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GOVERNOR

# State of Alabama Department of Corrections

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JEFFERSON S. DUNN  
COMMISSIONER

September 12, 2019

ADMINISTRATIVE REGULATION  
NUMBER 110

OPR: ACCOUNTING

## INSTITUTION CONTINGENCY FUND

### I. GENERAL

This Alabama Department of Corrections (ADOC) Administrative Regulation (AR) establishes responsibilities, policies, and procedures for maintaining control and accountability over the Institution Contingency Fund (ICF) in order to provide certain materials and services for the benefit and welfare of the inmate population not otherwise provided with appropriated funds.

### II. POLICY

The ADOC will maintain control and accountability over the ICF in accordance with this AR and the ADOC *Manual of Accounting Procedures for Institutions and Community Based Facilities*, hereafter referred to as the *Accounting Manual*.

### III. DEFINITION(S) AND ACRONYM(S)

- A. **Allowable Expenditure:** Any expenditure of ICF funds that complies with established guidelines and is *reasonably and logically* classifiable within one of the three expenditure categories established by this AR.
- B. **Designated Obligation:** A category of expenditures that includes all financial responsibilities levied upon the ICF by this regulation, and any expenditures directed by the Commissioner, Chief of Staff (COS), or Chief Fiscal Officer (CFO).
- C. **Designee:** For the purpose of this AR, “designee” shall refer to the COS or personnel within the Accounting Department identified by the CFO.
- D. **ICF Purchase Order:** A form used to specify the item(s) to be purchased, and to document institution level approval of a purchase.

- E. **Inmate Welfare:** A category of expenditures that includes all materials and services acquired for the direct benefit and welfare of the inmate population as authorized by this regulation.
- F. **Institution Operation:** A category of expenditures that includes materials and services used in general institutional operations as authorized by this regulation.
- G. **Item:** Term used by STAARS system in the evaluation of bid requirements. “Item” is defined as including both a *quantity of one* and *multiple quantities* of a single product or service.
- H. **Telephone Quote Worksheet:** A form used to document quotes for a single purchase of items having a total purchase cost greater than \$500 but no more than \$999.99.

#### IV. **RESPONSIBILITIES**

- A. The Commissioner or designee is responsible for taking appropriate action when a violation or questionable expenditure is reported by the internal audit staff.
- B. The ADOC internal audit staff is responsible for:
  - 1. Monitoring expenditures and related activities of the ICF in conjunction with routine audits, special requests, or as otherwise directed.
  - 2. Reporting to the CFO any expenditure that, in the judgment of the auditor, violates the provisions of this regulation, the *Accounting Manual*, and/or state law.
- C. The Warden is responsible for:
  - 1. Ensuring that all expenditures from the ICF are appropriate and that the expenditures comply with the provisions of this AR, the *Accounting Manual*, and State bid laws.
  - 2. Approving ONLY purchases from businesses and individuals that can provide the institution with an itemized invoice, as mandated by Alabama Code § 41-4-54.
- D. The Business Manager is responsible for ensuring:
  - 1. All records are maintained as specified by the *Accounting Manual*.
  - 2. The preparation of a purchase order for the Warden’s approval prior to all purchases from the ICF in accordance with provisions established by the *Accounting Manual*. A copy of the purchase order must be made available to the vendor upon request.

3. No purchases are split for the purpose of avoiding approval or bid requirements.
  4. No Alabama sales tax is to be paid from the ICF, and if paid shall recover the amount of sales tax paid from either the vendor or the payer.
  5. No purchase is made which requires payment at a later date or pre-payment prior to services being rendered. No credit/charge cards shall be used to pay for goods and services. All purchases are to be paid for immediately upon receipt of the item(s) and/or service.
  6. Items meeting the definition of state property, as defined under Alabama Code § 36-16-8, are handled in accordance with AR 103 - *Property Control* and the *ADOC Property Manual*.
- E. All individuals purchasing items on behalf of the institution must ensure that an itemized invoice is received from the vendor at the time of purchase and that the invoice is immediately delivered to the institution's Business Manager.

