

Department of Public Safety and Correctional Services



Financial Operations Manual

Department of Public Safety and Correctional Services
FINANCIAL OPERATIONS MANUAL

Financial Operations Manual
Publication Date: April 30, 2014

Revision Number: 5
Effective Date: April 30, 2014

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Department of Public Safety and Correctional Services

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Financial Operations Manual
Publication Date: March 20, 2008

Revision Number: 1
Effective Date: March 20, 2008

INTRODUCTION

AUTHORITY:

The Division of Financial Services is a unit within the Office of the Secretary in the Department of Public Safety and Correctional Services (DPSCS).

The mission of the Division of Financial Services is to assist management of the DPSCS in identifying, obtaining and effectively managing the resources necessary to protect the public, DPSCS employees, and detainees and offenders under departmental supervision.

In order to accomplish this mission, the Division of Financial Services has staff authority over all fiscal operations within DPSCS.

SCOPE:

The Financial Operations Manual documents policies and procedures governing DPSCS fiscal operations, and is intended as a reference manual for personnel working in DPSCS fiscal offices. This manual is intended to complement, and will frequently reference State control agency manuals, including, but not limited to:

1. General Accounting Division's Accounting Procedures Manual,
2. R*STARS manuals,
3. Department of General Services Inventory Control Manual.

The Financial Operations Manual which was issued in February 2001 will be completely revised and reissued, by section, during 2008.

GENERAL RESPONSIBILITIES:

1. It is the responsibility of the Chief Fiscal Officer in each agency to ensure:
 - a. That a copy of the current Financial Operations Manual (FOM) and appropriate control agency requirements and manuals referenced in the FOM are available to all employees in the fiscal office for reference purposes (either printed copy or electronic format),
 - b. That appropriate fiscal office staff are advised of modifications to the FOM and/or appropriate control agency requirements in a timely manner, and

- c. That all fiscal office staff understand and adhere to the requirements established in the FOM and appropriate control agency requirements and manuals referenced in the FOM.
2. It is the responsibility of all fiscal office staff to understand and adhere to the requirements established in the FOM and appropriate control agency requirements and manuals referenced in the FOM.

REVISIONS AND MAINTENANCE:

The Director of Financial Services, Office of the Secretary, DPSCS is responsible for coordinating, approving and distributing all revisions to this manual. Any requests for changes should be directed to that office.

Department of Public Safety and Correctional Services
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Financial Operations Manual
Publication Date: March 20, 2008

Revision Number: 1
Effective Date: March 20, 2008

SECTION II: WORKING FUND

1.0 REFERENCES:

GAD Accounting Procedures Manual

2.0 APPLICABLE TO

Department of Public Safety and Correctional Services

3.0 PURPOSE:

To establish policies and procedures that will enable the Department of Public Safety and Correctional Services (DPSCS) employees to effectively manage and control working funds in accordance with generally accepted accounting procedures and the requirements of the GAD Accounting Procedures Manual.

4.0 DEFINITIONS:

- 4.1 GAD** – The General Accounting Division, a unit of organization within the Office of the Comptroller of the Maryland.
- 4.2 GAD Accounting Procedures Manual** – The manual maintained by the General Accounting Division which documents statewide accounting procedures to be adopted by State agencies.
- 4.3 Inmate** – An individual incarcerated or detained in a Division of Correction (DOC) facility, the Patuxent Institution or a Division of Pretrial Detention and Services facility.
- 4.4 R*STARS** – Relational Statewide Accounting and Reporting System is the State's primary accounting system and the accounting system utilized by the DPSCS. This system was developed to satisfy the legal requirements of the State Comptroller for the management and control of State appropriations and the disbursement and receipt of State funds.

5.0 POLICY:

It is the policy of the Department of Public Safety and Correctional Services to ensure that all working funds are maintained in accordance with the guidelines as outlined in GAD Accounting Procedures Manual.

This policy applies to all employees who have responsibilities related to working fund advances.

6.0 PROCEDURES:**6.1 General Information**

6.1.1 The State Comptroller has the authority to grant agency requests for advances for the purpose of providing agencies with working fund cash. A working fund advance may be requested by an agency for any of the following purposes:

6.1.1.1 A General Working Fund advance may be requested for the purpose of providing salary and travel advances to employees and/or for petty cash transactions.

6.1.1.2 A Prisoner Working Fund advance may be requested for the purpose of (1) making certain disbursements on behalf of inmates as requested by the inmate, (2) providing certain funds to released inmates.

6.1.2 A working fund may consist of a petty cash fund and/or a bank account.

6.1.3 The Treasury Department, composed of the Comptroller of Maryland and the State Treasurer, is required by Article VI S3 of the Constitution of Maryland to approve all bank accounts used by state agencies.

6.2 Authorization and Set Up

6.2.1 A request for a working fund advance must be in writing to GAD setting forth the need and justification for the advance. The specific requirements for requesting an advance are specified in the GAD Accounting Procedures Manual section on Advances.

6.2.2 Requests for additional permanent or temporary advances must be in writing and must be supported by an analysis of the account. Contact GAD for instructions on completing the analysis.

6.2.3 Temporary advances are made for a specific purpose and must be returned immediately once the purpose has been accomplished.

6.2.4 Agency bank account request procedures are documented in the GAD Accounting Procedures Manual. The Bank Account Information System (BAIS), which is accessible via the

Comptroller's website (COMPNET), permits the on-line processing of agency bank account requests by the Treasury Department. Unless there is a compelling reason, all accounts should be set up for electronic fund transfer (EFT).

- 6.2.5 Agencies must notify GAD of any change of an approved bank account.

6.3 General Requirements:

- 6.3.1 Each working fund shall be assigned to the sole custody of one specific employee designated as the Custodian.
- 6.3.2 All petty cash funds, blank checks and check signature plates, as applicable, shall be maintained in a secure location at all times.
- 6.3.3 The custodian of the working fund may not be an authorized signatory for the working fund checking account and may not sign disbursement checks from the working fund. A signature of an individual other than the custodian is required.

6.4 Disbursements from the Working Fund:

- 6.4.1 All disbursements made from working funds or petty cash funds shall be for the designated purpose for which the fund was authorized, and shall comply with established State regulations.
 - 6.4.1.1 No disbursement may be authorized for a purchase that can be processed with the Statewide Corporate Purchasing Card.
 - 6.4.1.2 Working fund disbursements may not be utilized to circumvent procurement regulations.
- 6.4.2 Temporary salary advances may be provided on an emergency basis to an employee, in accordance with the following:
 - 6.4.2.1 A timesheet, approved by the employee's supervisor, has been provided to document the hours worked, and the Payroll unit has verified that the employee will not be paid for those hours on the normal pay date.
 - 6.4.2.2 An MS310 or MS311T has been submitted to the Department of Budget and Management, Office of Personnel Services and Benefits for processing and all required approvals have been obtained.
 - 6.4.2.3 The amount of the advance may not exceed the employee's net pay or 60% of the gross pay for that pay period.
 - 6.4.2.4 The employee signs a statement agreeing to return the advance immediately upon receipt of his/her pay.

6.4.2.5 The advance may not be provided to the employee before the regular pay date.

6.4.3 The amount of an individual disbursement from the working fund may not exceed the limits established to ensure that adequate funds are available in the working fund.

6.5 Reimbursement of the Working Fund:

6.5.1 A transmittal for reimbursement of the working fund shall be submitted as frequently as required, but no less frequently than monthly.

6.5.2 The Payee on the transmittal must be stated as “(state agency name) - working fund” and the Payment Due Date entered in R*STARS must be the date of the transmittal.

6.5.3 All working funds, including petty cash funds, shall be reimbursed at the fiscal year end, i.e., as of June 30th of each year, in order for all disbursements to be charged to the correct fiscal year on the Comptroller’s records.

6.6 Accountability over the Working Fund:

6.6.1 The petty cash shall be counted at least once a month by an employee other than the custodian. The petty cash count shall be documented, and the documentation shall be signed and dated by the employee performing the count. This documentation shall be retained for audit purposes.

6.6.2 A reconciliation of the working fund bank account shall be prepared on a monthly basis by an individual other than the custodian. All reconciling items shall be identified, investigated as necessary, and resolved. The reconciliation shall be signed and dated by the preparer and the documentation shall be retained for audit purposes.

6.6.3 A composition of funds shall be prepared on a monthly basis to reconcile the total of the working fund and related petty cash fund, if applicable, to the total advance per R*STARS. The composition of funds shall be signed and dated by the preparer and the documentation shall be retained for audit purposes.

6.6.4 The monthly composition of funds, and related bank reconciliation and/or petty cash count shall be reviewed and approved by the Fiscal Officer or designee.

6.6.5 A copy of the approved composition of funds for the Prisoner Working Fund shall be submitted to the Division of Financial Services by the last day of the subsequent month.

- 6.6.6 Write-offs of agency advances must follow the procedures outlined in the GAD Accounting Procedures Manual.
 - 6.6.6.1 Under no circumstances may an agency submit a request for write-off of agency advances without the prior approval of the Director, Division of Financial Services and the appropriate Commissioner/Director.
 - 6.6.6.2 Losses shall be reported in accordance with the GAD Accounting Procedures Manual as soon as they are known.
 - 6.6.6.3 Written notification of write-off approval from either the Central Collection Unit or the Department of Budget and Management, will serve as official authorization to support an agency transmittal request to GAD to restore the working fund by charging existing appropriations.
 - 6.6.6.4 An agency may not charge its appropriation prior to the receipt of written notification of write-off approval.

7.0 RESPONSIBILITIES:

7.1 It is the responsibility of the Custodian to:

- 7.1.1 Process disbursements from the working fund consistent with the purpose for which the fund was authorized and in compliance with State regulations.
- 7.1.2 Ensure that all working fund and petty cash transactions are properly documented.
- 7.1.3 Initiate reimbursement of the working fund at least monthly, or more frequently as required.
- 7.1.4 Maintain all petty cash funds and blank checks, as applicable, in a secure location at all times.

7.2 It is the responsibility of the Supervisor to:

- 7.2.1 Maintain check signature plates, if applicable, in a secure location at all times.
- 7.2.2 Ensure that the composition of funds, related bank reconciliation and related petty cash count, as applicable, are prepared on a monthly basis and maintained for audit purposes.
- 7.2.3 Ensure that all reconciling items are identified, investigated and resolved.
- 7.2.4 Ensure that the transmittal for reimbursement of the working fund is submitted as frequently as required, but no less frequently than

monthly. Ensure that the Payee on the transmittal is stated as “(state agency name) - working fund” and the Payment Due Date entered in R*STARS is the date of the transmittal.

- 7.2.5 Ensure that the transmittal for reimbursement of the working fund is submitted at fiscal year end, i.e., as of June 30th of each year in order for all disbursements to be charged to the correct fiscal year on the Comptroller’s records.

7.3 It is the responsibility of the Fiscal Officer to:

- 7.3.1 Ensure compliance with the procedures for establishing or modifying a working fund advance and/or related bank account, as outlined in paragraph 6.2 of this section.
- 7.3.2 Ensure that all disbursements from the working fund are consistent with the purpose for which the fund was authorized and in compliance with State regulations.
- 7.3.3 Ensure that adequate funds are available in the working fund at all times by:
- 7.3.3.1 Establishing appropriate limits in the amount of individual disbursements from the working fund.
 - 7.3.3.2 Ensuring that the transmittal reimbursement of the working fund is requested at least monthly, or more frequently as required.
 - 7.3.3.3 Requesting increases in the amount of the advance from the Comptroller as necessary to meet the needs of the agency.
- 7.3.4 Review and approve the monthly composition of funds, related bank reconciliation and related petty cash count, as applicable, and ensure that all reconciling items are identified, investigated and resolved. Ensure that a copy of the approved composition of funds for the Prisoner Working Fund is submitted to the Deputy Director of the Division of Financial Services or designee by the last day of the subsequent month.
- 7.3.5 Ensure that access to all petty cash funds, blank checks and check signature plates, as applicable, is restricted, and that the employee who prepares the composition of funds, related bank reconciliation and related petty cash is restricted from access to petty cash funds, blank checks and check signature plates.
- 7.3.6 Ensure that the employee authorized to sign working fund checks is not the custodian of the working fund.

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Financial Operations Manual
Publication Date: May 19, 2008

Revision Number: 1
Effective Date: May 19, 2008

SECTION III: CASH RECEIPTS

1.0 REFERENCES:

GAD Accounting Procedures Manual

2.0 APPLICABLE TO

Department of Public Safety and Correctional Services

3.0 PURPOSE:

To establish policies and procedures that will enable the Department of Public Safety and Correctional Services (DPSCS) employees to effectively manage and control cash receipts in accordance with generally accepted accounting procedures and the requirements of the GAD Accounting Procedures Manual.

4.0 DEFINITIONS:

- 4.1 GAD** – The General Accounting Division, a unit of organization within the Office of the Comptroller of the Maryland.
- 4.2 GAD Accounting Procedures Manual** – The manual maintained by the General Accounting Division which documents statewide accounting procedures to be adopted by State agencies.
- 4.3 Cash Receipts** – Coin, currency, check, money order and other negotiable instrument received by a facility or office.
- 4.4 Cash Receipts Log** – A listing of cash receipts which delineates the date of receipt, the name of the payer, and the amount of each receipt.
- 4.5 Pre-numbered Receipt Form** – A multi-part, printed form with areas for entering the date of receipt, the name of the payer, and the amount of each receipt.
- 4.6 Receipt Staff** – Employee assigned responsibility for the initial collection and recordation of cash receipts.
- 4.7 Deposit Staff** – Employee responsible for processing of cash receipts, including the actual bank deposit.

- 4.8 Verification Staff** – Employee assigned responsibility for verification of collections to deposit and/or recordation of cash receipts into the inmate banking system and/or R*STARS.
- 4.9 Institutional Staff** – Employee working at a facility or institution who is not under the supervision of the Fiscal Officer.
- 4.10 Locked Bank Bag** – A heavy duty bag used for transporting cash receipts to the bank for deposit. The cash and deposit slip are locked in the bag by the person preparing the deposit and the contents of the bag remain secure until it is opened by the bank.
- 4.11 Inmate** – An individual incarcerated or detained in a Division of Correction (DOC) facility, the Patuxent Institution (PATX) or a Division of Pretrial Detention and Services (DPDS) facility.
- 4.12 MOBS (Maryland Offender Banking System)** – A Departmental computer system that maintains an account record for each inmate of (1) money the inmate had at entry, (2) money sent to the inmate from outside sources, (3) money paid to the inmate for work, (4) disbursements from the inmate’s account for commissary purchases and other payments, and the current balance of the inmate’s funds.
- 4.13 R*STARS (Relational Standard Accounting and Reporting System)** – The State’s primary accounting system and the accounting system utilized by the DPSCS for the management and control of State appropriations and the disbursement and receipt of State funds.

5.0 POLICY:

It is the policy of the Department of Public Safety and Correctional Services to ensure that cash receipts are handled, recorded and controlled in accordance with the guidelines as outlined in GAD Accounting Procedures Manual.

This policy applies to employees who have responsibilities related to collection, handling, recordation and/or deposit of cash receipts.

6.0 PROCEDURES:

6.1 General Information:

- 6.1.1 Cash receipts and pre-numbered receipt forms shall be maintained in a secure location at all times.
- 6.1.2 Pre-numbered receipt forms shall be utilized in numerical sequence.
- 6.1.3 Receipt staff who initially collect cash receipts or open mail that includes cash receipts may not leave cash collections unattended,

nor mingle collections received with cash receipts collected by other employees.

6.2 Collection of Cash Receipts:

- 6.2.1 Immediately upon receipt, all checks and money orders shall be restrictively endorsed by the employee who initially collects the cash receipts or opens mail that includes cash receipts.
 - 6.2.1.1 The endorsement shall include the following information:
 - 6.2.1.1.1 “For Deposit Only”,
 - 6.2.1.1.2 Name of Agency/Institution,
 - 6.2.1.1.3 Accounting Code (at least 6-digit agency code),
 - 6.2.1.1.4 Maryland State Treasurer, and
 - 6.2.1.1.5 Bank Account Number.
 - 6.2.1.2 The endorsement shall be limited to a one and one-half inch band on the trailing edge on the back of the check. The trailing edge is the left side of the check when looking at it from the front.
 - 6.2.1.3 A customized stamp may be used for the endorsement.
- 6.2.2 All cash receipts shall be immediately recorded (via cash receipts log and/or pre-numbered receipt form) by the employee who initially collects the cash receipts or opens mail that includes cash receipts.
 - 6.2.2.1 For each cash receipt, the following information shall be recorded in the cash receipts log or on the pre-numbered receipt form:
 - 6.2.2.1.1 Date of Receipt,
 - 6.2.2.1.2 Name of Payer, and
 - 6.2.2.1.3 Amount of the cash receipt.
 - 6.2.2.2 In addition, if the cash receipt is received for deposit to an inmate’s account, a pre-numbered receipt form shall be prepared and the following additional information shall be provided in the cash receipts log:
 - 6.2.2.2.1 Inmate number,
 - 6.2.2.2.2 Check or money order number,
 - 6.2.2.2.3 Receipt number, and

- 6.2.2.2.4 Agency/institution.
- 6.2.2.3 Institutions may utilize a “One-Write” system which creates a written log at the same time as a pre-numbered receipt form.
- 6.2.2.4 Institutions may utilize a cash receipts log in Excel which creates a cash receipts log at the same time as a sequentially numbered receipt form. Copies of the cash receipts log and the sequentially numbered cash receipts forms shall be printed by the receipt staff for distribution as required.
- 6.2.3 Pre-numbered receipt forms shall be utilized in sequential order.
 - 6.2.3.1 A copy of the pre-numbered receipt form shall be provided to the payer whenever the cash receipt is hand delivered in person.
 - 6.2.3.2 If the cash receipt is received for deposit to an inmate’s account, a copy of the pre-numbered receipt form shall be forwarded to the inmate.
 - 6.2.3.3 If a pre-numbered receipt form needs to be voided, all copies of the voided receipt form shall be retained in the pre-numbered receipt book and clearly marked “VOID”.
- 6.2.4 The cash receipts log shall be totaled daily, then signed and dated by the employee who recorded the receipts. If a calculator tape is used to total the log and document the total, the calculator tape shall also be signed and dated by the same employee who shall forward the cash receipts and related documentation **on the same day** as follows:
 - 6.2.4.1 A **copy** of the cash receipts log, **copies** of related pre-numbered cash receipt forms and related calculator tape (as applicable) shall be submitted to designated deposit staff along with the cash receipts collected.
 - 6.2.4.2 The signed original cash receipts log, copies of related pre-numbered cash receipt forms and related calculator tape (as applicable) shall be forwarded to designated verification staff.

6.3 Handling of Cash Receipts:

- 6.3.1 The transfer of cash receipts between employees shall be fully documented to affix individual responsibility and accountability for collections from the initial receipt until deposit.

- 6.3.1.1 The employee receiving the transfer of cash receipts shall count the cash receipts in the presence of the employee transferring the cash receipts to verify the total amount of cash receipts being transferred.
- 6.3.1.2 A pre-numbered receipt form or other written documentation shall be prepared to document the transfer. At a minimum, the documentation should include:
 - 6.3.1.2.1 The source of the cash receipts,
 - 6.3.1.2.2 The date of the transfer,
 - 6.3.1.2.3 The total amount of the transfer, and
 - 6.3.1.2.4 The signature of the employee receiving the transfer.
- 6.3.1.3 The employee transferring the cash receipts shall be provided a copy of the pre-numbered receipt form or other documentation of the transfer of the cash receipts.
- 6.3.2 The transfer of cash receipts between employees may be avoided if the employee who initially collects the cash receipts or opens mail that includes cash receipts (receipt staff) also prepares the receipts for deposit and places all cash receipts and the related deposit slip in a locked bank bag that can be taken directly to the bank for deposit.

6.4 Deposit of Cash Receipts:

- 6.4.1 Cash receipts shall be deposited intact in a State Treasurer designated banking institution, to the credit of the “State Treasurer of Maryland.”
- 6.4.2 All deposits shall be made to the agency’s Depository Plus account (Bank of America), except when the use of a correspondent bank has been authorized by the State Treasurer due to the non-accessibility of the State’s main depository bank.
 - 6.4.2.1 The agency specific Depository Plus deposit slip shall be used,
 - 6.4.2.1.1 The date on the deposit slip shall be the date that the cash receipts are taken to the bank for deposit.
 - 6.4.2.1.2 Each check and money order to be deposited shall be listed separately on the deposit slip, or a separate listing (or calculator tape) of

each check and money order shall be attached to the deposit slip.

6.4.2.1.3 The total amount of the deposit and the total number of items to be deposited shall be noted on the deposit slip.

6.4.3 Cash receipts shall be deposited no later than the first working day after the day of receipt. However, deposit of cash receipts on the day received is preferred when possible.

6.4.4 Facilities/offices that collect nominal amounts of cash receipts and also due to location and/or lack of personnel would have difficulty meeting the requirement to make daily deposits may be exempted from making daily deposits. These facilities/ offices shall be required to make deposits at least weekly or more frequently if cash receipts accumulate to \$500.

6.4.5 The validated deposit slip received from the bank shall be forwarded on a daily basis to verification staff.

6.5 Verification of Deposit:

6.5.1 Verification staff may not be involved in the collection, handling or deposit of cash receipts and may not have access to actual cash collections.

6.5.2 For those agencies whose cash receipts are deposited with the Bank of America, on the next working day after cash receipts are deposited, a verification staff member who has online access through Bank of America Direct shall print the “Previous Day Detail with Text Report” to verify the amount deposited and posted to the State of Maryland’s account.

6.5.2.1 This report serves as the validated deposit ticket.

6.5.2.2 Any discrepancy between this report and the validated deposit slip received from the bank at the time of deposit shall be reported to the supervisor.

6.5.3 The deposit amount per the validated deposit slip shall be recorded in R*STARS within two business days of the deposit.

6.5.3.1 The Deposit Reference Number (DRN) (which is the Document Number in R*STARS) shall be a zero (0) followed by the five (5) digit deposit ticket number.

6.5.3.2 The document date in R*STARS shall be the actual bank deposit date.

6.5.3.3 The batch total amount shall be the total amount deposited per the validated deposit ticket.

- 6.5.3.4 The verification staff member entering the batch in R*STARS, shall balance the batch, and print and sign the Certificate of Deposit Report (DAFM522).
- 6.5.4 Verification staff shall forward the pre-numbered receipt forms documenting cash received for deposit to an inmate's account to the Inmate Accounts staff on a daily basis for posting to MOBS.
 - 6.5.4.1 Inmate Accounts shall post the cash receipts from the pre-numbered receipt forms to MOBS on a daily basis in batches of 17 items or less with the receipt number listed as the reference.
 - 6.5.4.2 When all receipts for that day have been posted to MOBS, the receipt batches shall be totaled and verified to the cash receipts log.
 - 6.5.4.3 This verification shall be documented with the date and initials of the employee who performed the verification, and the documentation retained for audit purposes.
- 6.5.5 Verification staff shall forward a copy of the cash receipt log and/or pre-numbered receipt forms documenting cash received in payment of accounts receivable to the Accounts Receivable staff on a daily basis for posting the collection to the appropriate account.
 - 6.5.5.1 The daily total of credits to accounts receivable for cash payments shall be verified to the total cash receipts collected per the cash receipts log.
 - 6.5.5.2 This verification shall be documented with the date and initials of the employee who performed the verification, and the documentation retained for audit purposes.
- 6.5.6 The total amount deposited per the validated deposit slip shall be verified to the total cash receipts collected per the cash receipts log. This verification shall be documented with the date and initials of the employee who performed the verification, and the documentation retained for audit purposes.
- 6.5.7 Any discrepancies between cash collections per the cash receipt log and/or related pre-numbered receipt forms, and the amount deposited per the validated deposit ticket shall be reported to the Fiscal Officer or designee immediately.
 - 6.5.7.1 The Fiscal Officer or designee shall initiate an investigation.

6.5.7.2 The investigation shall be performed by an employee independent of the collection, handling or deposit of cash receipts.

6.5.7.3 The investigation and related findings shall be documented.

6.6 Accounting for Pre-numbered Receipt Forms:

6.6.1 Unused receipt books are to be segregated from those in use and maintained in a secure location. Employees involved in the collection, handling or deposit of cash receipts may not have access to unused receipt books.

6.6.2 An inventory of unused receipt books shall be maintained by an employee not involved in the collection, handling, deposit or verification of cash receipts.

6.6.3 If cash receipts are collected at multiple locations, the inventory of unused receipt books shall include a record documenting the issuance of unused receipt books, and the return of used receipt books. This record will include, at a minimum:

6.6.3.1 The date of issuance,

6.6.3.2 The employee or location receiving the unused books,

6.6.3.3 The sequence of pre-numbered receipt forms in the unused receipt book issued, and

6.6.3.4 The date of return of used receipt books.

6.6.4 Pre-numbered receipt forms shall be used in numerical sequence. **Verification staff** shall verify that:

6.6.4.1 Pre-numbered receipt forms have been issued in numerical sequence,

6.6.4.2 Any missing receipts are investigated, and

6.6.4.3 Copies of the used pre-numbered receipt forms are retained in numerical sequence.

6.6.5 At least quarterly, the Fiscal Officer or designee shall prepare an accounting for the numerical sequence of pre-numbered receipt forms as to issued, voided, or on hand.

7.0 RESPONSIBILITIES:

7.1 It is the responsibility of the Receipt Staff to:

7.1.1 Restrictively endorse all checks and money orders immediately upon receipt.

- 7.1.2 Record all cash receipts in a cash receipts log and/or pre-numbered receipt form immediately upon receipt.
- 7.1.3 When cash receipts are delivered in person, provide a copy of the pre-numbered receipt form to the Payer.
- 7.1.4 Prepare a pre-numbered receipt form for all cash received for deposit to an inmate's account.
- 7.1.5 Use pre-numbered receipt forms in sequential order, and retain all copies of voided receipts in the receipt book.
- 7.1.6 Prepare a daily total of cash receipts collected per the cash receipts log, and initial and date the log. Ensure that the daily total of the log, the total of the related pre-numbered receipt forms and/or related calculator tape is consistent and agrees to the total cash receipts collected.
- 7.1.7 Maintain cash receipts in a secure location at all times.
- 7.1.8 Submit the daily receipts to deposit staff and ensure that the transfer of cash collections to another employee is fully documented.
- 7.1.9 Submit the signed original cash receipts log and/or copies of the pre-numbered receipt forms and related calculator tape (as applicable) directly to verification staff on a daily basis.

7.2 It is the responsibility of the Deposit Staff to:

- 7.2.1 Prepare the daily deposit of cash receipts forwarded from Receipt staff.
 - 7.2.1.1 Ensure that all cash receipts are deposited intact in the designated bank.
 - 7.2.1.2 Ensure that all cash receipts are deposited no later than the first working day after the day of receipt.
- 7.2.2 Accurately complete the agency specific Depository Plus deposit slip.
- 7.2.3 Make the daily deposit of cash receipts at the designated bank
- 7.2.4 Forward the validated deposit slip received from the bank to deposit to verification staff on a daily basis.
- 7.2.5 Maintain cash receipts in a secure location at all times. Ensure that cash receipts not deposited on the day of receipt are secured in a safe overnight.
- 7.2.6 Ensure that the transfer of cash receipts to and/or from other employees is fully documented to affix individual responsibility and accountability for collections.

7.3 It is the responsibility of the Verification Staff to:

- 7.3.1 If cash receipts are deposited with the Bank of America, obtain online access through Bank of America Direct, print the “Previous Day Detail with Text Report” and verify the amount deposited and posted to the State of Maryland’s account.
- 7.3.2 Verify that the validated bank deposit ticket agrees with the total amount of collections recorded on the cash receipts log on a daily basis, and document this verification.
- 7.3.3 Record the amount deposited per the validated deposit ticket in R*STARS within two business days of the deposit.
 - 7.3.3.1 Ensure that the Deposit Reference Number (DRN) (which is the Document Number in R*STARS) is a zero (0) followed by the five (5) digit deposit ticket number.
 - 7.3.3.2 Ensure that the document date in R*STARS is the actual bank deposit date.
- 7.3.4 Verify that pre-numbered receipt forms have been issued and maintained in numerical sequence, and that all copies of voided receipts can be accounted for.
- 7.3.5 Report any discrepancies to the Fiscal Officer or designee.

7.4 It is the responsibility of Inmate Accounts Staff to:

- 7.4.1 Post cash received for deposit to an inmate account, as documented on the pre-numbered receipts forms, to MOBS on a daily basis.
- 7.4.2 When all receipts for that day have been posted to MOBS, total the receipt batches and verify the total cash receipts posted to MOBS to the total collections per the cash receipts log.
- 7.4.3 Date and sign the cash receipts log to document the verification of the total cash receipts posted to MOBS to the total collections per the cash receipts log and retain the documentation for audit purposes.

7.5 It is the responsibility of the Accounts Receivable Staff to:

- 7.5.1 Verify that the daily total of credits to accounts receivable for cash payments to the total cash receipts collected on accounts receivable per the cash receipts log.
- 7.5.2 Date and sign the cash receipts log to document the verification of the total credits to accounts receivable to the total collections on accounts receivable per the cash receipts log and retain the documentation for audit purposes.

7.6 It is the responsibility of the Fiscal Officer to:

- 7.6.1 Ensure that all checks and money orders are restrictively endorsed immediately upon receipt by the employees who initially collect cash receipts or open mail that includes cash receipts.
- 7.6.2 Ensure that all cash receipts are immediately recorded (via cash receipts log or pre-numbered receipt form) by the employee who initially collects the cash receipts or opens mail that includes cash receipts.
- 7.6.3 Ensure that pre-numbered receipt forms are utilized in sequential order.
- 7.6.4 Ensure that cash receipts collections and pre-numbered receipt forms are maintained in a secure location at all times.
- 7.6.5 Ensure that individual responsibility and accountability for cash receipt collections is maintained from the initial receipt until deposit.
 - 7.6.5.1 Ensure that cash receipts collected by each employee involved in the collection of cash receipts are not mingled with receipts collected by any other employee.
 - 7.6.5.2 Ensure that the transfer of cash receipts between employees is fully documented.
- 7.6.6 Ensure that all cash receipts are deposited intact in State Treasurer designated banking institutions, no later than the first working day after the day of receipt.
- 7.6.7 Ensure that employees responsible for the verification of cash receipt collections to deposit and recordation of amounts deposited into R*STARS are not involved in the collection, handling nor deposit of cash receipts and do not have access to cash collections.
- 7.6.8 Ensure that the amount deposited with the Bank of America, is verified by accessing online through Bank of America Direct on the next working day after cash receipts are deposited, and printing the “Previous Day Detail with Text Report” to serve as the validated deposit ticket.
- 7.6.9 Ensure that the deposit amount is recorded in R*STARS within two business days of the deposit.
- 7.6.10 Ensure that the total of cash receipts posted to inmate accounts is verified to the cash receipts collected and deposited, and that this verification is documented.
- 7.6.11 Ensure that the total of credits posted to accounts receivable is verified to the total cash receipts on accounts receivable collected per the cash receipts log, and that this verification is documented.

- 7.6.12 Ensure that the total amount deposited per the validated deposit slip is verified to the total cash receipts collected per the cash receipts log, and that this verification is documented.
- 7.6.13 Ensure that any discrepancies between cash collections per the cash receipt log and/or related pre-numbered receipt forms, and the amount deposited per the validated deposit ticket are investigated by an employee independent of the collection, handling or deposit of cash receipts, and that the investigation and related findings are documented.
- 7.6.14 Prepare an accounting for the numerical sequence of pre-numbered receipt forms as to issued, voided, or on hand at least quarterly.
- 7.6.15 Ensure that the Managing Officer and all institutional staff involved in the collection, handling and/or processing of cash receipts are provided a copy of this procedure and appropriate training as to how the procedure should be implemented.

Department of Public Safety and Correctional Services
FINANCIAL OPERATIONS MANUAL

Financial Operations Manual
Publication Date: May 30, 2008

Revision Number: 1
Effective Date: May 30, 2008

SECTION IV: ACCOUNTS RECEIVABLE

1.0 REFERENCES:

Sections 3.302 and 3.303 of the State Finance and Procurement Article of the Annotated Code of Maryland
COMAR 17.01.01 - Central Collection Unit, Standards for Administrative Collection of Claims
CCU Delinquent Accounts Handbook, FY 2007 Edition
GAD Accounting Procedures Manual

2.0 APPLICABLE TO

Department of Public Safety and Correctional Services

3.0 PURPOSE:

To establish policies and procedures that will enable the Department of Public Safety and Correctional Services (DPSCS) employees to effectively manage and control accounts receivable in accordance with generally accepted accounting procedures, State laws and regulations, and the requirements of the GAD Accounting Procedures Manual and the Central Collection Unit Delinquent Accounts Handbook.

4.0 DEFINITIONS:

- 4.1 **Account Receivable (Account)** – An amount owed by a debtor to a agency within DPSCS for which an invoice is generated.
- 4.2 **Accounts Receivable Staff (A/R Staff)** – Employee(s) responsible for the initial posting of accounts receivable and preparation of invoices.
- 4.3 **Accounts Receivable Supervisor (A/R Supervisor)** – Employee responsible for approving accounts receivable invoices and non-cash adjustments to accounts receivable.
- 4.4 **Agency** – An organization, institution, division or program established as a separate budgetary unit within the Department of Public Safety and Correctional Services.
- 4.5 **CCU** – The Central Collections Unit, a unit of organization within the Department of Budget and Management.

- 4.6 **CCU Delinquent Accounts Handbook** – The handbook published by the Central Collections Unit which provides information about the unit, including the laws and regulations governing the unit and procedures and requirements for the transfer of delinquent accounts to the unit.
- 4.7 **Debtor** – An employee, former employee, former inmate or a unit of federal, state or local government legally obligated to pay money to a agency within DPSCS.
- 4.8 **Delinquent Account** – An account shall be considered delinquent if it remains unpaid after the agency has made three written demands for payment at 30 day intervals.
- 4.9 **GAD** – The General Accounting Division, a unit of organization within the Office of the Comptroller of the Maryland.
- 4.10 **GAD Accounting Procedures Manual** – The manual maintained by the General Accounting Division which documents statewide accounting procedures to be adopted by State agencies.
- 4.11 **Inmate** – An individual incarcerated or detained in a Division of Correction (DOC) facility, the Patuxent Institution or a Division of Pretrial Detention and Services facility.
- 4.12 **Invoice** – A written demand for payment from a debtor, typically comprising an itemized list of charges.
- 4.13 **MOBS** – Maryland Offender Banking System. A mainframe system designed to keep an accurate accounting of an inmate's personal money while the inmate is under the jurisdiction of the Department. The system shall maintain a record of (1) money an inmate had at entry, (2) money sent to the inmate from outside sources, (3) money paid for work, (4) disbursements from the inmate's account for commissary purchases and other payments, and the current balance of the inmate's funds.
- 4.14 **R*STARS** – Relational Standard Accounting and Reporting System is the State's primary accounting system and the accounting system utilized by the DPSCS. This system was developed to satisfy the legal requirements of the State Comptroller for the management and control of State appropriations and the disbursement and receipt of State funds.

5.0 POLICY:

- 5.1 It is the policy of the Department of Public Safety and Correctional Services (DPSCS) to ensure that all accounts receivable are invoiced, recorded and controlled in accordance with the requirements of the Central Collection Unit and GAD.

- 5.2 This policy applies to all employees who have responsibilities related to invoicing, recordation and/or collection of accounts receivable, and/or the transfer of delinquent accounts to CCU.

6.0 PROCEDURES:

6.1 General Information:

- 6.1.1 Accounts receivable staff shall take aggressive action, on a timely basis with effective follow-up, to collect all claims of the State resulting from the activities of the agency or program.
- 6.1.2 Except as noted below, accounts receivable shall be recorded and controlled in R*STARS. The following types of accounts receivable need not be recorded in R*STARS:
- 6.1.2.1 Amounts invoiced by Maryland Correctional Enterprises.
- 6.1.2.2 Fines, costs and restitution due from offenders supervised by the Division of Parole and Probation which are recorded in the automated Offender Based State Correctional Information System (OBSCIS II).
- 6.1.2.3 Amounts due from federal and other grantors for which the grantor has specified a particular reporting and billing format.
- 6.1.3 Except as noted below, accounts receivable shall be established for amounts due for services rendered or goods provided by agencies within the Department. Specifically, accounts receivable may not be established for the following:
- 6.1.3.1 Amounts due from inmates which have been recorded in the inmate banking system (MOBS). Upon release of an inmate, any negative balance in an inmate's account shall be forwarded to A/R staff for collection.
- 6.1.3.2 Salary or other reimbursements from another agency within DPSCS except when the reimbursement has been specifically approved or directed by the Office of the Secretary, Division of Financial Services or when a certification of funds has been provided by the fiscal officer of the agency providing the reimbursement.
- 6.1.4 A/R staff may not establish installment payment plans for the collection of accounts receivable. A/R staff may implement an installment plan that has been established by an agency head/ program director provided that the installment plan is consistent with CCU regulations (as referenced in COMAR 17.01.01.04G).

