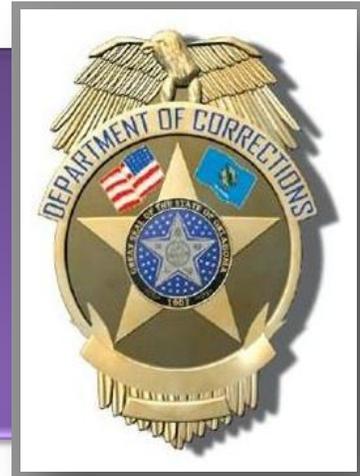
December 4, 2014

Dr. Eddie Warrior Correctional Center
Taft, Oklahoma



OKLAHOMA BOARD OF CORRECTIONS REGULAR MEETING

Dr. Eddie Warrior Correctional Center
400 Oak Street
Taft, Oklahoma
1:00 p.m., Thursday, December 4, 2014



AGENDA

Members of the Board of Corrections will be lunching together before the Board meeting.
No business will be conducted during this time period.

1. Opening and Roll Call Kevin Gross, Chair
2. Welcome/Remarks Sharon McCoy, Warden
Dr. Eddie Warrior Correctional Center
3. Old Business Kevin Gross, Chair
4. Approval of Board of Corrections Meeting Minutes Kevin Gross, Chair
 - Regular Meeting on October 23, 2014
5. Director's Comments Robert Patton, Director
6. Approval of Board Policy Robert Patton, Director
 - P-120100, Management of State Funds and Assets
7. Agency Budget Update Ashlee Clemmons, Chief Administrator
Business Services
8. Agri-Services and Oklahoma Correctional Industries Budget Update Charles Groves, Business Services
Coordinator
Agri-Services and OCI
 - First Quarter of FY 2015
9. Internal Audit Update Gharzuddin Baksh, Auditor IV
Auditing and Compliance
 - First Quarter of FY 2015
10. Population Update Laura Pitman, Ph.D., Division Manager
Field Support
11. Committee Reports Committee Chairs

Standing Committees:

 - Audit/Finance – Chair Steve Burrage, Members Gene Haynes and Michael Roach
 - Female Offender – Chair Linda Neal, Members Frazier Henke and Earnest Ware
 - Public Policy/Public Affairs – Chair Earnest Ware, Members Gene Haynes and Frazier Henke

OKLAHOMA BOARD OF CORRECTIONS

Mission Statement

We are a select group of Governor-appointed, politically diverse volunteers which directs, advocates, and holds accountable stakeholders to effect best correctional practices.

"Advocating Correctional Excellence"

- Population/Private Prisons – Chair Linda Neal, Members Steve Burrage and Michael Roach
- Executive – Chair Kevin Gross, Members Linda Neal and Michael Roach

12. New Business Kevin Gross, Chair
“Any matter not known about or which could not have been reasonably foreseen prior to the time of posting.” 25 O.S. § 311.A.9.

13. Announcements Kevin Gross, Chair

14. Approval to Adjourn for Executive Session: David Cincotta, General Counsel

- Discussion of Investigation:
 - Inappropriate Staff/Offender Relationship at Davis Correctional Facility (IG 14-208)
 - Staff-on-Offender Assault at Lawton Correctional Facility (IG 14-180)
 - Homicide of Offender Tory Czernecki #679882 (IG 14-217)
- Discussion of Pending Litigation:
 - *Warner et al v. Gross et al*, Oklahoma Western District Court, case number 2014-CV-00665

“Confidential communications between a public body and its attorney concerning a pending investigation, claim, or action if the public body, with the advice of its attorney, determines that disclosure will seriously impair the ability of the public body to process the claim or conduct a pending investigation, litigation, or proceeding in the public interest.” 25 O.S. § 307.B.4.

15. Approval to Return from Executive Session David Cincotta, General Counsel

16. Approval to Adjourn Kevin Gross, Chair

The next regular meeting of the Board of Corrections is scheduled for 1:00 p.m. on Thursday, January 8, 2015, at Oklahoma Department of Corrections in Oklahoma City, Oklahoma.

Updated on 11/18/2014 4:07:51 PM

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Approval of
Board Meeting Minutes

**OKLAHOMA BOARD OF CORRECTIONS
REGULAR MEETING**

Renaissance Oklahoma City Convention Center
10 N Broadway
Oklahoma City, Oklahoma
October 23, 2014

1. Opening and Roll Call

Kevin Gross, Chair

Chair Gross called the regular meeting of the Oklahoma Board of Corrections (BOC) to order at 1:02 p.m. at the Renaissance Oklahoma City Convention Center in Oklahoma City on Thursday, October 23, 2014. Chair Gross noted the Board was pleased to be in attendance at the Oklahoma Correctional Association Conference and he expressed his appreciation to the conference attendees who were present for the Board meeting.

Chair Gross asked the clerk to call the roll:

Steve Burrage, Secretary	Present	Linda Neal, Member	Present
Kevin Gross, Chair	Present	Michael Roach, Vice Chair	Present
Gene Haynes, Member	Present	Earnest Ware, Member	Absent
Frazier Henke, Member	Present		

Calling of the roll reflected a quorum was present.

2. Old Business

Kevin Gross, Chair

There was no old business to discuss.

3. Approval of Board of Corrections Meeting Minutes

Kevin Gross, Chair

- Regular Meeting on September 25, 2014

Chair Gross stated the minutes from the regular meeting on September 25, 2014, were provided to the Board prior to the meeting this date. He requested a motion to approve the minutes as presented to the Board.

Motion: Mr. Burrage made a motion to approve the minutes and Mr. Roach seconded the motion. The results of the roll call were: Mr. Burrage – yes; Mr. Gross – yes; Mr. Haynes – yes; Mr. Henke – yes; Ms. Neal – yes; Mr. Roach – yes.

The minutes were approved by majority vote.

4. Director's Comments

Robert Patton, Director

Ms. Tina Hicks, associate director (AD) of Administrative Operations, was present on behalf of Director Patton who was unable to attend due to a death in the family. AD Hicks stated the Correctional Employee Memorial Service was held on September 26, 2014, to honor those employees killed in the line of duty. On October 9, tours of the newly-remodeled execution chamber were given to media members. Ms. Hicks noted staff training on the new execution policy began on October 7 and was ongoing. No further comments were made.

5.. Staffing Analysis Project Update

**Edward Evans, Associate Director
Field Operations**

AD Evans stated an assessment of all correctional officer positions in facility security levels minimum-maximum was initiated in August 2014. The assessment provided the most current correctional officer manning levels where these positions are assigned and identified the ranks to be used as a baseline for the assessment process. After reviewing and assessing the provided manning levels, it was learned that many positions have the same duties but different titles. For example, one facility will have 'compound' officers to supervise offenders commonly performing manual labor but another facility may call them 'yard' officers. Consistent titles and positions were determined and a listing of

titles was returned to each facility. Once those titles were clearly defined, assessing staffing needs based on job size became less difficult.

AD Evans stated the facilities were then given instructions to submit their correctional officer staffing level requests to Special Assistant (SA) Lance Hetmer. SA Hetmer, the division managers and the wardens agreed on the proposed manning levels based on this process. Final adjustments were made and the manning level requests were then sent to AD Evans for review and approval. AD Evans stated he formed a working group consisting of the associate directors, special assistant, and division managers to review each facility's request to ensure job title consistency, proper job sizing and appropriate staff rank. For example, a facility responsible for upkeep of approximately five acres might have two yard officers whereas a facility responsible for twenty-five acres might have four yard officers.

AD Evans stated the staffing analysis allows the agency to manage the facilities more efficiently based on job size, mission, geographical location, and distance of services. The final result will be that each facility will have an established, approved manning level and a facility critical priority posting level. If a facility is determined to have a critical number of ten staff required to meet basic supervision needs and only nine staff report for duty, then one staff member would be called in or would held over from the prior shift to cover that position. This will directly impact overtime, annual leave, holiday leave and sick leave which will also impact retention of officers and staff. In the future, this process will also allow management to determine positions using common terminology that is more descriptive of the job itself. Other benefits will be reducing overtime, faster hiring process, training potential employees and retaining current staff. AD Evans noted the analysis of correctional officer positions would be completed within the next few weeks and the agency will begin to work on other positions within the facilities.

No further comments or questions were made.

6. Approval of Legislative Initiatives for 2015

Marilyn Davidson, Executive Assistant

Ms. Davidson stated the Public Policy Committee had met earlier in the day to discuss the proposed legislative initiatives for 2015 which are to be approved by the Board. Ms. Davidson provided information on the following recommended initiatives:

- Modifying the procedure for receiving offenders from county jails – Ms. Davidson stated modifying statute would decrease the number of days an offender is held in county jail while awaiting transfer to the custody of ODOC which would also assist the agency to more efficiently budget for county jail costs. Ms. Davidson noted the wording of the bill is pending an Interim Study scheduled on October 29, 2014. Director Patton and Ms. Davidson will attend the Interim Study before deciding on how to move forward.
- Create one list of violent crimes in Oklahoma – Ms. Davidson stated ODOC has identified the need for a singular list of what constitutes violent crime in Oklahoma. There are several sections throughout statute referencing violent crimes, but no list is consistent. This will benefit several areas of the agency when determining how to classify offenders.
- Allow ODOC commissioned staff to retain their service weapon upon retirement – Ms. Davidson stated there is currently a statute that allows officers to retain their badges upon retirement. Amending 74 § 150.23 would allow commissioned officers to also keep their firearms.

Ms. Neal queried if current statute and/or policy required staff to return their service weapon when they retired. Ms. Davidson affirmed the statement. Ms. Neal then queried what initiated the impetus for this change. Ms. Davidson stated employees with other agencies with similar positions are allowed to retain their service weapons but the ODOC was left out of the statute. This amendment would affect agents with the Inspector General's Office and probation and parole officers. Mr. Roach stated on a personal level, being allowed to retain his service weapon after retirement was very special to him and he supported the amendment.

Motion: Mr. Roach made a motion to approve the proposed legislative initiatives and Mr. Henke seconded the motion. The results of the roll call were: Mr. Burrage – yes; Mr. Gross – yes; Mr. Haynes – yes; Mr. Henke – yes; Ms. Neal – yes; Mr. Roach – yes.

The legislative initiatives were approved by majority vote.

7. Budget Update

Ashlee Clemmons, Chief Administrator
Business Services

Ms. Clemmons provided the following budget update as of August 31, 2014:

FY2014 Budget Work Program	
Appropriated	\$470,900,943
200 Fund	\$17,021,881
205 Fund	\$4,642,977
280 Fund	1,500,000
Total – BWP	<u>\$494,065,801*</u>

**Excludes Prison Industries and Community Sentencing and Federal Funds*

Y-T-D Expenditures		\$ (96,698,594)
Appropriated	\$ (95,872,279)	
200 Fund FY 14	\$ (591,166)	
205 Fund FY 14	\$ (235,149)	
Encumbrances		\$ (105,114,242)
Committed		\$ (475,982)
Remaining Payroll		\$ (187,168,844)
Available Balance		\$104,608,139

Appropriated Operating Funds	
Budgeted	\$470,900,943
Expenditures Y-T-D	\$ (95,872,279)
Encumbrance Y-T-D	\$ (97,246,697)
Total Committed Y-T-D	<u>\$ (18,886)</u>
Available Balance	\$277,763,081
Less:	
Payroll	\$ (187,168,844)
Available Balance	\$90,594,237

200 Revolving Fund	
Beginning Cash Balance 7/1/2013	\$180,636
Revenue Received Y-T-D	\$3,517,029
Expenditures Y-T-D	\$ (2,980,676)
Adjustments Y-T-D	\$0.00
Ending Balance	<u>\$716,989</u>

205 Revolving Fund	
Beginning Cash Balance 7/1/2013	\$1,721,954
Revenue Received Y-T-D	\$2,186,077
Expenditures Y-T-D	\$ (3,361,546)
Adjustments Y-T-D	\$0.00
Ending Balance	<u>\$546,485</u>

280 Revolving Fund	
Beginning Cash Balance 7/1/2013	\$3,972,741
Revenue Received Y-T-D	\$5,927,699
Expenditures Y-T-D	\$ (7,382,468)
Adjustments Y-T-D	\$0.00
Ending Balance	<u>\$2,517,972</u>

No further questions or comments were made.

8. Approval of FY 2016 Budget Request

Ashlee Clemmons, Chief Administrator
Business Services

Ms. Clemmons stated the FY 2016 Budget Request was being submitted for Board approval this date. She noted the FY 2014 Agency Appropriation was \$484,443,633 which included a supplemental of \$13 million and \$7.7 million in FY 2013 carryover and the FY 2015 Appropriation was \$470,900,943. Between the FY 2014 Appropriation and the FY 2015 Appropriation, the agency is working with \$13,542,690 less. The FY 2016 Appropriation request was then detailed by Ms. Clemmons.

