

Offender Banking Overview

The Offender Banking Concept

The legacy ITAS / ISAS software which OBS replaced was a fragmented DOS (disk operated system) based accounting and canteen package developed in the early 1980's. It required monthly transfer of system records to hard copy (printed) material and was no longer technologically sustainable. Even the computers it ran on could no longer be purchased on the open market because of the operating system (DOS) required to support its operation. When a computer failed it often took several days to complete a repair.

The procurement effort towards of a single integrated offender trust fund and canteen management system began in the summer of 2006. After a lengthy evaluation process, Advanced Technologies Group (ATG) was selected as the vendor in June of 2007 with a development contract signed in September 2007.

This new accounting system, specifically customized to meet Oklahoma needs, is named the "Offender Banking System (OBS). It is based on similar systems used by the California Department of

Corrections, the Iowa Department of Corrections and the Federal Bureau of Prisons.

OBS Implementation

In February 2009, Department wide implementation of the Offender Banking System occurred over a four month time period – separated into two distinct phases. Phase one was the piloting phase and impacted only 10 percent of the department's total offender population. This piloting phase occurred the first week of February 2009 and included female facilities only at both the institutional and community level.

The second phase of the conversion process involved all male incarcerated offenders and also included restitution accounting processes. It occurred the first week of May 2009. With both conversions, all facilities were able to resume normal trust accounting and canteen system operations within one week.

System rollout required that over 200 administrative and field level users receive extensive training on the new Offender Banking System. Additionally, over 400 probation and parole officers and community level management staff users received on-site system training.

Consolidation of offender money and obligations into one common accounting system resulted in numerous offenders, with multiple legacy system account balances spread over several institutional locations, being reunited

with their money and their debts into one single OBS account.

The following information is provided to give the reader an appreciation of the size and scope of the department's trust accounting, canteen and restitution accounting processes and to demonstrate the magnitude and complexity of the two phase implementation process.

Offender Trust Balances Imported	
Female Offender Draw Balances	\$347,768.29
Female Offender Savings Balances	\$718,411.90
Male Offender Draw Balances	\$2,004,164.95
Male Offender Savings Balances	\$5,320,426.33
Totals	\$8,390,771.47

Offender Obligations Imported	
Female Offender Co-pays	\$2,703.56
Female Offender Court Costs	\$5,804,684.73
Male Offender Co-pays	\$24,471.59
Male Offender Court Costs	\$65,255,781.82
Totals	\$71,057,641.70

Restitution Accounting	
Offender Owed Restitution	\$206,700,747.79

Canteen	
Inventory	\$1,111,046.63

A secure Probation and Parole field collection webpage also became active

with the implementation of the OBS system. This webpage serves over 400 probation and parole field officers and managers by assisting them in the monitoring and collection of client supervision fees and offender restitution payments from over 26,000 clients.

OBS Canteen Module

A major part of the OBS system is the consolidated canteen management and sales system module. This module integrates institutional canteens into a common department-wide canteen system with common inventory price codes and item markups.

Centralized canteen pricing has made it possible for offenders to know that a item purchased at one facility will have the same price at all other facility canteens. This system consolidation also allows greater control over what is purchased and sold throughout the canteen system ensuring more efficient inventory management and better facility security.

OBS User's Guide

A very detailed user's guide was developed by department management to assist staff with questions regarding daily usage of the system. The guide supplements department policy and provides a common agency-wide framework and specific business rules for system usage. The guide is updated when significant software changes or agency business practice modifications occur.

Offender Deposits, Disbursements and Transfers

The OBS system has a very sophisticated process for handling trust fund deposits and disbursements. New deposits follow predefined rules for ensuring offender obligations are first satisfied according to federal / state law and department policy. System rules are based on the type of money being deposited.

Other business rules govern the disbursement of offender funds to meet obligation payments in a predefined priority order based on statutory guidelines. Offenders can also transfer funds within the banking system based defined rules and reporting requirements.

IBSA Accounts

One of the features of the OBS system is the ability to offer offenders an interest bearing savings account (IBSA). IBSA accounts are authorized by the legislature in 2006 under the authority of O.S. 57, section 549, paragraph 7.

Deposits into the interest-bearing savings account require the entry of a validated offender's social security or tax payer identification number and are only allowed when an offender's normal trust account's available balance is one hundred dollars (\$100.00) or greater. However, no IBSA account transfer request will be honored if it reduces the offender's available balance below \$100. The offender's mandatory

savings account portion of their normal trust account cannot be used to meet eligibility requirements to participate in the IBSA program.