6.2 Establishing an Account Receivable:

- 6.2.1 Accounts receivable shall be established for the following items:
 - 6.2.1.1 An amount owed by a customer of Maryland Correctional Enterprises (MCE) who is legally obligated to pay for goods or services received.
 - 6.2.1.2 An amount owed by a unit of federal, state, or local government that is legally obligated to pay for goods or services received from a agency within DPSCS other than MCE.
 - 6.2.1.3 An amount owed by DPSCS employee or former employee for:
 - 6.2.1.3.1 Salary overpayments,
 - 6.2.1.3.2 Lost or damaged state property,
 - 6.2.1.3.3 Personal cell phone usage.
 - 6.2.1.4 An amount owed by an individual, company or agency whose previously submitted payment check was returned from the bank unpaid.
 - 6.2.1.5 An amount owed by a former inmate who had a negative balance greater than \$30 in their MOBS account after release from a DPSCS facility.
- 6.2.2 Documentation supporting the claim or debt shall be forwarded to the A/R staff on a timely basis to ensure prompt recordation and invoicing of the accounts receivable. This documentation shall include:
 - 6.2.2.1 The individual or agency to be invoiced,
 - 6.2.2.2 The purpose of the invoice,
 - 6.2.2.3 The date or period that the debt was incurred (i.e., billing period),
 - 6.2.2.4 The amount to be invoiced, and/or detailed information required to determine the amount to be invoiced (such as number of hours/days/inmates worked by an inmate work crew, number of federal prisoners housed, number and type of CHRI checks provided.)

6.3 Invoicing of Accounts Receivable:

- 6.3.1 Accounts receivable invoices shall be prepared on a timely basis, that is, no more than 15 days after the related documentation of the claim is received.

- 6.3.2 Except when the related contract specifies the billing period invoices shall be prepared on a monthly basis when services are provided on a continuing basis (such as inmate work crews or housing federal prisoners).
- 6.3.3 Invoices shall be prepared in R*STARS and shall include the following information:
 - 6.3.3.1 Name and address of the debtor,
 - 6.3.3.2 An accurate and complete description of the purpose of the invoice,
 - 6.3.3.3 The detail of amounts due,
 - 6.3.3.4 Total amount due,
 - 6.3.3.5 Pertinent R*STARS coding for payment processing to include Program Cost Account (PCA), agency object, and transaction code,
 - 6.3.3.6 The billing agency's address,
 - 6.3.3.7 The name and phone number of the employee to be contacted in case of questions about the invoice,
 - 6.3.3.8 The date the invoice was prepared, and
 - 6.3.3.9 The payment due date.
- 6.3.4 Invoices shall be reviewed and approved in R*STARS by the accounts receivable supervisor.
- 6.3.5 After supervisory approval of the invoice, two copies of the invoice should be printed:
 - 6.3.5.1 A copy of the invoice should be sent to the debtor,
 - 6.3.5.2 A copy of the invoice with all related documentation supporting the invoice shall be retained for audit purposes.

6.4 Management and Control of Accounts Receivable:

- 6.4.1 A/R staff shall take aggressive action, on a timely basis with effective follow-up, to collect all claims of the agency.
- 6.4.2 A/R staff shall make appropriate written demands upon a debtor in the form of invoices properly addressed and sent to the debtor. The first invoice shall be sent within thirty (30) days after the delivery of goods or services.
- 6.4.3 Upon release of an inmate, any negative balance in the inmate's MOBS account shall be forwarded to A/R staff for collection:
 - 6.4.3.1 For accounts with a value of less than \$30, A/R staff shall immediately submit the account to CCU requesting Abatement Committee approval to write off

these accounts in accordance with the procedures described in Section 6.5.2 below.

- 6.4.3.2 For accounts with a value of \$30 or more, A/R staff shall make appropriate written demands for payment in the form of invoices properly addressed and sent to the debtor, before the account is declared delinquent.
- 6.4.4 Except as noted in section 6.4.5 below, A/R staff shall make three (3) written demands for payment, at thirty (30) day intervals before an account is considered delinquent.
 - 6.4.4.1 The first invoice shall be sent within thirty (30) days after the delivery of goods or services.
 - 6.4.4.2 If the account remains unpaid, a second written demand for payment should be sent to the debtor thirty (30) days after the initial invoice.
 - 6.4.4.3 If the account remains unpaid, a third written demand for payment should be sent to the debtor sixty (60) days after the initial invoice.
 - 6.4.4.4 Written demands for past due amounts shall include a statement informing the debtor that failure to respond to the demand in a positive manner may result in the referral of the delinquent account to CCU for possible enforced collection action, and a 17% collection fee will be imposed if the debt is referred to CCU for collection.
 - 6.4.4.5 Except for amounts due from State and federal agencies, an account that remains unpaid ninety (90) days after the initial invoice shall be declared delinquent and transferred to CCU for collection,.
 - 6.4.4.6 The Department has received a waiver from CCU for accounts receivable due from State (of Maryland) and federal agencies which are expected to be collected within 180 days:
 - 6.4.4.6.1 Up to two (2) additional written demands for payment shall be submitted at 30 day intervals, and
 - 6.4.4.6.2 If the account remains unpaid 180 days after the initial invoice, the account shall be declared delinquent and transferred to CCU for collection.

- 6.4.5 An account shall be declared delinquent and transferred to CCU immediately, without awaiting the expiration of a time period, whenever:
 - 6.4.5.1 The debtor's response to an appropriate demand for payment indicates that further demands would be futile, (for example, the debtor refuses to pay the claim),
 - 6.4.5.2 The debtor failed to respond in a positive manner within 75 days of the original written demand, or
 - 6.4.5.3 Prompt suit or attachment is required.
- 6.4.6 A/R staff shall undertake personal interviews and telephone contacts with debtors when this is feasible, having due regard for the amounts involved and the proximity to the debtors.
- 6.4.7 A/R staff may not abate nor compromise claims. If there is reason to believe that the debtor will be unable to pay the claim in full, the claim shall be referred immediately to CCU for exploration of possible compromise or abatement.
- 6.4.8 A/R staff shall fully document all collection efforts before declaring an account delinquent. At a minimum, documentation shall consist of:
 - 6.4.8.1 An itemized list of charges to the account that have not been paid at the time the account is declared delinquent,
 - 6.4.8.2 Copies of invoices and originals of signed contracts or agreements to pay or other evidence to substantiate the existence and amount of the debt,
 - 6.4.8.3 Copies of follow-up letters sent to debtors,
 - 6.4.8.4 Copies of all correspondence and memoranda indicative of the agency's efforts to obtain payment from the debtor,
 - 6.4.8.5 Copies of forms, correspondence and memoranda recording the data used to determine the debtor's willingness or ability to satisfy his obligation to the State.
- 6.4.9 At least quarterly, the fiscal officer or designee shall review a complete listing of open accounts receivable (such as the DAFRD200 Accounts Receivable Status Report by Program Organization and Fund):
 - 6.4.9.1 The fiscal officer or designee shall identify all open accounts receivable billed by that fiscal office that remains unpaid 180 days after the initial invoice,

- 6.4.9.2 The fiscal officer shall initiate an investigation as to why the account has not been submitted to CCU for collection as required,
- 6.4.9.3 The investigation, related findings and action taken to correct the situation shall be documented.

6.5 Transfer of Delinquent Accounts to CCU:

- 6.5.1 A/R staff shall transfer all delinquent accounts to CCU for collection or abatement within 15 days after the account is declared delinquent.
- 6.5.2 On accounts with a value of less than \$30, including any negative balance in an inmate's MOBS account after release of the inmate:
 - 6.5.2.1 A/R staff shall, monthly, prepare a list of these accounts showing name, amount, and reason for non-collection,
 - 6.5.2.2 Two (2) copies of the list shall be forwarded to the Central Collection Unit requesting Abatement Committee approval to write off these accounts.
 - 6.5.2.3 A copy of the list shall be retained for audit documentation purposes.
 - 6.5.2.4 Upon receipt of a letter from the Abatement Committee approving the write-off, the accounts shall be closed as follows:
 - 6.5.2.4.1 The accounts receivable shall be closed with an offsetting decrease in revenue or increase in expenditures, as appropriate based upon the nature of the initial entry when the receivable was established. For accounts receivable maintained in R*STARS, the account shall be closed via an "AW" entry.
 - 6.5.2.4.2 Negative balances in inmate accounts shall be closed in MOBS; the required entry in R*STARS to credit the inmate accounts total in the records of the Comptroller of the Treasury shall be offset by a general fund charge to sundry claims (AOBJ 1298) at the appropriate institution/facility.
- 6.5.3 Accounts with a value of \$30 or more shall be transferred to CCU manually or by computer tape, in accordance with COMAR section 17.01.01.05.
- 6.5.4 A/R staff shall provide original copies of items documenting the agency's collection efforts to CCU.

- 6.5.5 A/R staff shall retain a record of all accounts transmitted to CCU and photocopies of the related documentation.
- 6.5.6 Except for accounts receivable derived from non-budgeted fund accounts, accounts transferred to CCU shall either be written off or fully recorded with an offset to an allowance account.
 - 6.5.6.1 For accounts receivable maintained in R*STARS, the account shall be closed via an “AW” entry.
 - 6.5.6.2 Accounts receivable derived from non-budgeted fund accounts, including negative balances of \$30 or more in an inmate’s MOBS account after release of the inmate, may not be written off until abated by CCU.

6.6 Collections on Accounts Receivable:

- 6.6.1 Payments on accounts receivable may be received by the fiscal office as follows:
 - 6.6.1.1 Cash receipt collections,
 - 6.6.1.2 Payments posted directly against the accounts receivable in R*STARS by other state agencies in accordance with the coding provided on the invoice,
 - 6.6.1.3 Electronic Funds Transfer (EFT) deposits, and
 - 6.6.1.4 Payments transferred from CCU via R*STARS.
- 6.6.2 Employees responsible for the posting and maintenance of accounts receivable records may not be involved in the collection, handling nor deposit of cash receipts and may not have access to cash collections.
- 6.6.3 For cash receipt collections:
 - 6.6.3.1 The daily total of credits to accounts receivable related to cash payments shall be verified to the total cash receipts collected per the cash receipts log, and to the validated deposit slip.
 - 6.6.3.2 This verification shall be documented with the date and initials of the employee who performed the verification, and the documentation retained for audit purposes.
- 6.6.4 For payments transferred from CCU via R*STARS
 - 6.6.4.1 CCU provides a monthly statement of collections or abatements, which lists the debtor’s name, the agency’s account number, payment code, gross collections this statement and net collections (net of CCU administrative costs and other collection expenses as applicable).

- 6.6.4.2 Each institution/agency is assigned a client number by CCU along with a three digit suffix.
- 6.6.4.3 The net proceeds of collections transferred from CCU will be posted in R*STARS based upon the specified coding for that agency.
- 6.6.4.4 If, based upon the purpose/source of the funds collected, the funds transferred from CCU are not posted correctly in R*STARS, a journal entry shall be prepared to transfer the funds to the proper account coding.
- 6.6.4.5 If the funds collected and transferred from CCU are for payment to an inmate's account, the Inmate Accounts Unit shall post the funds to the specific inmate's MOBS account.

6.7 Non-cash Credits:

- 6.7.1 Adjustments to reduce the outstanding balance of an account receivable (i.e., non-cash credits) shall be approved by supervisory personnel.
- 6.7.2 A/R staff shall maintain adequate documentation to support any non-cash credit posted to an account receivable.

7.0 RESPONSIBILITIES:

- 7.1 It is the responsibility of the Accounts Receivable Staff to:
 - 7.1.1 Take aggressive action, on a timely basis with effective follow-up, to collect all claims of the State resulting from the activities of the agency or program.
 - 7.1.2 Prepare accounts receivable invoices on a timely basis, that is, no more than 15 days after the related documentation of the claim is received, and on a monthly basis (or as specified by the related contract) when services are provided on a continuing basis.
 - 7.1.3 Establish an account receivable for a negative balance with a value of \$30 or more in an inmate's MOBS account after release of the inmate.
 - 7.1.4 If the account remains unpaid, send a second written demand for payment to the debtor thirty (30) days after the initial invoice.
 - 7.1.5 If the account remains unpaid, send a third written demand for payment to the debtor sixty (60) days after the initial invoice.
 - 7.1.6 Undertake personal interviews and telephone contacts with debtors when this is feasible, having due regard for the amounts involved and the proximity to the debtors.

- 7.1.7 Fully document all collection efforts before an account is declared delinquent.
- 7.1.8 Transfer all delinquent accounts to CCU for collection or abatement within 15 days after the account is declared delinquent.
- 7.1.9 Prepare a list of delinquent accounts with a value of less than \$30 (including any negative balance in an inmate's MOBS account after release of the inmate).
 - 7.1.9.1 Forward the list to the CCU requesting Abatement Committee approval to write off these accounts.
 - 7.1.9.2 Upon receipt of a letter from the Abatement Committee approving the write-off of certain delinquent accounts with a value of less than \$30, close the related accounts receivable with an offsetting decrease in revenue or increase in expenditures, as appropriate, based upon the nature of the initial entry when the receivable was established. (For accounts receivable maintained in R*STARS, the account shall be closed via an "AW" entry.)
- 7.1.10 Transfer delinquent accounts with a value of \$30 or more to CCU manually or by computer tape, in accordance with COMAR section 17.01.01.05.
 - 7.1.10.1 Provide original copies of items documenting collection efforts to CCU.
 - 7.1.10.2 Retain a record of all accounts transmitted to CCU and photocopies of the related documentation.
 - 7.1.10.3 Close the related accounts receivable with an offsetting decrease in revenue or increase in expenditures, as appropriate based upon the nature of the initial entry when the receivable was established. (For accounts receivable maintained in R*STARS, the account shall be closed via an "AW" entry. For agency's using an allowance account, the accounts receivable may remain open with an offset to an allowance account.)
- 7.2 **It is the responsibility of the Accounts Receivable Supervisor to:**
 - 7.2.1 Ensure that A/R staff takes aggressive action, on a timely basis with effective follow-up, to collect all claims of the State resulting from the activities of the agency or program.
 - 7.2.2 Ensure that A/R staff prepares invoices on a timely basis, that is, no more than 15 days after the related documentation of the claim

is received, and on a monthly basis (or as specified by the related contract) when services are provided on a continuing basis.

- 7.2.3 Review and approve accounts receivable invoices in R*STARS.
 - 7.2.4 Ensure that three written demands for payment, at thirty (30) day intervals are made before an account is considered delinquent.
 - 7.2.5 Ensure that all delinquent accounts are transferred to CCU for collection or abatement within 15 days after the account is declared delinquent.
 - 7.2.6 Ensure that all collection efforts are fully documented, and that original copies of items documenting collection efforts are provided to CCU.
 - 7.2.7 Ensure that accounts receivable approved for write-off by the Abatement Committee, as well as accounts receivable transferred to CCU for collection are appropriately closed.
 - 7.2.8 Ensure that a record of all accounts transmitted to CCU and photocopies of the related documentation is retained by the A/R staff.
 - 7.2.9 Approve adjustments to reduce the outstanding balance of an account receivable (non-cash credits), and ensure that adequate documentation to support the adjustment is retained.
- 7.3 **It is the responsibility of the Fiscal Officer to:**
- 7.3.1 Ensure that A/R staff takes aggressive action, on a timely basis with effective follow-up, to collect all claims of the State resulting from the activities of the agency or program.
 - 7.3.2 Ensure that A/R staff prepares accounts receivable invoices on a timely basis, that is, no more than 15 days after the related documentation of the claim is received, and on a monthly basis (or as specified by the related contract) when services are provided on a continuing basis.
 - 7.3.3 Ensure that any negative balance in an inmate's MOBS account is forwarded to A/R staff for collection upon release of the inmate.
 - 7.3.4 Ensure that three written demands for payment, at thirty (30) day intervals are made before an account is considered delinquent.
 - 7.3.5 Ensure that all delinquent accounts are transferred to CCU for collection or abatement within 15 days after the account is declared delinquent.
 - 7.3.6 Ensure that all collection efforts are fully documented, and that original copies of items documenting collection efforts are provided to CCU.

- 7.3.7 Ensure that accounts receivable approved for write-off by the Abatement Committee, as well as accounts receivable transferred to CCU for collection are appropriately closed.
- 7.3.8 Ensure that a record of all accounts transmitted to CCU and photocopies of the related documentation is retained by the A/R staff.
- 7.3.9 Obtain and review a complete listing of open accounts receivable at least quarterly (such as the DAFRD200 Accounts Receivable Status Report by Program Organization and Fund).
 - 7.3.9.1 Identify all open accounts receivable billed by that fiscal office that remain unpaid 180 days after the initial invoice,
 - 7.3.9.2 Initiate an investigation as to why the account has not been submitted to CCU for collection as required,
 - 7.3.9.3 Ensure that the investigation, related findings and action taken to correct the situation are documented.
- 7.3.10 Ensure that employees responsible for the posting and maintenance of accounts receivable records may not be involved in the collection, handling nor deposit of cash receipts and may not have access to cash collections.
- 7.3.11 Ensure that the daily total of credits to accounts receivable related to cash payments shall be verified to the total cash receipts collected per the cash receipts log, and to the validated deposit slip. Ensure that this verification is documented.
- 7.3.12 Ensure that collections transferred from CCU have been posted properly in R*STARS based upon the purpose/source of funds originally billed.
 - 7.3.12.1 Ensure that a journal entry is prepared if necessary to correct the coding.
 - 7.3.12.2 Ensure that funds collected and transferred from CCU for payment to an inmate's account, are appropriately posted to the specific inmate's MOBS account.
- 7.3.13 Ensure that all adjustments to reduce the outstanding balance of an account receivable (non-cash credits) are approved by supervisory personnel, and that adequate documentation is retained to support the adjustment.

Department of Public Safety and Correctional Services
FINANCIAL OPERATIONS MANUAL

Financial Operations Manual
Publication Date: June 18, 2008

Revision Number: 3
Effective Date: April 1, 2010

SECTION V: DISBURSEMENTS
PART (B): CORPORATE PURCHASING CARDS

1.0 REFERENCES:

GAD Corporate Purchasing Card Program Procedures Manual
BPW Advisory No.: 1998-1 (3rd Revision: March 4, 2010)

2.0 APPLICABLE TO

Department of Public Safety and Correctional Services

3 PURPOSE:

- 3.1 The Comptroller of Maryland's General Accounting Division provides central management and administration for the State Corporate Purchasing Card Program (CPC) which was established to save the State time and money by:
- 3.1.1 Eliminating the need to issue purchase orders for small dollar procurements,
 - 3.1.2 Reducing the number of invoices processed,
 - 3.1.3 Reducing the number of payment checks issued,
 - 3.1.4 Helping agencies obtain small dollar procurements in a more efficient and cost effective manner, and
 - 3.1.5 Ensuring prompt vendor payment.
- 3.2 To establish policies and procedures that will enable the Department of Public Safety and Correctional Services (DPSCS) employees to effectively manage and control corporate purchasing card disbursements in accordance with generally accepted accounting procedures, State laws and regulations, and the requirements of Comptroller of Maryland, General Accounting Division.

4.0 DEFINITIONS:

- 4.1 **Account Code Number** – A twenty-two (22) character alpha/numeric value defined by the State and keyed on the cardholder account which is

appended to each transaction record and provided by the card vendor when the billing and/or data file is transferred to the State agency and/or GAD to allow the State to automatically allocate transaction expenses to the correct State Agency Program Cost Account (PCA).

- 4.2 **Agency** – An organization, institution, division or program established as a separate budgetary unit within the Department of Public Safety and Correctional Services.
- 4.3 **Agency Head** – The highest ranking individual within an agency having responsibility for all activities within the agency; the managing officer of an institution; the director of a budgetary program.
- 4.4 **Agency Object (AOBJ)** - A five (5) digit code established in the Department's chart of accounts for posting transactions in R*STARS. The AOBJ identifies the specific category of expenditure or revenue.
- 4.5 **Authorized purchases** – Legitimate business purchases and expenditures made by an employee on behalf of the state and the employing agency.
- 4.6 **Bank Statement (Monthly Cardholder Statement)** – A statement sent to the cardholder each billing cycle for information and reconciliation of purchases and credits.
- 4.7 **Card Vendor** – Current vendor issuing corporate purchasing cards to and in the name of the state and providing CPC services to the state.
- 4.8 **Cardholder** – A state employee authorized by an agency to be the single user of a state CPC.
- 4.9 **Corporate Purchasing Card Program Procedures Manual** – The manual published by GAD for implementation of the CPC program which establishes minimum standards for issuance and use of corporate purchasing cards.
- 4.10 **Corporate Purchasing Card (CPC or card)** – Plastic payment device, or a specific account number, issued by the card vendor in the name of the State of Maryland's agency to a cardholder for facilitating small dollar value purchases on behalf of the agency.
- 4.11 **GAD** – The General Accounting Division, a unit of organization within the Office of the Comptroller of the Maryland.
- 4.12 **Merchant** – The company, organization or individual that provides goods or services and who will receive payment resulting from a CPC transaction.
- 4.13 **Merchant Category Code (MCC)** – A four (4) digit numeric classification code used to identify the type of merchant based upon the type of business the merchant is engaged in and the kind of goods and services provided.

- 4.14 **Program Cost Account (PCA)** – A five (5) character alpha-numeric code in the Department’s chart of accounts for posting transactions in R*STARS which determines the agency and fund to which a transaction is posted.
- 4.15 **Purchasing Card Program Administrator (PCPA)** – An individual designated by an agency to perform administrative functions to maintain the effectiveness of the CPC program.
- 4.16 **R*STARS** – Relational Standard Accounting and Reporting System is the State’s primary accounting system and the accounting system utilized by the DPSCS.
- 4.17 **Travel Accounts** – Accounts issued without plastic that allow the authorized user to purchase airline and railroad tickets for authorized official state travel.

5.0 POLICY:

It is the policy of the Department of Public Safety and Correctional Services (DPSCS) to ensure that corporate purchasing card transactions shall be processed in accordance with the GAD requirements as delineated in the *Corporate Purchasing Card Procedures Manual*, and in compliance with State procurement regulations as defined in the State Finance and Procurement Article of the Annotated Code of Maryland and in COMAR Title 21.

6.0 PROCEDURES:

6.1 General Requirements:

- 6.1.1 Agencies participating in the Corporate Purchasing Card Program and cardholders shall comply with the requirements established by GAD as specified in the *Corporate Purchasing Card Procedures Manual*. Failure to comply will result in the suspension and/or termination of cards and could result in disciplinary action.
- 6.1.2 The Department’s Purchasing Card Program Administrator (PCPA) is the Director of Procurement Services.
 - 6.1.2.1 The Department PCPA shall function as the liaison with the card vendor and with GAD.
 - 6.1.2.2 The Department PCPA is responsible for the proper setup and maintenance of the Account Code Number assigned to each cardholder.
- 6.1.3 Except when otherwise assigned by the agency head, an agency’s PCPA is the fiscal officer who shall:
 - 6.1.3.1 Monitor the issuance of cards,

- 6.1.3.2 Ensure prompt reconciliation of periodic cardholder statements, and
- 6.1.3.3 Prepare statistics and reports necessary to manage and control card activity.
- 6.1.4 All CPC transactions shall be approved in advance by the agency's procurement officer, or designee. The procurement officer or designee shall verify that the proposed purchase is in compliance with State procurement regulations prior to approval.

6.2 CPC Assignment Guidelines:

- 6.2.1 The following guidelines apply to the assignment of corporate purchasing cards:
 - 6.2.1.1 A card shall only be assigned to a State employee:
 - 6.2.1.1.1 Who has not had personnel incidents which impact upon the use of the card,
 - 6.2.1.1.2 For whom a criminal background check has been completed,
 - 6.2.1.1.3 Who has signed a Cardholder Agreement, and
 - 6.2.1.1.4 Who will be subject to personnel discipline procedures in the event of abuse or failure to comply with established guidelines;
 - 6.2.1.2 Assignment of a card shall be approved by:
 - 6.2.1.2.1 The agency head,
 - 6.2.1.2.2 The agency fiscal officer, and
 - 6.2.1.2.3 The Department PCPA.
 - 6.2.1.3 A monthly credit card limit shall be established for each cardholder. The credit limit may not be substantially greater than the cardholder's pre-authorized monthly spending authority.
 - 6.2.1.4 A card no longer in use shall be cancelled.
 - 6.2.1.4.1 For a card on which no purchasing activity has been recorded for a 6-month period, the cardholder shall provide justification to the fiscal officer as to why the card is needed.
 - 6.2.1.4.2 A card on which no purchasing activity has been recorded for a 12-month period shall be purged from the system and invalidated.

6.3 Corporate Purchasing Card Usage and Limits:

- 6.3.1 Except for DGS E-commerce accounts and travel accounts, a CPC account shall have a single purchase limit of up to ~~\$2,500~~ \$5,000 per transaction.
- 6.3.2 The following additional spending limitations may be established for a cardholder, as requested by the fiscal officer and approved by the department PCPA:
 - 6.3.2.1 A single purchase limit lower than ~~\$2,500~~ \$5,000,
 - 6.3.2.2 Spending amount per monthly billing cycle,
 - 6.3.2.3 Number of transactions per monthly billing cycle,
 - 6.3.2.4 Number of transactions per day,
 - 6.3.2.5 Restrictions that preclude purchases from designated merchant category code groups.
- 6.3.3 A card shall be used only for authorized purposes:
 - 6.3.3.1 Except for car rental and lodging transactions, a CPC card may not be used for airline, trains, or other travel charges. A separate travel account may be established in the name of the agency travel coordinator for airline, trains and other travel charges.
 - 6.3.3.2 A card may not be used to obtain cash advances.
 - 6.3.3.3 A card may not be shared. Each employee authorized to make purchases on a regular basis shall be issued a separate card.
 - 6.3.3.4 A card may not be used for any purchase from the following Merchant Category Code Groups:
 - 6.3.3.4.1 Service Providers in MCC #6010 through 7033, which includes Financial Institutions, Securities Brokers, Timeshares, etc.
 - 6.3.3.4.2 Personal Service Providers in MCC #7221 through 7299, which includes Photographic Studios, Beauty and Barber Shops, Shoe Repair-Shine Shops, Funeral Services and Crematories, Dating and Escort Services, etc.
 - 6.3.3.4.3 Amusements and Entertainment in MCC #7832 through 7997, which includes Motion Picture Theaters, Bowling Alleys, Video Game Clubs, Betting, Golf, Recreation Services, etc.

- 6.3.3.4.4 Bars and Drinking Places that serve alcoholic beverages in MCC #5813.
- 6.3.3.4.5 Restaurants in MCC #5812.
- 6.3.3.4.6 Fast Food Restaurants in MCC #5814.
- 6.3.3.4.7 Package Goods Stores (for beer, wine and liquor) in MCC #5921.
- 6.3.3.5 A card may not be used for the purchase of any contractual services from an unincorporated service provider that requires special reporting to the Internal Revenue Service (IRS form 1099).
- 6.3.3.6 A card may not be used for purchases from Maryland Correctional Enterprises (MCE).

6.4 Assignment and Issuance of Corporate Purchasing Cards:

- 6.4.1 Prior to submission of the necessary forms to request a card, the fiscal officer shall ensure that the applicant cardholder is provided a copy of this procedure and basic instruction on CPC procedures including:
 - 6.4.1.1 CPC usage,
 - 6.4.1.2 Recordkeeping and documentation requirements,
 - 6.4.1.3 Allowable purchases, limits and restrictions, and
 - 6.4.1.4 Emergency numbers in case of lost/stolen cards.
- 6.4.2 A Cardholder Agreement Form shall be completed (A blank copy of the Cardholder Agreement Form can be obtained online at <http://compnet.comp.state.md.us>):
 - 6.4.2.1 The applicant cardholder shall sign the form which documents that:
 - 6.4.2.1.1 The applicant cardholder has received the training as required in Section 6.4.1, and
 - 6.4.2.1.2 The applicant cardholder agrees to abide by the provisions in the Cardholder Agreement.
 - 6.4.2.2 The fiscal officer shall sign the form which documents that the fiscal officer has authorized the applicant cardholder to make CPC purchases subject to prior approval by the agency procurement officer or designee.
 - 6.4.2.3 The fiscal officer shall also complete and sign a Cardholder Information Form. (A blank copy of this

form can be obtained online at
<http://compnet.comp.state.md.us>.)

- 6.4.2.4 The fiscal officer shall submit the original completed Cardholder Agreement Form and the Cardholder Information Form to the agency head for review and approval and retain a copy of both forms on file by cardholder in the fiscal office.
- 6.4.2.5 The agency head shall sign the Cardholder Agreement Form to document that the agency head has authorized the applicant cardholder to make CPC purchases subject to prior approval by the agency procurement officer or designee.
- 6.4.2.6 The agency head, or designee other than the fiscal officer, shall submit the original completed Cardholder Agreement Form and Cardholder Information Form to the Department PCPA for processing, and provide a copy of the approved Cardholder Agreement Form to the fiscal officer to be maintained on file by cardholder in the fiscal office.
- 6.4.3 The Department PCPA shall review the Cardholder Agreement and Cardholder Information form for completeness and accuracy.
 - 6.4.3.1 If the forms have not been completed accurately, both forms shall be returned to the fiscal officer.
 - 6.4.3.2 If the forms have been completed accurately, the Department PCPA will sign the Cardholder Agreement, and submit the cardholder information electronically via the computer system used by the card vendor for issuance of the card.
 - 6.4.3.3 The forms shall be maintained by the Department PCPA in a file by cardholder.
- 6.4.4 The Department PCPA may not be the individual receiving cards in the mail from the card vendor.
 - 6.4.4.1 Receipt of cards shall be independent of the Department PCPA duties.
 - 6.4.4.2 An employee in the Office of the Secretary Division of Procurement Services (other than the Department PCPA) shall:
 - 6.4.4.2.1 Receive the cards in the mail from the card vendor.

- 6.4.4.2.2 Correct any errors in the cardholder Account Code Number with the card vendor prior to distributing the card.
 - 6.4.4.2.3 Record the 16-digit card number and the expiration date of the card in the cardholder's file and forward the card to the appropriate fiscal officer.
 - 6.4.5 The fiscal officer shall provide a written (or e-mail) acknowledgement of receipt of the card to the Department PCPA, record the 16-digit card number and expiration date of the card in the agency's cardholder file and give the card to the cardholder.
 - 6.4.6 The cardholder shall provide a written (or e-mail) acknowledgement of receipt of the card to the fiscal officer.
- 6.5 Corporate Purchasing Card Security:**
- 6.5.1 The cardholder shall secure and control the card and any documents containing the account number at all times.
 - 6.5.2 The Department PCPA shall maintain accurate and complete records of the individual cardholder responsible for each card issued to DPSCS.
 - 6.5.3 The fiscal officer shall maintain accurate and complete records of the individual cardholder responsible for each card issued to his/her agency(s).
 - 6.5.4 The card vendor will reissue cards every 36 months. The cardholder shall destroy the expired card upon receipt of the new card.
 - 6.5.5 The fiscal officer shall ensure that all CPC account number information is secured and controlled at all times.
 - 6.5.5.1 CPC logs, statements, and receipts shall be secured and controlled at all times.
 - 6.5.5.2 Access to CPC account number information shall be limited to authorized employees.
 - 6.5.5.3 Access to the card vendor's database shall be limited to authorized users who require such access to perform their job duties.
 - 6.5.6 When a cardholder leaves state service, transfers from the agency, or is reassigned to a position for which the CPC is no longer required, the fiscal officer shall ensure that:
 - 6.5.6.1 The employee's card is returned to the fiscal officer,

- 6.5.6.2 The Department PCPA is notified to close the account and cancel the card, and
- 6.5.6.3 All purchasing activity on the cardholder's account is fully documented (activity log, receipts, etc.)
- 6.5.7 When a cardholder is on extended leave, the fiscal officer shall notify the Department PCPA to suspend the account for that employee.
- 6.5.8 At least annually, the fiscal officer shall review the account activity for each cardholder:
 - 6.5.8.1 To identify accounts with little or no purchasing activity, and evaluate whether those accounts should be closed, and
 - 6.5.8.2 To evaluate the reasonableness of established purchasing limits in comparison to actual and anticipated purchasing activity on each account.

6.6 Corporate Purchasing Card Usage:

- 6.6.1 Prior to making any purchase, the cardholder shall obtain authorization from the agency's procurement officer or designee for the specific purchase to be made with the card.
- 6.6.2 The agency procurement officer shall:
 - 6.6.2.1 Verify that the proposed purchase is in compliance with State procurement regulations,
 - 6.6.2.2 Verify that any required approvals as established by the agency head have been obtained,
 - 6.6.2.3 Provide the cardholder with a unique nine (9) character authorization number, as follows:
 - 6.6.2.3.1 The first four (4) characters of the requestor's ADPICS Department Code (1-4),
 - 6.6.2.3.2 The last digit of the current fiscal year (5), and
 - 6.6.2.3.3 A four (4) digit sequential number assigned at the time of authorization (6-9).
 - 6.6.2.4 Document the authorization in the Procurement Authorization Log.
- 6.6.3 Upon receipt of the procurement authorization number, the cardholder shall make the purchase that is authorized.

- 6.6.3.1 At the time of purchase, the cardholder shall inform the merchant that the purchase is for State use and exempt from sales tax. The merchant may request the sales tax exemption number which is printed on the card.
- 6.6.3.2 The cardholder shall obtain from the merchant a charge slip and an itemized receipt. (In some cases, the charge slip and itemized receipt may be provided on a single document from the merchant.) The cardholder shall write the procurement authorization number on the related charge slip and itemized receipt.
- 6.6.3.3 The Cardholder shall record each transaction in a Cardholder Activity Log. The following information shall be recorded in the log:
 - 6.6.3.3.1 The purchase or order date,
 - 6.6.3.3.2 The merchant name,
 - 6.6.3.3.3 The specific item(s) purchased, and quantity of each item,
 - 6.6.3.3.4 The proper account coding for the items purchased if different from the coding associated with the card, specifically the PCA and AOBJ,
 - 6.6.3.3.5 The procurement authorization number obtained for that purchase,
 - 6.6.3.3.6 The transaction amount.
- 6.6.3.4 For any purchase that was not picked up at the time of purchase, upon receipt of the item(s) the cardholder shall obtain the packing slip, and shall record the delivery date on the Cardholder Activity Log.
- 6.6.3.5 If any item is returned to the merchant for credit, the cardholder shall obtain a credit receipt from the merchant, and the transaction should be appropriately recorded on the Cardholder Activity Log.

6.7 Reconciliation Procedures:

- 6.7.1 A Monthly Cardholder Statement will be sent to each cardholder from the card vendor after the cutoff on the 25th day of the month.
 - 6.7.1.1 **This statement is not a bill and no payment is required by the cardholder.** GAD provides payment directly to the card vendor for CPC purchases, and distributes the charges and/or credits to the appropriate

agencies based upon the account code number assigned to each cardholder's account.

- 6.7.1.2 The statement is a listing of transactions processed on the cardholder's account during the current billing cycle.
- 6.7.1.3 The cardholder shall reconcile the Monthly Cardholder Statement to the Cardholder Activity Log:
 - 6.7.1.3.1 For each transaction on the Log that is agreed to the statement, the cardholder shall note on the Log the statement date.
 - 6.7.1.3.2 If there is any transaction(s) on the Log that does not appear on the statement, the cardholder shall retain a copy of the statement for reconciliation of those transactions to the next monthly statement.
 - 6.7.1.3.3 If there is any transaction(s) on the statement that does not appear on the Log, the cardholder shall:
 - 6.7.1.3.3.1 Determine if the transaction was recorded and can be reconciled to a previous month's activity log.
 - 6.7.1.3.3.2 Review the supporting purchase documentation (receipts, etc.) to identify and correct any errors in posting to the activity log which may resolve the discrepancy.
 - 6.7.1.3.3.3 Contact the merchant referenced on the statement to obtain documentation of the transaction and/or to resolve the discrepancy.
 - 6.7.1.3.3.4 If the cardholder determines during his reconciliation that a transaction has been improperly posted on the statement (i.e., an invalid transaction or a discrepancy in the amount of a transaction), and the cardholder has been unable to obtain resolution from the merchant, the cardholder shall immediately notify the fiscal officer of the disputed item.