- The agency is requesting \$555,398,593 in appropriations for FY 2016 which is an eighteen percent increase from FY 2015. This increase would cover the following priorities:
 - Priority A – \$14,563,248 M
Market adjustment for all employees and funding for all authorized correctional officer positions.
 - Priority B – \$26,168,014
Offender contract growth
 - Priority C - \$3,598,000
Increased operating resources for offender growth and operating cost required for FY 2016 which was not budgeted for in FY 2015.
 - Priority D - \$5,678,560
Increased medical care costs, medical equipment and mental health supplies.
 - Priority E - \$1,672,930
Increased offender programs and education as well as reinstating programs which were previously eliminated.
 - Priority F - \$1,015,000
Expanding community sentencing as an alternative to costly facility incarceration
 - Priority G - \$8,355,700
Equipment and infrastructure improvements.
 - Priority H - \$4,934,200
Safety and security needs such as doors, locks and other security equipment.
 - Priority I - \$1,350,000
Replace high-mileage vehicles and purchase one MCI Bus
 - Priority J - \$17,161,998
Updating the current offender management system and other technology needs.

Chair Gross noted the Audit/Finance Committee had reviewed the budget request and asked Mr. Burrage, committee chair, for any comments. Mr. Burrage noted the committee had reviewed the proposed budget and it was recommended that the Board approve the budget as presented.

Motion: Mr. Burrage made a motion to approve the FY 2016 Budget Request and Ms. Neal seconded the motion. The results of the roll call were: Mr. Burrage – yes; Mr. Gross – yes; Mr. Haynes – yes; Mr. Henke – yes; Ms. Neal – yes; Mr. Roach – yes.

The budget request was approved by majority vote.

9. Population Update

Laura Pitman, Ph.D., Division Manager
Field Support

Dr. Pitman provided the population update as of September 30, 2014:

Total System Offender Population = 28,265	EMP = 18
DOC Facilities = 19,186	PPCS = 1
Private Prisons = 5,816	Probation Supervision = 21,578
County Jails with Contracts = 545	Parole Supervision Offenders = 3,181
Halfway Houses = 1,305	Total System Population = 53,024
Out Count (jails, hospitals, etc.) = 743	County Jail Backup = 230
GPS = 651	

No further comments or questions were made.

10. Female Offender Update

**Becky Lawmaster, Administrator
Community Sentencing**

Ms. Lawmaster stated the restructuring within the agency placed issues with female offenders under her authority. With the focus on female offenders within the community, the agency continues to look for ways to divert females from incarceration. In FY 2014, there was a net increase of 305 females received; however, in FY 2015 there has already been 396 females received. Ms. Lawmaster noted this was an election year and many judges and district attorneys may be replaced within the next month. With that in mind, it is the goal to continue educating those professionals and encouraging alternative programs available for female offenders.

Ms. Lawmaster stated Tulsa County and Oklahoma County tend to be in competition related to female offender issues. Ms. Lawmaster noted Tulsa County was not doing so well with female offender issues at this time but fortunately there is a private funder in Tulsa to assist with costs of alternative programs. Tulsa County Jail has also initiated a program to address female issues such as family and family relations. Family and Children has hired a case manager and a navigator that has been placed in the public defender's office to help those females who have been arrested and are going through the system. Hopefully, this will prevent female offenders from falling through the cracks and ending up in a prison cell. A court navigator has also been hired in Tulsa County to move between the five district judges to help assist private attorneys in placing females in alternative programs instead of in prison beds.

Ms. Lawmaster drew the Board's attention to an article she had placed in their packets regarding female diversion programs. The article highlighted four diversion programs: Community Sentencing, Female Diversion, ReMerge in Oklahoma County and Women in Recovery in Tulsa County. With those programs, the agency is seeing huge success but the problem is limited space within the programs. With increased funding and the private partners who are seeing great impact with those programs, the rest of the community is being educated about the need for support of these programs. Ms. Lawmaster noted there were many judges and district attorneys in favor of the diversion programs. Ms. Lawmaster also noted the programs target many areas for the women who participate, such as mental health issues, substance abuse, education and general life support. Ms. Lawmaster stated the information provided to the Board this date shows the successes of the diversion programs within Tulsa and Oklahoma counties, but the smaller counties are struggling. She noted her goal is to have her local administrators to meet with the judges and district attorneys in the smaller counties to discuss alternatives for the female offenders within their communities.

Ms. Neal queried about the court navigators in Tulsa County. Ms. Lawmaster responded the George Kaiser Family Foundation provided the funding for the court navigator positions and they were hired through Family and Children. Ms. Neal queried if Oklahoma County had the same positions. Ms. Lawmaster stated they had not implemented the positions yet, but she has discussed with the In As Much Foundation and other private members about hiring for them. Ms. Neal then queried if court navigators were new to Tulsa County and Ms. Lawmaster affirmed this. Ms. Neal stated she thought the idea of court navigators was a tremendous impact on the system. Ms. Lawmaster stated the entire arrest and court proceeding process is traumatic and most women are willing to take whatever deal will get them out of jail and back home. The court navigators help the women traverse the entire process to get them through the system. Ms. Neal queried about Comanche County having the same program and Ms. Lawmaster stated

Community Sentencing will be focusing on this county and playing a more active role in their female offender sentencing process. Ms. Lawmaster thanked the Board for approving the \$1 million earmarked for Community Sentencing so they can continue to expand into those communities where diversion programs are needed the most.

No further questions or comments were noted.

11. Committee Reports

Committee Chairs

Chair Gross asked the committee chairs for their reports.

- **Audit/Finance Committee**

Mr. Burrage stated the committee met this date and the committee had approved the budget request for presentation to the Board for approval. The committee also discussed and approved financial statement reports from Oklahoma Correctional Industries (OCI) and Agri-Services, which will be presented at the next Board meeting and quarterly thereafter. The committee also met with the Internal Audit unit and they are pleased with the internal controls the agency has in place. The Board will be presented with an Internal Audit policy for approval to insure adequate procedures and personnel in place to oversee the internal controls within the agency. One aspect of the policy they are working on is engaging an outside entity or firm to audit the OCI and Agri-Services accounts so the agency can adhere to political independence standards. Mr. Burrage asked Ms. Hicks to name the agency staff who the committee has been working with to implement this policy and to assist with financial oversight for the agency. Ms. Hicks recognized the following:

- Edward Evans, Field Operations
- Dr. Laura Pitman, Field Support
- Ashlee Clemmons, Business Services
- Tom James, Chief Financial Officer
- Charlie Groves, OCI and Agri-Services
- Gharzuddin Baksh, Internal Auditor
- Penny Lewis, Auditing and Compliance
- Johnny Blevins, Inspector General

Ms. Hicks also noted there were many staff in the field that provide support and information as requested who should also be commended for their efforts.

- **Female Offender Committee**

Ms. Neal stated there was no report.

- **Public Policy/Public Affairs Committee**

Mr. Haynes stated the committee had reviewed the information provided by Ms. Davidson for the proposed legislative initiatives. The committee had agreed to be present the initiatives to the Board for full approval.

- **Population/Private Prisons Committee**

Ms. Neal stated there was no report.

- **Executive Committee**

Chair Gross stated the committee met on October 10, 2014, to review the agenda for the meeting this date.

12. New Business

Kevin Gross, Chair

There was no new business.

13. Announcements

Kevin Gross, Chair

There were no announcements.

14. Approval to Adjourn for Executive Session

David Cincotta, General Counsel

- Discussion of Investigation
 - Suicide of Jason Harris #703843
- Discussion of Pending Litigation:
 - *Warner et al v. Gross et al*, Oklahoma Western District Court, case number 2014-CV-00665

Mr. Cincotta advised the next items on the agenda would require adjournment to Executive Session for engaging in

confidential communication between the Board and its attorney. He recommended Chair Gross entertain motions to adjourn.

Motion: Mr. Roach made a motion to adjourn for Executive Session and Mr. Henke seconded the motion. The results of the roll call were: Mr. Burrage – yes; Mr. Gross – yes; Mr. Haynes – yes; Mr. Henke – yes; Ms. Neal – yes; Mr. Roach – yes.

The adjournment was approved by majority vote and the Board adjourned at 1:33 p.m. to Executive Session.

15. Approval to Return from Executive Session **David Cincotta, General Counsel**

The Board returned to the meeting room at 1:59 p.m. Mr. Cincotta advised the Board of the approval needed to return from Executive Session.

Motion: Mr. Roach made a motion to return from Executive Session and Mr. Henke seconded the motion. The results of the roll call were: Mr. Burrage – yes; Mr. Gross – yes; Mr. Haynes – yes; Mr. Henke – yes; Ms. Neal – yes; Mr. Roach – yes.

The return was approved by majority vote and the Board resumed the meeting at 2:03 p.m. Chair Gross advised there were not any actions to take after Executive Session.

16. Adjournment **Kevin Gross, Chair**

There being no further business to come before the Board, Chair Gross requested a motion to adjourn the meeting.

Motion: Mr. Roach made a motion to adjourn the meeting and Mr. Burrage seconded the motion. The results of the roll call were: Mr. Burrage – yes; Mr. Gross – yes; Mr. Haynes – yes; Mr. Henke – yes; Ms. Neal – yes; Mr. Roach – yes.

The adjournment was approved by majority vote and the meeting ended at 2:04 p.m. Chair Gross noted the next Board meeting is scheduled for 1:00 p.m. on Thursday, November 13, 2014, at the Eddie Warrior Correctional Center in Taft, Oklahoma.

Submitted to the Board of Corrections by:

Kimberley Owen, Minutes Clerk _____
Date

I hereby certify that these minutes were duly approved by the Board on the fourth day of December 2014 in which a quorum was present and voting.

Approved by:

B. Steve Burrage, Secretary of the Board _____
Date



Approval of Board Policy

Section-12 Fiscal Management	P-120100	Page: 1	Effective Date: 12/11/2014
Management of State Funds and Assets	ACA Standards: 2-CO-1B-01, 2-CO-1B-02, 2-CO-1B-03, 2-CO-1B-04 through 2-CO-1B-09, 2-CO-1B-12, 2-CO-1B-13, 2-CO-1B-14, 4-4031, 4-4035, 4-4036, 4-4037, 4-4045, 4-4046, 4-4047		
Kevin J. Gross, Chair Oklahoma Board of Corrections			

Management of State Funds and Assets

Funds and other assets of the Department of Corrections will be properly managed and accounted for in accordance with state laws and procedures. (2-CO-1B-09)

I. Fiscal Management

A. Regulatory Authority

The Department of Corrections (DOC) will follow state statutes, procedures of the Office of Management and Enterprise Services, the Division of Capital Assets Management, the Office of the State Treasurer, federal grantor agencies, and generally accepted accounting principles. (2-CO-1B-01, 2-CO-1B-04, 4-4031, 4-4045)

B. Financial System

The department will utilize, to the maximum extent practicable, state financial systems supported by the Office of Management and Enterprise Services (OMES), the Office of State Treasurer (OST), and the Division of Capital Assets Management (DCAM). Additional financial systems established and maintained by the DOC will comply with the following standards in conjunction with state systems:

1. The schedule for budget preparation will allow for the timely preparation and submittal of the budget to the director of the Office of Management and Enterprise Services and the staff of the Joint Legislative Committee on Budget and Program Oversight as provided by law. (2-CO-1B-02)
2. Procedures for purchasing, disbursing funds, depositing funds, and fiscal reporting will be established and maintained. The director will provide the Oklahoma Board of Corrections (BOC) with the current fiscal status of the department at each regularly scheduled meeting. (2-CO-1B-03, 2-CO-1B-05, 2-CO-1B-06, 2-CO-1B-09, 4-4031)
3. The director's authority to declare an emergency for exemption to the provisions of the Public Competitive Bidding Act of 1974 (as amended by statute) with reference to notice and bid will not exceed \$35,000, when such authority is exercised by the director and the Board of Corrections and in compliance with [OP-120103](#) entitled "Acquisitions and Dispositions."