V. **PROCEDURES**

A. Authorized Bank Accounts

1. In accordance with the *Accounting Manual*, each institution is authorized to maintain a checking account for the operation of the ICF.
2. Employees shall only establish and/or maintain funds or bank accounts in the name of the ADOC or the State, as duly authorized by the Department of Finance. The separate maintenance of funds acquired through donations, contributions, or other means is strictly prohibited.

B. Designated Funding

1. The ADOC provides funding for the ICF through the designation of certain revenues for that purpose.
2. The Commissioner or COS shall have authority over the designation of such revenues and may modify funding at any time and in any manner as may be determined appropriate.
3. No supplemental fund-raising activities for the ICF are allowed within any institution unless specifically authorized in writing by the Commissioner, or designee. Approval of any ongoing revenue enhancement projects must be renewed on an annual basis.
4. Designated funding includes:

- a. A percentage of canteen profits as established by the Commissioner.
- b. Interest earned on Inmate Trust Fund (ITF).
- c. Work release vending/store commissions including, but not limited to, washer/dryer profits.
- d. Revenues generated from staff barber/beauty shop, shoeshines and inmate picture ticket sales.
- e. Contraband monies confiscated in accordance with guidelines established by AR 306, *Contraband and Evidence Management*.
- f. Donations from individuals, businesses, and non-profit/charitable organizations.
  - (1) Monetary - The acceptance of funds received by donation requires prior written approval from the Commissioner, or designee. Any designated purpose(s) must be documented by a "letter of donation." Expenditure of such funds must be limited to the terms of the donation, subject to normal approval and bid requirements.
  - (2) Non-monetary - ALL donations other than funds are to be documented and reported to the Commissioner or designee.
- g. Funds received for the benefit of the ICF, whether by private donation, contribution, or other means:
  - (1) Become state funds upon acceptance by the ADOC;
  - (2) Must be deposited to the ICF bank account;
  - (3) Are subject to policy and procedures established by this AR;
  - (4) Fall under the absolute authority of the Commissioner or designee.
- h. The Commissioner or designee may at any time direct the utilization of ICF funds, including the transfer of ICF funds between facilities, or the remittance of such funds for deposit into the ADOC's operating fund, as determined appropriate.

C. In order for an expenditure to be considered as an "authorized expenditure" it must be reasonably and logically classifiable under one of the following basic categories:

- 1. **Designated Obligations** – financial responsibilities placed upon the fund by the Commissioner or designee and any expenditure directed by the

Commissioner or designee. See Section D below for authority and approval requirements.

2. **Inmate Welfare** - materials and services for the direct benefit and welfare of the inmate population not otherwise provided with appropriated funds. See Section E for authority and approval requirements.
3. **Institution Operation** - supplies and materials for general operation of the institution, small equipment for institution operations, and repairs and maintenance of ADOC buildings and equipment. See Section F below for authority and approval requirements.

D. Designated Obligations Expenditure Authority and Approval Requirements - This category will include any obligations and expenditures directed by the Commissioner or designee. By this regulation, the ICF is assigned financial obligations including, **but not limited to**, the following financial obligations:

1. Reimbursement of material shortages in institution funds and canteen inventory (must be documented by AR 302, *Incident Report*, Form 302-A, *Incident Report*). **APPROVAL REQUIREMENT:** written recommendation by the internal audit staff and written approval by the ADOC CFO.
2. Purchase of law books, printed and electronic/digital, and other legal publications for the institution law libraries. **APPROVAL REQUIREMENT:** Consultation with and written approval from the ADOC Legal Division is required.
3. Purchase of postage for inmate legal mail as addressed by AR 448, *Inmate Mail*. **APPROVAL REQUIREMENT:** no departmental approvals required.
4. Repair or replacement of state property damaged or destroyed by an inmate through neglect or by willful act (must be documented by AR 302, *Incident Report*, Form 302-A, *Incident Report*). **APPROVAL REQUIREMENT:** written approval must be obtained from the Commissioner's designee.
5. Bank fees, service fees, printing charges, and any related expenses incurred in the operation of ALL institution funds and their related bank accounts. **APPROVAL REQUIREMENT:** no departmental approval is required for routine bank charges. Extraordinary fees, including penalties resulting from improper management of funds, must have written approval from the ADOC CFO who must consult with the ADOC Legal Division.
6. Notary fees for both institution and inmate benefit. **APPROVAL REQUIREMENT:** No departmental approvals required.

