



Department of Corrections and Rehabilitation
NOTICE OF CHANGE
TO DEPARTMENT OPERATIONS MANUAL

Chapter 2, Article 20
Inmate Welfare Fund

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November 17, 2015

The purpose of this document is to provide all Department Operations Manual (DOM) holders with information regarding the attached amendment to Chapter 2, Article 20, Inmate Welfare Fund.

The Accounting Services Branch has revised portions of the DOM article for the Inmate Welfare Fund to conform to changes made to state law by Senate Bill (SB) 542. SB 542 authorized the use of IWF funds for certain educational programs, inmate family visiting services, leisure-time activities, recreational activities and assistance with obtaining photo identification from the Department of Motor Vehicles. Other changes have been made to update the article which was last revised in 2002. These include updating cross-references to other DOM articles, updating position titles and organization names, and changing the title of Chapter 2 of DOM from "Budget Development" to "Fiscal Management". The chapter title change was necessary since DOM policy in Chapter 2 includes more subjects than activities directly related to budget development such as travel, contracts, and fiscal and administrative audits.

Please inform all persons concerned of the contents of this notice, which shall remain in effect until it is incorporated into the next edition of the DOM. If you have any questions concerning this revision, please contact Michele Gomez-Essex, Accounting Administrator, Accounting Services Branch at (916) 255-1064.

Original signed by

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DEPARTMENT OPERATIONS MANUAL

CHAPTER 2 FISCAL MANAGEMENT

ARTICLE 20 — INMATE WELFARE FUND

Revised November 17, 2015

23010.1 Policy

The Secretary administers the Inmate Welfare Fund (IWF) as a trust for the benefit and welfare of all inmates under the jurisdiction of the Department. The IWF is used to provide the following:

- Leisure time activities for inmates.
- Essential items for purchase by inmates.
- Opportunities and training for inmates to be creative and to profit from their handicraft products.

23010.2 Purpose

The purpose of this Article is to provide the guidelines for the correct uses of the IWF.

23010.3 Responsibility

Warden

Each Warden or his/her designee administers the IWF programs at their respective institution/facility.

Inmate Welfare Fund Officer

The IWF Officer provides overall planning and guidance regarding IWF operations.

23010.4 Budget

Each institution/facility shall budget IWF expenditures so that expenditures shall not exceed budget allocations and revenues from IWF activities unless approved by the Central Office IWF Officer. An appropriate exception would be if a major IWF project has been authorized, (e.g., replacement equipment, new equipment for new institutions/facilities, and startup inventories).

There may be unanticipated deficiencies due to situations which occur after approval of the institution's/facility's IWF budget. These unanticipated deficiencies shall be carried into the subsequent fiscal year by the institution/facility.

Any IWF expenditures shall be consistent with the provisions of this Article.

The Warden or his/her designee of each institution, in collaboration with at least two representatives from advocacy groups for inmates shall meet at least biannually to determine how the money in the fund shall be used to benefit the inmates of the respective institution.

Inmate Advisory Committee

The institution/facility Inmate Advisory Committee, or other group(s) representing the inmate body, shall submit in writing their view of proposed expenditures, particularly in the area of inmate benefit expenditures, during the preparation of the IWF budget.

23010.5 Revenue

The following areas are the major sources of IWF revenue:

- Canteens at each institution/facility (DOM Chapter 5, Article 50-Canteen).
- Handicraft programs at some institutions/facilities (DOM Chapter 10, Article 5-Handicraft Programs).
- Photo projects at some institutions/facilities.
- Interest on investment of idle inmate funds and IWF Donations.

23010.6 Expenditures

Purchases or services may be charged to the IWF if funds are available and the item is consistent with the policy for IWF use. The monies in this fund shall be used for expenditures or services other than those that the department is required to provide to inmates.

23010.6.1 Authorized Expenditures

The following items are examples of appropriate expenditures from the IWF:

Inmate Benefits

- Purchase of, repair to, and postage on fiction books for inmate libraries.
- Newspaper and magazine subscriptions for library and entertainment purposes.
- Rental of movie films and video tapes (including postage and/or freight) for institutions/facilities and permanent camps, and basic cable service when regular television reception is unavailable.
- Paints and materials for signs and show cards.
- Miscellaneous expenses for prizes and awards, general entertainment, and New Year's entertainment.
- Minor construction, (e.g., a few shelves, camp or yard canteen shacks, etc., and repair projects for the benefit or welfare of inmates). Procedures outlined under Chapter 2, Article 4-Capitol Outlay shall be followed, and any construction to be paid out of the IWF shall be submitted to the Secretary or designee for approval.
- Athletic supplies and exercise equipment such as stationary bikes, scoreboards, pumps, cones, bases and field equipment (excluding weights) subject to local institution security requirements.
- Musical instruments, subject to local institution security requirements.
- Non-affixed items (High chairs, storage bins).
- Institution inmate visiting area expenditure items (improvement to children play areas, games, toys and books) subject to institution security requirements.
- Audio visual equipment on mobile racks, such as televisions with instructional/informative content.