4. Enterprise accounting reports on Agri-Services and Oklahoma Correctional Industries operations will be prepared by the administrators of each unit for quarterly presentation to the BOC.
5. All accounts will be audited on a scheduled basis to ensure compliance with laws, policies, and procedures. (2-CO-1B-07, 2-CO-1B-13, 4-4036)
6. Complete documentation of all financial transactions will be maintained in accordance with state law and the Consolidated General Records Disposition Schedule.
7. Procedures for grant applications, disbursing funds and monitoring grants will be established. The director will notify the Board of Corrections of all grant funds received by the department either for use by the department, or to pass-through to other entities, and the intended use of such grant funds.
8. Procedures for routine inspection and inventory of state property will be established and maintained.
9. A current inventory system will be maintained of equipment with a cost of \$2,500 or greater owned by the agency. (2-CO-1B-08, 4-4037) An Information and Technology (IT) inventory is maintained for equipment with a cost of \$500 or greater.
10. The external transfer of funds from one or more budget activities to one or more other budget activities by the department will be provided to members of the Board of Corrections with a copy of the proposed transfer document for review before the department submits a request to the Office of Management and Enterprise Services.
 - a. The members of the BOC will have seven calendar days to review the proposed budget transfer. If any Board member has a concern about the proposed transfer, the member may request the chairman of the BOC to place the proposed transfer on the agenda of the next BOC meeting for review by the full Board of Corrections.
 - b. In cases of an emergency, the director is authorized to pursue the external transfer of funds without prior approval of the board but will notify members after the fact of the action taken and reason for the emergency. (2-CO-1B-04)

II. Canteen Services

A board of directors will be established for all canteen services within the DOC to provide general guidance to department staff responsible for administering canteen operations. The Canteen Board of Directors will establish procedures for the

budgeting of the Offender and Employee Welfare and Canteen Support Revolving Fund.

Profits from canteen, offender telephone and electronic mail operations will be utilized to support offender/employee welfare activities and special projects. A report on income and expenditures and fund balance from canteen operations along with offender/employee fund expenditures will be made at the end of each year to the BOC. (2-CO-1B-12)

A. Board Creation

The director of the Department of Corrections will appoint the members of the Board of Directors for Canteen Operations.

B. Board Responsibilities

The Board of Directors for Canteen Operations will control canteen operations and establish written guidelines for canteen operations and offender and employee welfare and canteen support fund disbursements.

1. The overall canteen operation will be self-supporting.
2. All profits from the canteen operations will be used for the benefit of the offenders of the various facilities and personnel of the Department of Corrections.

III. Offender Trust Funds

A. Trust Funds Account

The department will establish a trust fund account for each offender under the care and custody of the Department of Corrections.

B. Offender Obligations

Wages earned by offenders will be available for apportionment to offender mandatory savings; to the offender for his or her personal use; to the lawful dependents of the offender, if any; to the victim of the offender's crime; for payment to creditors; for payment of costs and expenses for criminal actions against such offender; and to the Department for costs of incarceration. (57. O.S. § 549) The percentages of such wages which shall be available for apportionment are hereby established in the "Offender Obligation Deduction Matrix." ([Attachment A](#), attached).

C. Mandatory Savings

A mandatory savings account will be established for each offender sentenced to incarceration, except those offenders sentenced to life without parole, with 20 percent of all wages earned by the offender deposited into a

mandatory savings account with balances individually tracked for each offender by an accounting system of the department. (57 O.S. § 549)

D. Distribution of Interest

Trust fund accounts will be deposited with the Office of the State Treasurer in an account authorized for such purpose by the state Special Agency Account Board. The interest earned on these deposits in aggregate will be payable to the Victim's Compensation Fund as provided by law. An offender will not have the right, use, or control of any interest derived from their mandatory savings trust fund account.

IV. Interest Bearing Savings Accounts

A. Offender Savings Account

The department will establish an optional interest-bearing offender savings account. Deposits into this account will only be allowed when the offender's draw account has a balance in excess of \$100. Offender mandatory savings account balances will not be used to determine the eligibility of the offender to participate in the interest-bearing savings account.

B. Interest

Interest will be posted to the account monthly based on State Treasurer rates and only on the offender's prorated balance. Offenders who participate in the interest-bearing trust account option will be allowed to draw funds from this account only once within a 90 day period. All transfer of funds from the interest-bearing account to an external recipient must be approved by appropriate department staff.

C. Fund Transfers

All transfer of funds from the interest-bearing account to another offender must be reviewed and approved by appropriate department staff. (4-4047) Interest bearing fund balances will not be used by an offender to make any purchase that would normally be made by the offender using a draw account reduction.

V. Departmental Transportation

Use of department owned and state motor pool vehicles will comply with state law, administrative rule, and department policy and may only be used by department employees, contract employees, and volunteers conducting departmental business.

VI. References

OP-120103 entitled "Acquisitions and Dispositions"

57 O.S. §§ 537, 549 and 513

61 O.S. § 130

62 O.S. §§ 34.12, 34.42 to 34.50, 34.47 to 34.64, 34.41 to 34.94, 45.1 to 45.9

74 O.S. §§ 85.1 to 85.44c, 86.1, 87.1 to 87.2, 88.1 to 88.2, 90.1 to 90.7, 110.1 to 110.3, and 1008

Office of Management and Enterprise Services Procedures Manual

VII. Action

The director is responsible for compliance with this policy.

The director is responsible for the annual review and revisions.

Any exceptions to this policy statement will require prior written approval of the Board of Corrections.

This policy is effective as indicated.

Replaced: Policy Statement No. P-120100 entitled "Management of State Funds and Assets" dated July 3, 2013

Distribution: Policy and Operations Manual
Agency Website

Attachments

Title

Location

[Attachment A](#)

“Offender Obligation Deduction Matrix”

Attached

Offender Obligation Deduction Matrix

Income Categories to Deduct From

Obligation Type	Deduction Type	Priority Order	Deduction Percentage	When Collected	Payroll	Outside Source Funds	Statute Policy Authority
Mandatory Savings	Auto Deduction	Auto (1)	20%	Incarcerated	Auto	Auto	O.S. 57 § 549/OP-120230 ¶ III, A
Program Support Fee	Auto Deduction	Auto (2)	Computed	Incarcerated	Auto	Auto	O.S. 57 § 849 ¶ C/OP-120230 ¶ III B./OP-090110 ¶ VIII B.
Court Ordered Sanctions	Obligation	3	80%	Incarcerated	Yes	Yes	O.S. 57 § 566 ¶ D.
Initial Federal State Court Filing Fee Contribution (Both Fed & State PLRA)	Obligation	4	100%	Incarcerated	Yes	Yes	28USC, Part V, Chapter 123 § 1915/O.S. 57 § 566.3
Monthly Payment (Both Fed & State PLRA)	Obligation	5	20%	Incarcerated	Yes	No	28USC, Part V, Chapter 123 § 1915 O.S. 57 566.3
State Court Costs and Fines	Obligation	9	10%	Incarcerated	Yes	No	Based on amounts defined in J&S, enter in Court Case #
Child Support	Obligation	20	Court defined	Incarcerated	Yes	No	O.S. 12, Chapter 21 § 1171.2
Court Ordered Garnishments	Obligation	21	100%	Incarcerated	Yes	Yes	Defined by specific court documents
Garnishment - Payroll Only	Obligation	22	50%	Incarcerated	Yes	No	Court Order only defines it as a payroll deduction
Institutional Debt (Restitution)	Obligation	30	50%	Incarcerated	Yes	Yes	OP-060125, Attachment A
Fines - Class A Violation	Obligation	31	100%	Incarcerated	Yes	Yes	OP-060125, Attachment A
Fines - Class B Violation	Obligation	32	100%	Incarcerated	Yes	Yes	OP-060125, Attachment A
Medical Co-pay	Obligation	40	100%	Incarcerated	Yes	Yes	OP-140117 § ¶ F/OP-030115 - Attachment 140117A
Legal Co-pay	Obligation	41	100%	Incarcerated	Yes	Yes	OP-030115, Attachment 030115A
Badge Reissue Fee	Obligation	51	100%	Incarcerated	Yes	Yes	OP-040115 ¶ I. B2d
Postage Return Co-pay	Obligation	52	100%	Incarcerated	Yes	Yes	OP-030117 ¶ I. B.8f
Inmate Requested Copies	Obligation	53	100%	Incarcerated	Yes	Yes	
Private Prison Debt	Obligation	54	50%	Incarcerated		Yes	
Private Prison Administrative Charge	Obligation	55	100%	Incarcerated		Yes	



Agency Budget Update

Department of Corrections
FY-15 Budget Activity Report
As of October 31, 2014

Department of Corrections
FY-15 Summary of Budget Projections
As of October 31, 2014

FY2015 Budget Work Program

Appropriated	\$	470,900,943
200 Fund	\$	17,036,030
205 Fund	\$	4,802,152
280 Fund	\$	1,500,000
Total - BWP	\$	494,239,125 *

** Excludes Prison Industries funds not part of the D.O.C operating budget; Community Sentencing and Federal funds.*

Y-T-D Expenditures	\$	(141,883,702)
Appropriated	\$	(140,091,836)
200 Fund FY 15	\$	(1,327,506)
205 Fund FY 15	\$	(464,360)
280 Fund FY 15		
Encumbrances	\$	(159,051,176)
Committed	\$	(175,897)
Remaining Payroll	\$	(166,495,755)
Available Balance	\$	26,632,595

Comment:

Increase in 200 fund \$14,179 for Insurance reimbursements.

Increase in 205 fund \$159,175 for OMS consultant contract.

Department of Corrections
Appropriated Operating Funds
As of 10/31/2014

Budgeted	\$	470,900,943
Expenditures Y-T-D	\$	(140,091,836)
Encumbrance Y-T-D	\$	(149,529,709)
Total Committed Y-T-D	\$	<u>(21,494)</u>
Available Balance	\$	181,257,904
Less:		
Payroll	\$	<u>(166,495,755)</u>
Available Balance	\$	14,762,149

Department of Corrections
200 Revolving Fund Summary
As of 10/31/2014

Beginning Cash Balance 07/01/2014	\$	180,636
Revenue Received Y-T-D	\$	5,208,385
Expenditures Y-T-D	\$	(4,087,899)
Adjustments Y-T-D	\$	-
Ending Balance 10/31/2014	\$	1,301,122

Description of Fund:

Revolving fund that uses revenues in conjunction with appropriated funds to maintain the Department's operating budget. Revenue comes from a variety of sources:

Program Support

Offenders on work release give up to 50% of their net pay or the per diem rate, whichever comes first to supplement the cost of their incarceration.

Probation & Parole Fees

Probationers & Parolees pay a court ordered supervision fee of up to \$40.00 a month. The fee is used toward probation officers' salaries.

Medical Co pays

Inmates are required to pay a co pay of \$2.00 for medical treatment

Prisoner Public Work Crews

Facilities receive payment from federal, state, and local government entities for inmate labor, officer supervision when applicable, and transportation charges.

State Criminal Alien Assistance Funding

Federal Funds for the reimbursement of expenses for incarcerated aliens

Other Reimbursed Amounts

Funds from overpayments, returns, copies, FEMA, GPS, Private Prison monitoring (Non Oklahoma used facilities) and other miscellaneous reimbursements.

Misc. - Vendors, Copies, Notary, Rent, Sales, Refunds etc.

Department of Corrections
205 Revolving Fund Summary
As of 10/31/2014

Beginning Cash Balance 07/01/2014	\$	1,721,954
Revenue Received Y-T-D	\$	2,450,801
Expenditures Y-T-D	\$	(3,657,353)
Adjustments Y-T-D	\$	-
Ending Balance 10/31/2014	\$	<hr/> 515,402

Description of Fund:

Funds are generated through Canteen sales and a portion of telephone revenues, along with other miscellaneous sources (i.e. vending machines and crafts). This revenue provides funding for Offender and Staff needs, maintains the canteens and Offender Banking System.

Department of Corrections
280 Revolving Fund Summary
As of 10/31/2014

Beginning Cash Balance 07/01/2014	\$	3,972,741
Revenue Received Y-T-D	\$	8,312,614
Expenditures Y-T-D	\$	(9,215,008)
Adjustments Y-T-D	\$	-
Ending Balance 10/31/2014	\$	<u>3,070,347</u>

Description of Fund

Revenue received from Manufactured and Agricultural goods and services for services for use by the department, other State Agencies and for sale to other not-for-profit entities. Funds received from sale of products are used for labor costs and materials.