- 6.7.1.3.4 Upon completion of the reconciliation of the log to the statement, the cardholder shall sign and date both the log and the statement, and forward the Cardholder Activity Log, the Monthly Cardholder Statement and the related documentation for all transactions to the cardholder's supervisor within five (5) business days of receipt of the statement for review and approval.
- 6.7.1.3.5 The cardholder shall retain copies of the log, the statement and the related documentation for all transactions.
- 6.7.2 The cardholder's supervisor shall review the Cardholder Activity Log and related documentation:
 - 6.7.2.1 The supervisor shall verify that all purchases recorded on the log are reasonable and necessary, including the reasonableness of the unit price paid for items purchased,
 - 6.7.2.2 The supervisor shall certify the accuracy and completeness of the log and related documentation, and
 - 6.7.2.3 The supervisor shall sign and date the log to document the review.
 - 6.7.2.4 Upon completion of the supervisor's review and within ten (10) business days of the statement date, the Cardholder Activity Log, the Monthly Cardholder Statement and the related documentation for all transactions shall be forwarded to the agency fiscal officer.
- 6.7.3 The fiscal officer or designee shall reconcile the monthly detail for CPC transactions in R*STARS and ensure that the appropriate accounting redistribution (to the correct PCA's and AOBJ's based upon the information posted on the Cardholder's Monthly Activity Log) in R*STARS is completed within 30 days of receipt of the Monthly Cardholder Statement.
- 6.7.4 If the fiscal officer does not receive the Cardholder Activity Log, the Monthly Cardholder Statement and the related documentation within fifteen (15) business days of the statement date for any cardholder account to which transactions are posted in the cycle, or if the documentation received is incomplete, the fiscal officer shall notify the cardholder in writing (or e-mail) that:

- 6.7.4.1 A pattern of missing documentation shall result in the loss of corporate purchasing card privileges, and
- 6.7.4.2 If the use of the card is required in the performance of the employee's assigned job duties, the loss of corporate purchasing card privileges could impact the employee's performance evaluation.
- 6.7.4.3 A copy of the written notification shall be provided to the agency head and the cardholder's supervisor.
- 6.7.5 If a cardholder exhibits a pattern of missing documentation, the fiscal officer shall notify the Department PCPA to suspend the account for that employee. A pattern of missing documentation is established when written notification as delineated in Section 6.7.4 was provided to the cardholder for two or more cycles during a single 12-month period.
- 6.7.6 The fiscal officer shall maintain adequate documentation of all CPC transactions, including:
 - 6.7.6.1 The Cardholder Activity Log submitted each month by each cardholder,
 - 6.7.6.2 The Cardholder Statement submitted each month by each cardholder,
 - 6.7.6.3 The documentation supporting each CPC transaction on the Cardholder Activity Log, specifically the charge/credit slip and an itemized receipt showing the purchase price of each item.
 - 6.7.6.4 This documentation shall be retained for four (4) years or until audited.

6.8 Required Certifications:

- 6.8.1 On a monthly basis, the agency fiscal officer shall provide a written (or e-mail) certification to the Department PCPA no later than 40 days after the close of the cycle which shall include the following language. I certify that:
 - 6.8.1.1 For the Cycle date ending MM-DD-YYYY
 - 6.8.1.2 A card provider's Monthly Statement and Cardholder Activity Log was received for each account in which transactions posted to the cycle stated above.
 - 6.8.1.3 All card providers' Monthly Statements were reconciled to corresponding Cardholder Activity Logs.

- 6.8.1.4 A detailed receipt/invoice is provided for each transaction listed on the card provider's Monthly Statement.
- 6.8.1.5 All Cardholder Activity Logs are signed by the appropriate cardholders and approvers.
- 6.8.1.6 The card provider was sent written confirmation for all disputed transactions.
- 6.8.1.7 The card providers' Monthly Statements for the cycle listed above, the corresponding Cardholder Activity Logs, and receipts are filed in an easily retrievable manner for future use.
- 6.8.1.8 The agency has a process in place to ensure that the transactions are in compliance with the *State of Maryland's Corporate Purchasing Card Policy and Procedure Manual*.
- 6.8.1.9 I am not aware of any fraudulent use of cards assigned to this agency.
- 6.8.2 Any exceptions to the agency certification process shall be reported separately, in writing (or e-mail) to the Department PCPA.
- 6.8.3 Based upon the certifications received from the agency fiscal officers, the Department PCPA shall provide a written (or e-mail) certification to the GAD CPC Program Coordinator for the entire department. The certification is due no later than 45 days after the close of the cycle, and will include the same language as the certifications from the agency fiscal officers.
- 6.8.4 If a certification for the department is not received after 5 days of the due date, an e-mail notice will be sent from GAD to the Department PCPA.
- 6.8.5 **If a second certification from the department is missed, the department's CPC program will be immediately suspended by GAD until the certifications are received.**
- 6.8.6 If the department's CPC program is suspended by GAD, the program will not be reinstated until the Department PCPA provides all outstanding certifications.

6.9 DISPUTES

- 6.9.1 When a cardholder discovers an incorrect amount has been charged for a CPC transaction, or a questionable transaction appears on the monthly cardholder statement, the cardholder shall immediately attempt to resolve the problem with the merchant.

- 6.9.2 If no resolution can be obtained from the merchant, the cardholder shall immediately notify the agency fiscal officer and complete a Cardholder Statement of Disputed Item Form (A blank copy of this form can be obtained online at <http://compnet.comp.state.md.us>.)
 - 6.9.2.1 The form should be completed as soon as the discrepancy is noted.
 - 6.9.2.2 The fiscal officer shall ensure that the form is properly completed and forward a copy of the form to the Department PCPA for handling.
- 6.9.3 The Department PCPA shall forward the form to the **card vendor not later than sixty (60) days after the item appeared on the Monthly Cardholder Statement.**
- 6.9.4 Upon receipt of the form, the card vendor will issue a credit to the cardholder's account.
- 6.9.5 The cardholder shall post the credit for the disputed item on the Cardholder Activity Log and verify that the credit appears on the subsequent Monthly Cardholder Statement.
- 6.9.6 Cardholders and fiscal officers shall track disputes to insure they are satisfactorily resolved.
- 6.9.7 If the card vendor finds in favor of the merchant, the cardholder account will be charged at the time of resolution.
- 6.9.8 A cardholder may not dispute a charge for sales tax of \$50 or less on a CPC purchase. (Per instruction to DPSCS from Gerald Mueller, GAD, Corporate Purchasing Card.)

6.10 LOST OR STOLEN CARDS

- 6.10.1 If a CPC card is lost or stolen, the cardholder shall telephone the card vendor's Customer Service immediately. This number is available 24 hours a day, seven days a week, 365 days a year. Lost cards reported by telephone are blocked immediately.
- 6.10.2 The cardholder shall also immediately notify the agency fiscal officer in writing (or e-mail) of a lost or stolen card.
- 6.10.3 The fiscal officer shall notify the Department PCPA of the loss, in writing (or e-mail) within one business day of receiving notification from the cardholder.
- 6.10.4 If requested by 3:00 P.M. EST, the Office of the Secretary Division of Procurement Services will usually receive an emergency replacement card for the cardholder within 24 hours.

7.0 RESPONSIBILITIES:

- 7.1 It is the responsibility of the Cardholder to:
 - 7.1.1 Secure and control the card and any documents containing the account number at all times.
 - 7.1.2 Obtain authorization from the agency's procurement officer or designee for the specific purchase to be made with the card prior to making any purchase.
 - 7.1.3 Utilize the card only for authorized purposes.
 - 7.1.4 Inform the merchant that the purchase is for State use and exempt from sales tax at the time of purchase.
 - 7.1.5 Obtain from the merchant a charge slip and an itemized receipt.
 - 7.1.6 Write the procurement authorization number on the related charge slip and itemized receipt.
 - 7.1.7 Record each transaction in the Cardholder Activity Log. The following information shall be recorded in the log:
 - 7.1.7.1 The purchase or order date,
 - 7.1.7.2 The merchant name,
 - 7.1.7.3 The specific item(s) purchased, and quantity of each item,
 - 7.1.7.4 The proper account coding for the items purchased if different from the coding associated with the card, specifically the PCA and AOBJ,
 - 7.1.7.5 The procurement authorization number obtained for that purchase,
 - 7.1.7.6 The transaction amount.
 - 7.1.8 Obtain the packing slip upon receipt of the item(s) that was not picked up at the time of purchase, and record the delivery date on the Cardholder Activity Log.
 - 7.1.9 Obtain a credit receipt from the merchant for any item returned to the merchant for credit, and record the transaction on the Cardholder Activity Log.
 - 7.1.10 Reconcile the Monthly Cardholder Statement to the Cardholder Activity Log, sign and date both the log and the statement, and forward the Cardholder Activity Log, the Monthly Cardholder Statement and the related documentation for all transactions to the cardholder's supervisor within five (5) business days of receipt of the statement.
 - 7.1.11 Attempt to resolve any disputed charges with the appropriate merchant.

- 7.1.12 Immediately notify the agency fiscal officer and complete a Cardholder Statement of Disputed Item Form if no resolution can be obtained from the merchant.
- 7.1.13 Telephone the card vendor's Customer Service immediately in case of a lost or stolen card.
- 7.1.14 Immediately notify the agency fiscal officer in writing (or e-mail) of a lost or stolen card.
- 7.2 It is the responsibility of the Cardholder's Supervisor to:
 - 7.2.1 Review the Cardholder Activity Log and related documentation after the Cardholder has completed the reconciliation of the log to the Monthly Cardholder Statement, and:
 - 7.2.1.1 Verify that all purchases recorded on the log are reasonable and necessary, including the reasonableness of the unit price paid for items purchased,
 - 7.2.1.2 Certify the accuracy and completeness of the log and related documentation,
 - 7.2.1.3 Sign and date the log to document this review, and
 - 7.2.1.4 Upon completion of the review, forward the Cardholder Activity Log, the Monthly Cardholder Statement and the related documentation for all transactions to the agency fiscal officer.
 - 7.2.2 Take appropriate disciplinary action if a cardholder fails to maintain and submit required documentation of CPC transactions as required.
- 7.3 **It is the responsibility of a Procurement Officer to:**
 - 7.3.1 Verify that proposed CPC purchases are in compliance with State procurement regulations,
 - 7.3.2 Verify that any required approvals as established by the agency head have been obtained,
 - 7.3.3 Provide the cardholder with a unique nine (9) character authorization number for each authorized transaction,
 - 7.3.4 Document the authorization in the Procurement Authorization Log.
- 7.4 **It is the responsibility of the Fiscal Officer to:**
 - 7.4.1 Monitor the issuance of cards.
 - 7.4.1.1 Sign the Cardholder Agreement Form and ensure the form has been properly completed by the applicant cardholder.

- 7.4.1.2 Complete the Cardholder Information Form and ensure appropriate spending limitations are established for each cardholder.
- 7.4.1.3 Submit the original completed Cardholder Agreement Form and Cardholder Information Form to the agency head for review, approval and submission to the Department PCPA for processing, and
- 7.4.1.4 Retain a copy of both forms on file in the fiscal office.
- 7.4.2 Maintain accurate and complete records of the individual cardholders responsible for each card issued to his/her agency(s).
- 7.4.3 Ensure that all CPC account number information are secured and controlled at all times.
- 7.4.4 When a cardholder leaves state service, transfers from the agency, or is reassigned to a position for which the CPC is no longer required, ensure that the employee's card is returned, and the Department PCPA is notified to close the account and cancel the card.
- 7.4.5 Notify the Department PCPA to suspend the account for a cardholder out on extended leave.
- 7.4.6 At least semi-annually, review the account activity for each cardholder:
 - 7.4.6.1 To identify accounts with little or no purchasing activity, and evaluate whether those accounts should be closed, and
 - 7.4.6.2 To evaluate the reasonableness of established purchasing limits in comparison to actual and anticipated purchasing activity on each account.
- 7.4.7 Reconcile the monthly detail for CPC transactions in R*STARS and ensure that the appropriate accounting redistribution in R*STARS is completed within 30 days of receipt of the Monthly Cardholder Statement.
- 7.4.8 Take appropriate action as delineated in sections 6.7.4 and 6.7.5 if the Cardholder Activity Log, the Monthly Cardholder Statement and the related documentation is not received within fifteen (15) business days of receipt of the Monthly Cardholder Statement for any cardholder account to which transactions posted in the cycle, or if the documentation received is incomplete.
- 7.4.9 Maintain adequate documentation of all CPC transactions for audit purposes.

- 7.4.10 On a monthly basis, provide the required written (or e-mail) certification to the Department PCPA no later than 40 days after the close of the cycle.
 - 7.4.11 In case of disputed charges that could not be resolved with the merchant, ensure that the required form is properly completed and forward a copy of the form to the Department PCPA for handling **not later than sixty (60) days after the item appeared on the monthly cardholder statement.**
 - 7.4.12 In case of loss or stolen cards, notify the Department PCPA of the loss, in writing (or e-mail) within one business day of receiving notification from the cardholder
- 7.5 **It is the responsibility of the Department PCPA to:**
- 7.5.1 Function as the liaison with the card vendor and with GAD.
 - 7.5.2 Review the Cardholder Agreement and Cardholder Information form submitted for each applicant cardholder for completeness and accuracy.
 - 7.5.2.1 Submit the cardholder information electronically via the computer system used by the card vendor for issuance of the card.
 - 7.5.2.2 Maintain the forms in a file by cardholder.
 - 7.5.3 Ensure the proper setup and maintenance of the Account Code Numbers assigned to each cardholder.
 - 7.5.4 Maintain accurate and complete records of the individual cardholders responsible for each card issued to DPSCS.
 - 7.5.5 Close the account and cancel the card when notified by the fiscal officer that an employee who is a cardholder is leaving state service, transferring from the agency, or is reassigned to a position for which the CPC is no longer required.
 - 7.5.6 Suspend the account when notified by the fiscal officer that an employee who is a cardholder is on extended leave or that a cardholder has exhibited a pattern of missing documentation.
 - 7.5.7 Provide a written (or e-mail) certification to the GAD CPC Program Coordinator for the entire department within 45 days after the close of the cycle, based upon the certifications received from the agency fiscal officers.

Department of Public Safety and Correctional Services
FINANCIAL OPERATIONS MANUAL

Financial Operations Manual
Publication Date: April 30, 2014

Effective Date: April 30, 2014

SECTION VI: PAYROLL
PART (D): CONTRACTUAL EMPLOYMENT

1.0 REFERENCES:

State Personnel and Pensions Article, §§13-101 to 13-305, Annotated Code of Maryland.
COMAR 17.04. Personnel Services and Benefits

2.0 APPLICABLE TO

Department of Public Safety and Correctional Services

3.0 PURPOSE:

- 3.1 To establish policy and assign responsibilities that will enable the Department of Public Safety and Correctional Services (Department) to effectively manage and control contractual employment in accordance with:
- 3.1.1.1 State laws and regulations;
 - 3.1.1.2 Requirements of the Department of Budget and Management, Office of Personnel Services and Benefits;
 - 3.1.1.3 Requirements of the Comptroller of Maryland, Central Payroll Bureau; and
 - 3.1.1.4 Departmental budgetary requirements.
- 3.2 To establish the procedure for submission of new and renewal employment contracts to ensure that appropriate control agency approvals are obtained; and
- 3.3 To establish the procedure for monitoring the special payments payroll to ensure that contract maximums and contract end dates are not exceeded.

4.0 DEFINITIONS:

- 4.1 **Appointing authority** - an individual within an unit who has the power to make appointments for employment.
- 4.2 **Contractual employee** – an individual who has a temporary employee-employer relationship with the State under the terms of an employment contract.
- 4.3 **Contractual Employment Spending Plan (Contractual Plan)** – a listing of approved contractual positions, as documented on the DA-22 and any related DA-22 amendments.
- 4.4 **CPB** – Central Payroll Bureau.

- 4.5 **CPB-311T** – Central Payroll Bureau Special Payments Payroll Authorization form, which:
 - 4.5.1 Provides the essential information and coding required to add a contractual employee to the payroll; and
 - 4.5.2 Is used for new hires, transfers, changes and terminations.
- 4.6 **DA-22** – a budget request form listing and providing justification for all budgeted contractual positions.
- 4.7 **DA-22 Amendment** – a form documenting approved changes to the initial budget request for contractual positions.
- 4.8 **DBM** – Department of Budget and Management.
- 4.9 **Department** - the Department of Public Safety and Correctional Services.
- 4.10 **DFS** – Division of Financial Services in the Department’s Office of the Secretary.
- 4.11 **Director** - the Director of the Department’s Division of Financial Services.
- 4.12 **Form 312** –Special Payments Payroll Authorization form, which:
 - 4.12.1 Provides agency justification for the contractual position;
 - 4.12.2 Documents required agency certifications; and
 - 4.12.3 Documents DBM approval of the contractual employment.
- 4.13 **FTE** – Full Time Equivalent.
- 4.14 **Special Payments Payroll** – CPB system for processing the payroll for contractual employees.
- 4.15 **Unit** - an agency, organization, institution, or division within the Department.
- 4.16 **W-4** – Employee Withholding Allowance Certificate (Comptroller form MW507 for Maryland State Government Employees, or other appropriate W-4).

5.0 POLICY:

- 5.1 An employment contract, CPB-311T, Form 312 (when required) and other required documentation shall be reviewed and approved by DFS prior to submission to DBM or CPB. **No unit in this Department is authorized to submit a CPB-311T or related documents directly to DBM or CPB.**
- 5.2 No contractual employee in a unit shall be authorized to work or be paid for work unless there is a valid employment contract in effect at the time of employment. A contractual employee may not be authorized to work and may not be paid for hours worked:
 - 5.2.1 Prior to the beginning date of the contract period;
 - 5.2.2 Subsequent to the ending date of the contract period; or
 - 5.2.3 After the contract maximum amount has been reached.

- 5.3 A contractual employee may not be permitted by any unit to start working until the employment contract and other required documentation is submitted to, and reviewed and approved by DFS.
- 5.4 The approved DA-22 form, as amended, shall be considered the unit's Contractual Plan. Amendments to the DA-22/ Contractual Plan shall be approved, as follows:
 - 5.4.1 All changes due to reallocation of approved positions and funding within the unit, with no net increase in FTE or funding requirements, shall be approved by the Director, or a designee.
 - 5.4.2 The addition of any new grant-funded positions, for which the additional funding requirement will be provided through a budget amendment, or through a reallocation of existing grant funds from other objects within the unit's budget, shall be approved by the Director, or a designee.
 - 5.4.3 The temporary addition of a new contractual position, for which the additional funding requirement will be provided through the reallocation of existing funds from regular salaries, wages and fringe benefits (Object 01) due to vacancy in one or more specifically identified PINs within the unit's budget, shall be approved by the Director, or a designee.
 - 5.4.4 Except as discussed in Sections 5.4.1 to 5.4.3, a new position added to the DA-22, or a change in the level of compensation for a budgeted position, shall be approved by the Deputy Secretary for Administration, or a designee.
- 5.5 The recruitment and selection of a contractual employee shall comply with the standards that govern merit system employment. The hiring unit's personnel officer is responsible for processing contractual employment contracts, and documenting the hiring process. In addition, the unit personnel officer is responsible for:
 - 5.5.1 Review and determination of the classification and compensation level for each contractual position;
 - 5.5.2 Preparation of all employment contracts and the related CPB-311T and Form 312;
 - 5.5.3 Maintaining a copy of each employment contract; and
 - 5.5.4 Maintaining a personnel file for each contractual employee.
- 5.6 The rate of pay for a contractual employee shall be comparable to the rate paid to a regular employee in a position that involves comparable duties, responsibilities, experience and authority.
 - 5.6.1 Except under section 5.6.2, the rate of pay for a contractual employee will generally be consistent with the standard salary schedule (hourly rates.)
 - 5.6.2 If a change in the standard salary schedule is implemented during the fiscal year (but not at the beginning of the fiscal year), the rate of pay for a contractual employee will be consistent with the salary schedule which was in effect at the beginning of the fiscal year, unless a different rate is approved by the Deputy Secretary for Administration or a designee.

- 5.7 A contractual employee shall be paid at time and one half for all hours worked in excess of 40 hours per week. (For payroll purposes, the workweek for a contractual employee shall begin on Wednesday and end on the subsequent Tuesday.) A contractual employee may be allowed to work overtime, provided that:
- 5.7.1 The contract total maximum salary amount is not exceeded;
 - 5.7.2 Overtime hours are required to handle existing workload within the unit and all overtime hours have been approved, in advance, by supervisory personnel; and
 - 5.7.3 The contractual employee shall be adequately supervised for all overtime hours worked, including evenings and weekends.
- 5.8 A contractual employee is not entitled to earn or use paid leave, except that a contractual employee may be paid at the employee's regular rate of pay for jury service in accordance with the terms specified in the employment contract.
- 5.9 An employment contract may not exceed one year in duration. Generally, an employment contract shall be written on a fiscal year basis, ending on June 30, and requiring a new contract to be executed for the following fiscal year.
- 5.10 If a change in contract is necessary, the original contract shall be terminated and a new contract shall be executed. Contract changes may include changes in one or more of the following:
- 5.10.1 Unit;
 - 5.10.2 Period of the contract;
 - 5.10.3 Contract maximum amount;
 - 5.10.4 Rate of pay;
 - 5.10.5 Job duties; and
 - 5.10.6 Classification.
- 5.11 A change in coding on the CPB-311T which does not require a change in the contract (e.g., change in fund code, subprogram code or pseudo code) does not require the issuance of a new contract.
- 5.12 According to DBM instructions, one FTE equals 2080 hours per year, which is equivalent to 8 hours per day for 5 days per week for 52 weeks per year. Units are encouraged to reduce the number of hours on employment contracts, and the budgeted FTE on the unit's Contractual Plan, consistent with actual experience and planned schedules, in order to manage contractual employment within budgetary constraints.
- 5.12.1 A contractual employee whose scheduled work time is during the normal business day may not be permitted to work on a day when State offices are closed.
 - 5.12.1.1 If a contractual employee takes no time off except for State Holidays, the contractual position, and the related employment contract, shall be no greater than 0.96 FTE (1,992 hours).
 - 5.12.1.2 If a contractual employee takes off 5 additional reduction recovery days, the contractual position, and the related employment contract, shall be no greater than 0.94 FTE (1,952 hours).

- 5.12.2 A contractual employee who is routinely required to work evenings, nights, weekends and/or holidays, or who may be required to provide coverage for a 24/7 operation, may be entitled to shift differential and/or overtime. The employment contract and the unit's Contractual Plan shall reflect the anticipated overtime and/or shift differential payments. Based upon the contract maximum amount, including any overtime and/or shift differential, the FTE for this position may exceed 1.0 FTE.

6.0 PROCEDURES:

6.1 DA-22 - Contractual Employment Spending Plan

- 6.1.1 The unit fiscal officer is responsible for preparation of the DA-22 as part of the annual budget request submission to document the unit's requirements for contractual employees.
- 6.1.2 The approved DA-22 form, submitted as part of the annual budget request shall be considered the unit's Contractual Plan.
- 6.1.3 Prior to the beginning of each fiscal year, a DA-22 amendment shall be prepared by DFS as necessary to modify the initial DA-22 form for actions taken by the General Assembly on the budget bill that would impact the Contractual Plan, including budget reductions, approved over-the-target requests, and/or supplemental appropriations.
- 6.1.3.1 These initial DA-22 amendments shall be distributed to the unit fiscal officers no later than April 30.
- 6.1.3.2 The unit fiscal officer shall ensure that the initial DA-22 amendment accurately reflects the unit's requirements for contractual employees for the next fiscal year.
- 6.1.3.3 If the initial DA-22 amendment does not accurately reflect the unit's requirements for contractual employees for the next fiscal year because of changes in contractual employment that were implemented subsequent to the submission of the budget request, the fiscal officer should prepare a revised DA-22 amendment.
- 6.1.4 In addition, a DA-22 amendment may be prepared as needed by the unit fiscal officer and submitted to DFS during the year to document requested changes to the unit's Contractual Plan.
- 6.1.4.1 For any requested DA-22 amendment that requires approval by the Deputy Secretary for Administration as discussed in Section 6.1.5.4 below, the requested DA-22 amendment and related documentation shall be submitted to the Deputy Secretary for Administration with a copy to the Director. A requested DA-22 amendment that requires approval by the Deputy Secretary for Administration shall include the following:
- 6.1.4.1.1 The DA-22 amendment,

- 6.1.4.1.2 A cover letter which identifies the changes requested, provides justification for the requested changes and the source of funding, and
- 6.1.4.1.3 A copy of the approval from HRSD Deputy Director for Employment Services for any requested change in classification.
- 6.1.4.2 All other requests for DA-22 amendment shall be submitted via email to the Management Associate assigned to support the Director.
- 6.1.5 DA-22 amendments shall be approved by the Director provided that:
 - 6.1.5.1 Changes to the unit’s Contractual Plan are due to reallocation of approved positions and funding within the unit, with no net increase in FTE or funding requirements;
 - 6.1.5.2 New contractual position(s) to be added to the DA-22 are grant-funded position(s), and the additional funding required for these position(s) will be provided through a budget amendment, or through a reallocation of existing grant funds from other objects within the unit’s budget;
 - 6.1.5.3 New contractual position(s) to be added to the DA-22 are Correctional Officer position(s) for which the additional funding requirement will be provided through the reallocation of existing funds from regular salaries, wages and fringe benefits (object 01) due to correctional officer vacancies; or
 - 6.1.5.4 New contractual position(s) to be added to the DA-22 are temporary contractual position(s), for which the additional funding requirement will be provided through the reallocation of existing funds from regular salaries, wages and fringe benefits (object 01) due to vacancy in one or more specifically identified PINs within the unit’s budget.
 - 6.1.5.5 Except as discussed in Sections 6.1.5.1 to 6.1.5.4, a new position added to the DA-22, or a change in the level of compensation for a budgeted position, shall be approved by the Deputy Secretary for Administration.
 - 6.1.5.5.1 A change in the classification of a budgeted contractual position which would increase the level of compensation for that position shall be submitted to the HRSD Deputy Director for Employment Services for review, prior to submission of the request to the Deputy Secretary for Administration.
 - 6.1.5.5.2 A request for a change in classification of a budgeted contractual position submitted to the HRSD Deputy Director for Employment Services shall include submission of the following forms:
 - 6.1.5.5.2.1 MS-44 Reclassification Position Questionnaire;

- 6.1.5.5.2.2 MS-22 Position Description Form;
- 6.1.5.5.2.3 MS-100 Employment Application (required only if the contractual position is filled when the request is submitted.)
- 6.1.6 The unit fiscal officer shall ensure that the approved Contractual Plan and any subsequently approved DA-22 amendments are reviewed with the appointing authority and a copy is provided to the unit personnel officer prior to the preparation of employment contracts.
- 6.1.7 An employment contract may not be prepared, or a contractual employee may not be hired unless there is an approved position on the Contractual Plan, and adequate funding is available for that position as documented on the Contractual Plan.
 - 6.1.7.1 Prior to hiring a contractual employee, the unit personnel officer shall ensure that the approved Contractual Plan includes a vacant contractual position in the appropriate classification.
 - 6.1.7.2 Prior to signing a CPB-311T and Form 312 to certify funds for a contractual position, the fiscal officer shall verify that the approved Contractual Plan includes a vacant contractual position in the appropriate classification. The fiscal officer shall also verify that the coding on the CPB-311T and Form 312 (i.e., fund, agency, program, subprogram and pseudo code) is consistent with the approved Contractual Plan.

6.2 Hiring New Contractual Employees

- 6.2.1 Prior to initiating any recruitment or hiring action, the unit personnel officer shall ensure that a current position description form (MS-22) has been submitted and the proposed classification and compensation level for the contractual position is appropriate based upon the position description.
 - 6.2.1.1 If a change in the classification or compensation of the position is recommended, the unit personnel officer shall notify the unit fiscal officer that a DA-22 amendment shall be submitted to DFS for approval prior to the initiation of any recruitment or hiring action.
 - 6.2.1.2 A change in the classification of a budgeted contractual position which would increase the level of compensation for that position shall be submitted to the HRSD Deputy Director for Employment Services for review and approval as discussed in Section 6.1.5.5 above, prior to submission of the request to the Deputy Secretary for Administration.
- 6.2.2 The unit personnel officer is responsible for:
 - 6.2.2.1 Review and determination of the classification and compensation level for each contractual position, consistent with the duties as described on the related MS-22 position description;
 - 6.2.2.2 Recruitment and selection of contractual employees, using a competitive process;

- 6.2.2.3 Ensuring that candidates meet minimum qualifications for the classification;
- 6.2.2.4 Verifying that the rate of pay is comparable to the rate of pay for an employee in a similar position that involves similar duties, responsibilities, experience and authority, and consistent with DBM Salary Guidelines;
 - 6.2.2.4.1 Except under section 6.2.2.4.2, the rate of pay for a contractual employee will generally be consistent with the standard salary schedule (hourly rates.)
 - 6.2.2.4.2 If a change in the standard salary schedule is implemented during the fiscal year (but not at the beginning of the fiscal year), the rate of pay for a contractual employee will be consistent with the salary schedule which was in effect at the beginning of the fiscal year, unless a different rate is approved by the Deputy Secretary for Administration or a designee.
- 6.2.2.5 Maintaining required documentation to include:
 - 6.2.2.5.1 Documentation of the hiring process;
 - 6.2.2.5.2 A copy of the MS-22 position description form;
 - 6.2.2.5.3 A copy of the employment contract and related CPB-311T and Form 312.
- 6.2.3 Employment contracts may not exceed one year.
 - 6.2.3.1 Generally, an employment contract shall be written on a fiscal year basis, ending on June 30, and requiring a new contract to be executed for the following fiscal year.
 - 6.2.3.2 For a new employment contract commencing in May and June, the initial contract period may end on September 30 of the same calendar year rather than on June 30, to allow adequate time for receipt of the green, turnaround CPB-311T prior to renewal of the contract.
 - 6.2.3.2.1 Upon receipt of the green, turnaround CPB-311T, the renewal contract shall then be written on a fiscal year basis.
 - 6.2.3.2.2 The execution of the renewal contract will terminate the initial contract.
- 6.2.4 The employment contract shall be signed by the new contractual employee and the appointing authority.
 - 6.2.4.1 The new contractual employee shall also complete and submit:
 - 6.2.4.1.1 A W-4 Employee Withholding Allowance Certificate, and

- 6.2.4.1.2 A Payroll Direct Deposit Authorization Form, as appropriate.
- 6.2.5 The CPB-311T and Form 312 shall be prepared by the unit personnel officer and then signed by the unit fiscal officer and by the appointing authority.
 - 6.2.5.1 By signing the CPB-311T and Form 312, the fiscal officer certifies that:
 - 6.2.5.1.1 This position is included on the approved Contractual Plan, and there is adequate funding remaining in the Contractual Plan to cover the cost of this position in the current fiscal year;
 - 6.2.5.1.2 The coding on the CPB-311T and Form 312 is accurate and consistent with the approved Contractual Plan; and
 - 6.2.5.1.3 The employee name (i.e., spelling thereof), social security number, effective date, rate of pay, total contract amount, and contract end date is accurate and consistent with the related contract.
- 6.2.6 Completed contract documents shall be delivered to the Management Associate assigned to support the Director for review and approval by DFS staff at least two weeks prior to the new employee's start date. (If sent via US mail or via courier, the unit shall send the contract documents to DFS at least three weeks prior to the new employee's start date.) The package sent to DFS shall include original signed copies of the following:
 - 6.2.6.1 A memo listing the name(s) of the new employee(s) for which contract documentation is submitted;
 - 6.2.6.2 The employment contract(s);
 - 6.2.6.3 CPB – 311T for each contract;
 - 6.2.6.4 Form 312 for each contract, except that a Form 312 is not required for contractual inmate employees at MCE (review code 03) and contractual employees at PCTC (review code 21);
 - 6.2.6.5 W-4 Employee Withholding Allowance Certificate for each new contractual employee; and
 - 6.2.6.6 Payroll Direct Deposit Authorization Form, as appropriate, for each new employee.
- 6.3 **Instructions for completion of the CPB-311T:**
 - 6.3.1 The CPB-311T is a data entry form used by the CPB to add employees to the special payments (i.e., contractual) payroll, or to make changes to information applicable to an employee already on the Special Payments Payroll.
 - 6.3.1.1 For new employees to be added to the Special Payments Payroll, the CPB-311T shall be completed and printed on white paper for submission to the CPB through DFS.

- 6.3.1.2 After the new employee has been added to the Special Payments Payroll, CPB prints a green, turnaround CPB-311T which is pre-printed with the current information for that employee.
 - 6.3.1.3 The green, turnaround CPB-311T is returned to the unit and shall be maintained on file by the unit personnel officer.
 - 6.3.1.4 Subsequently, whenever a change to the employee information on the CPB-311T is required, up to and including termination of the employee from the Special Payments Payroll, the green, turnaround CPB-311T shall be completed and submitted to CPB through DFS.
 - 6.3.1.5 A change to the green, turnaround CPB-311T shall be made by printing the corrected data in the same field, below the pre-printed data. (The pre-printed data shall remain legible and shall not be crossed-out.)
- 6.3.2 Required information on the CPB-311T includes:
- 6.3.2.1 ACTION CODE shall be:
 - 6.3.2.1.1 01 for new employees;
 - 6.3.2.1.2 02 for Transfers (generally not used by this Department);
 - 6.3.2.1.3 03 to change (coding or other information for an existing contractual employee) which shall be submitted on the green, turnaround CPB-311T;
 - 6.3.2.1.4 04 to terminate an existing employee (i.e., remove an employee from the special payments payroll because that employee is no longer working as a contractual employee for that unit), which shall be submitted on the green, turnaround CPB-311T.
 - 6.3.2.2 EFFECTIVE DATE shall be the date that the employee is expected to start work. Generally, the effective date on the CPB-311T shall be consistent with the beginning date per the related contract.
 - 6.3.2.2.1 The EFFECTIVE DATE on the CPB-311T may be later than the beginning date per the contract, particularly if the effective date is delayed due to delays in contract processing.
 - 6.3.2.2.2 Completed contract documents shall be submitted to DFS at least two (2) weeks prior to the effective date of the contract, except that contract renewals with an effective date of July 1 shall be submitted four (4) to six (6) weeks prior to the effective date of the contract.
 - 6.3.2.3 AGENCY CODE shall be the 6-digit agency code beginning with 35__ __ which is used for personnel and payroll transactions for that unit.
 - 6.3.2.4 AGENCY CONTACT AND PHONE NUMBER shall be the name and number for the employee in the unit personnel office who prepared the contract and can respond to questions that may arise about the contract.

- 6.3.2.5 SOCIAL SECURITY NUMBER shall be the new employee's social security number as verified to the employee's social security card. The social security number on the CPB-311T shall be consistent with the social security number per the related contract, the W-4 and the Payroll Direct Deposit Authorization.
- 6.3.2.6 FIRST NAME, MIDDLE INITIAL, LAST NAME shall be the full legal name of the new employee. Any suffix (such as Sr., Jr., etc.) shall be included in the LAST NAME field as appropriate.
- 6.3.2.7 RATE OF PAY shall be an hourly rate of pay for most contractual employees, which is indicated by an H in the next box labeled H/D. (A daily rate of pay is used only for members of the Criminal Injuries Compensation Board, or with prior approval by the Deputy Secretary for Administration.) The rate of pay on the CPB-311T shall be:
- 6.3.2.7.1 Consistent with the rate of pay per the related contract;
 - 6.3.2.7.2 Comparable to the rate of pay for an employee in a similar position; and
 - 6.3.2.7.3 Consistent with the standard salary schedule (hourly rate) for that classification.
- 6.3.2.8 NPH – Normal Period Hours shall be 80 for most employees, but shall be 8.0 for employees paid on a daily basis.
- 6.3.2.9 PCT EMP – Percent Employment shall be based upon the number of hours the position is scheduled to work in a normal workweek and shall generally be 100 for full-time contractual employees. This shall be prorated for part-time contractual employees based upon the number of hours the position is scheduled to work in a normal workweek.
- 6.3.2.9.1 PCT EMP is not the same as FTE. PCT EMP is based on the number of hours the position is scheduled to work in a normal workweek. FTE is based upon the number of hours the employee is expected to work during the current fiscal year.
 - 6.3.2.9.2 Any contractual position budgeted at 0.90 FTE or greater shall be considered a full-time position (i.e., 100 PCT EMP.).
- 6.3.2.10 CHK DIST/LOC – This is an optional two-digit field used to separate checks by location. This field may be left blank if the unit is not using location codes, but shall be completed if the unit is using location codes.
- 6.3.2.11 SUB-PGM – three-digit numeric code used to identify the subprogram within the agency to which the salary is to be charged.
- 6.3.2.12 PROGRAM - three-digit numeric code used to identify the program within the agency to which the salary is to be charged.

- 6.3.2.13 PSEUDO CODE - three-digit numeric code used to identify the cost center within the agency to which the salary is to be charged.
- 6.3.2.14 FUND SOURCE – the fund code and percentage applicable to each. The total percentage shall equal 100; within this Department, most contracts are charged 100% to a single fund, as follows:
 - 6.3.2.14.1 01 – General funds;
 - 6.3.2.14.2 03 – Special funds;
 - 6.3.2.14.3 05 – Federal funds;
 - 6.3.2.14.4 09 – Reimbursable funds.
- 6.3.2.15 REVIEW CODE – two-digit numeric code used to identify the level of review required by DBM. Within this Department, most contracts shall use a review code of 07 or 99. Review code of 03 may be used by MCE for inmate employees, and a review code of 21 may be used by PCTC.
- 6.3.2.16 CLASS CODE – four-digit classification code to identify the appropriate state job classification as determined by the unit personnel officer based upon the position description (MS-22).
- 6.3.2.17 AGENCY CONTROL NUMBER – three or four-digit control number assigned by DFS.
- 6.3.2.18 ENTRY ON DUTY DATE – the initial date of employment for this contractual employee. For a new contractual employee, this shall be the same as the EFFECTIVE DATE.
- 6.3.2.19 REMARKS:
 - 6.3.2.19.1 For all initial and renewal employment contracts within this Department the following additional information shall be provided in this field:
 - 6.3.2.19.1.1 Classification Title (which is consistent with the class code provided above);
 - 6.3.2.19.1.2 Contract period;
 - 6.3.2.19.1.3 Contract maximum dollar amount.
 - 6.3.2.19.2 For an ACTION CODE 03, other than contract renewals, the reason for the changes shall be provided in this field.
 - 6.3.2.19.3 For an ACTION CODE 04, the employee’s resignation date, or final day of work shall be provided in this field.