Canteen

- Salaries and benefits for the institution/facility canteen manager and other canteen positions.
- Merchandise purchases for resale to inmates.
- Purchase of canteen materials, (e.g., wrapping paper, paper bags, twine, paper napkins), and miscellaneous operating expenses, such as printer/fax supplies, stationary, and repairs to counters and shelves.
- Purchase and repair of equipment used in the canteen, such as sale scanners and terminals, typewriters, adding machines, or any equipment necessary for the operation of the canteen.
- Temporary help.

Handicraft

- Materials purchased for resale to the inmates for their projects.
- Miscellaneous operating expenses in production of articles for sale, (e.g., glue, brushes), rental of equipment, and repair of movable equipment. Purchase of equipment necessary for the production and sale of handicraft items does not include items used in occupational therapy or in teaching of arts and crafts.
- Hobby type materials, subject to local institution security requirements (e.g: knitting needles (plastic), yarn, origami)

Photo Project

- Rental, purchase, and repair of cameras.
- Miscellaneous items, such as backdrops or lights.
- Photographic film or photo paper.

Administration

- Accounting personnel working on IWF bookkeeping.
- Miscellaneous office expenses and equipment for IWF accounting positions.
- Workers' Compensation Insurance premium payments on all IWF positions.

Staff Benefits

- Staff benefits, including employer contributions for retirement, health and welfare insurance, and unemployment compensation for IWF positions.

Inmate Pay

- Pay for inmates employed in IWF activities, such as canteen, handicraft, photo projects, and motion picture projectionists.

23010.6.2 Unauthorized Expenditures

The following items are examples of expenditures that shall not be financed from the IWF:

- Replacement of inmate canteen cards or canteen draw amounts.
- Canteen additions, alterations, and equipment installed as part of the building unless approved by the Secretary.
- Repairs to the canteen building, (e.g., windows, window shades, replacement of lighting fixtures, repairs to floors, heaters, or any equipment installed as part of the building).
- Repairs to a fixed portion of the handicraft shop, room, building, or any equipment installed as part of the building.
- Utility payments.
- Shop equipment, tools, etc., used in occupational therapy, for institutional special projects, or in teaching arts and crafts.
- Purchase of nonfiction, text, or reference books and pamphlets.
- Repairs of nonfiction, text, and reference books and pamphlets.
- Postage on nonfiction, text, and reference books for inmate libraries.
- Correspondence courses, including departmental self-study courses.
- Miscellaneous expenses, such as printing, pamphlets, and other items used in organized educational courses.
- Supplies and equipment for the production or distribution of institution/facility publications.
- Subscriptions for trade magazines.
- Original complement and replacement of motion picture, radio, and television equipment.
- Repairs to motion picture equipment.
- Television and radio alteration and repairs, purchase of tubes, headphones, parts, phonograph records, and recording tapes.
- Housing, furniture, dishes, linen, television sets, etc., for family visiting and family visiting housing units.
- Overtime for employees supervising special inmate activities, such as athletic events, stage shows, self-help group, etc. (Such overtime shall be paid from the General Fund.)
- Duplicate items/Items with an existing funding source (Family Visiting, religious).

23010.7 Procurement

The Inmate Services Canteen Master Contracts are executed by the Office of Business Services on behalf of the Inmate Welfare Fund and are awarded to the lowest bidder consistent with quality requirements and accepted purchasing practices. The contracts are exempt from the Department of General Services approval per DGS Exemption Letter CDCR3. All contract documents shall be executed before the date of performance. No back dated documents are authorized. All contracts must contain an accurate identification of the contractor, a complete statement of work, the period of time for performance or completion of contract including beginning and ending dates. Each institution is required to purchase canteen resale items solely from the Statewide Master Contracts for all Inmate Services Canteens. If a like-commodity is available through the California Prison Industry Authority (CALPIA), purchase from CALPIA will not violate the terms of the contract agreement. IWF can only

pay resale invoices for items purchased from the contract and those invoices approved by procurement. All other resale invoices cannot be paid.

23010.7.1 Bid Requirements

When a purchase order is to exceed \$4,999.99, the informal competitive solicitation process based on written specifications shall be used unless there are valid reasons for not going to bid. For purchases \$4,999.99 or less, the fair and reasonable procurement method may be used utilizing one supplier bid with pricing justified using the methods as outlined in State Contracting Manual Volume II, Chapter 4, Section C, Topic 2. Documentation of bid solicitations and related correspondence shall be maintained in the procurement files.

23010.7.2 Operating Expense Items

Whenever possible, purchase orders shall be placed directly with the manufacturer rather than local vendors. Canteen purchasing shall be geared to take advantage of the many promotional offers and special discounts available. If minimum case requirements exceed one institution's/facility's needs, arrangements can be made with other institutions/facilities to split orders with the purchase orders and invoices processed by Headquarters to allocate expenditures to the participating institutions/facilities.

Institutions/facilities are encouraged to solicit sample or promotional merchandise that can be given to the inmate population.