Oklahoma Department of Corrections
FY 2015 Appropriated Operating Budget for October 2014

Account Code	Budgeted	Expenditures	Encumbered	Pre-Encumbered	Total Committed	Available Balance
11,12,13 Payroll	\$ 253,796,818.00	\$ 83,281,685.80	\$ 3,940,095.64		\$ 87,221,781.44	\$ 166,575,036.56
15 Professional Services	131,658,040.00	32,680,929.43	90,680,420.09		123,361,349.52	8,296,690.48
17 Moving Expenses						
19 Inter/Intra Agency Payments	60,000.00	16,419.24	43,580.76		60,000.00	
21, 22 Travel	515,814.00	266,514.08	462,367.53		728,881.61	(213,067.61)
31 Misc. Admin. Expenses	14,188,783.00	3,359,904.36	9,606,989.22	14,406.04	12,981,299.62	1,207,483.38
32 Rent	3,429,556.00	894,817.97	1,365,403.66	36.00	2,260,257.63	1,169,298.37
33 Maintenance and Repair	5,152,847.00	1,147,655.01	1,540,285.41	6,302.00	2,694,242.42	2,458,604.58
34 Specialized Supplies and Materials	30,128,163.00	9,690,843.33	22,068,349.24		31,759,192.57	(1,631,029.57)
35 Production, Safety and Security	1,981,727.00	302,141.41	942,529.67		1,244,671.08	737,055.92
36 General Operating Expenses	930,563.00	146,510.22	140,826.85		287,337.07	643,225.93
37 Shop Expense	1,335,880.00	359,436.97	737,918.78		1,097,355.75	238,524.25
41 Furniture and Equipment	453,918.00	78,400.50	141,812.86		220,213.36	233,704.64
42 Library Equipment and Resources	115,592.00	124.30			124.30	115,467.70
43 Lease Purchases	2,321,000.00	945,649.29	1,375,178.14		2,320,827.43	172.57
44 Livestock - Poultry						
45,46 Building, Construction and Renovation	41,460.00	43,062.03	18,444.44		61,506.47	(20,046.47)
48 Debt Service	3,000,000.00	995,268.80	1,997,112.48		2,992,381.28	7,618.72
51 Offender Pay and Health Services	3,132,756.00	700,699.77	1,675,290.14		2,375,989.91	756,766.09
52 Tuitions, Awards and Incentives	17,600.00					17,600.00
53 Refunds and Restitutions	4,523,000.00	1,824,628.76	2,562,078.00		150,500.00	(150,500.00)
54 Jail Backup, County Jails and Other					4,386,706.76	136,293.24
55,59 Assistance Payments to Agencies						
60 Authority Orders		150,500.00				
61 Loans, Taxes and Other Disbursements	1,800.00	600.07	5,910,539.73	750.01	5,911,289.74	(5,911,289.74)
62 Transfers - Out Sourced Health Care	13,100,000.00	3,070,175.91	4,229,824.09		600.07	1,199.93
64 Merchandise for Resale	1,015,626.00	135,868.56	90,662.57		7,300,000.00	5,800,000.00
TOTAL	\$ 470,900,943.00	\$ 140,091,835.81	\$ 149,529,709.30	\$ 21,494.05	\$ 289,643,039.16	\$ 181,257,903.84

Funding						
19530 GRF - Duties	\$ 451,006,943.00	\$ 120,285,145.25	\$ 149,442,399.86	\$ 21,494.05	\$ 269,749,039.16	\$ 181,257,903.84
57604 Duties	19,894,000.00	19,806,690.56	87,309.44		19,894,000.00	
TOTAL	\$ 470,900,943.00	\$ 140,091,835.81	\$ 149,529,709.30	\$ 21,494.05	\$ 289,643,039.16	\$ 181,257,903.84
					Remaining Payroll	166,495,755.28
						14,762,148.56

Oklahoma Department of Corrections
Statement of Revenues, Expenditures and Changes in Fund Balances
Non- Appropriated Funds
July 1, 2014 through October 31, 2014

		200 Fund	205 Fund	280 Fund	Funds
Revenue Revenues					
Code	Current:				
331	Other Fines, Forfeits, Penalties	\$ 133,187.49	\$ -	\$ -	\$ 133,187.49
431	Rent from Land	16,965.66	-	-	16,965.66
520	Reimbursement for Administrative Expense	298,742.85	-	-	298,742.85
521	Reimbursement for Data Processing Expense	3,990.00	-	-	3,990.00
522	Reimbursement for Telecommunication Exp.	-	-	-	-
530	Reimbursement for Travel Expense	2,028.00	-	-	2,028.00
541	Reimbursement of Funds Spent	-	-	-	-
552	Reimbursement of Federal Payroll	562,135.00	-	-	562,135.00
556	Federal Funds from Other State Agency	-	-	-	-
581	Reimbursement for Funds Expended	625,239.47	-	-	625,239.47
711	Farm Products General	-	-	3,416,792.39	3,416,792.39
731	Laboratory and Medical Services	74,040.79	-	-	74,040.79
741	Canteen and Concession Income	3,070.83	2,450,801.40	4,873,095.84	7,326,968.07
791	Other Sales and Services	3,450.08	-	495.00	3,945.08
811	Offender Medical Co-pays and Judgments	1,078,088.63	-	-	1,078,088.63
821	Deposits by Patients and Offenders	2,390,510.04	-	22,230.67	2,412,740.71
836	Sale of Salvage	13,528.52	-	-	13,528.52
881	Purchase Card Payments	3,407.96	-	-	3,407.96
	<i>Total Revenues</i>	<u>5,208,385.32</u>	<u>2,450,801.40</u>	<u>8,312,613.90</u>	<u>15,971,800.62</u>
Account Expenditures					
Code	Current:				
11,12,13	Payroll	-	(186,848.02)	2,158,551.22	1,971,703.20
15	Professional Services	2,405,750.63	54,146.91	122,069.76	2,581,967.30
21, 22	Travel	23,768.83	5,000.00	24,242.15	53,010.98
31	Misc. Admin. Expenses	46,021.49	56,730.33	285,901.51	388,653.33
32	Rent	4,396.76	53,139.00	10,744.70	68,280.46
33	Maintenance and Repair	107,075.60	68,408.39	335,338.89	510,822.88
34	Specialized Supplies and Materials	192,375.21	2,602,032.86	357,734.98	3,152,143.05
35	Production, Safety and Security	83,751.65	2,659.34	147,086.66	233,497.65
36	General Operating Expenses	310.98	23,957.51	17,030.22	41,298.71
37	Shop Expense	165,500.48	60,266.08	424,491.65	650,258.21
41	Furniture and Equipment	27,858.83	64,338.68	54,139.30	146,336.81
42	Library Equipment and Resources	-	589.37	2,698.81	3,288.18
43	Lease Purchases	-	-	-	-
44	Livestock and Poultry	-	-	-	-
45	Land and Right-of-way	-	-	-	-
46	Building, Construction and Renovation	710,571.78	5,498.59	164,997.25	881,067.62
48	Debt Service	-	-	-	-
51	Offender Pay and Health Services	5,062.53	305,054.62	543,627.62	853,744.77
52	Tuitions, Awards and Incentives	-	58.00	-	58.00
53	Refunds and Restitutions	-	-	-	-
54	Jail Backup, County Jails and Other	111,196.69	369.30	1,235,979.00	1,347,544.99
55	Payment to Gov. Sub-Division	-	-	-	-
59	Assistance Payments to Agencies	141,748.26	-	-	141,748.26
61	Loans, Taxes and other Disbursements	-	-	11.01	11.01
62	Transfers - Out Sourced Health Care	58,766.42	541,952.13	-	600,718.55
64	Merchandise for Resale	3,742.88	-	3,330,363.19	3,334,106.07
	<i>Total Expenditures</i>	<u>4,087,899.02</u>	<u>3,657,353.09</u>	<u>9,215,007.92</u>	<u>16,960,260.03</u>
	<i>Excess of Revenues Over</i> <i>(Under) Expenditures</i>	<u>1,120,486.30</u>	<u>(1,206,551.69)</u>	<u>(902,394.02)</u>	<u>(988,459.41)</u>
Special and Extraordinary Items					
	Carried Over Cash	-	-	-	-
	<i>Total Special and Extraordinary Items</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<i>Net Change in Fund Balances</i>	1,120,486.30	(1,206,551.69)	(902,394.02)	(988,459.41)
Cash					
	Beginning Cash Balance	180,635.58	1,721,953.87	3,972,741.14	5,875,330.59
	Revenue Received this Year	5,208,385.32	2,450,801.40	8,312,613.90	15,971,800.62
	Expenditures made this Year	(4,087,899.02)	(3,657,353.09)	(9,215,007.92)	(16,960,260.03)
	Beginning Change in Liabilities	-	-	-	-
	Transfers	-	-	-	-
	Adjustments	-	-	-	-
	<i>Ending Cash Balance</i>	<u>\$ 1,301,121.88</u>	<u>\$ 515,402.18</u>	<u>\$ 3,070,347.12</u>	<u>\$ 4,886,871.18</u>

Oklahoma Department of Corrections
Statement of Revenues, Expenditures and Changes in Fund Balances
Non- Appropriated Funds
For the Month of October 2014

	200 Fund	205 Fund	280 Fund	Funds
Revenue Revenues				
<u>Code</u> Current:				
331 Other Fines, Forfeits, Penalties	\$ 42,411.76	\$ -	\$ -	\$ 42,411.76
431 Rent from Land	4,426.42	-	-	4,426.42
520 Reimbursement for Administrative Expense	121,754.58	-	-	121,754.58
521 Reimbursement for Data Processing Expense	1,140.00	-	-	1,140.00
522 Reimbursement for Telecommunication Exp.	-	-	-	-
530 Reimbursement for Travel Expense	-	-	-	-
541 Reimbursement of Funds Spent	-	-	-	-
552 Reimbursement of Federal Payroll	562,135.00	-	-	562,135.00
556 Federal Funds from Other State Agency	-	-	-	-
581 Reimbursement for Funds Expended	42,761.78	-	-	42,761.78
711 Farm Products General	-	-	1,144,312.65	1,144,312.65
731 Laboratory and Medical Services	25,892.72	-	-	25,892.72
741 Canteen and Concession Income	787.10	264,724.24	1,236,856.00	1,502,367.34
791 Other Sales and Services	1,884.67	-	495.00	2,379.67
811 Offender Medical Co-pays and Judgments	293,792.21	-	-	293,792.21
821 Deposits by Patients and Offenders	593,706.17	-	3,250.99	596,957.16
836 Sale of Salvage	-	-	-	-
881 Purchase Card Payments	664.33	-	-	664.33
<i>Total Revenues</i>	<u>1,691,356.74</u>	<u>264,724.24</u>	<u>2,384,914.64</u>	<u>4,340,995.62</u>
Account Expenditures				
<u>Code</u> Current:				
11,12,13 Payroll	-	-	496,726.41	496,726.41
15 Professional Services	433,863.28	36,352.88	40,131.61	510,347.77
21, 22 Travel	11,871.63	-	5,616.63	17,488.26
31 Misc. Admin. Expenses	339.43	15,024.48	74,373.44	89,737.35
32 Rent	796.08	19,875.25	1,547.69	22,219.02
33 Maintenance and Repair	84,571.46	45,886.52	78,468.30	208,926.28
34 Specialized Supplies and Materials	85,602.28	62,989.55	52,569.28	201,161.11
35 Production, Safety and Security	31,167.45	-	37,541.27	68,708.72
36 General Operating Expenses	81.00	3,937.13	4,344.86	8,362.99
37 Shop Expense	1,110.93	79.00	86,748.36	87,938.29
41 Furniture and Equipment	16,125.32	3,718.91	1,817.98	21,662.21
42 Library Equipment and Resources	-	391.12	198.81	589.93
43 Lease Purchases	-	-	-	-
44 Livestock and Poultry	-	-	-	-
45 Land and Right-of-way	-	-	-	-
46 Building, Construction and Renovation	410,725.23	299.47	164,997.25	576,021.95
48 Debt Service	-	-	-	-
51 Offender Pay and Health Services	1,574.64	56,425.31	122,720.94	180,720.89
52 Tuitions, Awards and Incentives	-	-	-	-
53 Refunds and Restitutions	-	-	-	-
54 Jail Backup, County Jails and Other	200.00	369.30	-	569.30
55 Payment to Gov. Sub-Division	-	-	-	-
59 Assistance Payments to Agencies	1,358.13	-	-	1,358.13
61 Loans, Taxes and other Disbursements	-	-	-	-
62 Transfers - Out Sourced Health Care	26,968.89	50,457.95	-	77,426.84
64 Merchandise for Resale	868.29	-	664,737.06	665,605.35
<i>Total Expenditures</i>	<u>1,107,224.04</u>	<u>295,806.87</u>	<u>1,832,539.89</u>	<u>3,235,570.80</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>584,132.70</u>	<u>(31,082.63)</u>	<u>552,374.75</u>	<u>1,105,424.82</u>
Special and Extraordinary Items				
Carried Over Cash	-	-	-	-
<i>Total Special and Extraordinary Items</i>	-	-	-	-
<i>Net Change in Fund Balances</i>	584,132.70	(31,082.63)	552,374.75	1,105,424.82
Cash				
Beginning Cash Balance	726,395.92	546,745.17	2,639,996.77	3,913,137.86
Revenue Received this Month	1,691,356.74	264,724.24	2,384,914.64	4,340,995.62
Expenditures made this Month	(1,107,224.04)	(295,806.87)	(1,832,539.89)	(3,235,570.80)
Beginning Change in Liabilities	(9,406.74)	(260.36)	(122,024.40)	(131,691.50)
Transfers	-	-	-	-
Adjustments	-	-	-	-
<i>Ending Cash Balance</i>	<u>\$ 1,301,121.88</u>	<u>\$ 515,402.18</u>	<u>\$ 3,070,347.12</u>	<u>\$ 4,886,871.18</u>