6.4 Instructions for completion of the Form 312:

- 6.4.1 A Form 312 shall be completed and submitted if the review code on the CPB-311T is 07 or 99. A Form 312 need not be submitted for contracts with a review code of 03 (which is used by MCE for inmate employees) or a review code of 21 (which is used by PCTC).
- 6.4.2 PART I – EMPLOYMENT DATA – The information in this section shall be consistent with the corresponding information on the CPS-311T.
- 6.4.3 PART II – AGENCY JUSTIFICATION AND CERTIFICATION

- 6.4.3.1 **Description of Service and Purpose** – This narrative response shall be consistent with the employment contract and the related MS22 position description form.
- 6.4.3.2 **Justification for Requesting Services from Outside Sources** – This narrative response shall briefly explain why this function cannot be performed by existing employees (PINs).
- 6.4.3.3 **AGENCY CERTIFICATIONS:**
 - 6.4.3.3.1 Requires the approval of the appointing authority, and
 - 6.4.3.3.2 Requires fund certification by the unit fiscal officer, who shall also provide the budget coding (eight-digit appropriation code, two-digit object code and four-digit sub-object code.) Since a contractual employee may not be hired unless there is an approved position on the Contractual Plan, the two digit object code shall be 02 and the four-digit sub-object code shall be 2200.
- 6.4.4 The identifying information at the top of page 2 (NAME OF EMPLOYEE, AGENCY/UNIT, AND CONTRACT BEGIN AND END DATE) shall be completed by the submitting unit consistent with the information provided in PART I.
- 6.4.5 PART III – CONTROL AGENCY ACTIONS – This section is used by DBM to document DBM approval of the contractual employment and shall be left blank by the submitting unit.

6.5 Contract Renewals:

- 6.5.1 Employment contracts may not exceed one year. Generally, an employment contract shall be written on a fiscal year basis, ending on June 30, and requiring a new contract to be executed for the following fiscal year.
- 6.5.2 For each contractual employee on an unit's payroll, the unit personnel officer shall determine, in consultation with the contractual employee's supervisor or other appropriate unit staff, as to whether the employment contract will be renewed for the next fiscal year.
- 6.5.3 The unit personnel officer is responsible for preparing the employment contract consistent with the prior year contract and with the Contractual Plan.
 - 6.5.3.1 A change in classification or compensation level shall be approved, in advance, by the Deputy Secretary for Administration, and shall generally require a DA-22 amendment.
 - 6.5.3.2 A cost of living increase which was approved prior to submission of the budget request and reflected on the initially submitted DA-22 does not require amendment of the DA-22 nor additional approval by the Deputy Secretary for Administration.

- 6.5.4 The employment contract shall be signed by the contractual employee and the appointing authority.
- 6.5.5 The green, turnaround CPB-311T and Form 312 shall be prepared by the unit personnel officer.
 - 6.5.5.1 A change to the green, turnaround CPB-311T shall be made by legibly writing the revised data in the same field, below the pre-printed data. (The pre-printed data shall also remain legible and shall not be crossed-out.)
 - 6.5.5.2 For a contract renewal, the green, turnaround CPB – 311T shall be completed as follows:
 - 6.5.5.2.1 ACTION CODE shall be 03;
 - 6.5.5.2.2 EFFECTIVE DATE shall be the renewal date (generally July 1) and shall be consistent with the beginning date per the related contract;
 - 6.5.5.2.3 ENTRY ON DUTY DATE shall remain unchanged; and
 - 6.5.5.2.4 REMARKS – For all employment contracts within this Department (both new and renewal contracts) the following additional information shall be provided in this field:
 - 6.5.5.2.4.1 Classification Title (which is consistent with the class code provided above);
 - 6.5.5.2.4.2 Contract period; and
 - 6.5.5.2.4.3 Contract maximum dollar amount.
- 6.5.6 The green, turnaround CPB-311T and Form 312 shall be signed by the unit fiscal officer and by the appointing authority.
 - 6.5.6.1 By signing the CPB-311T and Form 312, the fiscal officer certifies that:
 - 6.5.6.1.1 This position is included on the approved Contractual Plan, and there is adequate funding remaining in the Contractual Plan to cover the cost of the position in the current fiscal year;
 - 6.5.6.1.2 The coding on the CPB-311T and Form 312 is accurate and consistent with the approved Contractual Plan; and
 - 6.5.6.1.3 The employee name (i.e., spelling thereof), social security number, effective date, rate of pay, total contract amount, and contract end date is accurate and consistent with the related contract.
- 6.5.7 Completed contract documents shall be delivered to the Management Associate assigned to support the Director for review and approval by DFS staff at least four to six weeks prior to the renewal date at the beginning of the new fiscal year. (If sent via US mail or via courier, the unit shall send the contract documents to DFS

at least five weeks prior to the renewal date at the beginning of the new fiscal year.) The package sent to DFS shall include original signed copies of the following:

- 6.5.7.1 A memo listing the name(s) of the employee(s) for which contract renewal(s) is(are) submitted;
 - 6.5.7.2 The renewal employment contract(s);
 - 6.5.7.3 The green, turnaround CPB – 311T for each contract; and
 - 6.5.7.4 Form 312 for each contract, except that a Form 312 is not required for contractual inmate employees at MCE (review code 03) and contractual employees at PCTC (review code 21).
- 6.5.8 Completed contract documents for renewal contracts shall be submitted to DFS for review and approval separately from other contract documents (i.e., new employees, terminations, modifications). **The review and processing of new contracts, terminations, and modifications may be delayed if these documents are commingled with renewal contracts.**

6.6 Termination of Contractual Employees

- 6.6.1 When a contractual employee resigns or contractual employment is otherwise terminated, the unit personnel officer is responsible for submitting the green, turnaround CPB-311T to remove the employee from the special payments payroll.
- 6.6.1.1 If the green, turnaround CPB-311T is not submitted to remove the employee from the special payments payroll, the former employee's name will continue to appear on the Positive Time Report and payroll errors (overpayments) could occur.
 - 6.6.1.2 For any contractual employee who works no hours and receives no pay for three or more consecutive pay periods, the payroll unit shall notify the unit personnel officer that the green, turnaround CPB-311T shall be submitted to remove the employee from the special payments payroll.
- 6.6.2 The green, turnaround CPB-311T shall be prepared by the unit personnel officer.
- 6.6.2.1 A change to the green, turnaround CPB-311T shall be made by legibly writing the revised data in the same field, below the pre-printed data. (The pre-printed data shall also remain legible and shall not be crossed-out.)
 - 6.6.2.2 For termination of employment, the green, turnaround CPB – 311T shall be completed as follows:
 - 6.6.2.2.1 ACTION CODE shall be 04;
 - 6.6.2.2.2 EFFECTIVE DATE shall be subsequent to the employee's anticipated final pay day, generally approximately two weeks after the employee's final work day; and

- 6.6.2.2.3 REMARKS – The employee’s resignation date or final day of work shall be provided in this field.
- 6.6.3 The green, turnaround CPB-311T shall be signed by the unit fiscal officer:
 - 6.6.3.1 No form 312 is required for terminations; and
 - 6.6.3.2 The signature of the appointing authority is not required for terminations.
- 6.6.4 The green, turnaround CPB-311T shall be forwarded to the Management Associate assigned to support the Director for processing by DFS staff.

6.7 Unit Control Procedures:

- 6.7.1 An employment contract may not be prepared, nor a contractual employee hired unless there is an approved position on the Contractual Plan, and adequate funding is available for that position as documented on the Contractual Plan.
- 6.7.2 The unit personnel officer shall prepare all employment contracts, in accordance with the Department policy for hiring contractual employees, including:
 - 6.7.2.1 Classification and compensation level;
 - 6.7.2.2 Recruitment and selection of contractual employees; and
 - 6.7.2.3 Maintenance of required documentation.
- 6.7.3 All employment contracts, CPB-311T’s, Form 312’s and other required documentation, shall be reviewed and approved by the Division of Financial Services prior to submission to DBM or to CPB.
- 6.7.4 A contractual employee in any unit may not start working until the individual’s employment contract and other required documentation is submitted to, reviewed and approved by DFS.
- 6.7.5 After a contractual employee starts working, it is the responsibility of the unit fiscal officer to ensure that salary charges are being posted to the correct fund and cost center in R*STARS. If the salary charges are not being posted to the correct fund and cost center, the unit fiscal officer shall:
 - 6.7.5.1 Obtain the green, turnaround copy of the CPB-311T from the unit personnel officer, make the necessary coding changes (using ACTION CODE 03), obtain the necessary signatures, and forward the completed CPB-311T to DFS for processing.
 - 6.7.5.2 Process the necessary journal entry adjustments in R*STARS to move the salary and related social security and unemployment costs to the correct fund and cost center.
- 6.7.6 The unit fiscal officer shall monitor employment contracts to ensure that actual payments to the contractual employee do not exceed the contract maximum, and that no payment is processed for periods after the contract end date.
 - 6.7.6.1 The mechanism for monitoring employment contracts shall be the contract control sheet in the unit’s monthly expenditure projection file.

- 6.7.6.1.1 The contract control sheet shall include a listing of all contractual employees in that program, and the following information for each employee:
 - 6.7.6.1.1.1 Fund Code;
 - 6.7.6.1.1.2 Pseudo code;
 - 6.7.6.1.1.3 Hourly rate;
 - 6.7.6.1.1.4 Contract period; and
 - 6.7.6.1.1.5 Contract maximum.
- 6.7.6.1.2 The unit fiscal officer shall ensure that this spreadsheet is updated on a biweekly basis through June 30 to show actual payments made to each contractual employee by pay period.
- 6.7.6.1.3 This spreadsheet shall be monitored by the unit fiscal officer:
 - 6.7.6.1.3.1 To calculate YTD total expenditures by contract;
 - 6.7.6.1.3.2 To calculate projected expenditures through June 30 by contract; and
 - 6.7.6.1.3.3 To identify a contract for which the total expenditures are projected to exceed the contract maximum prior to the expiration of the contract period.
- 6.7.6.1.4 At the end of the fiscal year, this spreadsheet shall be used to calculate the total FTE and total actual expenditure, for each budgeted and filled position, as required for the preparation of the DA-22 for the upcoming budget submission.
- 6.7.6.2 For a contract ending June 30, for which the total contract expenditures are projected to exceed the contract maximum as of the February projection, the unit fiscal officer shall, by April 1, notify the employee's supervisor, copying the unit personnel officer and the appropriate payroll unit, that the contractual employee may not be permitted to exceed the contract maximum amount, and that action shall be taken to avoid this situation.
- 6.7.6.3 For a contract ending June 30, for which the total contract expenditures are projected to exceed the contract maximum as of the March projection, the unit fiscal officer shall, by May 1, notify the employee's supervisor, copying the unit personnel officer and the appropriate payroll unit, that the contractual employee may not be permitted to exceed the contract maximum amount, and that immediate action be taken to avoid this situation.

- 6.7.6.4 For a contract ending June 30, for which the total contract expenditures are projected to exceed the contract maximum as of the April projection, the unit fiscal officer shall, by June 1, notify the employee's supervisor, copying the unit personnel officer and the appropriate payroll unit, that the contractual employee may not be permitted to work after the specified date by which the employee will have exceeded the contract maximum amount.
- 6.7.6.5 Similar monitoring and periodic notification procedures shall be established by the unit fiscal officer for a contract with an end date other than June 30, to ensure that the total contract expenditures do not exceed the contract maximum prior to the end of the contract period.
- 6.7.6.6 A request by a unit to increase the number of hours and contract maximum on an employment contract shall require the approval of the Deputy Secretary for Administration unless the increase is budgeted within the existing Contractual Plan.
- 6.7.6.7 A contractual employee may not be paid unless there is a valid employment contract in effect at the time of employment. A contractual employee may not be allowed to work and shall not be paid for hours:
 - 6.7.6.7.1 Prior to the beginning date of the contract period;
 - 6.7.6.7.2 Subsequent to the ending date of the contract period; and
 - 6.7.6.7.3 After the contract maximum amount has been exceeded.

Department of Public Safety and Correctional Services
FINANCIAL OPERATIONS MANUAL

Financial Operations Manual
Publication Date: April 2, 2009

Revision Number: 1
Effective Date: March 31, 2009

SECTION VI: PAYROLL
PART (E): DUAL EMPLOYMENT REPORTING

1.0 REFERENCES:

COMAR 17.04.03.15 Personnel Services and Benefits, Secondary Employment

2.0 APPLICABLE TO

Department of Public Safety and Correctional Services

3.0 PURPOSE:

To establish policy and assign responsibilities related to the dual employment of employees of the Department.

4.0 DEFINITIONS:

4.1 Appointing authority - an individual within an agency who has the power to make appointments for employment, or designee.

4.2 Department - the Department of Public Safety and Correctional Services.

4.3 Director - the Department of Public Safety and Correctional Services Director of Financial Services or designee.

4.4 Employee - an individual employed by the Department of Public Safety and Correctional Services in a full-time, part-time, temporary or contractual position.

4.5 State agency – a department or unit of State government, including another unit within the Department.

4.6 Unit - an agency, organization, institution, or division within the Department.

5.0 POLICY:

5.1 A full-time State employee may secure secondary employment provided that:

5.1.1 The hours of the secondary employment never conflicts with the employee's duty hours in State service.

Department of Public Safety and Correctional Services
FINANCIAL OPERATIONS MANUAL

Financial Operations Manual

Publication Date: April 30, 2014

Effective Date: April 30, 2014

SECTION VI: PAYROLL
PART (D): CONTRACTUAL EMPLOYMENT

1.0 REFERENCES:

State Personnel and Pensions Article, §§13-101 to 13-305, Annotated Code of Maryland.

COMAR 17.04. Personnel Services and Benefits

2.0 APPLICABLE TO

Department of Public Safety and Correctional Services

3.0 PURPOSE:

- 3.1 To establish policy and assign responsibilities that will enable the Department of Public Safety and Correctional Services (Department) to effectively manage and control contractual employment in accordance with:
- 3.1.1.1 State laws and regulations;
 - 3.1.1.2 Requirements of the Department of Budget and Management, Office of Personnel Services and Benefits;
 - 3.1.1.3 Requirements of the Comptroller of Maryland, Central Payroll Bureau; and
 - 3.1.1.4 Departmental budgetary requirements.
- 3.2 To establish the procedure for submission of new and renewal employment contracts to ensure that appropriate control agency approvals are obtained; and
- 3.3 To establish the procedure for monitoring the special payments payroll to ensure that contract maximums and contract end dates are not exceeded.

4.0 DEFINITIONS:

- 4.1 **Appointing authority** - an individual within an unit who has the power to make appointments for employment.
- 4.2 **Contractual employee** – an individual who has a temporary employee-employer relationship with the State under the terms of an employment contract.
- 4.3 **Contractual Employment Spending Plan (Contractual Plan)** – a listing of approved contractual positions, as documented on the DA-22 and any related DA-22 amendments.
- 4.4 **CPB** – Central Payroll Bureau.

- 4.5 **CPB-311T** – Central Payroll Bureau Special Payments Payroll Authorization form, which:
 - 4.5.1 Provides the essential information and coding required to add a contractual employee to the payroll; and
 - 4.5.2 Is used for new hires, transfers, changes and terminations.
- 4.6 **DA-22** – a budget request form listing and providing justification for all budgeted contractual positions.
- 4.7 **DA-22 Amendment** – a form documenting approved changes to the initial budget request for contractual positions.
- 4.8 **DBM** – Department of Budget and Management.
- 4.9 **Department** - the Department of Public Safety and Correctional Services.
- 4.10 **DFS** – Division of Financial Services in the Department’s Office of the Secretary.
- 4.11 **Director** - the Director of the Department’s Division of Financial Services.
- 4.12 **Form 312** –Special Payments Payroll Authorization form, which:
 - 4.12.1 Provides agency justification for the contractual position;
 - 4.12.2 Documents required agency certifications; and
 - 4.12.3 Documents DBM approval of the contractual employment.
- 4.13 **FTE** – Full Time Equivalent.
- 4.14 **Special Payments Payroll** – CPB system for processing the payroll for contractual employees.
- 4.15 **Unit** - an agency, organization, institution, or division within the Department.
- 4.16 **W-4** – Employee Withholding Allowance Certificate (Comptroller form MW507 for Maryland State Government Employees, or other appropriate W-4).

5.0 POLICY:

- 5.1 An employment contract, CPB-311T, Form 312 and other required documentation shall be reviewed and approved by DFS prior to submission to DBM or CPB. **No unit in this Department is authorized to submit a CPB-311T or related documents directly to DBM or CPB.**
- 5.2 No contractual employee in a unit shall be authorized to work or be paid for work unless there is a valid employment contract in effect at the time of employment. A contractual employee may not be authorized to work and may not be paid for hours worked:
 - 5.2.1 Prior to the beginning date of the contract period;
 - 5.2.2 Subsequent to the ending date of the contract period; or
 - 5.2.3 After the contract maximum amount has been reached.

- 5.3 A contractual employee may not be permitted by any unit to start working until the employment contract and other required documentation is submitted to, and reviewed and approved by DFS.
- 5.4 The approved DA-22 form, as amended, shall be considered the unit's Contractual Plan. Amendments to the DA-22/ Contractual Plan shall be approved, as follows:
 - 5.4.1 All changes due to reallocation of approved positions and funding within the unit, with no net increase in FTE or funding requirements, shall be approved by the Director, or a designee.
 - 5.4.2 The addition of any new grant-funded positions, for which the additional funding requirement will be provided through a budget amendment, or through a reallocation of existing grant funds from other objects within the unit's budget, shall be approved by the Director, or a designee.
 - 5.4.3 The temporary addition of a new contractual position, for which the additional funding requirement will be provided through the reallocation of existing funds from regular salaries, wages and fringe benefits (Object 01) due to vacancy in one or more specifically identified PINs within the unit's budget, shall be approved by the Director, or a designee.
 - 5.4.4 Except as discussed in Sections 5.4.1 to 5.4.3, a new position added to the DA-22, or a change in the level of compensation for a budgeted position, shall be approved by the Deputy Secretary for Administration, or a designee.
- 5.5 The recruitment and selection of a contractual employee shall comply with the standards that govern merit system employment. The hiring unit's personnel officer is responsible for processing contractual employment contracts, and documenting the hiring process. In addition, the unit personnel officer is responsible for:
 - 5.5.1 Review and determination of the classification and compensation level for each contractual position;
 - 5.5.2 Preparation of all employment contracts and the related CPB-311T and Form 312;
 - 5.5.3 Maintaining a copy of each employment contract; and
 - 5.5.4 Maintaining a personnel file for each contractual employee.
- 5.6 The rate of pay for a contractual employee shall be comparable to the rate paid to a regular employee in a position that involves comparable duties, responsibilities, experience and authority.
 - 5.6.1 Except under section 5.6.2, the rate of pay for a contractual employee will generally be consistent with the standard salary schedule (hourly rates.)
 - 5.6.2 If a change in the standard salary schedule is implemented during the fiscal year (but not at the beginning of the fiscal year), the rate of pay for a contractual employee will be consistent with the salary schedule which was in effect at the beginning of the fiscal year, unless a different rate is approved by the Deputy Secretary for Administration or a designee.

- 5.7 A contractual employee shall be paid at time and one half for all hours worked in excess of 40 hours per week. (For payroll purposes, the workweek for a contractual employee shall begin on Wednesday and end on the subsequent Tuesday.) A contractual employee may be allowed to work overtime, provided that:
- 5.7.1 The contract total maximum salary amount is not exceeded;
 - 5.7.2 Overtime hours are required to handle existing workload within the unit and all overtime hours have been approved, in advance, by supervisory personnel; and
 - 5.7.3 The contractual employee shall be adequately supervised for all overtime hours worked, including evenings and weekends.
- 5.8 A contractual employee is not entitled to earn or use paid leave, except that a contractual employee may be paid at the employee's regular rate of pay for jury service in accordance with the terms specified in the employment contract.
- 5.9 An employment contract may not exceed one year in duration. Generally, an employment contract shall be written on a fiscal year basis, ending on June 30, and requiring a new contract to be executed for the following fiscal year.
- 5.10 If a change in contract is necessary, the original contract shall be terminated and a new contract shall be executed. Contract changes may include changes in one or more of the following:
- 5.10.1 Unit;
 - 5.10.2 Period of the contract;
 - 5.10.3 Contract maximum amount;
 - 5.10.4 Rate of pay;
 - 5.10.5 Job duties; and
 - 5.10.6 Classification.
- 5.11 A change in coding on the CPB-311T which does not require a change in the contract (e.g., change in fund code, subprogram code or pseudo code) does not require the issuance of a new contract.
- 5.12 According to DBM instructions, one FTE equals 2080 hours per year, which is equivalent to 8 hours per day for 5 days per week for 52 weeks per year. Units are encouraged to reduce the number of hours on employment contracts, and the budgeted FTE on the unit's Contractual Plan, consistent with actual experience and planned schedules, in order to manage contractual employment within budgetary constraints.
- 5.12.1 A contractual employee whose scheduled work time is during the normal business day may not be permitted to work on a day when State offices are closed.
 - 5.12.1.1 If a contractual employee takes no time off except for State Holidays, the contractual position, and the related employment contract, shall be no greater than 0.96 FTE (1,992 hours).
 - 5.12.1.2 If a contractual employee takes off 5 additional reduction recovery days, the contractual position, and the related employment contract, shall be no greater than 0.94 FTE (1,952 hours).

- 5.12.2 A contractual employee who is routinely required to work evenings, nights, weekends and/or holidays, or who may be required to provide coverage for a 24/7 operation, may be entitled to shift differential and/or overtime. The employment contract and the unit's Contractual Plan shall reflect the anticipated overtime and/or shift differential payments. Based upon the contract maximum amount, including any overtime and/or shift differential, the FTE for this position may exceed 1.0 FTE.

6.0 PROCEDURES:

6.1 DA-22 - Contractual Employment Spending Plan

- 6.1.1 The unit fiscal officer is responsible for preparation of the DA-22 as part of the annual budget request submission to document the unit's requirements for contractual employees.
- 6.1.2 The approved DA-22 form, submitted as part of the annual budget request shall be considered the unit's Contractual Plan.
- 6.1.3 Prior to the beginning of each fiscal year, a DA-22 amendment shall be prepared by DFS as necessary to modify the initial DA-22 form for actions taken by the General Assembly on the budget bill that would impact the Contractual Plan, including budget reductions, approved over-the-target requests, and/or supplemental appropriations.
- 6.1.3.1 These initial DA-22 amendments shall be distributed to the unit fiscal officers no later than April 30.
- 6.1.3.2 The unit fiscal officer shall ensure that the initial DA-22 amendment accurately reflects the unit's requirements for contractual employees for the next fiscal year.
- 6.1.3.3 If the initial DA-22 amendment does not accurately reflect the unit's requirements for contractual employees for the next fiscal year because of changes in contractual employment that were implemented subsequent to the submission of the budget request, the fiscal officer should prepare a revised DA-22 amendment.
- 6.1.4 In addition, a DA-22 amendment may be prepared as needed by the unit fiscal officer and submitted to DFS during the year to document requested changes to the unit's Contractual Plan.
- 6.1.4.1 For any requested DA-22 amendment that requires approval by the Deputy Secretary for Administration as discussed in Section 6.1.5.4 below, the requested DA-22 amendment and related documentation shall be submitted to the Deputy Secretary for Administration with a copy to the Director. A requested DA-22 amendment that requires approval by the Deputy Secretary for Administration shall include the following:
- 6.1.4.1.1 The DA-22 amendment,

- 6.1.4.1.2 A cover letter which identifies the changes requested, provides justification for the requested changes and the source of funding, and
- 6.1.4.1.3 A copy of the approval from HRSD Deputy Director for Employment Services for any requested change in classification.
- 6.1.4.2 All other requests for DA-22 amendment shall be submitted via email to the Management Associate assigned to support the Director.
- 6.1.5 DA-22 amendments shall be approved by the Director provided that:
 - 6.1.5.1 Changes to the unit’s Contractual Plan are due to reallocation of approved positions and funding within the unit, with no net increase in FTE or funding requirements;
 - 6.1.5.2 New contractual position(s) to be added to the DA-22 are grant-funded position(s), and the additional funding required for these position(s) will be provided through a budget amendment, or through a reallocation of existing grant funds from other objects within the unit’s budget;
 - 6.1.5.3 New contractual position(s) to be added to the DA-22 are Correctional Officer position(s) for which the additional funding requirement will be provided through the reallocation of existing funds from regular salaries, wages and fringe benefits (object 01) due to correctional officer vacancies; or
 - 6.1.5.4 New contractual position(s) to be added to the DA-22 are temporary contractual position(s), for which the additional funding requirement will be provided through the reallocation of existing funds from regular salaries, wages and fringe benefits (object 01) due to vacancy in one or more specifically identified PINs within the unit’s budget.
 - 6.1.5.5 Except as discussed in Sections 6.1.5.1 to 6.1.5.4, a new position added to the DA-22, or a change in the level of compensation for a budgeted position, shall be approved by the Deputy Secretary for Administration.
 - 6.1.5.5.1 A change in the classification of a budgeted contractual position which would increase the level of compensation for that position shall be submitted to the HRSD Deputy Director for Employment Services for review, prior to submission of the request to the Deputy Secretary for Administration.
 - 6.1.5.5.2 A request for a change in classification of a budgeted contractual position submitted to the HRSD Deputy Director for Employment Services shall include submission of the following forms:
 - 6.1.5.5.2.1 MS-44 Reclassification Position Questionnaire;

- 6.1.5.5.2.2 MS-22 Position Description Form;
- 6.1.5.5.2.3 MS-100 Employment Application (required only if the contractual position is filled when the request is submitted.)
- 6.1.6 The unit fiscal officer shall ensure that the approved Contractual Plan and any subsequently approved DA-22 amendments are reviewed with the appointing authority and a copy is provided to the unit personnel officer prior to the preparation of employment contracts.
- 6.1.7 An employment contract may not be prepared, or a contractual employee may not be hired unless there is an approved position on the Contractual Plan, and adequate funding is available for that position as documented on the Contractual Plan.
 - 6.1.7.1 Prior to hiring a contractual employee, the unit personnel officer shall ensure that the approved Contractual Plan includes a vacant contractual position in the appropriate classification.
 - 6.1.7.2 Prior to signing a CPB-311T and Form 312 to certify funds for a contractual position, the fiscal officer shall verify that the approved Contractual Plan includes a vacant contractual position in the appropriate classification. The fiscal officer shall also verify that the coding on the CPB-311T and Form 312 (i.e., fund, agency, program, subprogram and pseudo code) is consistent with the approved Contractual Plan.

6.2 Hiring New Contractual Employees

- 6.2.1 Prior to initiating any recruitment or hiring action, the unit personnel officer shall ensure that a current position description form (MS-22) has been submitted and the proposed classification and compensation level for the contractual position is appropriate based upon the position description.
 - 6.2.1.1 If a change in the classification or compensation of the position is recommended, the unit personnel officer shall notify the unit fiscal officer that a DA-22 amendment shall be submitted to DFS for approval prior to the initiation of any recruitment or hiring action.
 - 6.2.1.2 A change in the classification of a budgeted contractual position which would increase the level of compensation for that position shall be submitted to the HRSD Deputy Director for Employment Services for review and approval as discussed in Section 6.1.5.5 above, prior to submission of the request to the Deputy Secretary for Administration.
- 6.2.2 The unit personnel officer is responsible for:
 - 6.2.2.1 Review and determination of the classification and compensation level for each contractual position, consistent with the duties as described on the related MS-22 position description;
 - 6.2.2.2 Recruitment and selection of contractual employees, using a competitive process;

- 6.2.2.3 Ensuring that candidates meet minimum qualifications for the classification;
- 6.2.2.4 Verifying that the rate of pay is comparable to the rate of pay for an employee in a similar position that involves similar duties, responsibilities, experience and authority, and consistent with DBM Salary Guidelines;
 - 6.2.2.4.1 Except under section 6.2.2.4.2, the rate of pay for a contractual employee will generally be consistent with the standard salary schedule (hourly rates.)
 - 6.2.2.4.2 If a change in the standard salary schedule is implemented during the fiscal year (but not at the beginning of the fiscal year), the rate of pay for a contractual employee will be consistent with the salary schedule which was in effect at the beginning of the fiscal year, unless a different rate is approved by the Deputy Secretary for Administration or a designee.
- 6.2.2.5 Maintaining required documentation to include:
 - 6.2.2.5.1 Documentation of the hiring process;
 - 6.2.2.5.2 A copy of the MS-22 position description form;
 - 6.2.2.5.3 A copy of the employment contract and related CPB-311T and Form 312.
- 6.2.3 Employment contracts may not exceed one year.
 - 6.2.3.1 Generally, an employment contract shall be written on a fiscal year basis, ending on June 30, and requiring a new contract to be executed for the following fiscal year.
 - 6.2.3.2 For a new employment contract commencing in May and June, the initial contract period may end on September 30 of the same calendar year rather than on June 30, to allow adequate time for receipt of the green, turnaround CPB-311T prior to renewal of the contract.
 - 6.2.3.2.1 Upon receipt of the green, turnaround CPB-311T, the renewal contract shall then be written on a fiscal year basis.
 - 6.2.3.2.2 The execution of the renewal contract will terminate the initial contract.
- 6.2.4 The employment contract shall be signed by the new contractual employee and the appointing authority.
 - 6.2.4.1 The new contractual employee shall also complete and submit:
 - 6.2.4.1.1 A W-4 Employee Withholding Allowance Certificate, and

- 6.2.4.1.2 A Payroll Direct Deposit Authorization Form, as appropriate.
- 6.2.5 The CPB-311T and Form 312 shall be prepared by the unit personnel officer and then signed by the unit fiscal officer and by the appointing authority.
 - 6.2.5.1 By signing the CPB-311T and Form 312, the fiscal officer certifies that:
 - 6.2.5.1.1 This position is included on the approved Contractual Plan, and there is adequate funding remaining in the Contractual Plan to cover the cost of this position in the current fiscal year;
 - 6.2.5.1.2 The coding on the CPB-311T and Form 312 is accurate and consistent with the approved Contractual Plan; and
 - 6.2.5.1.3 The employee name (i.e., spelling thereof), social security number, effective date, rate of pay, total contract amount, and contract end date is accurate and consistent with the related contract.
- 6.2.6 Completed contract documents shall be delivered to the Management Associate assigned to support the Director for review and approval by DFS staff at least two weeks prior to the new employee's start date. (If sent via US mail or via courier, the unit shall send the contract documents to DFS at least three weeks prior to the new employee's start date.) The package sent to DFS shall include original signed copies of the following:
 - 6.2.6.1 A memo listing the name(s) of the new employee(s) for which contract documentation is submitted;
 - 6.2.6.2 The employment contract(s);
 - 6.2.6.3 CPB – 311T for each contract;
 - 6.2.6.4 Form 312 for each contract;
 - 6.2.6.5 W-4 Employee Withholding Allowance Certificate for each new contractual employee; and
 - 6.2.6.6 Payroll Direct Deposit Authorization Form, as appropriate, for each new employee.
- 6.3 **Instructions for completion of the CPB-311T:**
 - 6.3.1 The CPB-311T is a data entry form used by the CPB to add employees to the special payments (i.e., contractual) payroll, or to make changes to information applicable to an employee already on the Special Payments Payroll.
 - 6.3.1.1 For new employees to be added to the Special Payments Payroll, the CPB-311T shall be completed and printed on white paper for submission to the CPB through DFS.

- 6.3.1.2 After the new employee has been added to the Special Payments Payroll, CPB prints a green, turnaround CPB-311T which is pre-printed with the current information for that employee.
 - 6.3.1.3 The green, turnaround CPB-311T is returned to the unit and shall be maintained on file by the unit personnel officer.
 - 6.3.1.4 Subsequently, whenever a change to the employee information on the CPB-311T is required, up to and including termination of the employee from the Special Payments Payroll, the green, turnaround CPB-311T shall be completed and submitted to CPB through DFS.
 - 6.3.1.5 A change to the green, turnaround CPB-311T shall be made by printing the corrected data in the same field, below the pre-printed data. (The pre-printed data shall remain legible and shall not be crossed-out.)
- 6.3.2 Required information on the CPB-311T includes:
- 6.3.2.1 ACTION CODE shall be:
 - 6.3.2.1.1 01 for new employees;
 - 6.3.2.1.2 02 for Transfers (generally not used by this Department);
 - 6.3.2.1.3 03 to change (coding or other information for an existing contractual employee) which shall be submitted on the green, turnaround CPB-311T;
 - 6.3.2.1.4 04 to terminate an existing employee (i.e., remove an employee from the special payments payroll because that employee is no longer working as a contractual employee for that unit), which shall be submitted on the green, turnaround CPB-311T.
 - 6.3.2.2 EFFECTIVE DATE shall be the date that the employee is expected to start work. Generally, the effective date on the CPB-311T shall be consistent with the beginning date per the related contract.
 - 6.3.2.2.1 The EFFECTIVE DATE on the CPB-311T may be later than the beginning date per the contract, particularly if the effective date is delayed due to delays in contract processing.
 - 6.3.2.2.2 Completed contract documents shall be submitted to DFS at least two (2) weeks prior to the effective date of the contract, except that contract renewals with an effective date of July 1 shall be submitted four (4) to six (6) weeks prior to the effective date of the contract.
 - 6.3.2.3 AGENCY CODE shall be the 6-digit agency code beginning with 35__ __ which is used for personnel and payroll transactions for that unit.
 - 6.3.2.4 AGENCY CONTACT AND PHONE NUMBER shall be the name and number for the employee in the unit personnel office who prepared the contract and can respond to questions that may arise about the contract.

- 6.3.2.5 SOCIAL SECURITY NUMBER shall be the new employee's social security number as verified to the employee's social security card. The social security number on the CPB-311T shall be consistent with the social security number per the related contract, the W-4 and the Payroll Direct Deposit Authorization.
- 6.3.2.6 FIRST NAME, MIDDLE INITIAL, LAST NAME shall be the full legal name of the new employee. Any suffix (such as Sr., Jr., etc.) shall be included in the LAST NAME field as appropriate.
- 6.3.2.7 RATE OF PAY shall be an hourly rate of pay for most contractual employees, which is indicated by an H in the next box labeled H/D. (A daily rate of pay is used only for members of the Criminal Injuries Compensation Board, or with prior approval by the Deputy Secretary for Administration.) The rate of pay on the CPB-311T shall be:
- 6.3.2.7.1 Consistent with the rate of pay per the related contract;
 - 6.3.2.7.2 Comparable to the rate of pay for an employee in a similar position; and
 - 6.3.2.7.3 Consistent with the standard salary schedule (hourly rate) for that classification.
- 6.3.2.8 NPH – Normal Period Hours shall be 80 for most employees, but shall be 8.0 for employees paid on a daily basis.
- 6.3.2.9 PCT EMP – Percent Employment shall be based upon the number of hours the position is scheduled to work in a normal workweek and shall generally be 100 for full-time contractual employees. This shall be prorated for part-time contractual employees based upon the number of hours the position is scheduled to work in a normal workweek.
- 6.3.2.9.1 PCT EMP is not the same as FTE. PCT EMP is based on the number of hours the position is scheduled to work in a normal workweek. FTE is based upon the number of hours the employee is expected to work during the current fiscal year.
 - 6.3.2.9.2 Any contractual position budgeted at 0.90 FTE or greater shall be considered a full-time position (i.e., 100 PCT EMP.).
- 6.3.2.10 CHK DIST/LOC – This is an optional two-digit field used to separate checks by location. This field may be left blank if the unit is not using location codes, but shall be completed if the unit is using location codes.
- 6.3.2.11 SUB-PGM – three-digit numeric code used to identify the subprogram within the agency to which the salary is to be charged.
- 6.3.2.12 PROGRAM - three-digit numeric code used to identify the program within the agency to which the salary is to be charged.