Offenders who participate in IBSA program are only allowed to transfer funds from their interest-bearing savings account to their draw account once every ninety (90) days. Any transfers of IBSA balances to the offender's trust account are then subject to current offender obligations and auto-deduction rules. All transfers to or from an IBSA account to the offender's trust account must be approved by the offender's assigned facility Warden/District Supervisor or designee prior to transfer.

IBSA accounts are not normal banks accounts – they are not FDIC insured. However, because the underlying fund that maintains these savings is a State Treasurer managed account, balances and earnings reflects those same business practices and earnings that the State Treasurer uses to manage all state funds.

The good news for participating IBSA offenders is these accounts are earning a very solid rate of return. An average annual interest rate of over 3 percent paid on average daily balances has been paid since implementation. This interest is taxable therefore participating offenders will receive a 1099-INT each January showing their yearly interest earnings. Offenders, if required by IRS income reporting requirements, are expected to report these earnings.

Offender Club and Group Accounts

Another significant capability of the OBS system is the ability to manage offender clubs, facility group accounts, and charitable fund raising activities. While previously handled outside institutional walls in separate bank accounts, these funds are now handled in OBS using a virtual offender accounting process. Interest on these virtual accounts is treated the same as any offender account (meaning interest earnings goes to the Victims Compensation Fund). Use of virtual accounts allows the OBS system to provide very detailed accounting of all deposits and disbursements along with enhanced reporting capabilities ensuring transparency where little existed before.

Canteen Operations

The OBS also has the capability to manage canteen inventory and track all canteen purchases and offender sales. In doing so, the system ensures appropriate state; county and city sales taxes are collected and timely remitted to the Oklahoma Tax Commission. The system also supports offender hobby craft sales by directly crediting the offender's account for the sale and automatically deducting appropriate system markup and sales taxes from the proceeds thus ensuring both policy and state tax law is enforced.

The system provides for more efficient use of limited canteen shelf space

through a sophisticated canteen reorder formula and recommended reorder quantities. Payments to vendors are also better managed since they are tied to specific receiving documents and are paid by the system as after the receiving document is closed and no item cost discrepancies are discovered.

Private Prison and County Jail Held Offenders

Because OBS is the system of record for all offender trust accounting information, processes and business rules were developed to facilitate the appropriate exchange of offender funds and obligations when offenders are not physically held in a public facility. Within OBS there is a specific location which manages private prison held offender accounts.

Contract county jail housed offenders are also assigned to specific host facilities for department support. These host facilities manage those offender OBS county jail accounts.

Unclaimed Funds

OBS fully supports requirements of the states "Uniform Unclaimed Property Act." Offender funds that are designated as "unclaimed" after one year are transferred to the State Treasurer for deposit into the state's unclaimed property fund. Unclaimed offender funds are separately tracked and aged in OBS through the utilization of WUNK (whereabouts unknown).

Specific business rules are defined in the user's guide so that funds for offenders in escape status after one year are considered "unclaimed" and are then transferred to "whereabouts unknown" status for appropriate aging and subsequent transfer to the State Treasurer.

Restitution Accounting

Restitution accounting is the process of collecting offender probation and parole supervision fees and victims' restitution payments based on statutory requirements and distributing those collections to the appropriate entities. To assist in this process a 'Field Collection' secure website was created in OBS where probation and parole officers and managers log into the system from anywhere in the state and lookup a client's obligations and accept the client's payment. The system ensures payments are processed according to pre-defined business rules and tracked from time of collection to actual bank deposit. Collection receipts are provided the client based on system data thus ensuring financial integrity. Victims' restitution is enhanced by the tracking of all offender payments towards their victim obligations and the equitable remittance of those collections based on court order and system disbursement rules.

Enhanced Information Tracking and Reporting

Accounting systems are only as good as the information they track and report. The OBS system is a perpetual trust and canteen management accounting system and has the ability to produce both printed and extract file reports. Any report produced on paper can be extracted to an Excel file for additional analysis.

Since the OBS system tracks each transaction as it occurs and stores the data, greater informational reporting and data audit capabilities exist. Deposit and disbursement data is individually tracked and can be examined when needed including information on who entered the system transaction and when. Numerous administrative, banking, canteen, income, obligation, withdrawal, offender balance, restitution accounting, and external system interface reports are readily available. These pre-defined reports can be combined through a file extract process for expanded analysis thus enhancing facility security.

System Redundancy

The OBS system is state of the art technology. It runs on a client-server platform with redundancy in both hardware and data storage. If the primary server unexpectedly goes down a backup server immediately picks up the workload without any interruption in service. Redundancy also exists for data storage and off-site reconstitution.