Oklahoma Department of Corrections
Statement of Revenues, Expenditures and Changes in Fund Balances
Federal Funding
July 1, 2014 through October 31, 2014

Revenue	Revenues	410 Fund	430 Fund	Funds
Code	Current:			
556	Federal Funds Rec'd from Non-Gov. Ag.	\$ 262,285.54	\$ 279,133.09	\$ 541,418.63
561	Private Grants and Donations for Opns.	-	86,656.35	86,656.35
581	Reimbursements	-	-	-
	<i>Total Revenues</i>	<u>262,285.54</u>	<u>365,789.44</u>	<u>628,074.98</u>
Account	Expenditures			
Code	Current:			
11,12,13	Payroll	-	-	-
15	Professional Services	97,507.93	418,879.32	516,387.25
21, 22	Travel	11,381.91	1,498.60	12,880.51
31	Misc. Admin. Expenses	-	2,230.26	2,230.26
32	Rent	3,888.86	-	3,888.86
33	Maintenance and Repair	3,147.70	-	3,147.70
34	Specialized Supplies and Materials	-	1,073.51	1,073.51
35	Production, Safety and Security	-	-	-
36	General Operating Expenses	17,268.32	2,075.37	19,343.69
37	Shop Expense	-	-	-
41	Furniture and Equipment	59,255.38	85.22	59,340.60
42	Library Equipment and Resources	-	-	-
43	Lease Purchases	-	-	-
44	Livestock and Poultry	-	-	-
45	Land and Right-of-way	-	-	-
46	Building, Construction and Renovation	-	-	-
48	Debt Service	-	-	-
51	Offender Pay and Health Services	-	-	-
52	Tuitions, Awards and Incentives	-	-	-
53	Refunds and Restitutions	-	-	-
54	Jail Backup, County Jails and Other	-	22,644.21	22,644.21
55	Payment to Gov. Sub-Division	-	-	-
59	Assistance Payments to Agencies	-	104,429.39	104,429.39
61	Loans, Taxes and Other Disbursements	-	-	-
62	Transfers - Out Sourced Health Care	-	-	-
64	Merchandise for Resale	-	-	-
	<i>Total Expenditures</i>	<u>192,450.10</u>	<u>552,915.88</u>	<u>745,365.98</u>
	<i>Excess of Revenues Over</i>			
	<i>(Under) Expenditures</i>	<u>69,835.44</u>	<u>(187,126.44)</u>	<u>(117,291.00)</u>
	Special and Extraordinary Items			
	Carried Over Cash	-	-	-
	<i>Total Special and Extraordinary Items</i>	<u>-</u>	<u>-</u>	<u>-</u>
	<i>Net Change in Fund Balances</i>	69,835.44	(187,126.44)	(117,291.00)
	Cash			
	Beginning Cash Balance	331,097.50	327,646.88	658,744.38
	Revenue Received this Year	262,285.54	365,789.44	628,074.98
	Expenditures made this Year	(192,450.10)	(552,915.88)	(745,365.98)
	Beginning Change in Liabilities	-	-	-
	Transfers	-	-	-
	Adjustments	-	-	-
	<i>Ending Cash Balance</i>	<u>\$ 400,932.94</u>	<u>\$ 140,520.44</u>	<u>\$ 541,453.38</u>

Oklahoma Department of Corrections
Statement of Revenues, Expenditures and Changes in Fund Balances
Federal Funding
For the Month of October 2014

Revenue	410 Fund	430 Fund	Funds
Revenues			
Code Current:			
556 Federal Funds Rec'd from Non-Gov. Ag.	\$ -	\$ 172,548.23	\$ 172,548.23
561 Private Grants and Donations for Opns.	-	86,656.35	86,656.35
581 Reimbursements	-	-	-
<i>Total Revenues</i>	-	259,204.58	259,204.58
Account Expenditures			
Code Current:			
11,12,13 Payroll	-	-	-
15 Professional Services	53,805.79	271,287.69	325,093.48
21, 22 Travel	-	-	-
31 Misc. Admin. Expenses	-	-	-
32 Rent	105.96	-	105.96
33 Maintenance and Repair	189.32	-	189.32
34 Specialized Supplies and Materials	-	90.51	90.51
35 Production, Safety and Security	-	-	-
36 General Operating Expenses	4,262.68	-	4,262.68
37 Shop Expense	-	-	-
41 Furniture and Equipment	-	-	-
42 Library Equipment and Resources	-	-	-
43 Lease Purchases	-	-	-
44 Livestock and Poultry	-	-	-
45 Land and Right-of-way	-	-	-
46 Building, Construction and Renovation	-	-	-
48 Debt Service	-	-	-
51 Offender Pay and Health Services	-	-	-
52 Tuitions, Awards and Incentives	-	-	-
53 Refunds and Restitutions	-	-	-
54 Jail Backup, County Jails and Other	-	14,677.81	14,677.81
55 Payment to Gov. Sub-Division	-	-	-
59 Assistance Payments to Agencies	-	87,802.25	87,802.25
61 Loans, Taxes and Other Disbursements	-	-	-
62 Transfers - Out Sourced Health Care	-	-	-
64 Merchandise for Resale	-	-	-
<i>Total Expenditures</i>	58,363.75	373,858.26	432,222.01
<i>Excess of Revenues Over (Under) Expenditures</i>	(58,363.75)	(114,653.68)	(173,017.43)
Special and Extraordinary Items			
Carried Over Cash	-	-	-
<i>Total Special and Extraordinary Items</i>	-	-	-
<i>Net Change in Fund Balances</i>	(58,363.75)	(114,653.68)	(173,017.43)
Cash			
Beginning Cash Balance	459,296.69	255,174.12	714,470.81
Revenue Received this Month	-	259,204.58	259,204.58
Expenditures made this Month	(58,363.75)	(373,858.26)	(432,222.01)
Beginning Change in Liabilities	-	-	-
Transfers	-	-	-
Adjustments	-	-	-
<i>Ending Cash Balance</i>	\$ 400,932.94	\$ 140,520.44	\$ 541,453.38



**Agri-Services and Oklahoma
Correctional Industries Budget Update**

Department of Corrections
OCI and Agri-Services
Financial Activity Report
As of September 30, 2014

Oklahoma Correctional Industries
Income Statement for FY 2015
July 1, 2014 through September 30, 2014

Sales Revenue	\$	4,882,173
Cost of Goods Sold	\$	<u>(2,378,230)</u>
Gross Profit or (Loss)	\$	2,503,943
Overhead Expense	\$	(1,372,878)
General and Administrative Costs	\$	<u>(466,528)</u>
Net Income or (Loss)	\$	<u>664,537</u>

Revenues - derived from our traditional industries, private partnerships, and our Private Industry Enterprise program

Cost of Goods Sold (COGS) - production costs for goods sold during a specified period

Overhead Expense - expenses incurred other than raw materials (labor, travel, supplies, maintenance, depreciation, etc.)

General and Administrative Costs - allocation of expenses not directly related to production

Oklahoma Correctional Industries

Balance Sheet for FY 2015

July 1, 2014 through September 30, 2014

Current Assets	\$	15,109,327
Fixed Assets	\$	<u>4,523,253</u>
Total Assets	\$	<u><u>19,632,580</u></u>
<hr/> <hr/>		
Liabilities	\$	1,648,383
Fund Balance	\$	<u>17,984,197</u>
Total Liabilities and Fund Balance	\$	<u><u>19,632,580</u></u>

Equation:

Assets = liability + owner's equity (fund balance in government accounting)

Current Assets - cash, accounts receivable, and inventories

Fixed Assets - office equipment, factory equipment, vehicles, and buildings net of depreciation

Liabilities - accounts payable and sales tax payable

Agri - Services

Income Statement for FY 2015

July 1, 2014 through September 30, 2014

Sales Revenue	\$	2,638,624
Cost of Goods Sold	\$	<u>(1,228,615)</u>
Gross Profit or (Loss)	\$	1,410,009
Expenses	\$	<u>(1,486,400)</u>
Net Income or (Loss)	\$	<u>(76,391)</u>
Net Income	\$	(76,391)
Cost Avoidance**	\$	<u>753,636</u>
Agency Benefit	\$	677,245

Revenues- derived from sales of products: meat, milk, and cattle

Cost of Goods Sold (COGS) - production costs for goods sold during a specified period

Expenses - expenses incurred other than raw materials (labor, travel, supplies, maintenance, depreciation, etc.)

Cost Avoidance - other services and products provided to DOC at no cost

FY Cost Savings to the Agency- meat, milk, corn dogs (Prime Vendor vs Agri-Services Pricing)	\$	699,385
FY Cost Savings to the Agency- opportunity buys (Prime Vendor vs Opportunity Buy Pricing)	\$	51,872
Services provided to DOC(brush hogging county road right of way, applying herbicide to lagoons, etc)	\$	<u>2,378</u>
Total Savings	\$	753,636

Agri - Services

Balance Sheet for FY 2015

July 1, 2014 through September 30, 2014

Current Assets	\$	9,050,115
Fixed Assets	\$	<u>2,109,259</u>
Total Assets	\$	<u><u>11,159,374</u></u>
<hr/> <hr/>		
Liabilities	\$	589,211
Fund Balance	\$	<u>10,570,163</u>
Total Liabilities and Fund Balance	\$	<u><u>11,159,374</u></u>

Equation:

Assets = liability + owner's equity (fund balance in government accounting)

Current Assets - cash, accounts receivable, and inventories

Fixed Assets - office equipment, factory equipment, vehicles, and buildings net of depreciation

Liabilities - accounts payable and sales tax payable

OKLAHOMA CORRECTIONAL INDUSTRIES
CONSOLIDATED MANUFACTURING INCOME STATEMENT FY 2015
SUMMARY

	September 2014	2015 Fiscal YTD
Revenue		
Sales	1,492,328.89	3,841,903.00
Miscellaneous Sales	1,646.84	3,070.44
Miscellaneous Income		
Private Prison Income	8,911.69	10,571.59
Private Industry Income	2,248.60	96,712.78
Private Partnership Income	360,731.23	929,915.26
	1,865,867.25	4,882,173.07
Cost of Goods Sold		
Cost of Goods Sold	927,059.28	2,378,229.95
Cost of Goods Sold Adjustment		
	927,059.28	2,378,229.95
	938,807.97	2,503,943.12
Gross Profit or (Loss)		
Overhead		
WIP Factory Overhead	(52,095.88)	(236,349.29)
Inventory Overhead	1,619.48	(4,682.60)
Factory Overhead	510,264.87	1,613,910.02
	459,788.47	1,372,878.13
	479,019.50	1,131,064.99
Operating Profit or (Loss)		
General and Administrative Costs		
WIP G & A Overhead	(39,821.91)	(117,820.39)
Accounting	22,690.62	68,460.50
Administration	52,348.46	213,002.43
Computer Operations	60,604.51	139,553.44
Customer Service	10,297.62	35,689.73
Sales and Marketing	47,270.80	127,642.77
	153,390.10	466,528.48
	325,629.40	664,536.51
Net Income or (Loss)		

Notes:

Miscellaneous sales - Sales of other than products or services (pallet and paper recycling)

Private Prison Income - Program Support returned to OCI from PIE employees

Cost of Goods Sold (COGS) - Total of all the cost of all goods invoiced during a specific period. This total includes all value added to materials during the manufacturing process (Pre-determined Overhead Rate and Fixed Overhead Rate). The POHR is comprised of Estimated/Budgeted Production related Labor and expenses divided by estimated/budgeted total of labor hours. The Fixed Overhead Rate includes all estimated/budgeted General and Administrative expenses divided by estimated/budgeted total of labor hours.

WIP Factory Overhead - Total of all actual production hours "times" the Pre-determined Overhead Rate. This offsets the value added from Budgeted labor and expenses in COGS to actual expenses posted for the period. "Production Credits"

Inventory Overhead - adjustments to inventory due to cost or quantity changes, loss, scrap etc.

Factory Overhead - Expenses incurred other than raw materials {labor, travel, supplies, maintenance, depreciation, etc.)