- 6.3.2.13 PSEUDO CODE - three-digit numeric code used to identify the cost center within the agency to which the salary is to be charged.
- 6.3.2.14 FUND SOURCE – the fund code and percentage applicable to each. The total percentage shall equal 100; within this Department, most contracts are charged 100% to a single fund, as follows:
 - 6.3.2.14.1 01 – General funds;
 - 6.3.2.14.2 03 – Special funds;
 - 6.3.2.14.3 05 – Federal funds;
 - 6.3.2.14.4 09 – Reimbursable funds.
- 6.3.2.15 REVIEW CODE – two-digit numeric code used to identify the level of review required by DBM. Within this Department, most contracts shall use a review code of 07 or 99. Review code of 03 may be used by MCE for inmate employees, and a review code of 21 may be used by PCTC.
- 6.3.2.16 CLASS CODE – four-digit classification code to identify the appropriate state job classification as determined by the unit personnel officer based upon the position description (MS-22).
- 6.3.2.17 AGENCY CONTROL NUMBER – three or four-digit control number assigned by DFS.
- 6.3.2.18 ENTRY ON DUTY DATE – the initial date of employment for this contractual employee. For a new contractual employee, this shall be the same as the EFFECTIVE DATE.
- 6.3.2.19 REMARKS:
 - 6.3.2.19.1 For all initial and renewal employment contracts within this Department the following additional information shall be provided in this field:
 - 6.3.2.19.1.1 Classification Title (which is consistent with the class code provided above);
 - 6.3.2.19.1.2 Contract period;
 - 6.3.2.19.1.3 Contract maximum dollar amount.
 - 6.3.2.19.2 For an ACTION CODE 03, other than contract renewals, the reason for the changes shall be provided in this field.
 - 6.3.2.19.3 For an ACTION CODE 04, the employee’s resignation date, or final day of work shall be provided in this field.

6.4 Instructions for completion of the Form 312:

- 6.4.1 PART I – EMPLOYMENT DATA – The information in this section shall be consistent with the corresponding information on the CPS-311T.
- 6.4.2 PART II – AGENCY JUSTIFICATION AND CERTIFICATION
 - 6.4.2.1 **Description of Service and Purpose** – This narrative response shall be consistent with the employment contract and the related MS22 position description form.

- 6.4.2.2 **Justification for Requesting Services from Outside Sources** – This narrative response shall briefly explain why this function cannot be performed by existing employees (PINs).
- 6.4.2.3 **AGENCY CERTIFICATIONS:**
 - 6.4.2.3.1 Requires the approval of the appointing authority, and
 - 6.4.2.3.2 Requires fund certification by the unit fiscal officer, who shall also provide the budget coding (eight-digit appropriation code, two-digit object code and four-digit sub-object code.) Since a contractual employee may not be hired unless there is an approved position on the Contractual Plan, the two digit object code shall be 02 and the four-digit sub-object code shall be 2200.
- 6.4.3 The identifying information at the top of page 2 (NAME OF EMPLOYEE, AGENCY/UNIT, AND CONTRACT BEGIN AND END DATE) shall be completed by the submitting unit consistent with the information provided in PART I.
- 6.4.4 PART III – CONTROL AGENCY ACTIONS – This section is used by DBM to document DBM approval of the contractual employment and shall be left blank by the submitting unit.

6.5 Contract Renewals:

- 6.5.1 Employment contracts may not exceed one year. Generally, an employment contract shall be written on a fiscal year basis, ending on June 30, and requiring a new contract to be executed for the following fiscal year.
- 6.5.2 For each contractual employee on an unit's payroll, the unit personnel officer shall determine, in consultation with the contractual employee's supervisor or other appropriate unit staff, as to whether the employment contract will be renewed for the next fiscal year.
- 6.5.3 The unit personnel officer is responsible for preparing the employment contract consistent with the prior year contract and with the Contractual Plan.
 - 6.5.3.1 A change in classification or compensation level shall be approved, in advance, by the Deputy Secretary for Administration, and shall generally require a DA-22 amendment.
 - 6.5.3.2 A cost of living increase which was approved prior to submission of the budget request and reflected on the initially submitted DA-22 does not require amendment of the DA-22 nor additional approval by the Deputy Secretary for Administration.
- 6.5.4 The employment contract shall be signed by the contractual employee and the appointing authority.
- 6.5.5 The green, turnaround CPB-311T and Form 312 shall be prepared by the unit personnel officer.

- 6.5.5.1 A change to the green, turnaround CPB-311T shall be made by legibly writing the revised data in the same field, below the pre-printed data. (The pre-printed data shall also remain legible and shall not be crossed-out.)
- 6.5.5.2 For a contract renewal, the green, turnaround CPB – 311T shall be completed as follows:
 - 6.5.5.2.1 ACTION CODE shall be 03;
 - 6.5.5.2.2 EFFECTIVE DATE shall be the renewal date (generally July 1) and shall be consistent with the beginning date per the related contract;
 - 6.5.5.2.3 ENTRY ON DUTY DATE shall remain unchanged; and
 - 6.5.5.2.4 REMARKS – For all employment contracts within this Department (both new and renewal contracts) the following additional information shall be provided in this field:
 - 6.5.5.2.4.1 Classification Title (which is consistent with the class code provided above);
 - 6.5.5.2.4.2 Contract period; and
 - 6.5.5.2.4.3 Contract maximum dollar amount.
- 6.5.6 The green, turnaround CPB-311T and Form 312 shall be signed by the unit fiscal officer and by the appointing authority.
 - 6.5.6.1 By signing the CPB-311T and Form 312, the fiscal officer certifies that:
 - 6.5.6.1.1 This position is included on the approved Contractual Plan, and there is adequate funding remaining in the Contractual Plan to cover the cost of the position in the current fiscal year;
 - 6.5.6.1.2 The coding on the CPB-311T and Form 312 is accurate and consistent with the approved Contractual Plan; and
 - 6.5.6.1.3 The employee name (i.e., spelling thereof), social security number, effective date, rate of pay, total contract amount, and contract end date is accurate and consistent with the related contract.
- 6.5.7 Completed contract documents shall be delivered to the Management Associate assigned to support the Director for review and approval by DFS staff at least four to six weeks prior to the renewal date at the beginning of the new fiscal year. (If sent via US mail or via courier, the unit shall send the contract documents to DFS at least five weeks prior to the renewal date at the beginning of the new fiscal year.) The package sent to DFS shall include original signed copies of the following:
 - 6.5.7.1 A memo listing the name(s) of the employee(s) for which contract renewal(s) is(are) submitted;

- 6.5.7.2 The renewal employment contract(s);
 - 6.5.7.3 The green, turnaround CPB – 311T for each contract; and
 - 6.5.7.4 Form 312 for each contract.
- 6.5.8 Completed contract documents for renewal contracts shall be submitted to DFS for review and approval separately from other contract documents (i.e., new employees, terminations, modifications). **The review and processing of new contracts, terminations, and modifications may be delayed if these documents are commingled with renewal contracts.**

6.6 Termination of Contractual Employees

- 6.6.1 When a contractual employee resigns or contractual employment is otherwise terminated, the unit personnel officer is responsible for submitting the green, turnaround CPB-311T to remove the employee from the special payments payroll.
- 6.6.1.1 If the green, turnaround CPB-311T is not submitted to remove the employee from the special payments payroll, the former employee's name will continue to appear on the Positive Time Report and payroll errors (overpayments) could occur.
 - 6.6.1.2 For any contractual employee who works no hours and receives no pay for three or more consecutive pay periods, the payroll unit shall notify the unit personnel officer that the green, turnaround CPB-311T shall be submitted to remove the employee from the special payments payroll.
- 6.6.2 The green, turnaround CPB-311T shall be prepared by the unit personnel officer.
- 6.6.2.1 A change to the green, turnaround CPB-311T shall be made by legibly writing the revised data in the same field, below the pre-printed data. (The pre-printed data shall also remain legible and shall not be crossed-out.)
 - 6.6.2.2 For termination of employment, the green, turnaround CPB – 311T shall be completed as follows:
 - 6.6.2.2.1 ACTION CODE shall be 04;
 - 6.6.2.2.2 EFFECTIVE DATE shall be subsequent to the employee's anticipated final pay day, generally approximately two weeks after the employee's final work day; and
 - 6.6.2.2.3 REMARKS – The employee's resignation date or final day of work shall be provided in this field.
- 6.6.3 The green, turnaround CPB-311T shall be signed by the unit fiscal officer:
- 6.6.3.1 No form 312 is required for terminations; and
 - 6.6.3.2 The signature of the appointing authority is not required for terminations.

- 6.6.4 The green, turnaround CPB-311T shall be forwarded to the Management Associate assigned to support the Director for processing by DFS staff.

6.7 Unit Control Procedures:

- 6.7.1 An employment contract may not be prepared, nor a contractual employee hired unless there is an approved position on the Contractual Plan, and adequate funding is available for that position as documented on the Contractual Plan.
- 6.7.2 The unit personnel officer shall prepare all employment contracts, in accordance with the Department policy for hiring contractual employees, including:
- 6.7.2.1 Classification and compensation level;
 - 6.7.2.2 Recruitment and selection of contractual employees; and
 - 6.7.2.3 Maintenance of required documentation.
- 6.7.3 All employment contracts, CPB-311T's, Form 312's and other required documentation, shall be reviewed and approved by the Division of Financial Services prior to submission to DBM or to CPB.
- 6.7.4 A contractual employee in any unit may not start working until the individual's employment contract and other required documentation is submitted to, reviewed and approved by DFS.
- 6.7.5 After a contractual employee starts working, it is the responsibility of the unit fiscal officer to ensure that salary charges are being posted to the correct fund and cost center in R*STARS. If the salary charges are not being posted to the correct fund and cost center, the unit fiscal officer shall:
- 6.7.5.1 Obtain the green, turnaround copy of the CPB-311T from the unit personnel officer, make the necessary coding changes (using ACTION CODE 03), obtain the necessary signatures, and forward the completed CPB-311T to DFS for processing.
 - 6.7.5.2 Process the necessary journal entry adjustments in R*STARS to move the salary and related social security and unemployment costs to the correct fund and cost center.
- 6.7.6 The unit fiscal officer shall monitor employment contracts to ensure that actual payments to the contractual employee do not exceed the contract maximum, and that no payment is processed for periods after the contract end date.
- 6.7.6.1 The mechanism for monitoring employment contracts shall be the contract control sheet in the unit's monthly expenditure projection file.
 - 6.7.6.1.1 The contract control sheet shall include a listing of all contractual employees in that program, and the following information for each employee:
 - 6.7.6.1.1.1 Fund Code;
 - 6.7.6.1.1.2 Pseudo code;
 - 6.7.6.1.1.3 Hourly rate;
 - 6.7.6.1.1.4 Contract period; and

- 6.7.6.1.1.5 Contract maximum.
- 6.7.6.1.2 The unit fiscal officer shall ensure that this spreadsheet is updated on a biweekly basis through June 30 to show actual payments made to each contractual employee by pay period.
- 6.7.6.1.3 This spreadsheet shall be monitored by the unit fiscal officer:
 - 6.7.6.1.3.1 To calculate YTD total expenditures by contract;
 - 6.7.6.1.3.2 To calculate projected expenditures through June 30 by contract; and
 - 6.7.6.1.3.3 To identify a contract for which the total expenditures are projected to exceed the contract maximum prior to the expiration of the contract period.
- 6.7.6.1.4 At the end of the fiscal year, this spreadsheet shall be used to calculate the total FTE and total actual expenditure, for each budgeted and filled position, as required for the preparation of the DA-22 for the upcoming budget submission.
- 6.7.6.2 For a contract ending June 30, for which the total contract expenditures are projected to exceed the contract maximum as of the February projection, the unit fiscal officer shall, by April 1, notify the employee's supervisor, copying the unit personnel officer and the appropriate payroll unit, that the contractual employee may not be permitted to exceed the contract maximum amount, and that action shall be taken to avoid this situation.
- 6.7.6.3 For a contract ending June 30, for which the total contract expenditures are projected to exceed the contract maximum as of the March projection, the unit fiscal officer shall, by May 1, notify the employee's supervisor, copying the unit personnel officer and the appropriate payroll unit, that the contractual employee may not be permitted to exceed the contract maximum amount, and that immediate action be taken to avoid this situation.
- 6.7.6.4 For a contract ending June 30, for which the total contract expenditures are projected to exceed the contract maximum as of the April projection, the unit fiscal officer shall, by June 1, notify the employee's supervisor, copying the unit personnel officer and the appropriate payroll unit, that the contractual employee may not be permitted to work after the specified date by which the employee will have exceeded the contract maximum amount.

- 6.7.6.5 Similar monitoring and periodic notification procedures shall be established by the unit fiscal officer for a contract with an end date other than June 30, to ensure that the total contract expenditures do not exceed the contract maximum prior to the end of the contract period.
- 6.7.6.6 A request by a unit to increase the number of hours and contract maximum on an employment contract shall require the approval of the Deputy Secretary for Administration unless the increase is budgeted within the existing Contractual Plan.
- 6.7.6.7 A contractual employee may not be paid unless there is a valid employment contract in effect at the time of employment. A contractual employee may not be allowed to work and shall not be paid for hours:
 - 6.7.6.7.1 Prior to the beginning date of the contract period;
 - 6.7.6.7.2 Subsequent to the ending date of the contract period; and
 - 6.7.6.7.3 After the contract maximum amount has been exceeded.

- 5.1.2 The secondary employment does not interfere in any manner with the satisfactory performance of the employee's duties in State service.
- 5.1.3 The employee submits to the appointing authority, in writing, complete information pertaining to such secondary employment, prior to assuming such employment.
- 5.1.4 The secondary employment does not create a conflict of interest.
- 5.2 Prior to obtaining secondary employment with another State agency, an employee shall obtain the approval, in writing, of the appointing authorities of both units that will employ the individual.
- 5.3 No employee shall be paid for services rendered for secondary employment for work hours that coincide with work hours of the individual's primary employment.
- 5.4 Disciplinary action shall be taken against an employee who is paid for services rendered for secondary employment for work hours that coincide with work hours of the individual's primary employment. At a minimum, the employee shall be required to reimburse the State for any payment received for services rendered for secondary employment for work hours that coincide with work hours of the individual's primary employment. This reimbursement may occur by eliminating the overlapping hours by charging the employee's earned leave (annual, personal or compensatory, as applicable).

6.0 PROCEDURES:

6.1 *Bi-weekly Dual Employment Report for New Employees by Agency (Bi-weekly Report)*

- 6.1.1 The Central Payroll Bureau provides a *Bi-weekly Dual Employment Report for New Employees by Agency* to the Director for all units within the Department. This report provides a listing of new employees who were paid by two or more State agencies during a specific pay period, and includes the following information:
 - 6.1.1.1 Employee information includes:
 - 6.1.1.1.1 The employee's social security number, and
 - 6.1.1.1.2 The employee's name.
 - 6.1.1.2 Information related to employment with the Department, includes:
 - 6.1.1.2.1 The 6-digit agency code,
 - 6.1.1.2.2 The type of employment (i.e., regular or contractual),

- 6.1.1.2.3 The number of regular hours in a normal pay period for the employee,
- 6.1.1.2.4 The percentage of employment,
- 6.1.1.2.5 The check distribution code, and
- 6.1.1.2.6 An indicator as to whether or not the employee was actually paid during the specific pay period.
- 6.1.1.3 Information related to employment with another State agency includes:
 - 6.1.1.3.1 The 6-digit agency code,
 - 6.1.1.3.2 The type of employment,
 - 6.1.1.3.3 The number of regular hours in a normal pay period for this employee,
 - 6.1.1.3.4 The percentage of employment,
 - 6.1.1.3.5 The check distribution code, and
 - 6.1.1.3.6 An indicator as to whether or not the employee was actually paid during the specific pay period.
- 6.1.2 The Director shall distribute to each appointing authority within the Department the applicable portion of the *Bi-Weekly Report*
- 6.1.3 For an employee listed on the *Bi-Weekly Report* who was actually paid by both the Department and another State agency during the same period, the appointing authority, or designee, shall determine:
 - 6.1.3.1 Whether the employee recently transferred to the Department from another State agency, and if so, the effective date of the transfer, or
 - 6.1.3.2 If the employee will continue to be employed by the Department and the other State agency.
- 6.1.4 For an employee who will continue to be employed by both the Department and another State agency during the same time period, the appointing authority shall ensure that the following documentation is maintained in the employee's personnel file:
 - 6.1.4.1 Complete information, in writing, pertaining to such secondary employment, including information documenting that the secondary employment does not create a conflict of interest, and
 - 6.1.4.2 Copies of the written approval of the appointing authorities of both units that will employ the individual.

6.2 Dual Employment Report

- 6.2.1 Quarterly, the Central Payroll Bureau provides a *Dual Employment Report* to the Director for all units within the Department. This report provides a listing of employees who appeared on the check registers of two or more State agencies during the preceding quarter, and includes the following information:
- 6.2.1.1 Employee information includes:
 - 6.2.1.1.1 The employee's social security number, and
 - 6.2.1.1.2 The employee's name.
 - 6.2.1.2 Information related to employment within the Department includes:
 - 6.2.1.2.1 The 6-digit agency code,
 - 6.2.1.2.2 The type of employment (i.e., regular or contractual),
 - 6.2.1.2.3 The number of regular hours in a normal pay period for this employee,
 - 6.2.1.2.4 The percentage of employment,
 - 6.2.1.2.5 The check distribution code.
 - 6.2.1.3 Information related to employment with another State agency includes:
 - 6.2.1.3.1 The 6-digit agency code,
 - 6.2.1.3.2 The type of employment,
 - 6.2.1.3.3 The number of regular hours in a normal pay period for this employee,
 - 6.2.1.3.4 The percentage of employment,
 - 6.2.1.3.5 The check distribution code.
- 6.2.2 The Director shall distribute to each appointing authority within the Department the applicable portion of the *Dual Employment Report*, with a copy to the fiscal officer who supervises the payroll function for that unit.
- 6.2.3 The fiscal officer, or designee, shall review the report upon receipt to identify employees listed on the *Dual Employment Report* who were actually paid by both the Department and another State agency during the same period, using the following procedure:
- 6.2.3.1 Using related payroll records eliminate employees who were not actually paid by the Department during the current calendar year-to-date. (If the employee was not paid by the Department, there can be no duplicate payments.)

- 6.2.3.2 For each employee who was paid by the Department, review the payroll records to identify employees recently transferred to or from the Department.
 - 6.2.3.2.1 Determine the beginning and ending date that the employee was paid by the Department, and
 - 6.2.3.2.2 Contact the other State agency to verify that the employment with the other agency did not overlap employment with the Department.
 - 6.2.3.2.3 If there is no overlap, eliminate that transferred employee.
- 6.2.3.3 For each employee who was employed by both the Department and another State agency during the same time period (excluding transfers as noted in section 6.2.3.2), verify that the actual hours paid, as documented on the timesheet(s) submitted by the employee, did not duplicate hours paid by the other State agency.
 - 6.2.3.3.1 For an employee on the contractual payroll of the Department who is on the regular payroll of another State agency, the fiscal officer shall:
 - 6.2.3.3.1.1 Forward copies of the employee's time sheets to the other agency, and
 - 6.2.3.3.1.2 Request verification that the hours worked for the Department did not duplicate hours worked for the other State agency.
 - 6.2.3.3.2 For all other employees, the fiscal officer shall contact the other agency and request copies of time sheets for comparison with the Department time sheets to identify overlapping hours.
- 6.2.4 Upon completion of review, the fiscal officer shall provide written notification to the appointing authority of the following:
 - 6.2.4.1 Identification of employees who were paid by both the Department and another State agency during the same time period,
 - 6.2.4.2 Identification of those employees who were paid for services rendered for secondary employment:
 - 6.2.4.2.1 Whose work hours coincide or overlap with work hours of the individual's primary employment, as documented by time sheets.

- 6.2.4.2.2 Whose documented work hours contain irregularities such as a starting time for one employer that is the same as the ending time for the other employer with no provision for time required for travel between work locations.
- 6.2.4.3 The notification to the appointing authority shall include:
 - 6.2.4.3.1 Identification of the employee with overlapping hours or other irregularities,
 - 6.2.4.3.1.1 Summary of the findings (i.e., number of overlapping hours and date(s) of occurrence), and
 - 6.2.4.3.1.1.1 Documentation of the overlapping hours (i.e., copies of the specific time sheets for both agencies.)
 - 6.2.4.3.2 If there were no overlapping hours or other irregularities, the fiscal officer shall notify the appointing authority that the review of the *Dual Employment Report* has been completed with no exceptions.
- 6.2.5 The fiscal officer shall maintain documentation of the review and the related findings for audit purposes.
- 6.2.6 In addition, the fiscal officer shall utilize the *Dual Employment Report* to ensure that former employees who are no longer working for the Department are properly removed from the check register.
- 6.2.7 The appointing authority shall:
 - 6.2.7.1 Verify that the required written approval of the appointing authorities for both units was obtained and is on file in the employee's personnel file for each employee who was employed by both the Department and another State agency during the same time period (excluding transfers),
 - 6.2.7.2 Review the information and findings provided by the fiscal officer concerning the *Dual Employment Report*.
 - 6.2.7.3 Take disciplinary action against an employee who was paid for services rendered for secondary employment for work hours that coincide with work hours of the individual's primary employment, as appropriate
 - 6.2.7.4 Counsel the employee's supervisor to ensure that in the future the work hours documented on the employee's time sheet and approved by the supervisor accurately reflect actual time worked.

- 6.2.7.5 Submit a findings report to the Director within 60 days of the agency's receipt of the *Dual Employment Report* documenting review of the Dual Employment report and reporting any disciplinary actions taken using the form attached (see attachment 1).
- 6.2.8 The Director shall retain a copy of the *Dual Employment Report* for each quarter, and the reports from the appointing authorities for audit purposes.

7.0 RESPONSIBILITIES:

7.1 It is the responsibility of the Fiscal Officer who supervises the payroll function to:

- 7.1.1 Identify employees listed on the *Dual Employment Report* who were actually paid by both the Department and another State agency during the same period.
- 7.1.2 For each employee who was employed by both the Department and another State agency during the same time period (excluding transfers), verify that the actual hours paid, as documented on the timesheet(s) submitted by the employee, did not duplicate hours paid by the other State agency.
- 7.1.3 Upon completion of review, provide written notification to the appointing authority of the following:
 - 7.1.3.1 Identification of employees who were paid by both the Department and another State agency during the same time period,
 - 7.1.3.2 Identification of those employees who were paid for services rendered for secondary employment:
 - 7.1.3.2.1 Whose work hours coincide or overlap with work hours of the individual's primary employment, as documented by time sheets.
 - 7.1.3.2.2 Whose documented work hours contain irregularities such as a starting time for one employer that is the same as the ending time for the other employer with no provision for time required for travel between work locations.
 - 7.1.3.3 The notification to the appointing authority shall include:
 - 7.1.3.3.1 Identification of the employee with overlapping hours or other irregularities,

- 7.1.3.3.1.1 Summary of the findings (i.e., number of overlapping hours and date(s) of occurrence), and
 - 7.1.3.3.1.1.1 Documentation of the overlapping hours (i.e., copies of the specific time sheets for both agencies.)
 - 7.1.3.3.2 If there were no overlapping hours or other irregularities, the fiscal officer shall notify the appointing authority that the review of the *Dual Employment Report* has been completed with no exceptions.
 - 7.1.4 Maintain documentation of the review and the related findings for audit purposes.
 - 7.1.5 Utilize the *Dual Employment Report* to ensure that former employees who are no longer working for the Department are properly removed from the check register.
- 7.2 It is the responsibility of the Appointing Authority to:**
- 7.2.1 Upon receipt of the *Bi-weekly Report*:
 - 7.2.1.1 For an employee listed on the *Bi-Weekly Report* who was actually paid by both the Department and another State agency during the same period:
 - 7.2.1.1.1 Determine whether the employee recently transferred to the Department from another State agency, and if so, the effective date of the transfer, or
 - 7.2.1.1.2 Determine if the employee will continue to be employed by the Department and the other State agency.
 - 7.2.1.2 For an employee who will continue to be employed by both the Department and another State agency during the same time period, ensure that the following documentation is maintained in the employee's personnel file:
 - 7.2.1.2.1 Complete information, in writing, pertaining to such secondary employment, including information documenting that the secondary employment does not create a conflict of interest, and
 - 7.2.1.2.2 Copies of the written approval of the appointing authorities of both units that will employ the individual.

7.2.2 Upon receipt of the *Dual Employment Report*:

- 7.2.2.1 Verify that the required written approval of the appointing authorities for both units was obtained and is on file in the employee's personnel file for each employee who was employed by both the Department and another State agency during the same time period (excluding transfers),
- 7.2.2.2 Obtain and review the information and findings provided by the fiscal officer concerning the *Dual Employment Report*.
- 7.2.2.3 Take disciplinary action against an employee who was paid for services rendered for secondary employment for work hours that coincide with work hours of the individual's primary employment, as appropriate
- 7.2.2.4 Counsel the employee's supervisor to ensure that in the future the work hours documented on the employee's time sheet and approved by the supervisor accurately reflect actual time worked.
- 7.2.2.5 Submit a findings report to the Director within 60 days of the agency's receipt of the *Dual Employment Report* documenting review of the Dual Employment report and reporting any disciplinary actions taken using the form attached (see attachment 1).

7.3 It is the responsibility of the Director of Financial Services to:

- 7.3.1 Upon receipt of the *Bi-weekly Report* from the Central Payroll Bureau, distribute to each appointing authority within the Department the applicable portion of the report.
- 7.3.2 Upon receipt of the *Dual Employment Report* from the Central Payroll Bureau, distribute to each appointing authority within the Department the applicable portion of the report, with a copy provided to the fiscal officer who supervises the payroll function for that unit.
- 7.3.3 Retain a copy of the Dual Employment Report for each quarter, and the related findings reports from the appointing authorities, for audit purposes.



Department of Public Safety and Correctional Services

MEMORANDUM

STATE OF MARYLAND

MARTIN O'MALLEY
GOVERNORANTHONY G. BROWN
LT. GOVERNORGARY D. MAYNARD
SECRETARYG. LAWRENCE FRANKLIN
DEPUTY SECRETARY**TO:** Susan D. Dooley, Director of Financial Services**FROM:** (Name, Title and Unit)**RE:** Dual Employment Report for the quarter ending _____**DATE:** _____

DIVISION OF CORRECTION

DIVISION OF PAROLE AND
PROBATIONDIVISION OF PRETRIAL
DETENTION AND SERVICES

PATUXENT INSTITUTION

MARYLAND COMMISSION
ON CORRECTIONAL
STANDARDSCORRECTIONAL TRAINING
COMMISSIONPOLICE TRAINING
COMMISSIONMARYLAND PAROLE
COMMISSIONCRIMINAL INJURIES
COMPENSATION BOARDEMERGENCY NUMBER
SYSTEMS BOARD

SUNDRY CLAIMS BOARD

INMATE GRIEVANCE OFFICE

I have reviewed page(s) _____ of the Dual Employment Report for the Quarter ending _____ and report findings as follows:

- (1) For each employee who was employed by both the Department and another State agency during the same time period (excluding transfers), the required written approval of the appointing authorities for both units was obtained and is on file in the employee's personnel file.
_____ Yes _____ No
- (2) The review of the Dual Employment Report and related employee time sheets as appropriate disclosed no instances in which an employee was paid for services rendered for secondary employment for work hours that coincide with work hours of the individual's primary employment.
_____ Yes _____ No
- (3) The review of the Dual Employment Report and related employee time sheets as appropriate disclosed instances in which an employee had been paid for services rendered for secondary employment for work hours that coincide with work hours of the individual's primary employment or other irregularities and appropriate disciplinary action has been taken to resolve this issue.
_____ Yes _____ No

Department of Public Safety and Correctional Services
FINANCIAL OPERATIONS MANUAL

Financial Operations Manual
Publication Date: May 7, 2009

Revision Number: 0
Effective Date: May 7, 2009

SECTION VI: PAYROLL
PART (F): LEAVE REPORTING

1.0 REFERENCES:

Sections 3-1001 to 3-1003 of the State Finance and Procurement Article of the Annotated Code of Maryland
Title 9 of the State Personnel and Pensions Article of the Annotated Code of Maryland
COMAR 17.04.11 Personnel Services and Benefits, Leave

2.0 APPLICABLE TO

This policy applies to all employees of the Department of Public Safety and Correctional Services who have responsibilities related to the accumulation and reporting of sick leave usage.

3.0 PURPOSE:

To establish policy and assign responsibilities related to the collection and periodic reporting of leave usage to meet the quarterly and annual reporting requirements.

4.0 DEFINITIONS:

- 4.1 Agency** – An organization, institution, division or program established as a separate budgetary unit within the Department of Public Safety and Correctional Services.
- 4.2 Department** - the Department of Public Safety and Correctional Services.
- 4.3 Employee** - an individual employed by the Department of Public Safety and Correctional Services in a regular full- or part-time position. Employee does not include an individual employed in a full- or part-time temporary or contractual position.
- 4.4 FMIS** – The State’s Financial Management Information System.
- 4.5 HRSD** – The Department’s Human Resources Services Division in the Office of the Secretary.
- 4.6 Institution** – A facility housing offenders which is established as a separate budgetary unit within the Department of Public Safety and Correctional Services.
- 4.7 Leave clerk** – The individual responsible for accumulating sick leave usage data.

- 4.8 Managing for Results (MFR)** – a planning, performance measurement, and budgeting process that emphasizes the use of resources to achieve measurable results, accountability, efficiency, and continuous improvement in State government programs.
- 4.9 Sick Leave** – paid leave provided to employees which may be used for: (1) an illness or disability of the employee; (2) a death, illness, or disability of a member of the employee’s immediate family; (3) a period following the birth of an employee’s child; (4) a period when a child is placed with the employee for adoption; or (5) a medical appointment of the employee or a member of the employee’s immediate family.
- 4.10 Sick-Chronic** – Sick leave used for a chronic illness of the employee or a member of the employee’s family, when appropriate medical certification is provided.
- 4.11 Sick-Death in Family** – Sick leave used in the event of the death of a relative, in accordance with COMAR 17.04.11.06.
- 4.12 Sick-Documented** – Sick leave used for an illness or disability of the employee or a member of the employee’s family, when medical certification is provided.
- 4.13 Sick-Employee to Employee** – Sick leave used that was donated by another employee.
- 4.14 Sick-FMLA** – Sick leave used in accordance with the Family and Medical Leave Act (FMLA).
- 4.15 Sick-Leave Bank** – Sick leave used by an employee who is a member of the State Leave Bank, when authorized by the Department of Budget and Management.
- 4.16 Sick-Undocumented** - Sick leave used for an illness or disability of the employee or a member of the employee’s family, when medical certification is not provided.
- 4.17 StateStat** – An accountability process that involves regular and frequent submission of timely and accurate data by an agency, review and analysis of submitted data, and accountability meetings to assess an agency’s performance.
- 4.18 TESS (Time Entry and Scheduling System)** - A FMIS system for maintaining automated time and leave records.

5.0 POLICY:

- 5.1** It is the policy of the Department of Public Safety and Correctional Services to provide accurate, consistent, and timely reporting of sick leave usage for StateStat and for Managing for Results (MFR).
- 5.2** It is the policy of the Department of Public Safety and Correctional Services to provide accurate and consistent information, on a timely basis, in the annual report of leave usage submitted to the Secretary of the Department of Budget and Management as required by COMAR 17.04.11.28.

6.0 PROCEDURES:

6.1 Sick Leave - General:

6.1.1 Sick leave used by employees shall be recorded in the leave records in the following categories:

- 6.1.1.1 Sick-Documented (TESS code 20),
- 6.1.1.2 Sick-Undocumented (TESS code 21),
- 6.1.1.3 Sick-Death in Family (TESS code 23),
- 6.1.1.4 Sick-Employee to Employee (TESS code 28),
- 6.1.1.5 Sick-Leave Bank (TESS code 29),
- 6.1.1.6 Sick-Chronic (TESS code 30), and
- 6.1.1.7 Sick-FMLA (TESS code 33).

6.1.2 With approval of the employee's supervisor, an employee may use annual leave, compensatory time, personal leave, or leave without pay in lieu of sick leave.

6.2 Sick Leave – Reporting:

6.2.1 Only the following categories shall be included in reporting sick leave usage:

- 6.2.1.1 Sick-Documented (TESS code 20),
- 6.2.1.2 Sick-Undocumented (TESS code 21),
- 6.2.1.3 Sick-Death in Family (TESS code 23),
- 6.2.1.4 Sick-Chronic (TESS code 30), and
- 6.2.1.5 Sick-FMLA (TESS code 33).

6.2.2 Reporting of sick leave usage may not include leave used in the following categories:

- 6.2.2.1 Sick-Employee to Employee (TESS code 28),
- 6.2.2.2 Sick-Leave Bank (TESS code 29), or
- 6.2.2.3 Annual leave, compensatory time, personal leave, or leave without pay used in lieu of sick leave.

6.2.3 Sick leave usage shall be reported by calendar year, beginning with the first full pay period in January, and ending with the last full pay period beginning in December. For example, calendar year 2009 began on January 14, 2009, the first day of payroll number 16 in fiscal year 2009, and will end on January 12, 2010, the last day of payroll number 14 in fiscal year 2010.

6.3 Accumulation of sick leave usage:

- 6.3.1 Sick leave usage for an institution and for the Division of Parole and Probation shall be accumulated on a calendar year basis by pay period for each agency in an Excel spreadsheet, referred to as the *Sick Leave Usage Sheet*.
 - 6.3.1.1 The *Sick Leave Usage Sheet* shall include the following information:
 - 6.3.1.1.1 Sick leave usage for the agency in hours by pay period,
 - 6.3.1.1.2 Cumulative totals for each quarter, as follows:
 - 6.3.1.1.2.1 The first quarter shall begin at the beginning of the first full pay period in January, and shall end at the end of the last full pay period beginning in March.
 - 6.3.1.1.2.2 The second quarter shall begin at the beginning of the first full pay period of beginning in April, and shall end at the end of the last full pay period beginning in June.
 - 6.3.1.1.2.3 The third quarter shall begin at the beginning of the first full pay period of beginning in July, and shall end at the end of the last full pay period beginning in September.
 - 6.3.1.1.2.4 The fourth quarter shall begin at the beginning of the first full pay period of beginning in October, and shall end at the end of the last full pay period beginning in December.
 - 6.3.1.1.3 An adjustment column for each quarter, and
 - 6.3.1.1.4 A grand total of sick leave usage for the calendar year.
- 6.3.2 The total sick leave usage for all employees in the agency by pay period shall be posted to the *Sick Leave Usage Sheet*.
- 6.3.3 The total sick leave usage by pay period as posted to the *Sick Leave Usage Sheet* and reported to StateStat and/or submitted for quarterly reporting requirements may not be modified for any reason.
 - 6.3.3.1 The adjustment column on the *Sick Leave Usage Sheet* shall be used to post any current year adjustments to sick leave usage that were posted to the leave records subsequent to StateStat reporting and/or quarterly reporting.

- 6.3.3.2 Adjustments shall be posted to the *Sick Leave Usage Sheet* during the quarter in which the adjustment is made. For example:
 - 6.3.3.2.1 An adjustment posted in December to leave usage originally recorded in February would be posted as a fourth quarter adjustment.
 - 6.3.3.2.2 However, an adjustment made to prior calendar year leave usage shall not be posted to the *Sick Leave Usage Sheet*.
- 6.3.4 For DPP and institutions using TESS for maintenance of leave records, the leave clerk shall obtain for each pay period TESS report *TEXJLIRP Employee Leave Usage and Balances*.
 - 6.3.4.1 This report provides for each employee and in total, detail of leave balances, earnings and usage for annual leave, sick leave, compensatory time and personal leave, by pay period and with year-to-date totals.
 - 6.3.4.2 The leave clerk shall obtain from the last page of the report, the total sick leave used for that pay period by all employees in the agency, and the total YTD sick leave used by all employees in the agency.
 - 6.3.4.3 For agencies using TESS for maintenance of leave records any difference between the total YTD sick leave used by all employees in the agency as reported on the TESS report *TEXJLIRP Employee Leave Usage and Balances*, and the Grand total of sick leave usage for the calendar year on the *Sick Leave Usage Sheet* after the pay period total sick leave usage has been posted to the *Sick Leave Usage Sheet*, shall be posted as an adjustment.
- 6.3.5 For institutions not using TESS for maintenance of leave records, the leave clerk shall determine the total sick leave usage for each pay period, ensuring that only the following categories of sick leave are included in sick leave usage:
 - 6.3.5.1 Sick-Documented (TESS code 20),
 - 6.3.5.2 Sick-Undocumented (TESS code 21),
 - 6.3.5.3 Sick-Death in Family (TESS code 23),
 - 6.3.5.4 Sick-Chronic (TESS code 30), and
 - 6.3.5.5 Sick-FMLA (TESS code 33).
- 6.4 Reporting of Sick Leave Usage:
 - 6.4.1 On a monthly basis, the following procedures shall be used to report sick leave usage in order to update the StateStat template:

- 6.4.1.1 For Division of Correction (DOC) institutions and Patuxent Institution, the payroll supervisor shall forward the updated *Sick Leave Usage Sheet* to the HRSD Executive Director, or designee. The HRSD Executive Director shall update the sick leave template and forward the updated template to the DPSCS Director of Planning and Statistics.
 - 6.4.1.2 For the Division of Pretrial Detention and Services (DPDS), the payroll supervisor shall forward the updated *Sick Leave Usage Sheet* to the DPSCS Director of Planning and Statistics for updating the sick leave template.
 - 6.4.1.3 For the Division of Parole and Probation (DPP), the DPP Director of Human Resources Management shall forward the updated *Sick Leave Usage Sheet* to the DPP Data Management Manager. The DPP Data Management Manager shall update the sick leave template and forward the updated template to the DPSCS Director of Planning and Statistics.
- 6.4.2 At the end of each quarter, agencies shall report sick leave usage as follows:
- 6.4.2.1 For all institutions and for the Division of Parole and Probation, the *Sick Leave Usage Sheet* which has been updated as delineated in Section 6.3 of these procedures for all pay periods through the end of the quarter shall be submitted electronically to the Employee Health Services Unit, HRSD by the due date for each quarter as established by the Employee Health Services Unit.
 - 6.4.2.1.1 For calendar year 2009 the *Sick Leave Usage Sheet* shall be posted for all pay periods after January 14, 2009 in accordance with the instructions in this procedure, and submitted by the following due dates:
 - 6.4.2.1.1.1 First and second quarterly reports shall be submitted by July 21, 2009.
 - 6.4.2.1.1.2 Third quarter report shall be submitted by October 13, 2009.
 - 6.4.2.1.1.3 Fourth quarter report and annual report shall be submitted by January 19, 2010.
 - 6.4.2.1.2 A copy of the *Sick Leave Usage Sheet* for institutions shall be submitted electronically to the appropriate MFR liaison for DOC, Patuxent Institution or DPDS.