7. Inmate burial costs, including transporting, embalming, casket, and any other necessary costs associated with the burial. **APPROVAL REQUIREMENT:** written approval from the Commissioner's designee
8. Inmate drug testing fees paid to an external lab in accordance with established drug testing and payment policy. **APPROVAL REQUIREMENT:** no departmental approvals required.

E. Inmate Welfare Expenditure Authority and Approval Requirements.

1. **Inmate Welfare Category** - This category includes expenditures for the acquisition of materials and services that are not available on state contract and that directly benefit and/or enhance the welfare of the inmate population, to include items that directly provide for or enhance the health, safety, education, recreation, or entertainment of the inmates.
  - a. Authorization for single purchase \$500 or Less - The Warden is authorized to expend \$500 or less for a single purchase. This limit is applicable to the total cost of a purchase, regardless of the quantity and/or variety of items included in the purchase. No further departmental approval is required.
  - b. Authorization for purchases greater than \$500 but no more than \$999.99 - The Warden, with the written approval of the ADOC Accounting Department, is authorized to expend greater than \$500 but no more than \$999.99 for a single purchase. This limit is applicable to the total cost of a purchase, regardless of the quantity and/or variety of items included in the purchase. Two (2) telephone or written quotes are required. Telephone quotes must be documented using the *Telephone Quote Worksheet*.
  - c. Authorization for purchases between \$1,000 and \$7,499.99 - The Warden, with the written approval of the ADOC Accounting Department, is authorized to expend \$1000 but no more than \$7,499.99 for a single purchase. This limit is applicable to the total cost of a purchase, regardless of the quantity and/or variety of items included in the purchase. Two (2) written quotes are required.
  - d. Authorization for purchases between \$7,500 and \$14,999.99 - The Warden, with the written approval of the ADOC Accounting Department, is authorized to expend \$7,500 but no more than \$14,999.99 for a single purchase. This limit is applicable to the total cost of a purchase, regardless of the quantity and/or variety of items included in the purchase. Three (3) written quotes are required.

- e. The purchase of an item, new or used, with a cost of \$15,000.00 or more must comply with state bid laws, the procedures for which are provided in the *Accounting Manual*. No exception exists in the bid law for the purchase of used items.
- f. Appropriate expenditures - include, but are not limited to:
  - (1) Sports and recreation activities, including uniforms, trophies and league fees.
  - (2) Educational supplies and materials (including drug treatment programs).
  - (3) Furniture for inmate living, dining, and educational facilities.
  - (4) Entertainment equipment, supplies, and related expenses provided for inmate use including, but not limited to:
    - i. Televisions and video recorders/players.
    - ii. Satellite Dishes/Cable TV.
  - (5) Food items and condiments for mess hall and special inmate functions, including SAP graduation, GED graduation, and holiday functions.
  - (6) Writing materials, including paper, pens, and envelopes for the institution law library.
  - (7) Inmate Stationary.
  - (8) Sewing machines and related supplies for laundry.
  - (9) Newspaper subscriptions (limited to one local and one statewide paper in reasonable quantities based upon the size of the institution).
  - (10) Fans for inmate sleeping/lounge areas.
  - (11) Cameras and related supplies for picture sales.

F. Institution Operation Expenditure Authority and Approval Requirements

- 1. **Institution Operation Category** - This category includes supplies and materials not available on state contract and that are necessary for general operations, minor repairs and routine maintenance of departmental buildings

and equipment, including basic housekeeping items, when purchased in accordance with previously stated approval requirements.