General and Administrative Costs- allocation of expenses not directly related to production

OKLAHOMA CORRECTIONAL INDUSTRIES
CONSOLIDATED MANUFACTURING INCOME STATEMENT FY 2015
DETAIL

	September 2014	2015 Fiscal YTD
WIP Production Credits		
Set-up Time Productive WIP		
Run Time Productive WIP	(52,095.88)	(236,349.29)
Total WIP Factory Overhead	(52,095.88)	(236,349.29)
Inventory Overhead		
Inventory Cost Adjustments	52.27	301.04
Inventory Quantity Adjustment	1,565.47	(5,103.69)
Inventory Physical Count Adjustment		118.31
Raw Materials Variance		
WIP Variance	1.74	1.74
Total Inventory Overhead	1,619.48	(4,682.60)
Factory Overhead		
Labor Expense		
Staff Salaries		
Salaries Regular	109,716.40	341,136.33
Total Staff Salaries	109,716.40	341,136.33
Staff Benefits		
Health and Life Insurance	26,130.20	84,627.12
State Share FICA	8,306.71	25,805.60
State Share OPERS	15,410.67	61,164.13
State Share Annuity	610.70	1,912.13
Total Staff Benefits	50,458.28	173,508.98
Engineering Services		
Professional Services		
Employment Services	20,232.90	47,735.16
Offender Labor	119,534.03	398,974.49
Total Labor Expense	299,941.61	961,354.96
Travel Expense		
In State Travel		
Per Diem	276.00	1,932.00
Lodging		
Miscellaneous		12.00
Total In State Travel	276.00	1,944.00
Out of State Travel		
Per Diem		
Miscellaneous		
Lodging	231.00	231.00
Total Out of State Travel	231.00	231.00
Food and Lodging Agency Direct		
Total Travel Expenses	507.00	2,175.00

Utilities

Water and Waste	198.24	842.52
Natural Gas	1,298.92	11,507.22
Electricity	18,730.74	71,065.40
Total Utilities	20,227.90	83,415.14
Rent Expense		
Building Expense		
Equipment and Machinery	1,293.50	3,414.56
Electronic Data Equipment		344.79
Total Rent Expense	1,293.50	3,759.35
Maintenance and Repair – Outside Vendor		
Buildings and Grounds	4,218.55	9,290.05
Equipment	8,320.52	27,534.81
Telecommunications Equipment		
Office Equipment	54.31	177.69
Data Processing Equipment		
Total Maintenance and Repair	12,593.38	37,002.55
Supplies Expense		
Housekeeping and Janitorial	2,001.76	9,318.96
Maintenance – Building and Grounds	2,010.62	10,770.91
Maintenance – Equipment	20,595.79	64,677.94
Maintenance – Telecommunications		
Maintenance – Data Process Equipment		
Food and Kitchen		2.32
Medical		
Motor Fuel – Common	16,518.31	50,191.58
Motor Fuel – Special	1,234.49	2,632.04
Uniform Clothing and Accessories	39.00	39.00
Safety and Security	402.20	5,672.23
Packaging		
Shop	73,013.29	222,687.38
Meeting Refreshments		
Office – Non-expendable		
Office – Expendable	3,581.77	6,985.22
Data Processing	225.34	511.92
Motor Vehicle – Expendable	615.03	3,912.35
Motor Vehicle – Non-expendable	2,011.98	4,771.03
Total Supplies Expense	122,249.58	382,172.88
Depreciation Expense		
Equipment	15,885.34	47,695.38
Building	15,199.21	45,597.63
Total Depreciation	31,084.55	93,293.01
Other Expenses		
Freight	5,618.06	16,081.11
Postage	5,000.00	5,000.00
Telecommunications Services	6,980.77	19,302.22
Printing and Binding Services		2.70
Advertising/Prototypes	2,133.01	5,036.73
Licenses, Permits, etc.		172.75
Employee Reimbursement Non-travel		
Inter-Governmental Payments		
Damaged Merchandise	413.51	761.60
Warranty Repair Costs	2,215.36	4,380.02
Total Other Expenses	22,360.71	50,737.13
Total Factory Overhead	510,258.23	1,613,910.02

Department of Corrections
Oklahoma Correctional Industries

Balance Sheet

As of September 30, 2014

Cash	2,042,384.50	
Restricted cash -1131	1,233,644.54	
Accounts Receivables	3,352,521.59	
Raw Materials Inventory	6,337,497.74	
Finished Goods Inventory	2,096,682.57	
Goods In Transit	32,616.62	
Work In Process Inventory	13,979.53	
	<hr/>	
Total Current Assets		15,109,327.09
Fixed Assets		
Office equipment	1,834,887.40	
Factory equipment	6,067,088.86	
Vehicles	2,539,540.06	
Buildings	7,399,610.41	
Accumulated Depreciation Buildings	(4,916,397.61)	
Accumulated Depreciation Equipment	(8,401,476.54)	
	<hr/>	
Total Fixed Assets		<u>4,523,252.58</u>
Total Assets		<u><u>19,632,579.67</u></u>
Liabilities and Fund Balance		
Accounts Payable	431,549.50	
Sales tax Payable	3,970.86	
Goods Received Suspense	1,212,862.62	
	<hr/>	
Total Liabilities		1,648,382.98
Fund Balance		
Reserved:		
Reserved for Fixed Assets	4,523,252.58	
Reserved for Inventories	8,480,776.46	
Unreserved, undesignated	4,980,167.65	
	<hr/>	
Total Fund Balance		<u>17,984,196.69</u>
Total Liabilities & Fund Balance		<u><u>19,632,579.67</u></u>

Department of Corrections
Oklahoma Correctional Industries
Statement of Cash Flows
As of September 30, 2014

Net Income/(Loss)	664,516.59
 Cash Flows from Operating Activities	
Depreciation	
Buildings	47,872.47
Other	72,470.69
Adjustments to Reconcile	
(Increase)/Decrease in Operational Assets	
Accounts Receivable	(1,068,003.50)
Inventory	
Raw Materials	295,831.91
Work in Process	67,641.55
Finished Goods	933,034.11
Increase/(Decrease) in Operational Liabilities	
Accounts Payable	182,526.66
Net Cash Provided by Operating Activities	1,195,890.48
 Cash Flow From Investing Activities	
Purchases of Equipment and Property	
Office Equipment	(525.01)
Factory Equipment	(38,722.58)
Vehicles	0.00
Buildings	0.00
Land	0.00
Net Cash Gained (used) in Investing Activities	(39,247.59)
 Financing Activities	
Equity Appropriated	0.00
Equity Other	(760,051.41)
Net Cash Gained (used) in Financing Activities	(760,051.41)
 FY 15 Appropriated Funds	
FY 15 Adjustments	
Net Cash for Period	396,591.48

Oklahoma Correctional Industries

Manufacturing Statement for

All Factories

For Period Ending September 30, 2014

	<u>September 2014</u>	<u>2015 Fiscal Year to Date</u>
<u>Direct Materials</u>		
Beginning raw inventory	\$6,224,549.16	\$6,621,027.95
Purchases	<u>103,323.89</u>	<u>210,417.47</u>
Available For Use	6,327,873.05	6,831,445.42
Ending raw inventory	<u>6,326,475.22</u>	<u>6,326,475.22</u>
Direct Materials Used	\$1,397.83	\$504,970.20
<u>Offender (Direct) Labor</u>	44,388.83	132,871.98
<u>Factory Overhead</u>		
Factory Staff	153,801.26	482,575.22
Travel Expenses	507.00	1,048.00
Utilities	18,322.28	70,132.28
Rentals	1,293.50	4,744.16
Maintenance and Repairs	12,569.61	37,907.43
Supplies	96,569.63	298,384.62
Depreciation	31,084.55	93,293.01
Other	13,044.05	26,687.85
Inventory Shrinkage	<u>1,619.48</u>	<u>(6,619.61)</u>
Total Factory Overhead	328,811.36	1,008,152.96
Total manufacturing costs	374,598.02	1,645,995.14
Work in progress beginning inventory	<u>3,871.09</u>	<u>56,532.52</u>
Total cost of work in progress	378,469.11	1,702,527.66
Work in progress ending inventory	<u>(3,843.94)</u>	<u>(3,843.94)</u>
<u>Cost of Goods Manufactured</u>	<u>\$382,313.05</u>	<u>\$1,706,371.60</u>

Agri-Services

Income Statement

As of September 30, 2014

	September 2014	Fiscal Year 2015 Year to Date
Sales	842,337.38	2,343,478.75
In Kind Income	110,819.09	295,144.79
Cost of Goods	<u>(437,547.91)</u>	<u>(1,228,614.96)</u>
Gross Profit	515,608.56	1,410,008.58
Expenses		
Salaries	236,758.94	730,668.10
Offender Payroll	12,620.60	41,499.62
Other Services	0.00	227.00
Farm Expenses	125,704.18	332,534.23
Fuel	30,347.24	104,643.62
Rent	4,750.00	17,582.50
Building, Vehicle & Equipment Repair Expense	30,350.85	131,301.19
Utilities	7,908.13	28,464.40
Other Expense	5,391.02	29,459.51
Depreciation	<u>20,674.78</u>	<u>70,019.82</u>
Total Expense	474,505.74	1,486,399.99
Net Income	<u>41,102.82</u>	<u>(76,391.41)</u>

Notes:

In Kind Income - Market value (Sysco Price) of vegetables raised and provided to facilities at no cost.

Cost of Goods Sold - Our cost of raw materials needed to produce the goods for sale.

Other Services - Testing done by outside sources (soil, e-coli, food); does not include veterinary services.

Farm Expense - Agricultural supplies, feed, vet supplies and services, seed, fertilizer, etc.

Rent - Rental of equipment and land

Other Expense - Office supplies, shop supplies, travel, fees, licenses, etc.

Depreciation - based on straight line method.

FY Cost Savings to the Agency- meat, milk, corn dogs (Prime Vendor vs Agri-Services Pricing)	\$	699,385
FY Cost Savings to the Agency- opportunity buys (Prime Vendor vs Opportunity Buy Pricing)	\$	51,872
Services provided to DOC (brush hogging county road right of way, applying herbicide to lagoons, etc)	\$	<u>2,378</u>
Total Savings	\$	753,636

Department of Corrections

Agri-Services

Balance Sheet

As of September 30, 2014

Current Assets

Cash	582,980.99	
Restricted cash -1131	976,472.37	
Accounts Receivables	801,016.60	
Due to/From OCI		
Finished Goods Inventory	954,250.20	
Raw Materials Inventory	142,278.35	
Work In Process Inventory		
Live Stock	5,090,050.00	
Stock Feed	400,499.43	
Semen	10,752.08	
Wood	18,885.00	
Prepaid Land Leases (Commissioner of the	14,250.00	
Bulk Fuel	58,679.87	
Other Current Assets		
Total Current Assets		<u>9,050,114.89</u>

Fixed Assets

Office equipment	117,098.36	
Factory equipment	1,354,733.03	
Vehicles	1,533,952.19	
Farm Equipment	3,952,449.80	
Buildings	2,319,960.47	
Land	319,684.69	
Accumulated Depreciation Buildings	(1,306,283.91)	
Accumulated Depreciation Equipment	(6,182,335.25)	
Total Fixed Assets		<u>2,109,259.38</u>

Total Assets 11,159,374.27

Liabilities and Fund Balance

Accounts Payable	589,146.07	
Sales tax Payable	64.86	
Goods Received Suspense		
Total Liabilities		<u>589,210.93</u>

Fund Balance		
Reserved:		
Reserved for Fixed Assets	2,109,259.38	
Reserved for Inventories	6,689,644.93	
Unreserved, undesignated	1,771,259.03	
Total Fund Balance		<u>10,570,163.34</u>

Total Liabilities & Fund Balance 11,159,374.27

Department of Corrections

Agri-Services

Statement of Cash Flows

As of September 30, 2014

Net Income/(Loss) (76,391.41)

Cash Flows from Operating Activities

Depreciation
Buildings 22,283.82
Other 51,733.74

Adjustments to Reconcile
(Increase)/Decrease in Operational Assets
Accounts Receivable 135,353.05
Sale of Beef Cattle 319,327.52
Sale of Dairy Cattle 0.00
Sale of Grain and Feed 0.00
Sale of Raw Milk 0.00
Misc Sales (Saddle Shop, Wood, Pecans) 8,734.91
Sales Tax Payable 64.86

Inventory
Raw Materials (134,533.67)
Finished Goods 103,324.73
Stock Feed (151,223.65)
Semen 676.98
Bulk Fuel (3,199.58)
Prepaid Leases 14,250.00
Packaging Materials 0.00

Net Cash Provided by Operating Activities

Purchases of Equipment and Property
Office Equipment 0.00
Agricultural Equipment 0.00
Factory Equipment 0.00
Vehicles 0.00
Buildings 0.00
Land 0.00

Cash Flow From Investing Activities

FY 15 Appropriated Funds 253,750.50
FY 15 Adjustments

Net Cash for Period 544,151.80

Internal Audit Update

Oklahoma Department of Corrections Internal Audit Summary Report

Below is a summary of the Financial Internal Audit Reports for the 1st quarter of FY 15 (July to September).