6.4.2.2 For all other agencies, the leave clerk shall obtain at the end of each quarter TESS report *TEXJLEVR Quarterly Leave Usage and Balances*.

6.4.2.2.1 This report provides for each employee and in total, detail of leave balances, earnings and usage for annual leave, sick leave, compensatory time and personal leave, by quarter and with year-to-date totals.

6.4.2.2.2 The leave clerk shall obtain from the last page of the report, the total sick leave used for that quarter by all employees in the agency, and the total YTD sick leave used by all employees in the agency.

6.4.2.2.3 The leave clerk shall submit the total sick leave used for that quarter to the Employee Health Services Unit, HRSD by the due date for each quarter as established by that unit. For calendar year 2009, the quarterly sick leave usage for each agency shall be submitted by the following due dates:

6.4.2.2.3.1 First and second quarterly reports shall be submitted by July 21, 2009.

6.4.2.2.3.2 Third quarter report shall be submitted by October 13, 2009.

6.4.2.2.3.3 Fourth quarter report and annual report shall be submitted by January 19, 2010.

6.4.2.2.4 For calendar year 2009, TESS report *TEXJLEVR Quarterly Leave Usage and Balances* was not generated at the end of the first quarter and is not available. Sick leave usage for the first quarter of calendar year 2009 shall be determined from the TESS report *TEXJLEVR Quarterly Leave Usage and Balances* for the second quarter of the calendar year, based upon the difference between the year-to-date sick leave usage and the second quarter sick leave usage.

6.5 Annual Reporting Requirements:

6.5.1 By February 1 the HRSD Employee Health Service Unit shall submit an annual report of sick leave usage for the Department from the preceding calendar year to the Department of Budget and Management.

- 6.5.2 Prior to the submission of the annual sick leave usage report for the Department, the HRSD Executive Director shall verify that the annual sick leave usage is consistent with the annual sick leave usage as accumulated and reported for StateStat, as appropriate.
- 6.5.3 Annual sick leave usage shall be reported as a performance measure in the MFR submission for all institutions.
- 6.5.4 The appropriate MFR liaison shall verify that annual sick leave usage for each institution as reported in the annual MFR submission is consistent with the annual sick leave usage as accumulated and reported for StateStat.

Department of Public Safety and Correctional Services
FINANCIAL OPERATIONS MANUAL

Financial Operations Manual
Publication Date: September 30, 2008

Revision Number: 1
Effective Date: October 1, 2008

SECTION VII: INMATE ACCOUNTS

1.0 REFERENCES:

Division of Correction Directive (DCD) 245 Series
GAD Accounting Procedures Manual

2.0 APPLICABLE TO

Institutions and employees of the Department of Public Safety and Correctional Services (the Department).

3.0 PURPOSE:

To establish procedures that will enable the Department's employees to maintain accurate records of funds held on behalf of inmates in conformance with correctional policy governing inmate finances and in accordance with generally accepted accounting procedures and the requirements of the GAD Accounting Procedures Manual.

4.0 DEFINITIONS:

- 4.1 **Agency Table** – A schedule of all inmate accounts accessible to a specific regional fiscal office for posting transactions, generally for inmates housed at institutions under that fiscal office's responsibility.
- 4.2 **Cash Receipts** – Coin, currency, check, money order and other negotiable instrument received by a facility or office.
- 4.3 **Cash Receipts Log** – A listing of cash receipts which delineates the date of receipt, the name of the payer, and the amount of each receipt.
- 4.4 **Pre-numbered Receipt Form** – A multi-part, printed form with areas for entering the date of receipt, the name of the payer, and the amount of each receipt.
- 4.5 **Contraband Funds** - Money that an inmate, by policy and procedure, is not permitted to possess, pass, or receive.
- 4.6 **GAD** – The General Accounting Division, a unit of organization within the Office of the Comptroller of the Maryland.
- 4.7 **GAD Accounting Procedures Manual** – The manual maintained by the General Accounting Division which documents statewide accounting procedures to be adopted by State agencies.

- 4.8 **Indigent Inmate (Indigent Status)** – An individual who is either (1) an inmate who at intake has less than \$4.00 in his/her account, (2) an inmate who in the previous 30 days has not received pay for an assignment and does not have at least \$4.00 in his/her account, or (3) for the sole purpose of acquiring a birth certificate, an inmate who has less than \$12.00 in his/her account. An indigent inmate is not an inmate who meets the above criteria, but has a pattern of receiving and spending funds in a 30-day period that indicates manipulation of the account balances to maintain apparent indigency.
- 4.9 **Inmate** – An individual incarcerated or detained in a Division of Correction (DOC) institution, the Patuxent Institution, a Division of Pretrial Detention and Services institution, or the Central Home Detention Unit.
- 4.10 **Institution** – A correctional facility within the Division of Correction, Patuxent Institution, a detention facility within the Division of Pretrial Detention and Services or the Central Home Detention Unit.
- 4.11 **Institutional Account (Account)** – The MOBS account established for an inmate that consists of a reserve account and a spending account and may include a contraband account.
- 4.12 **ITCD** – The Information Technology and Communications Division of the Department.
- 4.13 **Managing Officer** - The highest ranking individual within an institution or other correctional facility having responsibility for all activities within the facility.
- 4.14 **MOBS (Maryland Offender Banking System)** – A Departmental computer system that maintains an account record for each inmate of (1) money the inmate had at entry, (2) money sent to the inmate from outside sources, (3) money paid to the inmate for work, (4) disbursements from the inmate’s account for commissary purchases and other payments, and (5) the current balance of the inmate’s funds.
- 4.15 **Money (Funds)** – Cash, Checks, money orders or other forms of currency.
- 4.16 **OBSCIS** - Offender Based State Correctional Information System, which is a mainframe system that is used to store information about the inmates that are sentenced to the Division of Correction. This information includes offender demographics, identification information, housing location, basic sentencing information.
- 4.17 **R*STARS** – Relational Standard Accounting and Reporting System is the State’s primary accounting system and the accounting system utilized by the DPSCS.
- 4.18 **Receiving Institution** – The institution or facility to which an inmate is transferred.
- 4.19 **Reserve Account** – An inmate’s funds (up to \$50.00) that are set aside pending release of the inmate.
- 4.20 **Spending Account (Active Account)** – An inmate’s funds that are available to the inmate for disbursement.

- 4.21 **Transferring Institution** - The institution or facility from which an inmate is transferred.

5.0 POLICY:

- 5.1 It is the policy of the Department to ensure an accurate accounting of an inmate's personal money while under the jurisdiction of the Department and that all inmate accounts are posted and maintained in a timely and responsible manner in accordance with generally accepted accounting principles and the requirements of the Comptroller.
- 5.2 It is the policy of the Department that, except for inmates on work release status at certain institutions, inmates may not have money in their possession.

6.0 PROCEDURES:

6.1 General Requirements:

- 6.1.1 Funds held by an institution on behalf of an inmate shall be deposited with the Comptroller and recorded as non-budgeted funds in an R*STARS account designated for that purpose (041 account), as follows:
- 6.1.1.1 J041 for institutions in the Jessup region,
 - 6.1.1.2 B041 for institutions in the Baltimore region,
 - 6.1.1.3 H041 for the Maryland Correctional Institution Hagerstown,
 - 6.1.1.4 H042 for the Maryland Correctional Training Center,
 - 6.1.1.5 H043 for the Roxbury Correctional Institution,
 - 6.1.1.6 F041 for the Maryland Correctional Institution for Women,
 - 6.1.1.7 P045 for institutions in the Maryland Correctional PreRelease System,
 - 6.1.1.8 E041 for institutions in the Eastern Shore region,
 - 6.1.1.9 W041 for institutions in the Western Maryland region,
 - 6.1.1.10 4041 for the Patuxent Institution,
 - 6.1.1.11 5041 for the Baltimore City Detention Center, and
 - 6.1.1.12 5042 for the Central Booking and Intake Facility.
- 6.1.2 Funds held by an institution in the 041 account on behalf of an inmate shall be recorded in an institutional account for the inmate in the Maryland Offender Banking System (MOBS).
- 6.1.3 MOBS represents the detail accounts for all funds deposited in the 041 account. The 041 account is the control account for all transactions posted to MOBS. For every transaction posted in MOBS, there must be a posting

to the 041 account in R*STARS; the posting to the 041 account may be the accumulated total of multiple entries in MOBS (such as batch totals or other periodic totals of transactions).

- 6.1.4 If an inmate requests the transfer of funds to another inmate, funds may not be transferred from one inmate's account to another inmate's account without the approval of the appropriate managing officer(s).
- 6.1.5 An employee may not, under any circumstances, discuss an inmate's account with someone other than another Departmental employee. All communications with an inmate or the inmate's family members regarding an inmate's institutional account must be in writing.
- 6.1.6 Contraband funds confiscated from an inmate and forwarded to the fiscal office for deposit shall be credited to the inmate's Contraband Account. If it is unable to be proven as to who owns the cash, and no inmate claims ownership, then the funds shall be credited to the Inmate Welfare Fund.
- 6.1.7 In order to detect possible illegal activities, inmate accounts involving large receipt or disbursement transactions must be reported to the agency head. All receipts of \$250 or more and disbursements of \$250 or more (to other than a recognized vendor) are to be reported to the Institution's Managing Officer, or designee. As part of the report, include copies of checks and other relevant documents.

6.2 Establishing a MOBS Account:

- 6.2.1 An institutional account in MOBS is automatically established at the Division of Pretrial Detention and Services when a Central Record is created for the inmate at the time of commitment. The institutional account at DPDS is based upon the inmate's state identification number (SID).
- 6.2.2 For inmates sentenced to the Division of Correction (DOC), an institutional account in MOBS is automatically established when the inmate's information is entered into OBSCIS. The institutional account for inmates sentenced to DOC is based upon the inmate's DOC number.
- 6.2.3 Upon transfer of an inmate from a DPDS facility to a DOC facility, inmate accounts staff at DPDS shall transfer all funds held on behalf of the inmate and the inmate's MOBS account to the appropriate DOC fiscal office in accordance with the procedures in Section 6.7 below.
- 6.2.4 All money in an inmate's possession upon intake shall be surrendered to the institution and applied to the inmate's institutional account. A pre-numbered receipt form shall be used to document the cash receipt and a copy of the receipt form shall be issued to the inmate.
- 6.2.5 If an inmate who was previously incarcerated within the Department returns to the custody of the Department, any balance in the inmate's prior

institutional account (positive or negative) shall be incorporated into the inmate's current institutional account.

- 6.2.6 When an inmate is transferred from one institution to another, the inmate's institutional account shall also be transferred in accordance with the procedures in Section 6.7 below.
- 6.2.7 An inmate's institutional account shall consist of a reserve account and a spending account, and may include a commissary account and a contraband account to be handled in the following manner:
- 6.2.7.1 Reserve Account – The reserve account is not applicable to inmates housed at DPDS facilities. The purpose of the reserve account is to set aside \$50.00 which shall be issued to the inmate upon release. The accumulation of \$50.00 in the account is achieved as follows:
- 6.2.7.1.1 If the reserve account has a negative balance, all receipts, less the amount required to bring the inmate's spending account to the total of \$10.00, shall be posted into the reserve account until the reserve account reaches a minimum positive balance (\$0.01).
- 6.2.7.1.2 When the reserve account has a positive balance which is less than \$50.00, one-third of the inmate's payroll earnings shall be posted into the reserve account until the account reaches a positive balance of \$50.00.
- 6.2.7.1.3 Funds in the reserve account may only be disbursed upon an inmate's release or upon the express written authorization of the managing officer.
- 6.2.7.2 Spending Account – All funds designated for an inmate and not deposited into the reserve account shall be deposited into the inmate's spending account.
- 6.2.7.3 Commissary Account – Funds designated by the inmate to be used for commissary purchases. This account is used only in the Hagerstown region.
- 6.2.7.4 Contraband Account - Contraband funds confiscated from an inmate and forwarded to the fiscal office for deposit shall be credited to the inmate's Contraband Account. If it is unable to be proven as to who owns the cash, and no inmate claims ownership, then the funds shall be credited to the Inmate Welfare Fund.

6.3 Posting Transactions in MOBS:

- 6.3.1 Inmate accounts staff shall post transactions in MOBS in batches of no more than 17 items using a single transaction code.
 - 6.3.1.1 Inmate accounts staff shall enter a batch total and batch number prior to posting any items in the batch.
 - 6.3.1.2 When all items in a batch have been posted, inmate accounts staff shall verify that the total of the individual items posted agrees with the batch total and the batch is in balance.
 - 6.3.1.3 If the batch is not in balance, inmate accounts staff shall verify the items posted in the batch, make any necessary corrections or delete problem items and adjust the batch total.
 - 6.3.1.4 Upon the completion of required changes, inmate accounts staff shall verify that the batch is in balance.
 - 6.3.1.5 For each batch transaction posted to MOBS, inmate accounts staff shall obtain a screen print of the balanced batch total screen. The balanced batch total screen print and related source documentation shall be forwarded to the inmate accounts supervisor, or designee, for posting to the Control Sheet.
- 6.3.2 The inmate accounts supervisor, or designee, shall maintain a separate Control Sheet for each institution documenting all transactions posted to MOBS in accordance with the procedures in Section 6.12 below.

6.4 Inmate Receipt Transactions:

- 6.4.1 **Cash Receipt Collections** - Cash receipts collected on behalf of an inmate currently housed within the Department shall be processed in accordance with the Cash Receipts procedures established in Section III of the *Financial Operations Manual*.
 - 6.4.1.1 Inmate accounts staff shall post cash receipts daily from the pre-numbered receipt forms to the appropriate inmate's account in MOBS with the receipt number listed as the reference.
 - 6.4.1.2 All receipts of \$250 or more shall be reported to the Institution's Managing Officer, or designee. As part of the report, include copies of checks and other relevant documents.
 - 6.4.1.3 Cash receipt collections shall be posted in batches in accordance with Section 6.3 using one of the following transaction codes:
 - 6.4.1.3.1 Transaction code 20 shall be used for posting a cash receipt that will be immediately available

to the inmate for disbursement; most cash receipts will likely be posted with this code.

- 6.4.1.3.2 Transaction code 22 shall be used for posting payroll checks for work release inmates who have jobs with private companies outside the institution.
- 6.4.1.3.3 Transaction code 25 shall be used for posting contraband funds to an inmate's contraband account.
- 6.4.1.3.4 Transaction code 27 shall be used for posting a cash receipt in the amount of \$250 or more that is not a work release payroll check. At DPDS, this transaction code is not generally used except as directed by the Deputy Commissioner.

NOTE: This places the funds into an automatic hold/reserve for thirty (30) calendar days. The hold receipt shall be automatically released into the inmate's spending account on the Saturday after the hold procedure has been in effect for thirty (30) days.

- 6.4.1.4 Cash receipts for an inmate who does not appear on the agency table shall be posted to a MOBS suspense account (SHG) established for the purpose of posting and maintaining miscellaneous cash receipts. This suspense account shall be used to post receipts when waiting for an inmate's account to be transferred in or when an inmate's account has been transferred out to another institution.

6.4.2 **Inmate Payroll:**

- 6.4.2.1 Inmate payroll shall be compiled and credited to the inmates' accounts at least monthly.
- 6.4.2.2 No later than the 4th business day following the close of a pay period, the Detail Officer for each work assignment shall submit to inmate accounts staff a final timesheet showing the rate of pay and number of days worked by each inmate for the preceding pay period.
- 6.4.2.3 Inmate accounts staff shall calculate the payroll amount to be credited for each inmate based upon the number of days worked and the related rate of pay and shall also calculate a payroll total for all the inmates included on the spreadsheet.
- 6.4.2.4 The payroll shall be posted to MOBS using transaction code 21 in batches in accordance with Section 6.3.

- 6.4.2.5 If the payroll for an inmate cannot be posted because the inmate has been transferred and is no longer on the agency table, the inmate shall be removed from the batch and the batch total adjusted.
- 6.4.2.6 A separate spreadsheet shall be prepared for the payroll of inmates not on the agency table because they have already been transferred to another institution, and forwarded to the inmate accounts supervisor. The spreadsheet shall include the following information:
 - 6.4.2.6.1 Inmate name,
 - 6.4.2.6.2 DOC number,
 - 6.4.2.6.3 Amount earned by that inmate, and
 - 6.4.2.6.4 The institution to which the inmate was transferred.
- 6.4.2.7 A printout of each MOBS inmate payroll batch posted and the related timesheet(s) submitted by the Detail Officer(s) as well as the spreadsheet used by inmate accounts staff to calculate the payroll shall be forwarded to the inmate accounts supervisor, or designee.
- 6.4.2.8 At least monthly the inmate accounts supervisor, or designee, shall prepare a journal entry for the total inmate payroll posted to MOBS charging AOBJ 1260 Inmate Wages and crediting the 041 account.
- 6.4.2.9 The inmate accounts supervisor, or designee, shall also prepare a journal entry for the payroll for inmates removed from the batch charging AOBJ 1260 Inmate Wages and crediting the 041 account for the appropriate institution(s).
 - 6.4.2.9.1 A copy of the journal entry, and related documentation identifying the amount paid to each inmate, shall be forwarded to the appropriate fiscal office.
 - 6.4.2.9.2 Inmate accounts staff at the receiving institution shall be responsible for posting the payroll to the appropriate inmates' accounts.
- 6.4.2.10 The inmate accounts supervisor, or designee, shall provide accounts receivable staff documentation supporting inmate payroll charges to be billed to other agencies (such as MCE). Accounts receivable staff shall be responsible for the billing and collection of payroll charges from other agencies.

6.4.3 Void Checks

- 6.4.3.1 Previously written checks may need to be voided because:
 - 6.4.3.1.1 An error was discovered subsequent to printing the check and (charging the inmate’s account) but prior to distribution of the check. The check should be marked “VOID” and retained for audit purposes.
 - 6.4.3.1.2 An inmate may request that a stop payment be issued for a check that was not received by the intended recipient. In this situation, the inmate accounts staff may not credit the inmate’s account for the voided check until:
 - 6.4.3.1.2.1 The bank (or GAD, as applicable) has been notified to stop payment on the check, and
 - 6.4.3.1.2.2 The fiscal officer has verified that the check did not clear the bank and the stop payment has been issued.
 - 6.4.3.1.2.3 A separate disbursement transaction shall be posted by the inmate accounts staff for the reasonable costs of issuing the stop payment.
 - 6.4.3.1.3 If a previously issued check is returned by the postal service as undeliverable,
 - 6.4.3.1.3.1 The check may be voided. The check should be marked “VOID” and retained for audit purposes.
 - 6.4.3.1.3.2 In the alternative, however, a pre-numbered receipt form may be issued for the returned check and posted in MOBS as a cash receipt/ deposit.
- 6.4.3.2 Inmate accounts staff shall use transaction code 24 in batches in accordance with Section 6.3. The amount posted back to the inmate’s account shall be equal to the previous disbursement amount.

6.4.4 **Return of funds from Commissary Account**

- 6.4.4.1 This transaction is not required if a separate commissary account is not used and commissary purchases are posted directly to the inmates MOBS account.

- 6.4.4.2 Inmate accounts staff shall use transaction code 28 in batches in accordance with Section 6.3 to return funds from the commissary account prior to the transfer or release of the inmate.

6.5 Clearing Cash Receipts Posted to a MOBS suspense account:

- 6.5.1 Cash receipts for an inmate who does not appear on the agency table shall be posted to a MOBS suspense account (SHG) established for the purpose of posting and maintaining miscellaneous cash receipts. This account shall be used to post receipts when waiting for an account to be transferred in or when an account has been transferred out to another institution.
- 6.5.2 The following documentation shall be maintained for items posted to the MOBS suspense account:
 - 6.5.2.1 A log listing each item posted to the MOBS suspense account, with the following information:
 - 6.5.2.1.1 The receipt number,
 - 6.5.2.1.2 The date of the receipt,
 - 6.5.2.1.3 Amount of the receipt,
 - 6.5.2.1.4 The inmate's name and DOC# or SID#, and
 - 6.5.2.1.5 The location – once identified (The location of the inmate may be determined or confirmed via screen 18 in OBSCIS for DOC inmates.)
 - 6.5.2.2 A copy of the related pre-numbered receipt form for each item.
- 6.5.3 Items posted to the MOBS suspense account shall be cleared within one week, by either forwarding the funds to the appropriate fiscal office if the inmate was transferred to another institution, or by contacting another fiscal office to obtain the account if the inmate was transferred from another institution. A DOC inmate's location can be verified by checking OBSCIS (screen 18).
- 6.5.4 When the inmate's location has been determined, inmate accounts staff shall transfer the funds from the MOBS suspense account to the appropriate inmate's account.
 - 6.5.4.1 If the inmate's location is determined to be in the same region as the MOBS suspense account where the cash receipt was initially posted, the funds shall be transferred to the inmate's account from the MOBS suspense account using transaction code 71 in batches in accordance with Section 6.3, with the inmate's DOC# or SID# and the receipt number listed as the reference.

6.5.4.2 If the inmate's location is determined to be in a different region than the MOBS suspense account where the cash receipt was initially posted:

6.5.4.2.1 The funds shall be deducted from the MOBS suspense account where the cash receipt was initially posted using transaction code 89 in batches in accordance with Section 6.3, with the receipt number listed as the reference.

6.5.4.2.2 A journal entry shall be prepared and posted to R*STARS transferring the non-budgeted funds (041 account) to the appropriate institution.

6.5.4.2.3 A copy of the journal entry and supporting documentation shall be retained on file and a copy shall be forwarded to the appropriate fiscal office for the receiving institution. The supporting documentation shall include the following information for each cash receipt item transferred:

6.5.4.2.3.1 The cash receipts form number,

6.5.4.2.3.2 The inmate's name,

6.5.4.2.3.3 The inmate's DOC#, and

6.5.4.2.3.4 The amount of the cash receipts item.

6.5.5 Upon receipt of a copy of the journal entry and supporting documentation, inmate accounts staff at the receiving fiscal office shall verify the receipt of funds in the 041 account.

6.5.6 After verification of the transfer of funds, the receiving fiscal office shall post the individual receipts to the appropriate inmate's account in MOBS based upon the documentation provided, using transaction code 39 in batches in accordance with Section 6.3, with the receipt number and journal entry number listed as the reference.

6.6 Disbursement Transactions:

6.6.1 **Commissary Purchases or transfers to Commissary Account** - A maximum of \$85.00 per week per inmate may be spent for commissary purchases.

6.6.1.1 The amount of each disbursement shall be determined by:

6.6.1.1.1 The amount of the commissary transfer request completed by the inmate prior to shopping, or

- 6.6.1.1.2 The total amount of the commissary shopping list validated by the commissary after the purchase.
- 6.6.1.2 Inmate accounts staff shall post all items in batches in accordance with Section 6.3, as follows:
 - 6.6.1.2.1 Transaction code 60 shall be used to post a disbursement to cover the cost for an inmate's commissary purchase.
 - 6.6.1.2.2 Transaction code 68 shall be used for any inmate whose commissary purchases exceed the balance of the inmate's active account.
 - 6.6.1.2.3 Transaction code 28 shall be used for commissary refunds, including return of funds from a commissary account as discussed in Section 6.4.4.
- 6.6.2 **Outside Purchase or Disbursement (Checks)**
 - 6.6.2.1 A voucher requesting an outside purchase or disbursement shall provide the payee name and address and amount of the check request. A stamped, addressed envelope shall be provided by the inmate with the voucher request. For DPDS a standard postage charge will be deducted if the envelope is not stamped.
 - 6.6.2.2 Inmate accounts staff shall verify that the voucher was properly completed and signed by the inmate prior to posting. If any inmate has submitted more than one voucher, inmate accounts staff shall verify that the inmate has the available funds to process all the requests prior to posting any request.
 - 6.6.2.3 A request by an inmate for a disbursement check shall be signed by the inmate and approved in accordance with institutional policies, but the following minimum requirements shall be met:
 - 6.6.2.3.1 Any request for a disbursement regardless of amount shall be approved by a Correctional Officer or a Case Manager.
 - 6.6.2.3.2 A request for disbursement of \$250 or more shall be approved by the Managing Officer or designee.
 - 6.6.2.4 Any request by an inmate for an outside purchase/disbursement for an amount greater than \$500, and multiple requests by an inmate for outside purchases/disbursements to the same person

or vendor totaling \$500 or greater, shall be processed via transmittal to the Comptroller of the Treasury rather than paid from the working fund account.

6.6.2.4.1 The voucher completed by the inmate requesting a disbursement greater than \$500 shall include the following additional information:

6.6.2.4.1.1 The payee's complete mailing address,

6.6.2.4.1.2 The payee's federal identification number or social security number, and

6.6.2.4.1.3 The payee's telephone number.

6.6.2.4.2 Inmate accounts staff shall post the disbursement from the inmate's account using transaction code 70 in batches in accordance with Section 6.3.

6.6.2.4.3 The inmate accounts supervisor, or designee, shall forward the voucher requesting a disbursement greater than \$500 to accounts payable staff for processing of a transmittal to the Comptroller.

6.6.2.5 Inmate accounts staff shall post all items to be disbursed via the prisoner's fund checking account in batches in accordance with Section 6.3 using transaction code 88 or 98, as appropriate.

6.6.2.6 If the inmate's account is not on the agency's table, inmate accounts staff shall delete the transaction from the batch and adjust the batch total.

6.6.2.7 After the proper signature has been obtained on the checks, inmate accounts staff shall process the outgoing checks for mailing.

6.6.3 Other Disbursements:

6.6.3.1 Inmate accounts staff may not process a disbursement from an inmate's account without adequate documentation, as follows:

6.6.3.1.1 A voucher shall be completed and signed by an inmate for postage, prepaid phone service, and other authorized disbursements from the inmate's account.

- 6.6.3.1.2 Deductions from wages paid to work release participants for room, board and transportation costs, as well as restitution as applicable, shall be made as stipulated in the work release agreement.
- 6.6.3.1.3 Institutional assessments, including inmate medical co-pay, assessments for damaged State Property, and costs of returning escaped prisoners, when not authorized by the inmate, shall be authorized by the managing officer.
- 6.6.3.2 Inmate accounts staff shall verify that the disbursement was properly authorized and signed by the inmate as appropriate prior to posting.
- 6.6.3.3 Inmate accounts staff shall post disbursement items in batches in accordance with Section 6.3 using one of the following transaction codes:
 - 6.6.3.3.1 Transaction code 61 shall be used for a disbursement from the inmate's active account for postage.
 - 6.6.3.3.2 Transaction code 64 shall be used for institutional assessments including items which, if posted to an inmate's active account, could make the inmate eligible for indigent status. This transaction code posts against the inmate's active account until the balance in the active account is reduced to \$10 and any remaining balance to be assessed is charged to the inmate's reserve account.
 - 6.6.3.3.3 Transaction code 66 shall be used for restitution for payment to the Division of Parole and Probation (DPP).
 - 6.6.3.3.4 Transaction code 67 shall be used for institutional room and board charges for an inmate on work release.
 - 6.6.3.3.5 Transaction code 69 shall be used for a work release inmate's travel costs.
 - 6.6.3.3.6 Transaction code 70 shall be used for a cash disbursement to a work release inmate to cover out-of-pocket expenses including public transportation costs and family leave expenses.

- 6.6.3.3.7 Transaction code 77 shall be used for the first time when processing federal filing fees.
- 6.6.3.4 The inmate accounts supervisor, or designee, shall prepare a journal entry in R*STARS at least monthly to charge the 041 account and to credit the appropriate accounts for all disbursements.
- 6.6.3.5 The fiscal officer shall ensure that funds are remitted to other agencies as appropriate.
- 6.6.4 Court ordered payments shall be processed in MOBS using established MOBS procedures.

6.7 Transfer of Inmates between Institutions:

- 6.7.1 Within three days of the movement of an inmate to another institution, the inmate accounts staff shall transfer the inmate's institutional account to the receiving institution in batches by receiving institution in accordance with Section 6.3 using one of the following transaction codes:
 - 6.7.1.1 Transaction code 72 is used by DPDS to transfer accounts to DOC institutions. This transaction code transfers an inmate's funds from the SID # account to a DOC # account.
 - 6.7.1.2 Transaction code 62 is used for all other transfers.
- 6.7.2 Prior to transferring an inmate's account to another institution:
 - 6.7.2.1 Inmate accounts staff shall verify the location of the inmate (by checking screen 18 in OBSCIS for DOC inmates).
 - 6.7.2.2 Inmate accounts staff shall ensure that all transactions for the inmate have been posted up-to-date.
 - 6.7.2.3 In institutions where a separate commissary account is maintained, the balance in the inmate's commissary account shall be transferred back to the MOBS institutional account using transaction code 28 as discussed in Section 6.4.4.
 - 6.7.2.4 Inmate payroll may be posted to the inmate's account prior to transfer if the required information to determine the payroll amount can be obtained. In the alternative, however, the inmate payroll amount may be transferred to the receiving institution via journal entry at the end of the month when the payroll is normally processed.
- 6.7.3 The inmate accounts supervisor, or designee, shall prepare a separate journal entry for each transfer batch to transfer the funds from the 041 account to the receiving institution's 041 account.
 - 6.7.3.1 A printout of the batch shall be attached as supporting documentation for the journal entry.

- 6.7.3.2 A copy of the journal entry and related supporting documentation shall be forwarded to the applicable fiscal office.
- 6.7.3.3 A copy of the journal entry and related supporting documentation shall be retained for audit purposes.
- 6.7.4 If the transfer of accounts involves an account with a negative balance:
 - 6.7.4.1 The journal entry to transfer funds to another institution shall reflect the net total of all the accounts being transferred.
 - 6.7.4.2 If the net total of all the accounts being transferred is a positive amount, the journal entry shall be posted to R*STARS and a copy of the journal entry shall be forwarded to the applicable fiscal office as delineated above.
 - 6.7.4.3 If the net total of all the accounts being transferred is negative, the proposed journal entry shall be forwarded to the applicable fiscal office for posting.
- 6.7.5 On a daily basis, inmate accounts staff shall check in MOBS to identify any incoming transfers.
 - 6.7.5.1 If there are incoming transfers, inmate accounts staff shall print two copies of the information.
 - 6.7.5.2 Inmate accounts staff shall file one copy in an incoming transfer file and the other copy in a temporary file maintained for incoming transfers pending receipt of the related journal entry.
 - 6.7.5.3 Once the journal entry for the transfer is received, inmate accounts staff shall verify the receipt of funds in the 041 account, and the copy of the incoming transfers shall be removed from the temporary/ pending file.
- 6.8 **Release of Inmates:** Prior to the release of an inmate:
 - 6.8.1.1 Inmate accounts staff shall ensure that all transactions for the inmate have been posted up-to-date.
 - 6.8.1.2 If a separate commissary account is maintained, the balance in the commissary account shall be transferred back to the MOBS account in accordance with the procedures in Section 6.4.4.
 - 6.8.1.3 Except for DPDS, inmate accounts staff shall determine if the inmate had a work assignment via screen 13 in OBSCIS. Inmate accounts staff shall obtain the number of days worked from the Detail Officer and calculate and post the payroll to the inmate's account prior to release.

- 6.8.2 A Discharge Clearance Voucher or Release Form shall be prepared to document the amount of funds to be disbursed to the inmate in cash and/or check upon release.
 - 6.8.2.1 A released inmate may be provided with up to \$50 cash regardless of the balance in his account. A released inmate shall be provided at least the amount of cash adequate to provide bus fare home.
 - 6.8.2.2 If the balance in the inmate's account is greater than \$50, the amount of cash to be provided to the inmate upon release may be limited due to the availability of funds. A working fund check for up to \$500 may be provided to an inmate upon release.
 - 6.8.2.3 If the balance in an inmate's account at the time of release is greater than \$550, the balance of funds in the inmate's account shall be disbursed via transmittal through the Comptroller of the Treasury. In order to disburse funds via transmittal through the Comptroller of the Treasury, the inmate shall provide a current mailing address, social security number and telephone number.
- 6.8.3 Upon receipt of funds for release, the inmate shall be required to sign the Discharge Clearance Voucher or Release Form documenting the amount of funds received by the inmate in cash or check.
 - 6.8.3.1 The original copy of the signed form shall be forwarded to the custodian of the prisoner's working fund account.
 - 6.8.3.2 A copy of the signed form shall be provided to the inmate.
 - 6.8.3.3 A copy of the signed form shall be forwarded to inmate accounts staff for posting to MOBS.
 - 6.8.3.4 If the balance in an inmate's account at the time of release was greater than \$550, a copy of the signed form shall be forwarded to accounts payable staff as documentation for the amount to be disbursed via transmittal through the Comptroller of the Treasury.
- 6.8.4 Inmate accounts staff shall use transaction code 63 in batches in accordance with Section 6.3 for releases to post the amount disbursed to the inmate upon release based upon the Discharge Clearance Voucher or Release Form signed by the inmate.

6.9 Abandoned Property:

- 6.9.1 Funds due to a released inmate that are not deliverable because the inmate's current address is unavailable shall be considered as abandoned property.

- 6.9.2 The current dormancy period is three years; at the end of the dormancy period the abandoned property shall be reported to the Comptroller of the Treasury as Unclaimed Property.
- 6.9.3 Not more than 120 days or less than 30 days before filing the required report with the Comptroller's Office, a written notice shall be sent by first-class mail to the former inmate at the former inmate's last known address. In the notice, the fiscal office shall inform the former inmate that the office is in possession of property subject to the abandoned property law and that the property will be considered abandoned unless the individual responds within 30 days of the notification
- 6.9.4 Inmate accounts valued at \$100 or more must be listed individually and reported to the Comptroller. Inmate accounts of less than \$100 may be reported in the aggregate (as one record).
- 6.9.5 The Maryland Unclaimed Property Report (COT/ST 918) and related detail sheet (COT/ST 919) shall be submitted to the Comptroller of the Treasury annually on October 31st of each year for fiscal year ending the preceding June 30th. Reports with 25 or more records should be reported electronically, in accordance with the procedures established by the Comptroller, Compliance Division, Unclaimed Property.
- 6.9.6 A check from the Prisoner's Working Fund checking account shall be submitted to the Comptroller of the Treasury for the total dollar amount of the unclaimed property reported.
- 6.9.7 The fiscal officer shall retain records of unclaimed property for 8 years after the property has been reported.

6.10 Accounts with Negative Balances:

- 6.10.1 The Negative Balance Report (report B32570) is provided monthly by ITCD. This is a listing of all inmate accounts that have a negative balance.
- 6.10.2 Inmate accounts staff shall review the Negative Balance Report each month to identify the accounts of inmates who have been released from the custody of the Department.
- 6.10.3 On a monthly basis, inmate accounts staff shall prepare a listing of released inmates with a negative balance in the inmate's MOBS institutional account and shall forward the listing to accounts receivable staff for collection or abatement, as appropriate.

6.11 Prisoner's Working Fund Account:

6.11.1 General Procedures:

- 6.11.1.1 Each fiscal office that serves an institution or facility has received a non-budgeted fund advance from the Comptroller of the Treasury for the purpose of:

- 6.11.1.1.1 Making certain disbursements on behalf of inmates as requested by the inmate,
- 6.11.1.1.2 Providing certain funds to released inmates.
- 6.11.1.2 The non-budgeted fund advance, i.e., the Prisoner’s Working Fund generally consists of a petty cash fund and a checking account.
- 6.11.1.3 A request for additional permanent or temporary advances shall be in writing to GAD setting forth the need and justification for the advance, and shall be supported by an analysis of the account. The fiscal officer shall contact GAD for instructions on completing the analysis.
- 6.11.1.4 The Prisoner’s Working Fund shall be assigned to the sole custody of one specific employee designated as the Custodian.
- 6.11.1.5 All petty cash funds, blank checks and check signature plates, as applicable, shall be maintained in a secure location at all times.
- 6.11.1.6 The custodian of the Prisoner’s Working Fund may not be an authorized signatory for the related working fund checking account and may not sign disbursement checks from the working fund. A signature of an individual other than the custodian is required.
- 6.11.1.7 All disbursements made from the Prisoner’s Working Fund and related petty cash funds shall be for the designated purpose for which the fund was authorized, and shall comply with established State regulations.
- 6.11.1.8 The amount of an individual disbursement from the Prisoner’s Working Fund and related petty cash funds may not exceed the limits established to ensure that adequate funds are available in the working fund.
- 6.11.1.9 A transmittal for reimbursement of the Prisoner’s Working Fund and related petty cash funds shall be submitted as frequently as needed, but no less frequently than weekly.
 - 6.11.1.9.1 The Payee on the transmittal must be stated as “(state agency name) – Prisoner’s Working Fund” and the Payment Due Date entered in R*STARS must be the date of the transmittal.
 - 6.11.1.9.2 All working funds, including petty cash funds, shall be reimbursed at the fiscal year end, i.e., as of June 30th of each year, in order for all

disbursements to be charged to the correct fiscal year on the Comptroller's records.