- a. Authorization for single purchase \$500 or Less - The Warden is authorized to expend \$500 or less for a single purchase. This limit is applicable to the total cost of a purchase, regardless of the quantity and/or variety of items included in the purchase. No further departmental approval is required.
- b. Authorization for security equipment and supplies - The Warden, with the written approval of the ADOC Accounting Department, is authorized to expend \$1000 or more for security equipment and supplies.
- c. Authorization for purchases greater than \$500 but no more than \$999.99 - The Warden, with the written approval of the ADOC Accounting Department, is authorized to expend greater than \$500 but no more than \$999.99 for a single purchase. This limit is applicable to the total cost of a purchase, regardless of the quantity and/or variety of items included in the purchase. Two (2) telephone or written quotes are required. Telephone quotes must be documented using the *Telephone Quote Worksheet*.
- d. Authorization for purchases between \$1,000 and \$7,499.99 - The Warden, with the written approval of the ADOC Accounting Department, is authorized to expend \$1000 but no more than \$7,499.99 for a single purchase. This limit is applicable to the total cost of a purchase, regardless of the quantity and/or variety of items included in the purchase. Two (2) written quotes are required.
- e. Authorization for purchases between \$7,500 and \$14,999.99 - The Warden, with the written approval of the ADOC Accounting Department, is authorized to expend \$7,500 but no more than \$14,999.99 for a single purchase. This limit is applicable to the total cost of a purchase, regardless of the quantity and/or variety of items included in the purchase. Three (3) written quotes are required.
- f. The purchase of an item, **new or used**, with a cost of \$15,000.00 or more **must** comply with state bid laws, the procedures for which are provided in the *Accounting Manual*. No exception exists in the bid law for the purchase of used items.
- g. Authorization for Major Construction and Renovation Projects – Allowed only with approval of the Commissioner or designee. **Note: Approval requests must include an estimated project cost. Any expenditure that will exceed the original estimated cost must have separate approval.**

2. Appropriate Expenditures-include, but are not limited to:
  - a. Gardens & grounds maintenance including seed, fertilizer, pesticides, herbicides, fungicides, shrubs, small hand tools, and related supplies.
  - b. Equipment for gardens and grounds maintenance costing less than \$500.00 and any necessary repairs, maintenance, and supplies for its operation.
  - c. Other equipment, as approved by the Commissioner, or designee, including any necessary repairs, maintenance, and supplies for the operation of such equipment.
  - d. Computer Equipment and Software. See section V.G.2 below.
  - e. Once per quarter, meals and/or refreshments with a total cost of \$250 or less are allowed for facility *business* functions. State Attorney General's opinion 2014-072 allows the use of state funds "for meals and/or refreshments served at business meetings when the meetings are directly related to business of the entity and the meals and refreshments are incidental to the meeting." The opinion further states, "In order for the meals to be an incidental part of the meeting, the primary purpose of the gathering must be to have an official meeting at which business is conducted, not a social gathering at which food is provided."
    - (1) When providing meals and/or refreshments allowable under this section the following must be documented and retained for audit:
      - i Description of meeting
      - ii Location and date of meeting
      - iii Beginning and end time of meeting
      - iv Name of Vendor
      - v Total Dollar amount
    - (2) For meals and/or refreshments to be reimbursed the meetings must
      - i Last longer than six hours
      - ii Each attendee must be listed and stay for the entire meeting
      - iii Total cost can be no more than \$12.75 per person including tax, tip and delivery

- iv Attendees are not entitled to an additional \$12.75 per diem
- v Any deviation from these requirements must be approved in writing by the Commissioner or designee.
- f. Supplies for creating escape flyers.
- g. Washers and dryers (including repairs & maintenance) for work release facilities.
- h. Rentals/Leases of small tools and equipment with a duration of 30 days or less.
- i. Repairs and maintenance of buildings (excluding staff housing) and components thereof where the total of such expenditures does not exceed \$500.00 per month, i.e. carpet cleaning, repair or replacement of a broken light fixture, replacement of a broken window pane, painting a portion of a wall that had been damaged.
- j. First aid kits and related supplies.
- k. Driver's license and testing fees for inmates authorized to drive ADOC vehicles.