During the 1st quarter of FY 15, the internal audit team closed and submitted 22 audit reports to the State Auditors. The facilities audited were:

1. Bill Johnson Correctional Center (BJCC)
2. James Crabtree Correctional Center (JCCC)
3. Mack Alford Correctional Center (MACC)
4. Southwest District Community Corrections (SWDCC)
5. William S Key Correctional Center (WSKCC)
6. Howard McLeod Correctional Center (HMCC)
7. Northeast District Community Corrections (NEDCC)
8. Northwest District Community Corrections (NWDCC)
9. Mabel Bassett Correctional Center (MBCC)
10. Oklahoma Correctional Industries at LARC
11. Oklahoma Correctional Industries at JLCC
12. Oklahoma Correctional Industries at MACC
13. Oklahoma Correctional Industries at JHCC
14. Oklahoma Correctional Industries at JCCC
15. Oklahoma Correctional Industries Records Conversion at JHCC
16. Jeffery M McCoy Central District (JMMCD)
17. Community Sentencing and Offender Information Services (CS&OIS)
18. Lexington Assessment and Reception Center (LARC)
19. Joseph Harp Correctional Center (JHCC)
20. John Lilley Correctional Center (JLCC)
21. Jackie Brannon Correctional Center (JBCC)
22. Southeast District Community Corrections (SEDCC)

The Fiscal Management compliance and Internal Controls over the following financial activities were examined, to include: Accounts Payables, Accounts Receivables (Prisoner Public Works Projects), Purchasing, Receiving, Purchase Cards, Express Checks, Canteen (OBS and Inventory), Trust Fund, Warehouse Inventory, Factory Inventory, Probation Parole Restitution Receipts and Fixed Assets Management System.

The following is a summary of the Noncompliance Findings in accordance with Fiscal Management Policy:

Purchase Cards – Finding: Someone other than the cardholder was accessing WORKS and printing the statements. The plan of corrective action instructed the cardholders to comply with policy.

This finding was reported against the following facilities:

Oklahoma Department of Corrections Internal Audit Summary Report

1. Bill Johnson Correctional Center
2. James Crabtree Correctional Center
3. Mack Alford Correctional Center
4. Southwest District Community Corrections
5. Northeast District Community Corrections
6. Northwest District Community Corrections
7. Lexington Assessment and Reception Center
8. Joseph Harp Correctional Center

Purchase Cards – Finding: The statements and supporting documents were received in the p card comptroller’s office after the deadline date. The plan of corrective action instructed the cardholders to comply with policy.

This finding was reported against the following facilities:

1. Southwest District Community Corrections
2. Northwest District Community Corrections
3. Mabel Bassett Correctional Center
4. Oklahoma Correctional Industries at LARC
5. Oklahoma Correctional Industries at JLCC
6. Jeffrey M McCoy Central District
7. Community Sentencing and Offender Information Services

Purchase Cards – Finding: One hundred percent of the statements sampled, 5 out of 5, were submitted to the purchase card comptroller without any invoices or supporting documents. The payments to vendors were subsequently processed without invoice verification. The plan of corrective action required the cardholders to obtain all invoices, originals or copies, and submit them to the audit team for verification. The information was then provided to the comptroller for filing. The cardholders were instructed to comply with policy.

This finding was reported against the following facility:

1. Northwest District Community Corrections

Accounts Payables – Finding: From the sample of 1,232 invoices tested, 41 (3%) were submitted to accounts payables for payment after 45 days from the date of receipt at the facilities. The plan of corrective action requires the business office to abide by the 45-day limit set in accordance with OS Title 62 section 34.71.

This finding was reported against the following facilities:

1. Southwest District Community Corrections
2. William S Key Correctional Center
3. Northwest District Community Corrections
4. Mabel Bassett Correctional Center
5. Oklahoma Correctional Industries at JLCC
6. Joseph Harp Correctional Center

Oklahoma Department of Corrections Internal Audit Summary Report

Prisoner Public Works Project at BJCC – Accounts Receivables; \$415.80 was 5 months past due. During the audit, the Warden contacted the public agency and the payment was delivered the same business day. The plan of corrective actions were as noted:

- (a) Add a clause in future contracts specifying a payment deadline of 45 days per OS Title 62 section 34.71; and
- (b) The business manager will notify the Warden of any recurring instances of slow or non- payments.

Prisoner Public Works Project at JCCC – Accounts Receivables; \$220 was deposited 10 business days after receipt. The plan of corrective action required the business office to deposit sums of \$100 or more on the same day received in accordance with OS Title 62 section 34.57.

Prisoner Public Works Project at JLCC –The facility provided offender labor to two state agencies during FY 13 and FY14 without updated contracts in place. The facility invoiced the agencies on rates based on FY 06 contracts, which resulted in a loss of revenue of \$1,643.42. The plan of corrective action mandated the Warden to negotiate new contracts each fiscal year and the business office to invoice agencies on the updated contracts.

Express Checks Impress Limit at SWDCC – In March of 2014, the policy limit of \$3,000 was exceeded by \$833.40. Permission to exceed the limit was not sought from the CFO. The plan of corrective action required the business manager to develop an Excel reconciliation spreadsheet, limited to \$3,000 per month, and inform the District Supervisor of any possible instances of exceeding the limit before cutting further checks.

The following is a summary of Internal Control Weaknesses

Canteen Inventory at BJCC–Twenty five percent of the shelf items sampled (8 of 32) were not in agreement with the OBS closing inventory balances. The plan of corrective action required random inventory audits to be conducted by a team appointed by the Warden and pat down searches of offender workers.

Canteen Inventory at LARC –Thirty-six percent of the shelf items sampled (17 of 47) were not in agreement with the OBS closing inventory balances. The plan of corrective action required random inventory audits to be conducted by a team appointed by the Warden and pat down searches of offender workers.

- RISKS:**
- (1) Theft of Inventory may go undetected.
 - (2) Loss of revenue
 - (3) Inadequate supplies to meet demand.

Warehouse Inventory at JHCC -Ten percent of the items sampled (9 of 92) from the warehouse inventory stock was not in agreement with the computer records. The plan of corrective action was to update the computer records as items are delivered or requisitions filled.

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|--------------|---|
| RISKS | (1) Theft of Inventory may go undetected. |
| | (2) Loss of revenue |
| | (3) Inadequate supplies to meet demand. |

Express Checks at SWDCC– Three discharged offenders received a total of \$5,197.36 in overpayments. The three offenders collected weekly paychecks from Bar-S Foods Company and simultaneously collected weekly checks from the business office for the same period worked at Bar-S Foods Company. The business office and probation officers were able to recover \$2,927.99 however; a balance of \$2,269.37 remains outstanding.

The matter was referred to General Council for determination and the response was “It is the recommendation of Mr. Cincotta, General Council that based on the amount of time, staff and work that the agency would have to dedicate to attempt to recover the assets without guaranty of actual recovery, it is recommended that there be no legal action to recover the outstanding balances. Additionally, Mr. Cincotta felt that if the outstanding balances were higher or if there was a likelihood of recovery, he would have a different opinion. He further advised that we could forward a request to the Attorney General’s office to handle this, but felt there is a high probability that no action would be taken by the Attorney General.”

The plan of corrective action taken: the CFO instructed all business managers to (a) ensure that funds are deposited and available in the discharged offender trust fund account and (b) not to rely on any other form of documentation to justify the disbursement to any discharged offenders.

- | | |
|--------------|---|
| RISKS | (1) Unauthorized disbursements. |
| | (2) While the loss may not be material in individual cases, it could add up overtime. |
| | (3) Offenders could benefit without being held accountable. |
| | (4) The Department may have to move funds from other accounts to subsidize losses. |

Express Checks at WSKCC – Four checks were cashed and cleared the banking system with only one signor’s signature on the check. Policy requires two authorized signors to sign all checks before leaving the facility. The plan of corrective action requires the business manager to review all checks before distribution.

Express Checks at MACC – One check was cashed and cleared the banking system with only one signor’s signature on the check. Policy requires two authorized signors to sign all checks before leaving the facility. The plan of corrective action requires the business manager to review all checks before distribution.

Express Checks at JBCC – Two checks were cashed and cleared the banking system without anyone signing the checks. Policy requires two authorized signors to sign all checks before leaving the facility. The plan of corrective action requires the business manager to review all checks before distribution.

Express Checks at SEDCC – Two checks were cashed and cleared the banking system without anyone signing the checks. Policy requires two authorized signors to sign all checks

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before leaving the facility. The plan of corrective action requires the business manager to review all checks before distribution.

Express Checks at LARC – Two checks were cashed and cleared the banking system with only one signor’s signature on the check. Policy requires two authorized signors to sign all checks before leaving the facility. The plan of corrective action requires the business manager to review all checks before distribution.

Express Checks at JHCC – Two checks were cashed and cleared the banking system with only one signor’s signature on the check. Policy requires two authorized signors to sign all checks before leaving the facility. The plan of corrective action requires the business manager to review all checks before distribution.

Express Checks at JHCC – Two checks were cashed and cleared the banking system with one signor’s signature and one unauthorized signature on the check. Policy requires two authorized signors to sign all checks before leaving the facility. The plan of corrective action requires the business manager to review all checks before distribution.

- RISKS**
- (1) Unauthorized expenditures.
 - (2) The Department’s check reconciliation system does not focus on signatures.

Trust Funds Checks at BJCC – Thirty-seven checks were cashed and cleared the banking system without anyone signing the checks. Policy requires two authorized signors to sign all checks before leaving the facility. The plan of corrective action requires the business manager to review all checks before distribution.

Trust Funds Checks at JCCC – Two checks were cashed and cleared the banking system without anyone signing the checks. Policy requires two authorized signors to sign all checks before leaving the facility. The plan of corrective action requires the business manager to review all checks before distribution.

- RISKS**
- (1) Unauthorized expenditures.
 - (2) The Department’s check reconciliation system does not focus on signatures.

FIXED ASSETS MANAGEMENT SYSTEM

A 100% verification of fixed assets listed on the FAIS for the following facilities were started in the latter half of FY14 but was completed with all adjustments made to the FAIS in the 1st quarter of FY 15.

1. Oklahoma Correctional Industries at LARC
2. Oklahoma Correctional Industries at JLCC
3. Oklahoma Correctional Industries at MACC
4. Oklahoma Correctional Industries at JHCC
5. Oklahoma Correctional Industries at JCCC
6. Oklahoma Correctional Industries Records Conversion at JHCC
7. Northeast District Community Corrections
8. Northwest District Community Corrections

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- 9. Mabel Bassett Correctional Center
- 10. Jeffery M McCoy Central District
- 11. Community Sentencing and Offender Information Services
- 12. Lexington Assessment and Reception Center
- 13. Joseph Harp Correctional Center
- 14. John Lilley Correctional Center
- 15. Jackie Brannon Correctional Center

The pre audit total value of assets \$ 12,216,238.84

The post audit total value of assets \$ 11,736,547.19

Audit Adjustment \$(479,691.65) 4%

The adjustment resulted from items which were being reported on the FAIS but met one of the following conditions: unserviceable, broken, unsafe, used for parts, overstated cost, sold at state surplus or traded in on purchase of another piece of equipment and policy limit of certain nonreportable items costing less than \$2,500.