- 6.11.1.10 A check register shall be maintained and posted daily to document all transactions involving the Prisoner's Working Fund checking account. At a minimum, the check register shall include:
 - 6.11.1.10.1 The date of the transaction,
 - 6.11.1.10.2 The type of transaction, which shall include:
 - 6.11.1.10.2.1 Checks written by check number (listed individually or in batches),
 - 6.11.1.10.2.2 Deposits to the account by transmittal number,
 - 6.11.1.10.2.3 Voided checks by check number,
 - 6.11.1.10.2.4 Other transactions such as bank fees.
 - 6.11.1.10.3 The amount of the transaction,
 - 6.11.1.10.4 The balance in the account.
- 6.11.1.11 When checks written are not listed individually in the check register, a separate listing of checks shall be maintained with the check register and shall provide the following information for each check:
 - 6.11.1.11.1 The date of the check,
 - 6.11.1.11.2 The check number,
 - 6.11.1.11.3 The Payee, and
 - 6.11.1.11.4 The amount.

6.11.2 Accountability over the Prisoner's Working Fund:

- 6.11.2.1 The petty cash shall be counted at least monthly by an employee other than the custodian. The petty cash count shall be documented, as follows:
 - 6.11.2.1.1 Count the cash on hand and record it by denomination and in total.
 - 6.11.2.1.2 Pull all the signed vouchers, sort by institution, and then list all the vouchers by institution in release date order. Provide a total by institution of vouchers pending reimbursement.
 - 6.11.2.1.3 Vouchers that are not signed are open vouchers and shall be listed by institution with a total of open vouchers by institution.

- 6.11.2.1.4 If there are transmittals in process for which reimbursement has not yet been received, these shall be listed as outstanding transmittals.
- 6.11.2.1.5 The total of the aforementioned four items (cash on hand, vouchers pending reimbursement, open vouchers and outstanding transmittals) should total the authorized petty cash amount.
- 6.11.2.1.6 The documentation shall be signed and dated by the employee performing the count. This documentation shall be retained for audit purposes.
- 6.11.2.1.7 The fiscal officer shall be notified if there is a discrepancy. The fiscal officer shall investigate and resolve the discrepancy.
- 6.11.2.2 A reconciliation of the Prisoner's Working Fund bank account shall be prepared on a monthly basis by an individual other than the custodian. All reconciling items shall be identified, investigated as necessary, and resolved. The reconciliation shall be signed and dated by the preparer and the documentation shall be retained for audit purposes.
- 6.11.2.3 A composition of funds shall be prepared on a monthly basis to reconcile the total of the working fund and related petty cash fund, if applicable, to the total advance per R*STARS. The composition of funds shall be signed and dated by the preparer and the documentation shall be retained for audit purposes.
- 6.11.2.4 The monthly composition of funds, and related bank reconciliation and/or petty cash count shall be reviewed and approved by the Fiscal Officer or designee.
- 6.11.2.5 A copy of the approved monthly composition of funds for the Prisoner's Working Fund shall be submitted to the Deputy Director of Financial Services, or designee, by the last day of the subsequent month.
- 6.11.2.6 Write-offs of agency advances must follow the procedures outlined in the GAD Manual.
 - 6.11.2.6.1 An agency may not submit a request for write-off of agency advances without the prior approval of the appropriate Commissioner/ Director and the Director, Division of Financial Services. .
 - 6.11.2.6.2 Losses shall be reported in accordance with the GAD Manual as soon as they are known.

- 6.11.2.6.3 Written notification of write-off approval from either the Central Collection Unit or the Department of Budget and Management, will serve as official authorization to support an agency transmittal request to GAD to restore the working fund by charging existing appropriations.
- 6.11.2.6.4 An agency may not charge its appropriation prior to the receipt of written notification of write-off approval.

6.12 Control Sheet for MOBS Transactions:

- 6.12.1 The inmate accounts supervisor, or designee, shall maintain a separate spreadsheet (Control Sheet) for each institution documenting all transactions posted to MOBS.
- 6.12.2 The Control Sheet shall be maintained for each calendar month and shall include the following columns of information:
 - 6.12.2.1 MOBS transaction date.
 - 6.12.2.2 A separate column for each transaction code.
 - 6.12.2.3 One or more columns for the R*STARS document number (It may be desirable to provide separate reference columns for different categories of transactions.)
 - 6.12.2.4 Total cash receipts.
 - 6.12.2.5 Total cash disbursements.
 - 6.12.2.6 Total commissary transactions.
 - 6.12.2.7 Daily total of transactions posted to MOBS.
 - 6.12.2.8 Daily aggregate balance of accounts in MOBS.
- 6.12.3 For each batch posted to MOBS, inmate accounts staff shall obtain a screen print of the balanced batch total screen. The balanced batch total screen print and related source documentation shall be forwarded to the inmate accounts supervisor, or designee, for posting to the Control Sheet.
- 6.12.4 The inmate accounts supervisor shall verify the accuracy of the batch total per the screen print to the related source documentation. The screen print and related source documentation shall be maintained in a file in chronological order by date, by institution and by transaction code.
- 6.12.5 After all transactions for the day have been posted but no later than the morning of the next business day, the inmate accounts supervisor shall obtain from MOBS a Daily Account Reconciliation for each institution and shall:

- 6.12.5.1 Verify that the Previous Balance on the Daily Account Reconciliation agrees to the daily aggregate balance of accounts in MOBS at the end of the previous day's transactions on the Control Sheet.
- 6.12.5.2 Verify that for all batches listed on the Daily Account Reconciliation, a screen print of the balanced batch total and related source documentation has been filed.
- 6.12.5.3 Post the totals by institution for each transaction code used for the day noting the related R*STARS document number in the appropriate column(s) on the Control Sheet.
- 6.12.5.4 For cash receipts (transaction codes 20, 22, 25, and 27), the inmate accounts supervisor shall also verify that the total of all cash receipts posted to MOBS per the Daily Account Reconciliations for all institutions agrees to the amount deposited and posted to an 041 account in FMIS for the day.
- 6.12.5.5 For disbursements from the Prisoner's Working Fund checking account (transaction codes 24, 63, 88, and 98), the inmate accounts supervisor shall also:
 - 6.12.5.5.1 Verify that the total of the checking account disbursements posted to MOBS per the Daily Account Reconciliation agrees to the check register printed from MOBS.
 - 6.12.5.5.2 Ensure that the total of the checking account disbursements posted to MOBS has been posted to the Prisoner's Working Fund check register,
 - 6.12.5.5.3 Verify that a transmittal has been prepared at least weekly to reimburse the Prisoner's Working Fund and post the transmittal reference number to the Control Sheet. (A transmittal reference number shall be posted for each daily total of checking account disbursements; the same number may be posted to multiple items if a single transmittal is prepared for multiple days' transactions.)
- 6.12.5.6 For commissary transactions (transaction codes 28, 60, and 68), the inmate accounts supervisor shall also:
 - 6.12.5.6.1 At the end of the month, total the commissary transactions for the period, and compare that total to the total sales per the commissary registers. Any differences shall be investigated and resolved.

- 6.12.5.6.2 Prepare a journal entry in R*STARS to transfer the reconciled monthly total of commissary sales from the 041 account to Aobject 0603 Commissary Revenue and AOBJ 0185 Sales Tax Accumulation for the related sales tax collected on commissary purchases.
- 6.12.5.6.3 After the sales have been recorded in R*STARS, post the journal entry reference number to the Control Sheet.
- 6.12.5.7 For inmate payroll (transaction code 21), the inmate accounts supervisor shall also:
 - 6.12.5.7.1 At the end of the month (or other designated period not to exceed one month), obtain a total of the inmate payroll transactions for the period.
 - 6.12.5.7.2 Prepare a journal entry to post the total payroll charges to R*STARS, charging AOBJ 1260 Inmate Wages and crediting the 041 account.
 - 6.12.5.7.3 After the journal entry has been recorded in R*STARS, post the journal entry reference number to the Control Sheet.
 - 6.12.5.7.4 The inmate accounts supervisor shall also prepare a journal entry for the payroll for transferred inmates (that could not be posted to MOBS) charging AOBJ 1260 Inmate Wages and crediting the 041 account for the appropriate institution(s).
 - 6.12.5.7.5 The inmate accounts supervisor shall provide accounts receivable staff documentation supporting inmate payroll charges to be billed to other agencies (such as MCE).
- 6.12.5.8 For internal (SHG) transfers (transaction codes 26, 29, 65, and 71), the inmate accounts supervisor shall also verify that the net total of these batches is zero (0).
 - 6.12.5.8.1 If the net total of these batches is zero, there is no impact on the MOBS aggregate total and on the balance in the 041 account and therefore these batches need not be posted to the Control Sheet.
 - 6.12.5.8.2 If the net total of these batches is not zero, there is a posting error which must be investigated and resolved.

- 6.12.5.9 For all other transactions (transaction codes 23, 32, 35, 36, 39, 64, 66, 67, 69, 75, 77, and 89), the inmate accounts supervisor shall also identify and post the related R*STARS document number to the Control Sheet based upon:
 - 6.12.5.9.1 A journal entry prepared by the inmate accounts supervisor as required to transfer funds between the 041 account and the appropriate revenue or expenditure object in R*STARS,
 - 6.12.5.9.2 A journal entry prepared by another fiscal office to transfer funds to the 041 account of the receiving fiscal office, or
 - 6.12.5.9.3 A transmittal reference number as appropriate.
- 6.12.5.10 Verify that the Grand-Total per the Daily Account Reconciliation agrees to the Daily Total of transactions posted to MOBS by institution for the current day per the Control Sheet.
- 6.12.5.11 Verify that the Current Balance on the Daily Account Reconciliation agrees to the daily aggregate balance of accounts in MOBS at the end of the current day's transactions per the Control Sheet.
- 6.12.6 At the end of each calendar month, the inmate accounts supervisor shall:
 - 6.12.6.1 Complete the Control Sheet by calculating a monthly total for each transaction code, and
 - 6.12.6.2 Forward the Control Sheet to the employee responsible for preparing the monthly reconciliation of MOBS to R*STARS.

6.13 Verification of Transactions Posted in R*STARS to the 041 Account:

- 6.13.1 On a daily basis the inmate accounts supervisor, or designee, shall obtain a copy of the DAFR7200 Daily Pre- Encumbrance/Encumbrance/ Expenditure Transaction Register.
- 6.13.2 The inmate accounts supervisor shall review the DAFR7200 to identify all transactions impacting the 041 account.
 - 6.13.2.1 For transactions initiated by that office, the inmate accounts supervisor shall verify that the correct amount actually posted to the 041 account.
 - 6.13.2.2 For transactions initiated by another fiscal office, the inmate accounts supervisor shall determine whether the supporting documentation for the transaction has been received, and shall ensure that:

- 6.13.2.2.1 If the supporting documentation for the transaction has been received, the appropriate entry is posted to MOBS.
- 6.13.2.2.2 If the supporting documentation for the transaction has not been received, a copy of the posting is maintained in a temporary/ pending file maintained for incoming transfers pending receipt of the related journal entry.
- 6.13.2.2.3 Once the journal entry for the transfer is received, the copy of the incoming transfers is removed from the temporary/pending file.
- 6.13.2.2.4 Items in the temporary/pending file are cleared and posted as soon as possible and within 3-5 business days.

6.14 Monthly Reconciliation Report:

- 6.14.1 At the end of each calendar month, ITCD provides a two-part Monthly Reconciliation Report (report B32530 and B32540) for each institution.
 - 6.14.1.1 Report B32530 is the summary of all transactions posted during the preceding month by transaction code. The Starting Balance at the beginning of the month plus receipt transactions, less disbursement transactions equals the Ending Balance for the month.
 - 6.14.1.2 Report B32540 is a Monthly Report by Transaction Type, which lists the total of transactions posted each day for each transaction code.
- 6.14.2 The employee responsible for preparing the monthly reconciliation of MOBS to R*STARS shall verify that all transactions posted to MOBS during the month, as documented on the Monthly Reconciliation Report (B32530) have been included on the Control Sheet discussed in Section 6.12, as follows:
 - 6.14.2.1 Verify that the Starting Balance as of the first day of the month on the Monthly Reconciliation Report agrees to the beginning aggregate balance of accounts in MOBS per the Control Sheet.
 - 6.14.2.2 Verify that the total for each transaction code on the Monthly Reconciliation Report agrees to the monthly total for each transaction code per the Control Sheet.
 - 6.14.2.3 Verify that the Ending Balance as of the last day of the month on the Monthly Reconciliation Report agrees to the final aggregate balance of accounts in MOBS per the Control Sheet.
 - 6.14.2.4 Any differences shall be investigated and resolved, as follows:

- 6.14.2.4.1 For any transaction code which is not in agreement, verify the accuracy of the amounts posted to the Control Sheet each day by comparison to the Report B32540 for that transaction code.
- 6.14.2.4.2 For any daily total that is not in agreement, review the MOBS Daily Account Reconciliation and the related supporting documentation maintained by the inmate accounts supervisor to identify and correct the amount(s) posted to the Control Sheet.
- 6.14.2.4.3 Repeat this process until all differences have been identified and resolved.

6.15 Reconciliation of MOBS to R*STARS:

- 6.15.1 On a monthly basis, the fiscal officer or designee shall reconcile the aggregate balance of inmate accounts in MOBS to the balance of the 041 account in R*STARS.
- 6.15.2 The reconciliation of MOBS to R*STARS shall be prepared similar to a bank account reconciliation, in which the bank balance (R*STARS) is shown on the left side, and the book balance (MOBS) is shown on the right side, and each reconciling item is listed as an adjustment to either the R*STARS balance or the MOBS balance until the preparer arrives at the adjusted balance for each. If the account is properly reconciled, the adjusted R*STARS balance and the adjusted MOBS balance is the same.
 - 6.15.2.1 The balance of the 041 account in R*STARS shall be obtained from the DAFRA220 General Ledger Account Analysis for non-budgeted funds at the end of each month. The ending balance of the following items shall be obtained from the DAFRA220 and listed on the reconciliation:
 - 6.15.2.1.1 0061 Beginning of Year Cash
 - 6.15.2.1.2 0062 Cash Transfers
 - 6.15.2.1.3 0063 Cash Receipts
 - 6.15.2.1.4 0065 Cash Disbursements
 - 6.15.2.1.5 0405 GAD Advances
 - 6.15.2.1.6 The total of these five items is the 041 account cash balance per R*STARS.
 - 6.15.2.1.7 If there are any transactions in the General ledger Accounts 0061, 0062, 0063, 0065, or 0405 for which the appropriation number does

not reference the 041 account, these transactions should be removed from the cash balance.

- 6.15.2.2 The Ending Balance as of the end of the month on the MOBS Monthly Reconciliation Report shall be listed on the reconciliation as the aggregate balance of inmate accounts in MOBS.
- 6.15.2.3 The fiscal officer or designee shall identify reconciling items by comparing the Control Sheet documenting all transactions posted to MOBS during that month, and the DAFRA220 report which lists all transactions posted to R*STARS that month. All reconciling items should be timing differences which fall into one of the following categories:
 - 6.15.2.3.1 Items which have posted in R*STARS but have not yet been posted in MOBS. These items shall be listed on the reconciliation as an adjustment to the MOBS balance.
 - 6.15.2.3.2 Items which have posted in MOBS but have not yet been posted in R*STARS. These items shall be listed on the reconciliation as an adjustment to the R*STARS balance.
 - 6.15.2.3.3 Items for which the amount posted in R*STARS does not agree to the amount posted to MOBS due to posting errors. These items shall be listed on the reconciliation to either the R*STARS balance or to the MOBS balance, as appropriate.
 - 6.15.2.3.4 For each reconciling item identified and listed on the reconciliation, the following information shall be provided:
 - 6.15.2.3.4.1 The date of the initial posting to R*STARS or MOBS,
 - 6.15.2.3.4.2 A brief explanation of the item and/or reference number (i.e., MOBS transaction code or R*STARS document number.)
 - 6.15.2.3.4.3 The amount
 - 6.15.2.3.4.4 The date the item was cleared from the reconciliation (i.e., the subsequent posting date.)

- 6.15.2.3.5 When all reconciling items have been identified and listed on the reconciliation, an adjusted balances shall be calculated, and the adjusted R*STARS balance should be equal to the adjusted MOBS balance.
- 6.15.2.4 If the aggregate balance of inmate accounts in MOBS has not been properly reconciled to the balance of the 041 account in R*STARS in previous months, there may be an unreconciled difference that cannot be identified or resolved. If there is an unreconciled difference that cannot be identified or resolved:
 - 6.15.2.4.1 The fiscal officer or designee shall ensure that all current month transactions posted to the 041 account and/or posted to MOBS have been properly identified and reconciled.
 - 6.15.2.4.2 If all current month transactions have been properly identified and reconciled, it may take a month or two for prior month transactions to post. However, after the third month in which all current month transactions have been properly identified and reconciled, the unreconciled difference should be composed entirely of items applicable to months during which the account was not reconciled and the unreconciled difference should therefore remain constant on each subsequent month's reconciliation.
 - 6.15.2.4.3 If the unreconciled difference does not remain constant on each subsequent month's reconciliation, the all current month transactions have not be identified and resolved on the preceding reconciliations.
 - 6.15.2.4.4 When the unreconciled difference has remained constant on the reconciliation for at least three consecutive months, the fiscal officer shall request approval to write-off the unreconciled difference in accordance with the procedures outlined in Section 6.14.2.8.
- 6.15.2.5 A reconciliation of the aggregate balance of inmate accounts in MOBS to the 041 account in R*STARS shall not be considered complete and reconciled unless:
 - 6.15.2.5.1 The reconciled MOBS balance is the same as the reconciled R*STARS balance, or

- 6.15.2.5.2 The unreconciled difference between the MOBS balance and the R*STARS balance remains constant on each monthly reconciliation.
- 6.15.2.6 The completed reconciliation shall be signed and dated by the preparer (and approved by the fiscal officer if the reconciliation was not prepared by the fiscal officer). The approved reconciliation and related documentation shall be retained for audit purposes.
- 6.15.2.7 A copy of the reconciliation of the aggregate balance of inmate accounts in MOBS to the balance in the 041 account in R*STARS shall be submitted to the Division of Financial Services by the last day of the subsequent month.
- 6.15.2.8 Write-offs of any irreconcilable difference must follow the procedures outlined in the GAD Manual.
 - 6.15.2.8.1 An agency may not submit a request for write-off of an irreconcilable difference without the prior approval of the appropriate Commissioner/Director and the Director, Division of Financial Services.
 - 6.15.2.8.2 Losses shall be reported in accordance with the GAD Manual as soon as they are known.
 - 6.15.2.8.3 An agency may not charge its appropriation prior to the receipt of written notification of write-off approval.
- 6.16 The reconciliation procedures delineated in Sections 6.12 through 6.15 inclusive shall be followed as described. Any variances from the required procedures must be submitted in writing to the Director of the Division of Financial Services for approval. The submission to the Director shall include the entire proposed reconciliation procedure for that office.

7.0 RESPONSIBILITIES

7.1 The responsibility of the Inmate Account Staff:

- 7.1.1 Inmate accounts staff shall post transactions in MOBS in batches of no more than 17 items using a single transaction code
 - 7.1.1.1 Inmate accounts staff shall enter a batch total and batch number prior to posting any items in the batch.
 - 7.1.1.2 Inmate accounts staff shall verify that the total of the individual items posted agrees with the batch total and the batch is in balance.

- 7.1.1.3 For each batch transaction posted to MOBS, inmate accounts staff shall obtain a screen print of the balance batch total screen. The balanced batch total screen print and related source documentation shall be forwarded to the inmate accounts supervisor, or designee, for posting to the Control Sheet.
- 7.1.2 Inmate accounts staff shall post cash receipts daily from the pre-numbered receipt forms to the appropriate inmate's account in MOBS with the receipt number listed as the reference.
- 7.1.3 For inmate payroll:
 - 7.1.3.1 Inmate accounts staff shall calculate the payroll amount to be credited for each inmate based upon the number of days worked and the related rate of pay and shall also calculate a payroll total for all the inmates included on the spreadsheet.
 - 7.1.3.2 Inmate accounts staff shall post the inmate payroll MOBS using transaction code 21 in batches in accordance with Section 6.3.
- 7.1.4 Inmate accounts staff shall add funds back to an inmate's account for voided checks. The amount posted back to the inmate's account shall be equal to the previous disbursement amount.
- 7.1.5 To clear items posted to a MOBS suspense account:
 - 7.1.5.1 When the inmate's location has been determined, inmate accounts staff shall transfer the funds from the MOBS suspense account to the appropriate inmate's account.
 - 7.1.5.2 If the inmate's location is determined to be in a different region than the MOBS suspense account where the cash receipt was initially posted:
 - 7.1.5.2.1 Inmate accounts staff shall deduct the funds from the MOBS suspense account where the cash receipt was initially posted with the receipt number listed as the reference.
 - 7.1.5.2.2 Upon receipt of a copy of the journal entry and supporting documentation, inmate accounts staff at the receiving fiscal office shall verify the receipt of funds in the 041 account.
 - 7.1.5.2.3 After verification of the transfer of funds, the receiving fiscal office shall post the individual receipts to the appropriate inmate's account in MOBS based upon the documentation provided, with the receipt number and journal entry number listed as the reference.

- 7.1.6 Inmate accounts staff shall post commissary disbursements from the inmate accounts based upon:
 - 7.1.6.1 The amount of the commissary transfer request completed by the inmate prior to shopping, or
 - 7.1.6.2 The total amount of the commissary shopping list validated by the commissary after the purchase.
- 7.1.7 Inmate accounts staff shall post outside purchases and disbursements based upon properly completed vouchers submitted by inmates.
 - 7.1.7.1 If any inmate has submitted more than one voucher, inmate accounts staff shall verify that the inmate has the available funds to process all the requests prior to posting any request.
 - 7.1.7.2 Inmate accounts staff may not process a disbursement from an inmate's account without adequate documentation.
- 7.1.8 Within three days of the movement of an inmate to another institution, the inmate accounts staff shall transfer the inmate's account to the appropriate institution.
 - 7.1.8.1 Prior to transferring an inmate's account to another institution:
 - 7.1.8.1.1 Inmate accounts staff shall verify the location of the inmate.
 - 7.1.8.1.2 Inmate accounts staff shall ensure that all transactions for the inmate have been posted up-to-date.
 - 7.1.8.2 On a daily basis, inmate accounts staff shall check of the accounting menu on MOBS to identify any incoming transfers.
 - 7.1.8.2.1 If there are incoming transfers, inmate accounts staff shall print two copies of the information.
 - 7.1.8.2.2 Inmate accounts staff shall file one copy in an incoming transfer file and the other copy in a temporary file maintained for incoming transfers pending receipt of the related journal entry.
 - 7.1.8.2.3 Once the journal entry for the transfer is received, inmate accounts staff shall verify the receipt of funds in the 041 account, and the copy of the incoming transfers shall be removed from the temporary/ pending file.
- 7.1.9 Prior to the release of an inmate:
 - 7.1.9.1 Inmate accounts staff shall ensure that all transactions for the inmate have been posted up-to-date.

7.1.9.2 Inmate accounts staff shall post the amount disbursed to the inmate upon release based upon the Discharge Clearance Voucher signed by the inmate.

7.1.10 On a monthly basis, inmate accounts staff shall review the Negative Balance Report, shall prepare a listing of released inmates with a negative balance in the inmate's MOBS account and shall forward the listing to accounts receivable staff for collection or abatement, as appropriate.

7.2 The responsibility of the Inmate Accounts supervisor, or designee:

7.2.1 The inmate accounts supervisor, or designee, shall forward a voucher from an inmate requesting a disbursement greater than \$500 to accounts payable staff for processing of a transmittal to the Comptroller.

7.2.2 The inmate accounts supervisor, or designee, shall prepare a journal entry in R*STARS at least monthly to charge the 041 account and to credit the appropriate accounts for all disbursements.

7.2.3 The inmate accounts supervisor shall ensure that all items posted to the MOBS suspense account shall be cleared within one week.

7.2.4 For inmates transfer to another institution, the inmate accounts supervisor shall prepare a separate journal entry for each transfer batch to transfer the funds from the 041 account to the receiving institution's 041 account.

7.2.5 The inmate accounts supervisor, or designee, shall maintain a separate spreadsheet (Control Sheet) for each institution documenting all transactions posted to MOBS.

7.2.6 For each batch posted to MOBS, the inmate accounts supervisor shall verify the accuracy of the batch total per the screen print to the related source documentation. The inmate accounts supervisor shall maintain the screen print and related source documentation in a file in chronological order by date, by institution and by transaction code.

7.2.7 After all transactions for the day have been posted but no later than the morning of the next business day, the inmate accounts supervisor shall obtain from MOBS a Daily Account Reconciliation for each institution and shall:

7.2.7.1 Verify that the Previous Balance on the Daily Account Reconciliation agrees to the daily aggregate balance of accounts in MOBS at the end of the previous day's transactions on the Control Sheet.

7.2.7.2 Verify that for all batches listed on the Daily Account Reconciliation, a screen print of the balanced batch total and related source documentation has been filed.

- 7.2.7.3 Post the totals by institution for each transaction code used for the day noting the related R*STARS document number in the appropriate column(s) on the Control Sheet.
- 7.2.7.4 For cash receipts (transaction codes 20, 22, 25, and 27), the inmate accounts supervisor shall also verify that the total of all cash receipts posted to MOBS per the Daily Account Reconciliations for all institutions agrees to the related cash receipts log, and to amount deposited and posted to an 041 account in FMIS for the day.
- 7.2.7.5 For disbursements from the Prisoner's Working Fund checking account (transaction codes 24, 63, 88, and 98), the inmate accounts supervisor shall also:
 - 7.2.7.5.1 Verify that the total of the checking account disbursements posted to MOBS per the Daily Account Reconciliation agrees to the check register printed from MOBS.
 - 7.2.7.5.2 Ensure that the total of the checking account disbursements posted to MOBS has been posted to the Prisoner's Working Fund check register,
 - 7.2.7.5.3 Verify that a transmittal has been prepared to reimburse the Prisoner's Working Fund and post the transmittal reference number to the Control Sheet.
- 7.2.7.6 For commissary transactions (transaction codes 28, 60, and 68), the inmate accounts supervisor shall also:
 - 7.2.7.6.1 At the end of the month, total the commissary transactions for the period, and compare that total to the total sales per the commissary registers. Any differences shall be investigated and resolved.
 - 7.2.7.6.2 Prepare a journal entry in R*STARS to transfer the reconciled monthly total of commissary sales from the 041 account to Aobject 0603 Commissary Revenue and AOBJ 0185 Sales Tax Accumulation for the related sales tax collected on commissary purchases.
 - 7.2.7.6.3 After the sales have been recorded in R*STARS, post the journal entry reference number to the Control Sheet.
- 7.2.7.7 For inmate payroll (transaction code 21), the inmate accounts supervisor shall also:

- 7.2.7.7.1 At the end of the month (or other designated period not to exceed one month), obtain a total of the inmate payroll transactions for the period.
- 7.2.7.7.2 Prepare a journal entry to post the total payroll charges to R*STARS, charging AOBJ 1260 Inmate Wages and crediting the 041 account.
- 7.2.7.7.3 After the journal entry has been recorded in R*STARS, post the journal entry reference number to the Control Sheet.
- 7.2.7.7.4 The inmate accounts supervisor shall also prepare a journal entry for the payroll for transferred inmates (that could not be posted to MOBS) charging AOBJ 1260 Inmate Wages and crediting the 041 account for the appropriate institution(s).
- 7.2.7.7.5 The inmate accounts supervisor shall provide accounts receivable staff documentation supporting inmate payroll charges to be billed to other agencies (such as MCE).
- 7.2.7.8 For internal (SHG) transfers (transaction codes 26, 29, 65, and 71), the inmate accounts supervisor shall also verify that the net total of these batches is zero (0).
- 7.2.7.9 For all other transactions (transaction codes 23, 32, 35, 36, 39, 64, 66, 67, 69, 75, 76, and 89), the inmate accounts supervisor shall also identify and post the related R*STARS document number to the Control Sheet based upon:
 - 7.2.7.9.1 A journal entry prepared by the inmate accounts supervisor as required to transfer funds between the 041 account and the appropriate revenue or expenditure object in R*STARS,
 - 7.2.7.9.2 A journal entry prepared by another fiscal office to transfers funds to the 041 account of the receiving fiscal office, or
 - 7.2.7.9.3 A transmittal reference number as appropriate.
- 7.2.7.10 Verify that the Grand-Total per the Daily Account Reconciliation agrees to the Daily Total of transactions posted to MOBS by institution for the current day per the Control Sheet.
- 7.2.7.11 Verify that the Current Balance on the Daily Account Reconciliation agrees to the daily aggregate balance of

accounts in MOBS at the end of the current day's transactions per the Control Sheet.

- 7.2.8 At the end of each calendar month, the inmate accounts supervisor shall:
 - 7.2.8.1 Complete the Control Sheet by calculating a monthly total for each transaction code, and
 - 7.2.8.2 Forward the Control Sheet to the employee responsible for preparing the monthly reconciliation of MOBS to R*STARS.
- 7.2.9 On a daily basis the inmate accounts supervisor shall obtain a copy of the DAFR7200 Daily Pre-Encumbrance/Encumbrance/Expenditure Transaction Register, and review the DAFR7200 to identify all transactions impacting the 041 account.
 - 7.2.9.1 For transactions initiated by that office, the inmate accounts supervisor shall verify that the correct amount actually posted to the 041 account.
 - 7.2.9.2 For transactions initiated by another fiscal office, the inmate accounts supervisor shall determine whether the supporting documentation for the transaction has been received, and shall ensure that:
 - 7.2.9.2.1 If the supporting documentation for the transaction has been received, the appropriate entry is posted to MOBS.
 - 7.2.9.2.2 If the supporting documentation for the transaction has not been received, a copy of the posting is maintained in a temporary/ pending file maintained for incoming transfers pending receipt of the related journal entry.
 - 7.2.9.2.3 Once the journal entry for the transfer is received, the copy of the incoming transfers is removed from the temporary/pending file.
 - 7.2.9.2.4 Items in the temporary/pending file are cleared and posted as soon as possible and within 3-5 business days.

7.3 It is the responsibility of the Fiscal Officer:

- 7.3.1 The fiscal officer shall ensure that all receipts of \$250 or more and disbursements of \$250 or more (to other than a recognized vendor) are reported to the Institution's Managing Officer, or designee.
- 7.3.2 The fiscal officer shall ensure that funds are not be transferred from one inmate's account to another inmate's account without the approval of the appropriate managing officer(s)

- 7.3.3 The fiscal officer shall ensure that any request by an inmate for an outside purchase/disbursement for an amount greater than \$500, and multiple requests by an inmate for outside purchases/disbursements to the same person or vendor totaling \$500 or greater, are processed via transmittal to the Comptroller of the Treasury rather than paid from the working fund account
- 7.3.4 The fiscal officer shall ensure that funds for outside disbursements are remitted to other agencies as appropriate.
- 7.3.5 The fiscal officer shall ensure that an inmate's institutional account is transferred to the receiving institution within three days of the movement of an inmate to another institution.
- 7.3.6 Funds due to a released inmate that are not deliverable because the inmate's current address is unavailable shall be considered as abandoned property.
 - 7.3.6.1 The fiscal officer shall ensure that, at the end of three years, the abandoned property shall be reported to the Comptroller of the Treasury as Unclaimed Property.
 - 7.3.6.2 The fiscal officer shall retain records of unclaimed property for 8 years after the property has been reported.
- 7.3.7 The fiscal officer shall ensure that upon receipt of the monthly Negative Balance Report, appropriate action is taken to collect negative balances due from released inmates.
- 7.3.8 The fiscal officer shall ensure that all petty cash funds, blank checks and check signature plates, as applicable, shall be maintained in a secure location at all times.
- 7.3.9 The fiscal officer shall ensure that the custodian of the Prisoner's Working Fund is not an authorized signatory for the related working fund checking account and does not sign disbursement checks from the working fund.
- 7.3.10 The fiscal officer shall ensure that all disbursements made from the Prisoner's Working Fund and related petty cash funds shall be for the designated purpose for which the fund was authorized, and shall comply with established State regulations.
- 7.3.11 The fiscal officer shall ensure that the amount of an individual disbursement from the Prisoner's Working Fund and related petty cash funds does not exceed established limits.
- 7.3.12 The fiscal officer shall ensure that a transmittal for reimbursement of the Prisoner's Working Fund and related petty cash funds is submitted as frequently as needed, but no less frequently than weekly.

- 7.3.13 The fiscal officer shall ensure that all working funds, including petty cash funds, are reimbursed at the fiscal year end, i.e., as of June 30th of each year.
- 7.3.14 The fiscal officer shall ensure that a check register is maintained and posted daily to document all transactions involving the Prisoner's Working Fund checking account
- 7.3.15 The fiscal officer shall ensure that the petty cash is counted at least monthly by an employee other than the custodian, and that the petty cash count is properly documented.
- 7.3.16 The fiscal officer shall ensure that the Prisoner's Working Fund bank account is reconciled on a monthly basis by an individual other than the custodian. All reconciling items shall be identified, investigated as necessary, and resolved. The reconciliation shall be signed and dated by the preparer and the documentation shall be retained for audit purposes.
- 7.3.17 The fiscal officer shall ensure that a composition of funds is prepared on a monthly basis to reconcile the total of the working fund and related petty cash fund, if applicable, to the total advance per R*STARS. The composition of funds shall be signed and dated by the preparer and the documentation shall be retained for audit purposes.
- 7.3.18 The fiscal officer shall review and approve the monthly composition of funds, and related bank reconciliation and/or petty cash count.
- 7.3.19 The fiscal officer shall ensure that a copy of the approved composition of funds for the Prisoner Working Fund is submitted to the Division of Financial Services by the last day of the subsequent month.
- 7.3.20 The fiscal officer shall ensure that a separate spreadsheet (Control Sheet) is maintained for each institution documenting all transactions posted to MOBS, and documenting the related R*STARS document number for the related posting to the 041 account in R*STARS.
- 7.3.21 The fiscal officer shall ensure that adequate documentation is retained for all transactions posted to MOBS.
- 7.3.22 The fiscal officer shall ensure that for all transactions posted to MOBS, the appropriate transaction is posted to the 041 account in R*STARS, and for all transactions posted to the 041 account in R*STARS the appropriate transaction is posted to MOBS.
- 7.3.23 The fiscal officer shall ensure that sales tax collections on commissary sales are remitted to the Comptroller as required.
- 7.3.24 On a monthly basis, the fiscal officer or designee shall reconcile the aggregate balance of inmate accounts in MOBS to the balance of the 041 account in R*STARS. A reconciliation of the aggregate balance of inmate

accounts in MOBS to the 041 account in R*STARS shall not be considered complete and reconciled unless:

- 7.3.24.1 The reconciled MOBS balance is the same as the reconciled R*STARS balance, or
 - 7.3.24.2 The unreconciled difference between the MOBS balance and the R*STARS balance remains constant on each monthly reconciliation.
- 7.3.25 The fiscal officer shall ensure that the completed reconciliation is signed and dated by the preparer, and approved by the fiscal officer if the reconciliation was not prepared by the fiscal officer.
- 7.3.26 The fiscal officer shall ensure that a copy of the reconciliation of the aggregate balance of inmate accounts as recorded in MOBS to the total of non-budgeted funds (041 account) in R*STARS is submitted to the Division of Financial Services by the last day of the subsequent month.

**DEPARTMENT OF PUBLIC SAFETY AND CORRECTIONAL
SERVICES
OFFICE OF PROPERTY MANAGEMENT
POLICY AND PROCEDURES**

Property Management Policy and Procedure: 1.00
Publication Date: February 2, 2009

Revision Number: 0
Effective Date: March 5, 2009

FIXED ASSET MANAGEMENT

1.0 REFERENCES:

Sections 2-201, and 4-501 to 4-508 of the State Finance and Procurement Article
DGS Inventory Control Manual
GAD Accounting Procedures Manual Section 3.15
R*STARS Reference Manual Chapter 15
Department Directive DPSCS.010.0006 "Property Management"
Department Directive DPSCS.020.0021 "Inventory Control of Technology Equipment"

2.0 APPLICABLE TO:

Employees of the Department of Public Safety and Correctional Services (Department or DPSCS).

3.0 PURPOSE:

To establish policies and procedures that will enable Department management and staff to effectively safeguard fixed assets under their jurisdiction, and to properly record, monitor, and dispose of those assets in accordance with required procedures.