G. Specific Restrictions

- 1. No civilian or employee shall personally benefit from expenditures of this fund. This restriction shall include the prohibition of employee gifts, the renovation and furnishing of employee offices, and the purchase of any materials or services from an employee, unless specifically authorized in writing by the Commissioner.
- 2. Computer Hardware and Software.
  - a. In accordance with ADOC and the Alabama Office of Information Technology (OIT) policy, all Information Technology (IT) procured items are to be tracked and reported regardless of funding source or program. Due to this requirement, the ADOC Information Systems Division (ISD) will procure *all* of the following items:
    - (1) Computer Equipment to include: Workstations, Servers, Monitors, Printers, Scanners (Fingerprint, Barcode, or Document), Portable Tablets, Time Clocks, Signature Pads, USB External Storage Devices, or any peripherals connected to ADOC equipment.
    - (2) Network Equipment to include Switches, Routers, Firewalls, and Wireless Equipment.

- (3) Video Equipment to include Video Surveillance Systems and Video Conferencing Systems.
    - (4) Telecommunications Equipment to include Analog, Digital, IP Phones and Cell Phones.
    - (5) All software.
  - b. Subject to the restrictions in Section V. G. above, facilities may purchase the following items:
    - (1) UPS (Universal Power Supply) and UPS replacement batteries. ISD must be consulted prior to replacement battery purchases.
    - (2) Printer cartridges.
    - (3) Video projectors, camcorders, and digital cameras. ISD must be consulted prior to purchasing any of these items.
    - (4) Digital records.
    - (5) FAX machines.
    - (6) Keyboards and mice.
3. Capital improvements including, but not limited to, any renovation of existing buildings, construction of new buildings, and additions to existing buildings, require approval from the Commissioner, or designee. Such projects must also be coordinated with and approved in writing by the ADOC Facilities Management Division.
    - a. The Facilities Management Division will ensure that all construction and renovation projects:
      - (1) Are approved by other applicable agencies, including the Department of Finance's Division of Construction of Management (DCM);
      - (2) Comply with construction standards and building codes;
      - (3) Incorporate applicable provisions of the Americans with Disabilities Act (ADA);
      - (4) Do not result in the obstruction of or encroachment upon any utility easement or other right-of-way;

- (5) Include authorization from the Commissioner or COS for the demolition of any building(s) or other structure(s) that may be removed as part of the project.
  - b. Documentation of approvals and coordination must be on file for audit inspection.
  - c. New construction and/or major enhancements or expansions to existing structures, must be reported to the Accounting Division by completing a capital outlay project form, as described in the *Accounting Manual*.
  - d. The demolition of existing buildings and/or structures removed as part of a project must be reported to the Accounting Division for updating of fixed asset and insurance records.
  - e. When changes occur in buildings or other structures as a result of a project, insurance coverage must also be reviewed and adjusted as appropriate by the ADOC Property Division.
4. Utility services, included but not limited to, gas and electricity must be justified to and approved by the Commissioner's designee annually. No changes in service types or options will be made unless approved in writing by the Commissioner's designee.
  5. Communication equipment and/or services, for example, phones and radios, must be justified to and approved by the Commissioner's designee annually. All services will be limited in features to those that would be allowed if acquired with budgeted funds. No changes in service type, options, or enhancements will be made unless approved in writing by the Commissioner's designee.
  6. All personal property rentals/leases of a duration exceeding thirty (30) days, such as copier rental or lease, must have written approval from the Commissioner, or designee. For agreements of less than twelve (12) months duration, one-time approval is required. For agreements exceeding twelve (12) months duration, approval must be obtained annually. No changes in service types or options will be made unless approved in writing by the Commissioner, or designee.

#### H. Bid Requirements

1. Any item available under State contract shall be purchased from the contracting vendor. This eliminates the requirement of obtaining bids prior to making the purchase. Such purchases must be documented by obtaining the contract number and recording that number on the related ICF documentation.