Population Update

Population Update

**Population Information as of October 31, 2014
Compared to October 31, 2013**

Total System Offender Population	Females	Males	Total
Current Population	3,005	25,395	28,400
Population Last Year	2,847	24,033	26,880
Change from last year	158	1,362	1,520

DOC Facilities	Females	Males	Total
Current Population	2,464	16,806	19,270
Population Last Year	2,330	15,710	18,040
Change	134	1,096	1,230

Private Prisons	Females	Males	Total
Current Population	0	5,820	5,820
Population Last Year	0	5,797	5,797
Change	0	23	23

County Jail Contracts	Females	Males	Total
Current Population	0	566	566
Population Last Year	0	585	585
Change	0	(19)	(19)

Halfway Houses	Females	Males	Total
Current Population	296	1,081	1,377
Population Last Year	297	863	1,160
Change	(1)	218	217

Out Count	Females	Males	Total
Current Population	36	642	678
Population Last Year	48	640	688
Change	(12)	2	(10)

GPS	Females	Males	Total
Current Population	209	461	670
Population Last Year	172	421	593
Change	37	40	77

EMP	Females	Males	Total
Current Population	0	18	18
Population Last Year	0	16	16
Change	0	2	2

PPCS	Females	Males	Total
Current Population	0	1	1
Population Last Year	0	1	1
Change	0	0	0

Probation Supervision	Females	Males	Total
Current Population	5,251	16,302	21,553
Population Last Year	4,961	16,124	21,085
Change	290	178	468

Parole Supervision	Females	Males	Total
Current Population	458	2,720	3,178
Population Last Year	496	2,660	3,156
Change	(38)	60	22

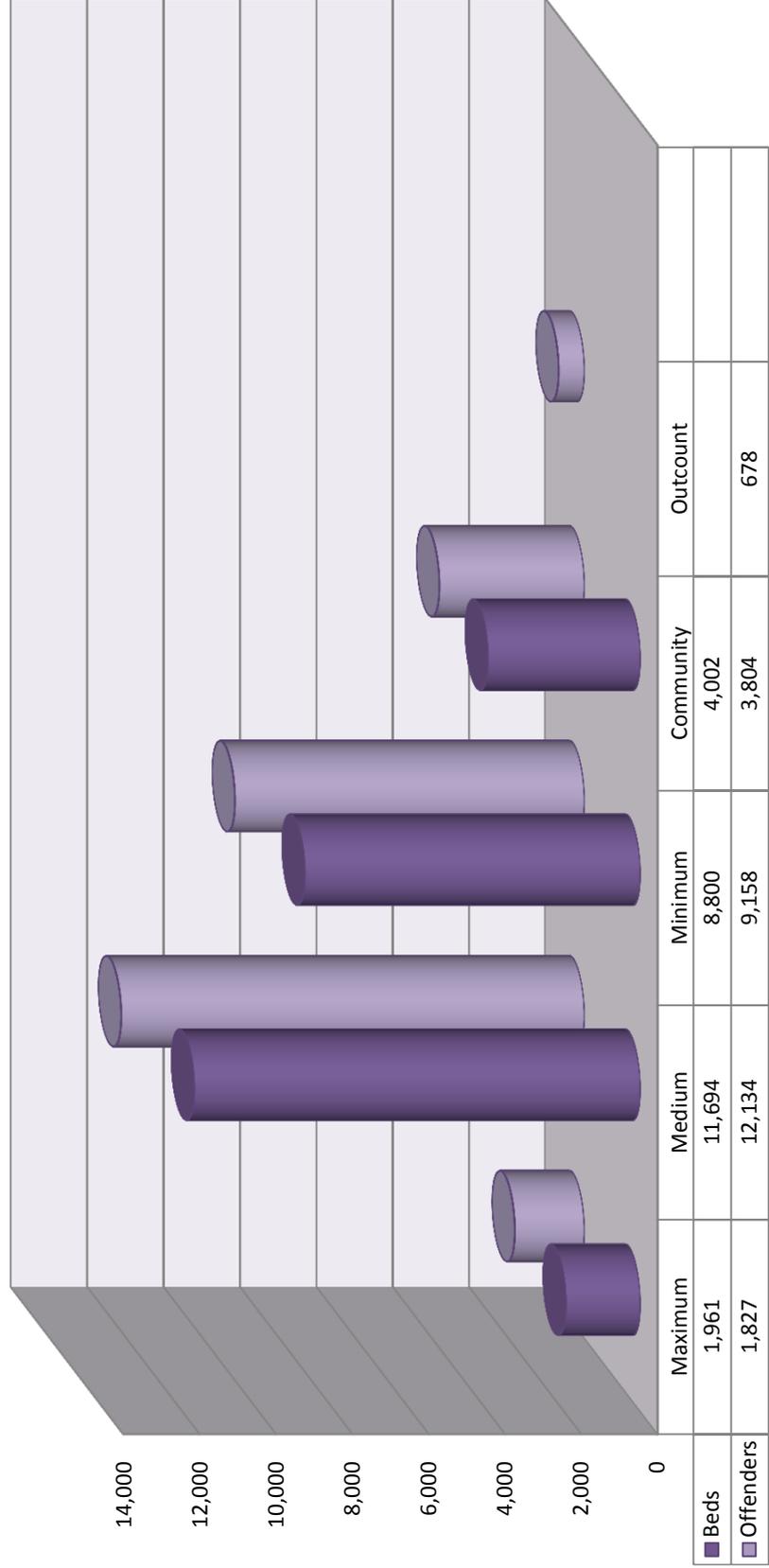
Total System Population	Females	Males	Total
Current System Population	8,714	44,417	53,131
Population Last Year	8,304	42,817	51,121
Change	410	1,600	2,010

County Jail Inmate Backup	Females	Males	Total
October 31, 2014	34	227	261
Population Last Year	96	1,538	1,634
Change	(62)	(1,311)	(1,373)

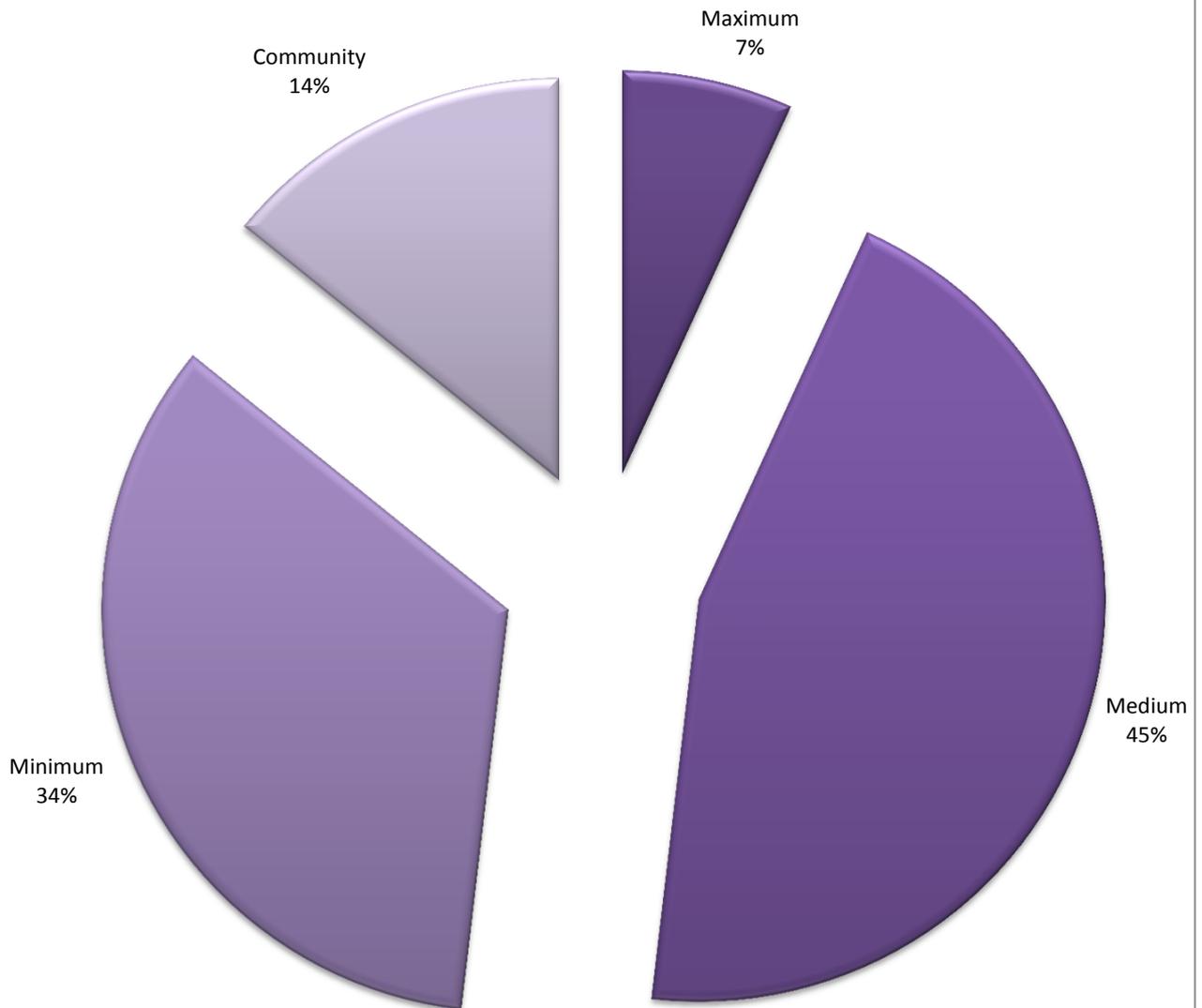
Pardon & Parole Board Results	Females	Males	Total
Month: October 2014			
Considered	24	363	387
Denied	17	314	331
Recommended	7	49	56
Percentage Recommended	29.17%	13.50%	14.47%

Governor's Actions	Females	Males	Total
Month: October 2014			
Reviewed	0	0	0
Approved	0	0	0
Denied	0	0	0
Percentage Approved	0.00%	0.00%	0.00%

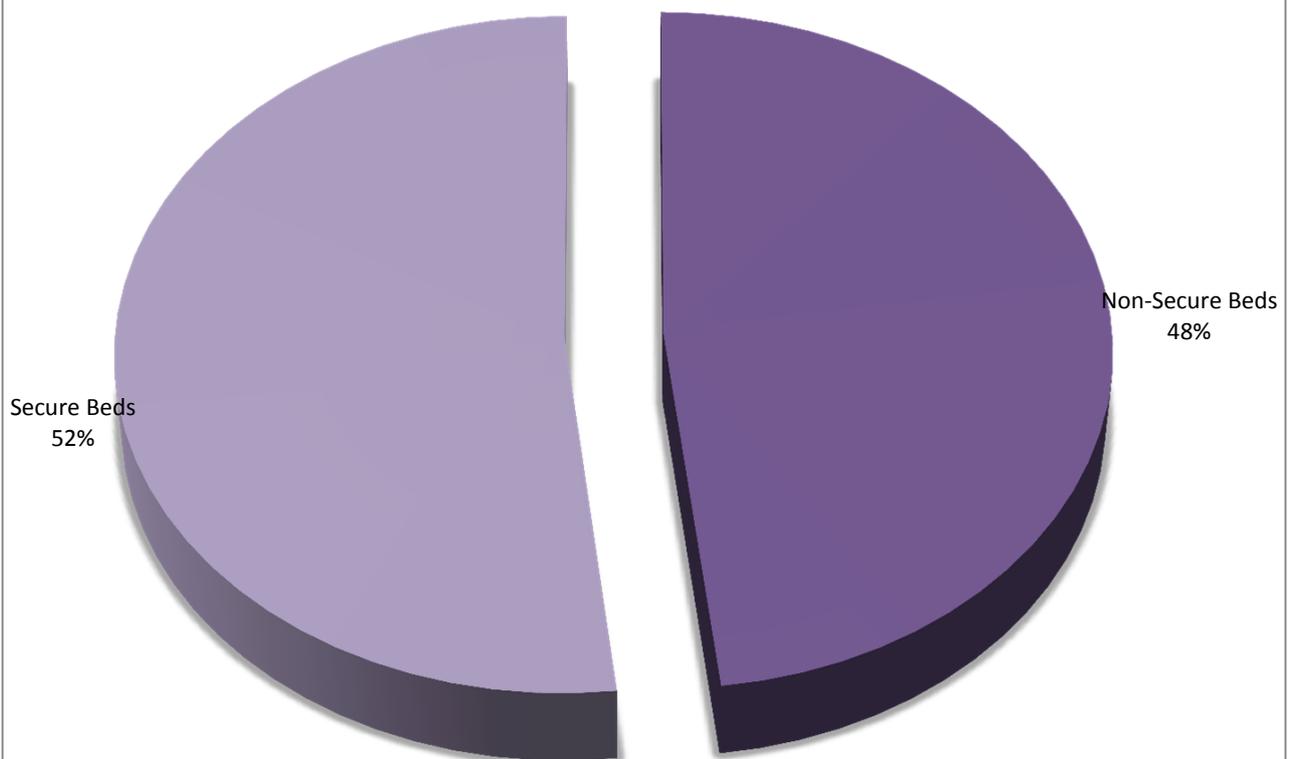
Offender and Bed Distribution October 31, 2014



Offender Distribution by Security Level October 31, 2014



**Percentage of Offenders in Secure and Non-Secure
Beds
October 31, 2014**



Offenders in DOC Facilities v. Contract Facilities October 31, 2014