4.0 DEFINITIONS:

- 4.1 **A-Track** – DGS approved barcode inventory system that records detailed information on fixed assets.
- 4.2 **Accountable Officer** - An individual designated by an agency head to assume custody of and to direct the care and utilization of Department property under the agency's jurisdiction.
- 4.3 **Agency** - An organization, institution, unit or program established as a separate budgetary unit within the Department of Public Safety and Correctional Services.

- 4.4 **Agency Head** – The highest ranking individual within an agency having responsibility for all activities within the agency - e.g., the managing officer of an institution; the director of a budgetary program.
- 4.5 **Building Improvements** – Changes to a structure that extends the useful life or use or enhances the value of the building such as additions, enlargements, improvements and the like. Roof replacements, exterior painting and normal maintenance and repairs are considered normal maintenance to retain the value of the building.
- 4.6 **Capital Equipment** - An item or furnishing having a probable useful life in excess of one year and a procurement cost of \$100 (\$500) or more (depending on an agency's current threshold). It also includes sensitive items having a procurement cost of \$50 (\$250) or more (depending on an agency's current threshold) and a useful life of one year or more.
- 4.7 **Consolidated Agencies** – Department agencies that include the Office of the Secretary and its subprograms excluding Information Technology and Communications Division, Criminal Injuries Compensation Board, Maryland Commission on Correctional Standards, Maryland Parole Commission, Inmate Grievance Office, Division of Correction Headquarters, Maryland Police and Correctional Training Commissions, and the Division of Parole and Probation.
- 4.8 **Control Account** – A record that summarizes the history of acquisitions, disposals and transfers for each category of capital equipment independent of the detailed inventory records.
- 4.9 **DGS** – Department of General Services which is responsible for prescribing standards for controlling inventories of materials, supplies and fixed assets, and establishing the means for the State to determine the total values of these inventories.
- 4.10 **DGS Inventory Control Manual** – The Department of General Services (DGS) publication that prescribes standards for controlling inventories of State property, as well as specific procedures for reporting inventory values, reporting missing and stolen State property, and disposing of excess and surplus State property.
- 4.11 **DBM** – The Department of Budget and Management.
- 4.12 **Excess property** – Personal State property that is no longer needed by the Department, including usable and unusable items that have been replaced or that have become obsolete or property that is in excess of current requirements of the Department or property that is damaged, inoperable or not economical to repair or maintain.
- 4.13 **Excess Property Declaration (EPD)** - The DGS Form # DGS-950-9 used to declare property that is excess.
- 4.14 **FAS (R*STARS Fixed Asset Subsystem)** – A FMIS system that provides detailed subsidiary financial accounting for fixed asset accounts in R*STARS and detailed physical identification of fixed assets and inventory items.

- 4.15 **Fixed Asset** – State property that includes land, land improvements, buildings, building and leasehold improvements, and capital equipment. The term does not include materials and supplies and non-capital items.
- 4.16 **FMIS** – The State’s Financial Management Information System.
- 4.17 **Infrastructure** - Long-lived capital assets that normally are stationary in nature and normally can be preserved for a significantly greater number of years than most capital assets. Examples: roads, bridges, tunnels, drainage systems, water & sewage systems, dams and lighting systems. Buildings, except those that are an ancillary part of an infrastructure network should not be considered infrastructure.
- 4.18 **ITCD** - The Information Technology and Communications Division of the Department..
- 4.19 **Land Improvements** – Betterments, other than buildings, that ready land for its intended use.
- 4.20 **Missing Property** – Items that cannot be located where there is no evidence of theft or forced entry, where the disappearance was not sudden or conspicuous and the disclosure of the loss is the result of a physical inventory
- 4.21 **Motor Vehicles (Vehicles)** – Automobiles, vans, light and heavy duty trucks, graders, tractors, motorcycles and other such equipment contrived for conveying passengers or objects. Marine vessels and aircraft are considered motor vehicles.
- 4.22 **Non-Capital Equipment** – Miscellaneous equipment, furniture, desk top articles and the like having an acquisition cost less than \$100 (\$500) (depending on an agency’s current threshold), sensitive items with an acquisition cost of less than \$50 (\$250) (depending on an agency’s current threshold), or items with a useful life of less than one year.
- 4.23 **Office of Property Management** – Departmental unit with staff authority over all property issues and with responsibility for coordinating and monitoring agency compliance with required procedures regarding fixed assets.
- 4.24 **Property Officer** - An individual designated by an agency head to manage an agency’s physical inventory according to established procedure and to direct the care and utilization of Department property under the agency’s jurisdiction.
- 4.25 **R*STARS** – Relational Standard Accounting and Reporting System is the State’s primary accounting system and the accounting system utilized by the Department.
- 4.26 **Sensitive Item** – A capital or non-capital equipment item that is prone to theft or which has a history of loss or theft within a particular agency. DGS has designated all computer equipment, recording devices, portable tools, hand radios, cameras and firearms and other law enforcement type weapons as sensitive items.
- 4.27 **Stolen Property** – The sudden or conspicuous disappearance of property. Whether or not there is evidence of theft or forced entry, an item shall be presumed stolen by its sudden and conspicuous disappearance.

- 4.28 **Threshold** – The amount approved by DGS for an agency which specifies the cost that determines whether an item is to be treated as capital or non-capital equipment and sensitive or non-sensitive. The threshold initially established by DGS is \$100 for capital items and \$50 for sensitive items, but some agencies have been authorized by DGS to use a threshold of \$500 for capital items and \$250 for sensitive items.
- 4.29 **Technology Equipment** – Computer equipment, network equipment and other information technology-related equipment. Technology equipment does not include radios, cameras, cell phones, or audio-visual equipment and accessories.

5.0 POLICY:

It is the policy of the Department of Public Safety and Correctional Services to ensure that all fixed assets are maintained in accordance with the requirements of state designated control agencies.

Each agency is responsible for the control, care, maintenance and security of all State property within its jurisdiction regardless of value.

6.0 PROCEDURES:

6.1 General Controls:

- 6.1.1 With the exception of the consolidated agencies, an agency shall have at least one Property Officer and a designated alternate responsible for overall management and coordination of State property within its jurisdiction, including maintaining accurate and current detail inventory records, completing appropriate forms such as Missing and Stolen Reports and Excess Property Disposal forms, maintaining internal transfer documentation, and performing physical inventories as required.
- 6.1.2 The Office of Property Management has responsibility to either monitor or perform property officer services for all the consolidated agencies with the mutual agreement of the agency involved.
- 6.1.3 Depending on an agency's current DGS-approved threshold, capital equipment that exceeds the threshold limit including non-sensitive items of \$100 (\$500) or more as well as sensitive items having a procurement cost of \$50 (\$250) or more shall be recorded, inventoried and reported as a fixed asset to the Department of General Services in accordance with Departmental procedures.
- An agency may set more stringent thresholds for capital and sensitive equipment if the agency deems it appropriate for greater accountability or efficiency of operations.
- 6.1.4 Except for Maryland Correctional Enterprises (MCE), an agency shall record the following fixed assets in FAS:

- 6.1.4.1 All land, easements, and construction in progress, regardless of cost,
- 6.1.4.2 Buildings, infrastructure, improvements, equipment and software with a total project cost or cost per equipment item of \$50,000 or more, and
- 6.1.4.3 Assets acquired through capital lease. All capital leases (excluding interest) that relate to property acquisitions.
- 6.1.5 An agency shall maintain control accounts and detail records for each category and subcategory of fixed asset that apply to the agency.
- 6.1.6 An agency shall take every precaution practical or necessary to protect State property from being lost or stolen.
- 6.1.7 An agency shall investigate loss of equipment to determine the cause and shall take corrective action to protect property against future loss occurrences.
- 6.1.8 Easily concealed sensitive items shall be kept in locked cabinets, desks or storage rooms when not in use.
- 6.1.9 An agency shall ensure that fixed assets are not cannibalized or disposed of until authorization is obtained through the appropriate authority.
- 6.1.10 Office of Property Management.
 - 6.1.10.1 The Office of Property Management is established to monitor and coordinate the implementation of these procedures.
 - 6.1.10.2 The Director of the Office of Property Management shall have staff authority over all property issues and is responsible to monitor and facilitate agency compliance with laws, rules, regulations and procedures concerning property.
- 6.1.11 Forms to be used for property management may be found on the Department's Intranet under DPSCS Forms.

6.2 Control Accounts:

- 6.2.1 Separate control accounts shall be maintained for each of the following categories of fixed assets as applicable to the agency:
 - 6.2.1.1 Land and land improvements (FAS Class 001),
 - 6.2.1.2 Buildings and building improvements (FAS Class 002),
 - 6.2.1.3 Construction in progress (FAS Class 003),
 - 6.2.1.4 Infrastructure (FAS Class 004),
 - 6.2.1.5 Motor vehicles (FAS Class 500),
 - 6.2.1.6 Livestock and live animals (FAS Class 640), and
 - 6.2.1.7 All other Capital Equipment.

- 6.2.2 The Property Officer who maintains the fixed asset detail records may not also maintain the control account. Control accounts shall be maintained by an employee other than the individual who maintains the detail records.
- 6.2.3 Fixed assets control accounts shall be maintained and reconciled with detail records on at least a quarterly basis.
- 6.2.4 The ending balance of the control account for the period being reported should equal the beginning balance plus additions less disposals and transfers that occurred during the period.
- 6.2.5 For the fiscal year, the beginning balance (as of July 1) of the control account for each category of fixed assets is the June 30 balance reported on the Annual Report of Fixed Assets which was submitted to DGS by September 15 annually at the end of the prior fiscal year.
- 6.2.6 The individual responsible for maintaining the control account shall ensure that additions posted to the control account are reconciled to the related capital expenditures recorded in R*STARS during that period, including:
 - 6.2.6.1 Capital project expenditures applicable to that agency which were posted under Financial Agency 603;
 - 6.2.6.2 Capital project expenditures applicable to that agency which were posted under Financial Agency Q00 and charged to appropriation number Q00A0105;
 - 6.2.6.3 Capital maintenance project and other capital project expenditures applicable to that agency which were posted under the Department of General Services' Financial Agency 602;
 - 6.2.6.4 Operating budget expenditures in object 07 for additional and replacement vehicles and vehicle accessories;
 - 6.2.6.5 Operating budget expenditures in objects 10 and 11 for additional and replacement equipment; and
 - 6.2.6.6 Operating budget expenditures in object 14 for land, buildings and improvements thereto.
- 6.2.7 The aggregate balance of the detail property records shall be reconciled at least quarterly with the related control account. The total dollar value of the detail inventory records covered by a control account should equal the control account balance. If there is a difference, the transactions recorded during the period shall be analyzed and the necessary adjustments or corrections made to the inventory records or to the control account, as appropriate.
- 6.2.8 Any adjustments to a control account balance shall be approved by the agency head.
- 6.2.9 The reconciled final annual (fiscal year end) balances of the control accounts for land and land improvements, buildings and building improvements, capital

equipment, construction in progress, and infrastructure shall be reported, as applicable for each agency, on the Annual Report of Fixed Assets.

- 6.2.10 The final annual reconciliation shall be certified in writing by the fiscal officer or by the Director of Property Management for the consolidated agencies. The certification shall be kept on file for audit purposes.

6.3 Detail Records – General Requirements:

An agency shall maintain fixed asset detail records for the following:

- 6.3.1 Land and Land Improvements.
- 6.3.2 Buildings and Building Improvements.
- 6.3.3 Construction in Progress.
- 6.3.4 Capital equipment by the following individual subcategories:
 - 6.3.4.1 Vehicles
 - 6.3.4.2 Equipment other than Vehicles
 - 6.3.4.3 Livestock
- 6.3.5 Infrastructure

6.4 Controls for Land, Buildings, and Improvements Thereto:

- 6.4.1 The property officer shall maintain fixed asset detail records in FAS for Land, Buildings, Improvements, and Construction in Progress (CIP) and Infrastructure.
 - 6.4.1.1 Land shall be recorded in FAS as Class 001.
 - 6.4.1.2 Land improvements that produce permanent benefits, such as fill, grading, utility installation, removal or relocation costs that ready land for the erection of a structure and landscaping shall be recorded in FAS as Class 001.
 - 6.4.1.3 Land improvements that are considered part of a structure or that deteriorate with use or the passage of time, such as parking lots and fencing, shall be recorded in FAS as Class 004.
 - 6.4.1.4 Buildings and Building Improvements, including leasehold improvements shall be recorded in FAS as Class 002.
 - 6.4.1.5 Construction in Progress shall be recorded in FAS as Class 003.
 - 6.4.1.6 Infrastructure shall be recorded in FAS as Class 004.
- 6.4.2 For each State owned parcel of land and building within an organization's responsibility, the following minimum data shall be maintained:
 - 6.4.2.1 Land or building identification (Facility Name).
 - 6.4.2.2 Construction cost code and contractor (or seller).

- 6.4.2.3 Acquisition cost and date.
 - 6.4.2.4 Physical location of the land or building (Address)
 - 6.4.2.5 The source of funds and the amount (if more than one fund source, all fund sources shall be indicated).
 - 6.4.2.6 Payments to contractors and vendors for building construction, land and improvements thereto shall be recorded as they occur in FAS as Construction in Progress. Total payments to date shall be reported at the end of each fiscal year on the DGS Annual Report of Fixed Assets.
 - 6.4.2.7 Justification and authorization reference for transfer or disposal.
- 6.4.3 All projects funded through the capital budget are capital projects by definition. All expenditures incurred for capital projects, including capital maintenance projects, shall be initially recorded in FAS as Construction in Progress (CIP) until the project is completed.
- 6.4.3.1 The Office of the Secretary Division of Financial Services (DFS) shall make available to fiscal officers reports of all Capital Project expenditures and the related documentation applicable to the fiscal officer's agency(s), within five working days after the close of each month. Capital Project expenditures include:
 - 6.4.3.1.1 Capital projects approved in the capital budget and posted as expenditures under Financial Agency 603;
 - 6.4.3.1.2 Capital projects approved in the operating budget appropriated to Q00A0105 and posted as expenditures under Financial Agency Q00; and
 - 6.4.3.1.3 Capital maintenance projects and other capital projects for DPSCS agencies posted as expenditures under the Department of General Services' Financial Agency 602.
 - 6.4.3.2 The fiscal officer shall ensure that:
 - 6.4.3.2.1 The copies of the reports of capital project expenditures are provided to the employee responsible for posting the agency's fixed asset control accounts, and
 - 6.4.3.2.2 The copies of the reports of all Capital Project expenditures and copies of the related documentation applicable to the fiscal officer's agency(s) are provided to the Agency Property Officer for posting to the detail records.
 - 6.4.3.3 When the project is substantially completed and accepted for occupancy, the building shall be transferred out of CIP and into

one of the following categories, prior to the close of the fiscal year that the building is occupied:

6.4.3.3.1 Land and land improvements,

6.4.3.3.2 Building and building improvements,

6.4.3.3.3 Infrastructure, or

6.4.3.3.4 Equipment.

6.4.4 For any improvement, replacement or maintenance project paid from the agency's operating budget with a project cost in excess of \$50,000, the fiscal officer shall determine if the project should be classified as a capital project (charged to object 14 Land and Structures) or as ordinary maintenance (charged to object 08):

6.4.4.1 The expenditure should be classified as a capital project if the total cost of the project will exceed \$50,000, and meets one of the following criteria:

6.4.4.1.1 Additions to the land or building, for example the addition of a new (not replacement) fence or parking lot, the addition of an air conditioning system or camera system.

6.4.4.1.2 Improvements to the land or building which provide superior performance capabilities, for example, a larger parking lot, replacement of existing manual locks with a computerized locking system.

6.4.4.1.3 Major repairs that extend the useful life of the asset, and benefit more than a single operating cycle or period.

6.4.4.1.4 Capital projects shall be recorded as expenditures in object 14 Land and Structures and posted to the fixed asset records.

6.4.4.2 The expenditure should be considered ordinary repairs and maintenance if:

6.4.4.2.1 The expenditure is required to maintain the asset in its original operating condition,

6.4.4.2.2 The asset will continue to provide the same level of function, and

6.4.4.2.3 The useful life of the asset is not increased.

6.4.4.2.4 Ordinary repairs include preventive maintenance, normal periodic repairs and replacement parts. Repainting and roof repairs are ordinary repairs.

- 6.4.4.2.5 Ordinary repairs and maintenance shall be recorded as expenditures in object 08 Contractual Services and should **not** be posted to the fixed asset records in FAS.
- 6.4.4.3 Leasehold improvements shall be recorded in object 14 Land and Structures and posted to the fixed asset records only when:
 - 6.4.4.3.1 The total cost of the improvements at a single location exceed \$50,000, and
 - 6.4.4.3.2 The remaining period of the lease at that location is at least 20 years.
 - 6.4.4.3.3 Leasehold improvements which do not meet the above criteria shall be expensed in the year incurred and recorded in object 08 Contractual Services.

6.5 Controls for Capital Equipment:

- 6.5.1 Detail inventory records and control accounts for capital equipment shall be maintained by category of fixed assets, as follows:
 - 6.5.1.1 Motor vehicles,
 - 6.5.1.2 Livestock,
 - 6.5.1.3 All other capital equipment.
- 6.5.2 Except as provided in Department Directive DPSCS.010.0006, detail capital equipment records for DPSCS technology equipment, including software and telephone systems, shall be maintained by ITCD. However, agencies are responsible to acquire and maintain technology equipment that is an integral component when acquired in conjunction with surveillance and security systems.
- 6.5.3 The property officer shall maintain fixed asset detail records for capital equipment, to include the following minimum data:
 - 6.5.3.1 Item identification consisting of at least the agency property identification number and description,
 - 6.5.3.2 Name of supplier and purchase order or other acquisition document number (such as corporate purchasing card authorization number),
 - 6.5.3.3 Acquisition cost and date,
 - 6.5.3.4 Physical location of item,
 - 6.5.3.5 Serial number, if applicable,
 - 6.5.3.6 Source of funds,
 - 6.5.3.7 Most recent physical inventory date,

- 6.5.3.8 Justification and authorization reference for transfer or disposal.
- 6.5.4 The Departmental standard for maintaining detail records for all capital equipment shall be A-Track. Any exceptions to the standard must be approved by the Director of Property Management.
- 6.5.5 The property officer shall maintain fixed asset detail records in FAS for the following types of capital equipment:
 - 6.5.5.1 All equipment purchased as part of a capital project shall be posted to FAS in accordance with section 6.2.5 of this procedure.
 - 6.5.5.2 Any capital equipment item, including software, with a cost per item of \$50,000 or more shall be posted to FAS.
 - 6.5.5.3 The total cost of equipment financed via a capital lease through the State Treasurer's Office.
 - 6.5.5.4 Expenditures posted in Q00A0107 Major Information Technology Development Projects shall be recorded in FAS as follows:
 - 6.5.5.4.1 All Major Information Technology Development Project expenditures shall be initially recorded in FAS as Class 003 Construction in Progress, subclass 040 Equipment.
 - 6.5.5.4.2 A separate record shall be established for each project/ subprogram and all expenditures recorded in each project/ subprogram shall be posted during the fiscal year end closing process.
 - 6.5.5.4.3 Encumbrances shall not be posted in FAS until liquidated.
 - 6.5.5.4.4 When a project is completed and moved into production, the software costs shall be transferred out of CIP and into Class 300 Computer/Data Processing Equipment, Subclass 007 Computer Software in FAS.
 - 6.5.5.5 Except for MCE, agencies that have not yet established capital equipment detail records in A-Track shall maintain fixed asset detail records in FAS for all capital equipment.
 - 6.5.5.6 For agencies that have established and reconciled capital equipment records in A-Track, capital equipment detail records that were previously established in FAS may not be deleted. The property officer shall contact the Director of Property Management in order to arrange the transfer of those records.
- 6.5.6 Capital equipment shall be tagged with a property identification number and the words "Property of the State of Maryland" and assigned Agency designation.

- 6.5.6.1 The marking shall be conspicuously located on the top or side of items so as to be readily seen and shall be applied in a neat manner.
- 6.5.6.2 The marking shall be a permanent type label that cannot be removed without damage to the item. If a permanent type label is not practical, the surface of the item shall be etched or indelibly marked.
- 6.5.6.3 The use of bar coded or other electronically sensed labels is encouraged to facilitate physical inventory taking.
- 6.5.6.4 All capital equipment items shall be tagged and added to the fixed asset detail records no later than 30 days after the item is received.
- 6.5.7 A leased equipment item shall be deemed to be a capital lease and recorded and controlled in the same manner as purchased equipment if:
 - 6.5.7.1 The terms of the lease transfers ownership of property to the State by the end of the lease period;
 - 6.5.7.2 The lease contains an option allowing the State to purchase leased property for a nominal sum or price substantially less than fair market value at the time the option becomes exercisable;
 - 6.5.7.3 The lease term is greater than 75% of the property's estimated economic life; or
 - 6.5.7.4 The present value of the lease payments exceeds 90% of the fair market value of the property.
- 6.5.8 Leased equipment shall be recorded at full cost when it is received. The recorded inventory value shall be the cost of the equipment only and shall not include service, maintenance or interest charges.
- 6.5.9 Donated equipment shall become property of the State and shall be recorded immediately upon acquisition. The value of donated items shall be established at the time of acceptance. All donations must be approved prior to acceptance.
- 6.5.10 The internal transfer of capital equipment must be fully documented using an internal transfer form signed by both the transferring and receiving property officer. If the transfer is for a vehicle, a copy of the transfer document shall be forwarded to the Office of Property Management by the property officer receiving the transferred vehicle.

6.6 Controls for Non-Capital Equipment:

- 6.6.1 The Department is vested with the responsibility for the control, care, maintenance and security of all State property regardless of its value.
- 6.6.2 For non-capital equipment items that have serial numbers, the property officer shall maintain a spreadsheet separate from the equipment records listing the

non-capital equipment items and the related serial numbers. This information is required when reporting property that is stolen or missing. There are no other record keeping requirements for non-capital equipment.

- 6.6.3 Physical inventories of non-capital equipment are not required.
- 6.6.4 Non-capital equipment items shall be marked with the words “Property of the State of Maryland”.
 - 6.6.4.1 Identification numbers are not required.
 - 6.6.4.2 The marking shall be conspicuously located on the top or side of an item so that it can be readily seen.
 - 6.6.4.3 A permanent type label that cannot be removed without damage to the item may be used as well as engraving or indelible marking.

6.7 Donated Equipment.

- 6.7.1 Equipment to be donated to an agency of the Department is considered a gift and DBM procedures on acceptance of gifts and grants must be followed.
- 6.7.2 An agency head of the Department may not accept a gift of donated equipment regardless of value. The agency head referred to in the DBM procedures is the Secretary of the Department.
- 6.7.3 Gifts under \$1,000 in value may be accepted by the Secretary. Gifts over \$1,000 in value must be approved for acceptance by the Secretary of DBM. Aircraft, vehicles, vessels and real estate require the approval of the Secretary of DBM regardless of value.
- 6.7.4 The value of donated items shall be established at the time of submission of the acceptance form. Property Officers shall consult with the Director of Property Management for approval of the value to be established for donated equipment.
- 6.7.5 An agency shall submit a completed Form DBM-OBA-1-88 to the Deputy Secretary for Administration prior to accepting equipment that is to be donated to the Department or agency.
- 6.7.6 The Office of the Deputy Secretary shall process the Acceptance Form and notify the agency if the equipment may be accepted by the agency.
- 6.7.7 Donated equipment becomes property of the State and shall be recorded immediately upon acquisition.

6.8 Physical Inventory of Capital Equipment:

- 6.8.1 Physical inventories are not required for and do not apply to land, buildings, infrastructure and improvements thereto. Physical inventory requirements only apply to Capital Equipment.
- 6.8.2 A complete physical inventory of capital equipment shall be taken at least once every three years.

- 6.8.2.1 A complete physical inventory of sensitive items shall be taken at least annually.
- 6.8.2.2 Cycle counting, that is taking physical inventories of selected sections at regular intervals throughout the annual (or three year) cycle, is acceptable provided that all capital equipment items have been physically checked by the end of the cycle.
- 6.8.2.3 An agency may establish a more stringent requirement for the conduct of physical inventories for better management and control of equipment.
- 6.8.3 The agency property officer shall coordinate and initiate action to take physical inventories of capital equipment as required by Department and agency policy and procedures. The ITCD property officer shall initiate action and coordinate with agency property officers to take physical inventories of technology equipment in accordance with procedures established by ITCD.
- 6.8.4 An accountable officer shall conduct a physical inventory of capital equipment under the accountable officer's jurisdiction, as directed by the agency property officer, and shall certify in writing the accuracy of the physical inventory.
- 6.8.5 An agency using A-Track for maintaining detail records for capital equipment may use a barcode scanner to inventory fixed assets, to download the information to the A-Track Inventory Control System and to facilitate the reconciliation of the physical inventory to the detail records.
- 6.8.6 The agency property officer shall reconcile the physical inventories to the detail capital equipment records and certify in writing the completeness and accuracy of the agency's physical inventories.
 - 6.8.6.1 Inventory records shall be checked against the items inventoried to assure that records exist for each item.
 - 6.8.6.2 Missing items shall be investigated, reported and removed in accordance with the procedures in section 6.12.
 - 6.8.6.3 Items identified during the inventory for which detail inventory records have not been established should be investigated to determine acquisition date and cost and added to the detail capital equipment records as appropriate.
- 6.8.7 Adjustments to the detail fixed asset records, or the related control accounts shall be approved by the agency head.

6.9 Year End Reporting and Reconciliation of Records:

- 6.9.1 Agencies shall submit their Annual Report of Fixed Assets to the Office of Property Management for review and transmittal to DGS by September 1 of each year.

- 6.9.2 On an annual basis and prior to submission of the Annual Report of Fixed Assets to DGS, the Director of Property Management shall verify that the following items have been posted to FAS:
 - 6.9.2.1 All capital project expenditures, including:
 - 6.9.2.1.1 Capital project expenditures which were posted under Financial Agency 603;
 - 6.9.2.1.2 Capital project expenditures which were posted under Financial Agency Q00 and charged to appropriation number Q00A0105;
 - 6.9.2.1.3 Capital maintenance project and other capital project expenditures applicable to DPSCS which were posted under the Department of General Services' Financial Agency 602;
 - 6.9.2.2 Any capital equipment item, including software, with a cost per item of \$50,000 or more.
 - 6.9.2.3 All equipment financed via a capital lease through the State Treasurer's Office.
 - 6.9.2.4 All expenditures posted in Q00A0107 Major Information Technology Development Projects.
- 6.9.3 The Annual Report of Fixed Assets shall be prepared by the property officer based upon the reconciled ending balances of the control accounts for land and land improvements, buildings and building improvements, capital equipment, construction in progress, and infrastructure, as applicable for each agency.
 - 6.9.3.1 The Annual Report of Fixed Assets shall be submitted to the Office of Property Management on or before September 1 of each year, along with an itemized inventory listing including property description and dollar value.
 - 6.9.3.2 A copy of the Annual Report of Fixed Assets shall be provided to the Office of the Secretary, Division of Financial Services for inclusion with the year-end closing package.
 - 6.9.3.3 A copy of the Annual Report of Fixed Assets and the related itemized inventory listing shall be retained by the fiscal officer for audit purposes.
 - 6.9.3.4 The Director of Property Management shall ensure that the Annual Report of Fixed Assets and related itemized inventory listing for each agency is submitted to DGS annually as required.

6.10 Procedure for Receiving Property:

- 6.10.1 Each agency shall ensure that there are identified locations for receiving fixed assets and that staff are assigned to receive incoming items as a primary or secondary responsibility and that all equipment, including equipment purchased by the inmate medical contract vendor and equipment purchased with corporate purchasing cards shall pass through the designated receiving areas and appropriate documentation of receipt is made.
- 6.10.2 Within one working day after property has been received, the property shall be inspected and a receiving report or receiving documentation shall be prepared for each shipment, to include the following information:
 - 6.10.2.1 Purchase order number (if applicable),
 - 6.10.2.2 Vendor,
 - 6.10.2.3 Quantity received for each item,
 - 6.10.2.4 Item name or description, and
 - 6.10.2.5 Unit of measure and commodity number, if applicable for each item.
- 6.10.3 Receiving reports and packing slips or other documentation shall be forwarded within two working days to appropriate agency personnel responsible for:
 - 6.10.3.1 Approving and/or processing invoices for payment, and
 - 6.10.3.2 Maintaining inventory records.

6.11 Disposal of Fixed Assets:

- 6.11.1 The disposal of land, land improvements and buildings is governed by regulations promulgated by the State Clearinghouse for Intergovernmental Assistance, Office of Planning.
- 6.11.2 The disposal of State vehicles must be authorized by the Department of Budget and Management (DBM) State Fleet Administrator prior to the disposition of the vehicle. The method of disposition shall be determined by DGS. Procedures for the disposition of State vehicles are delineated in Appendix I of the DGS Inventory Control Manual. Prior to the disposal of a vehicle, the agency shall:
 - 6.11.2.1 Remove all emblems and any identifying State markings from the vehicle.
 - 6.11.2.2 Remove all State owned equipment (radios, telephones, emergency lights, etc.) from the vehicle.
 - 6.11.2.3 State license tags shall be removed from the vehicle at the time of transfer and returned to MVA by the agency.
 - 6.11.2.4 The vehicle fueling card for the Statewide Fuel Dispensing System shall be removed from the vehicle and returned to the agency fleet

- manager. The agency fleet manager shall return the vehicle fueling card to Commercial Fuel Systems within 14 days.
- 6.11.2.5 The vehicle maintenance card and *E-ZPass* transponder shall be removed from the vehicle and returned to the Office of Property Management.
- 6.11.2.6 The property officer may not remove a vehicle from the fixed asset records until written authorization is received from DGS.
- 6.11.3 Except for technology equipment, whenever a capital equipment item is determined to be excess to an agency, (including equipment that is broken or unserviceable), the agency property officer shall prepare and submit to the Director of Property Management Services an Excess Property Declaration form (DGS 950-9).
- 6.11.3.1 The Director of Property Management shall ensure that that serviceable property is made available to other agencies within DPSCS. If the property is needed elsewhere within the Department, it shall be transferred accordingly.
- 6.11.3.2 If the property is unserviceable, or serviceable but not needed by any agency within DPSCS, the Director of Property Management shall submit the Excess Property Declaration form to DGS.
- 6.11.3.3 Upon receipt of the Excess Property Declaration form, DGS shall provide to the agency an Excess Property Disposal Order (DGS 950-11) with disposal instructions.
- 6.11.3.4 The agency shall dispose of the property in accordance with DGS instructions and complete Section A of the Excess Property Disposal Order certifying that the disposal action has been completed. The completed Excess Property Disposal Order shall then be returned to DGS, along with a receipt documenting the disposal or an itemized list of the salvaged components, as applicable.
- 6.11.3.5 DGS shall complete Section B of the Excess Property Disposal Order authorizing the removal of the items from the agency's fixed asset records, and return the completed form to the agency.
- 6.11.3.6 Capital equipment items may not be placed in storage, cannibalized, scrapped, junked, sold, transferred to another agency outside DPSCS, or donated without DGS approval. Furthermore, capital equipment items may not be removed from the fixed asset records prior to obtaining written approval from DGS.
- 6.11.4 Whenever a technology equipment item is determined to be excess to the Department, (including equipment that is broken or unserviceable), the ITCD property officer shall prepare and submit directly to DGS an Excess Property

Declaration form (DGS 950-9), in accordance with the procedures delineated in section 6.8.3.

6.11.5 Disposal of non-capital equipment:

6.11.5.1 The disposition of serviceable non-capital equipment items outside of DPSCS shall be conducted in accordance with the procedures for the disposal of capital equipment, as described above and in Section IV of the DGS Inventory Control Manual.

6.11.5.2 Non-capital equipment items that are unserviceable and not economical to repair shall be scrapped or junked, subject to approval of the agency property officer. The disposition of these items should not be reported to DGS.

6.11.6 The preferential sale or gratuitous disposition of property to a State official or employee is prohibited in accordance with Board of Public Works policy.

6.11.7 Agencies are required to participate in the DGS Govdeals program and to follow DGS procedures with regard to that program.

6.12 Reporting Missing and Stolen Property:

6.12.1 Stolen property regardless of its value shall be reported immediately upon discovery to the Department's Internal Investigative Unit (IIU).

6.12.2 Any loss of capital equipment, or loss of non-capital equipment and supplies exceeding \$100 in aggregate cost value, shall be reported to DGS before the loss is written off by the agency.

6.12.2.1 The agency property officer shall complete and sign a Report of Missing or Stolen State Property (DGS 950-8) itemizing the missing or stolen items and the total amount.

6.12.2.2 The Report of Missing or Stolen State Property shall be signed by the agency head.

6.12.2.3 The Report of Missing or Stolen State Property shall be forwarded to the Director of Property Management, through the DOCH property officer for DOC agencies, along with the following:

6.12.2.3.1 A signed letter from the agency head indicating what procedures have been implemented to prevent this type of loss in the future.

6.12.2.3.2 For stolen property, a copy of the IIU report.

6.12.2.3.3 Copies of any other supporting documentation relating to the loss.

6.12.2.4 The Director of Property Management shall forward the Report of Missing or Stolen State Property and the related supporting documentation to the Secretary for signature and then to DGS.

- 6.12.2.5 Upon receipt of the Report of Missing or Stolen State Property DGS shall forward a Missing/Stolen Personal State Property Write-off Authorization (DGS 950-10) authorizing the custodial agency to remove the items from their inventory records.
- 6.12.2.6 The property officer for the custodial agency shall complete Section A of the Missing/Stolen Personal State Property Write-off Authorization certifying that the items have been removed from the agency's inventory records. The completed form shall be returned to DGS through the Office of Property Management.
- 6.12.2.7 DGS consolidates and annually files each reporting entity's Inventory and Missing and Stolen Property Reports with the Board of Public Works.

7.0 RESPONSIBILITIES:

- 7.1 It is the responsibility of the Accountable Officer to:
 - 7.1.1 Assume custody of all capital and non-capital equipment, including technology equipment, under their jurisdiction.
 - 7.1.2 Know the whereabouts at all times of all capital and non-capital equipment, including technology equipment, under their jurisdiction.
 - 7.1.3 Conduct physical inventories of capital equipment, including technology equipment, under their jurisdiction as required, and certify in writing the accuracy of the physical inventory.
 - 7.1.4 Ensure that capital and non-capital equipment, including technology equipment is properly marked and identified.
 - 7.1.5 Instruct employees that the employee is personally responsible for:
 - 7.1.5.1 The use and care of capital and non-capital equipment, including technology equipment in their custody or under their control;
 - 7.1.5.2 Reporting acquisitions, transfers and losses of equipment promptly to the accountable officer.
 - 7.1.6 Require personnel to sign a receipt for property assigned to them for the conduct of official business outside the program or agency.
 - 7.1.7 Report equipment acquisitions and transfers to the property officer,
 - 7.1.8 Report missing, stolen and damaged property to the property officer immediately upon discovery of the loss or damage.
 - 7.1.9 Report excess property to the property officer immediately when the property is no longer needed.

- 7.1.10 Ensure that capital equipment items are not placed in storage, cannibalized, scrapped, junked, sold, transferred to another agency outside DPSCS, or donated without prior approval by the property officer and DGS.
- 7.2 It is the responsibility of the agency Property Officer to:
 - 7.2.1 Initiate and implement internal inventory control procedures and make recommendations for approval.
 - 7.2.2 Coordinate and initiate action to take physical inventories of capital equipment. Coordinate with the ITCD property officer to take physical inventories of technology equipment.
 - 7.2.3 Maintain detail inventory records for fixed assets.
 - 7.2.4 Receive and review Excess Property Declarations from accountable officers:
 - 7.2.4.1 To determine if the excess property is no longer needed in the agency;
 - 7.2.4.2 To verify the accuracy and completeness of the declaration and ensure that proper agency approvals are obtained;
 - 7.2.4.3 To forward approved Excess Property Declarations to the Director of Property Management when property is no longer required by the agency.
 - 7.2.5 Report missing and stolen property in accordance with the procedures in section 6.12.
 - 7.2.6 At least quarterly, reconcile the detail inventory records to the related control account.
 - 7.2.7 Reconcile physical inventories to detail inventory records, and investigate and resolve discrepancies.
 - 7.2.8 Ensure the accuracy of physical inventories by test counting a reasonable number of items.
 - 7.2.9 Maintain documentation of the physical inventory counts performed and submitted by the accountable officers.
 - 7.2.10 Certify in writing the completeness and accuracy of the agency's physical inventories.
 - 7.2.11 Attend mandatory DGS Property Officers Certification Training annually.
- 7.3 It is the responsibility of the agency head as well as the supervisor of the agency property officer to:
 - 7.3.1 Ensure that fixed asset control accounts are maintained for each category of fixed assets by an employee who is not responsible for the detail records.
 - 7.3.2 Ensure that the fixed asset control accounts are posted and reconciled to the detail records at least quarterly.

- 7.3.3 Ensure that a complete physical inventory of capital equipment is taken at least every three years, and a complete physical inventory of sensitive items is taken annually.