2. Purchases from governmental entities, including, but not limited to, Correctional Industries and the Department of Finance Central Mail and Supply, do not require bids.
3. Specific bid requirements are applicable to individual purchases based upon item cost. Bid requirements, excluding purchases from an existing state contract, are as follows:
  - a. The purchase of an item with a cost of \$500 or less requires neither written bids nor phone quotes.
  - b. The purchase of an item with a cost of greater than \$500 but no more than \$999.99 requires two (2) telephone or written quotes. Telephone quotes must be documented using ADOC Form 110-B, *Telephone Quote Worksheet*.
  - c. The purchase of an item with a cost of \$1,000.00 to \$7,499.99 requires two (2) written quotes.
  - d. The purchase of an item with a cost of \$7,500.00 to \$14,999.99 requires three (3) written quotes.
  - e. The purchase of an item, **new or used**, with a cost of \$15,000.00 or more must comply with state bid laws, the procedures for which are provided in the *Accounting Manual*. No exception exists in the bid law for the purchase of used items.
  - f. The purchase of used items, regardless of cost, requires prior written approval from the Commissioner or designee.
4. If items of a like nature are purchased periodically during the year, total yearly purchases shall be considered when determining compliance with this regulation and the State bid law. It is therefore critical that needs be anticipated, and purchases planned accordingly to ensure purchases are handled in accordance with applicable policy. For example:

**Example 1:** A single chair with a cost of \$30 would require no quotes. However, if 50 of those chairs are purchased for a total cost of \$1,500.00 (50 x \$30), two written quotes would be required.

**Example 2:** Multiple pieces of lumber in assorted sizes with a total cost of \$75.00 would not require quotes. However, multiple pieces of lumber in assorted sizes with a cost of \$1,600.00 would require two (2) written quotes. If expected expenditures for lumber equal or exceed \$15,000.00 for the fiscal year, the state bid law must be followed.

The splitting of purchases to avoid either the bid requirement, or approval requirement, is a violation of this regulation. Purchases may not be split – even if the supply of an item is not needed all at once – to avoid bid/quote requirements. If the total cost of the split purchase is \$15,000.00 or more, bid and approval requirements must be met. See Ala. Code § 14-16-25. Engaging in this activity may result in criminal penalties consistent with Alabama Code § 41-16-30.

I. Record Keeping

Records for all ICF activities will be maintained in accordance with specific guidelines established by the *Accounting Manual* and the *State of Alabama Fiscal Policies and Procedures*.

VI. **DISPOSITION**

Any forms used will be disposed of and retained according to the Departmental Records Disposition Authority (RDA).

VII. **FORMS**

- A. Form 110-A *Institution Contingency Fund Purchase Order Document*
- B. Form 110-B *Telephone Quote Worksheet*

VIII. **SUPERCEDES**

- A. This Administrative Regulation supercedes AR 110, *Institution Contingency Fund*, dated November 29, 2000 and any changes.

IX. **PERFORMANCE**

- A. Code of Alabama 1975 sections: 14-16-25; 36-16-8; 41-4-54; and 41-16-30.
- B. *ADOC Manual of Accounting Procedures for Institutions and Community Based Facilities*
- C. *State of Alabama Fiscal Policies and Procedures*.
- D. *The ADOC Property Manual*
- E. State Attorney General's opinion 2014-072
- F. AR 103, *Property Control*

- G. AR 302, *Incident Report*
- H. AR 306, *Contraband and Evidence Management*
- I. AR 448, *Inmate Mail*



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Jefferson S. Dunn  
Commissioner



**TELEPHONE QUOTE WORKSHEET  
(Institution Contingency Fund)**

**ITEM:** \_\_\_\_\_ **PURPOSE:** \_\_\_\_\_

**QUANTITY REQUIRED:** \_\_\_\_\_

**PURCHASE ORDER #:** \_\_\_\_\_

	QUOTE #1	QUOTE #2
<b>VENDOR:</b>		
<b>TELEPHONE #:</b>		
<b>POINT OF CONTACT:</b>		
<b>QUANTITY (QTY) REQUIRED:</b>		
<b>COST PER UNIT (CPU):</b>		
<b>COST (QTY X CPU):</b>		
<b>ADD SHIPPING:</b>		
<b>TOTAL COST:</b>		

**NOTES:**