Existing State contracts for items that are used to operate the institutions/facilities shall be used for purchasing IWF items when the prices are lower than from other resources.

Products from the CalPIA may be offered for sale to inmates through the canteens on the same basis as commodities purchased from commercial sources.

23010.7.3 Equipment

Institutions/facilities taking advantage of State contract prices when purchasing IWF equipment shall submit the purchase estimate to the Office of Procurement, DGS, if this is required by the terms of the Office of Procurement contract with these vendors.

23010.7.4 Consolidation of Orders by Headquarters

To take advantage of quantity purchasing, the Central Office IWF Officer shall initiate action for consolidated contracts with vendors for the purchasing of certain merchandise and equipment items by institutions/facilities.

23010.7.5 Unbudgeted Equipment and Construction Projects

Purchase orders for equipment and for construction projects not previously budgeted shall be submitted with justifications to the IWF Officer for approval.

23010.8 Review of Financial Condition

The Department of Finance conducts a biennial audit of the IWF that includes an audit report summarizing expenditures by major categories.

At least one copy of the audit report shall be posted at the inmate canteen, and at least one copy shall be made available in the inmate law library for inmate review.

At the end of the intervening fiscal year, the institution/facility shall post, at the inmate canteen, at least one copy of the institution's/facility's statement of operations, and one copy shall also be made available in the inmate law library for inmate review.

Institutions/facilities shall post a copy of the latest Monthly Expenditure Report and Statement of Operations at each inmate canteen every quarter. A copy of these statements shall also be placed in the inmate law library.

23010.9 Services to Other Organizations

A 10 percent service charge, which is remitted to the IWF, shall be added to monthly inmate payrolls when billing other organizations for inmate services not performed for facility convenience. When a

blood sale is authorized (California Code of Regulations (CCR), Title 15, Section 3359), the institution may impose an additional charge to the purchaser to retrieve the cost of Department resources used in drawing the blood. The proceeds of such charges shall be deposited in the IWF.

Inmate payrolls shall not be processed through the IWF.

23010.10 Service Charges for Handicraft Items

To defray handling costs on the purchase of materials used in the manufacture of handicraft articles and to balance possible losses, 10 percent shall be added to the purchase price only, exclusive of costs, such as State tax, freight, and handling, and charged to the inmate for such articles. No charge shall be made on canceled orders. This service charge shall be deposited in the IWF.

Handicraft Items for Sale

A 10 percent administrative surcharge shall be added to the price established by the inmate on all articles placed on sale including paintings. However, one percent will be refunded to the inmate for the sales tax paid on the raw materials used in the handicraft articles sold.

Paintings

"Paintings" shall include all kinds of pictures, drawings, sketches, etchings, and any frames that are attached.

Repair of Handicraft Items

A 10 percent administrative surcharge shall be added to the cost established by the inmate for the repair of handicraft-type articles for State employees or the public through the handicraft program. This surcharge shall be deposited in the IWF.

23010.11 Service Charge on Inmate Donations

Ten percent shall be deducted from inmate donations for deposit in the IWF to offset processing costs. The 10 percent charge will be made in accordance with DOM Chapter 10, Article 8 Charitable Fund-Raising Campaigns.

23010.12 Property Loss, Cash Shortages, and Uncollectible Checks

The IWF shall not be used to reimburse inmates for the theft or loss of personal property including, but not limited to, canteen cards, canteen draw balances, ducats, trust funds, handicraft items, or checks received for handicraft sales that become uncollectible. Inmates shall submit Victim Compensation and Government Claims Board claims for such losses in accordance with DOM Chapter 5, Article 53.

23010.13 Distribution of Contraband Currency

In accordance with DOM Chapter 5, Article 20, Disposition of Contraband, all contraband currency confiscated from inmates shall be deposited in the IWF as miscellaneous income.

23010.13.1 Contaminated Currency

After contaminated currency is confiscated, it shall be placed in a sealed plastic container clearly marked "CONTAMINATED." The container shall be turned in to the Associate Warden, Business Services (AWBS) or a designated Business Services representative for mailing to the Department of Treasury for destruction. The AWBS or representative shall enclose a letter instructing the Department of Treasury to deduct any processing fee from the contaminated money amount, and issue a check payable to the IWF for the balance, if any, of the contaminated money.

The letter and contaminated money shall be packaged and mailed to:

Department of Treasury
Bureau of Engraving & Printing
MCD/OFM, Room 344A
P.O. Box 37048
Washington, DC 20013

Upon receipt of reimbursement, the AWBS or representative shall deposit the check into the IWF.

23010.14 Revisions

The Deputy Director, Office of Fiscal Services, or designee shall be responsible for ensuring that the contents of this Article are kept current and accurate.

23010.15 References

PC §§ 2786 2813, 5005, 5006, 5006.1 and 5007.

CCR (15) (3) §§ 3104, 3359.

DOM §§ Chapter 2, Article 4, Chapter 5, Articles 20, 50 and 53, and Chapter 10, Articles 5 and 8.