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GOVERNOR

# State of Alabama Department of Corrections

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JOHN Q. HAMM  
COMMISSIONER

April 21, 2023

**ADMINISTRATIVE REGULATION  
NUMBER**

110

**OPR: ACCOUNTING**

## **INSTITUTION CONTINGENCY FUND**

### **I. GENERAL**

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

### **II. POLICY**

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

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

- A. **Allowable Expenditure:** Any expenditure of ICF funds that complies with the State of Alabama Fiscal Policies and Procedures Manual, established ADOC guidelines, and is classifiable within one of the three expenditure categories established by this AR.
- B. **Designated Obligation:** A category of expenditures that includes all financial responsibilities levied upon the ICF by this regulation, and any expenditures directed by the Commissioner, the Chief Deputy Commissioner, or the Chief Financial Officer (CFO).
- C. **Designee:** For the purpose of this AR, “designee” shall refer to the person(s) designated by the Commissioner.

- D. **ICF Purchase Order**: A form used to specify the item(s) to be purchased, and to document institution level approval of a purchase.
- E. **Inmate Welfare**: A category of expenditures that includes all supplies and services acquired for the direct benefit and welfare of the inmate population as authorized by this regulation.
- F. **Facility Operation**: A category of expenditures that includes supplies and services used in general facility operations as authorized by this regulation.
- G. **Item**: Term used by the Alabama Buys procurement system in the evaluation of bid requirements. "Item" is defined as including both a quantity of one and multiple quantities of a single product or service.

#### IV. **RESPONSIBILITIES**

- A. The Commissioner or designee is responsible for taking appropriate action when a violation or questionable expenditure is reported by a member of the Accounting staff.
- B. ADOC Accounting - Fiscal Support is responsible for:
  - 1. Reviewing and approving all ICF purchase requests and, if additional approvals are required, forwarding the request(s) to the appropriate approval authority.
  - 2. Monitoring ICF expenditures.
- C. The ADOC internal audit staff is responsible for:
  - 1. Reviewing ICF expenditures and related activities during scheduled or directed audits.
  - 2. Reporting to the CFO any expenditure that, in the judgment of the auditor, violates the provisions of this regulation, the Accounting Manual, the State of Alabama Fiscal Policies and Procedure Manual, or State laws.
- D. The Warden is responsible for:
  - 1. Ensuring that all expenditures from the ICF are appropriate and that the expenditures comply with the provisions of this AR, the Accounting Manual, the State of Alabama Fiscal Policies and Procedures Manual, and State laws.

2. Submitting for approval quotes for purchases from businesses and individuals that can provide the institution with an itemized invoice, as mandated by Alabama Code § 41-4-54.

E. The Business Manager is responsible for ensuring:

1. All records are maintained as specified by this regulation and the Accounting Manual.
2. The preparation of an ICF purchase order for the Warden's signature and forwarding it, along with all required quotes and other related documentation, to ADOC Fiscal Support for required approval(s) prior to making all purchases from the ICF in accordance with provisions established by the Accounting Manual. A copy of the purchase order must be made available to the vendor upon request.
3. No purchases are split for the purpose of avoiding approval or bid requirements.
4. No Alabama sales tax is paid at any time, and if paid, shall be recovered from either the vendor or the payer.
5. No purchase is made which requires payment at a later date or pre-payment prior to services being rendered, no credit/charge cards are used to pay for goods and services, and that all purchases are paid for immediately upon receipt of the item(s) and/or service.
6. Items meeting the definition of state property, as defined under Alabama Code § 36-16-8, are handled in accordance with AR 103 - *Property Control* and the ADOC Property Manual.

F. All individuals purchasing items on behalf of the facility must ensure that an itemized invoice is received from the vendor at the time of purchase and that the invoice is immediately delivered to the facility's Business Manager.

## V. **PROCEDURES**

A. Authorized Bank Accounts:

1. In accordance with the *Accounting Manual*, each institution is authorized to maintain a checking account for the operation of the ICF.
2. Employees shall only establish and/or maintain funds or bank accounts in the name of the ADOC or the State, as duly authorized

by the Department of Finance. The separate maintenance of funds acquired through donations, contributions, or other means is strictly prohibited.

B. Designated Funding:

1. Pursuant to Code of Alabama Section 14-3-5, the ADOC provides funding for the ICF through the designation of certain revenues for that purpose.
2. The Commissioner or designee shall have authority over the designation of such revenues and may modify funding at any time and in any manner as may be determined appropriate.
3. No supplemental fundraising activities, to fund the ICF, are allowed unless specifically authorized in writing by the Commissioner or designee. Approval of any ongoing revenue enhancement projects must be approved on an annual basis.
4. Designated funding includes:
  - a. A percentage of canteen profits as established by the Commissioner or designee.
  - b. Interest earned on the Inmate Trust Fund (ITF).
  - c. Work release vending commissions including, but not limited to, washer/dryer profits.
  - d. Revenues generated from staff barber services, shoeshines, and inmate picture ticket sales.
  - e. Contraband monies confiscated in accordance with guidelines established by AR 306, *Contraband and Evidence Management*.
  - f. Donations from individuals, businesses, and non-profit/charitable organizations.
    - (1) Monetary - The acceptance of funds received by donation requires prior written approval from the Commissioner or designee. The designated purpose(s) of the donation must be documented by a "letter of donation" and a copy of the letter must accompany the approval request. Expenditure of such funds must be

limited to the terms of the donation, subject to the normal approval process, and bid requirements.

- (2) Non-monetary - Donations other than funds also require prior written approval from the Commissioner or designee. The designated purpose of the donation must be documented by a “letter of donation” from the donor and a copy of the letter must accompany the approval request. The use of the donated item(s) must be limited to the terms of the donation.

g. Funds received for the benefit of the ICF, whether by private donation, contribution, or other means:

- (1) Become state funds upon acceptance by the ADOC;
- (2) Must be deposited to the ICF bank account;
- (3) Are subject to policy and procedures established by this AR and the Department of Finance’s Fiscal Policy and Procedures Manual;
- (4) Fall under the absolute authority of the Commissioner or designee.

h. The Commissioner or designee may at any time direct the utilization of ICF funds, including the transfer of ICF funds between facilities, or the remittance of such funds for deposit into the ADOC’s operating fund, as determined appropriate.

C. In order for an expenditure to be considered an “authorized expenditure” it must be classifiable under one of the following basic categories:

1. **Designated Obligations** – financial responsibilities placed upon the fund by the Commissioner or designee and any expenditure directed by the Commissioner or designee. See Section D for authority and approval requirements.
2. **Inmate Welfare** - materials and services for the direct benefit and welfare of the inmate population. See Section E for authority and approval requirements.

3. **Facility Operation** - supplies and materials for general operation of the facility, small equipment for facility operations, and repairs and maintenance of ADOC buildings and equipment. See Section F for authority and approval requirements.

D. Designated Obligations Expenditure Authority and Approval Requirements:

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

1. Reimbursement of material shortages in institution funds and canteen inventory (must be documented in accordance with AR 302, *Incident Reporting*).  
**APPROVAL REQUIREMENT:** Written approval from the ADOC Chief Financial Officer or designee. Note: the approval request, along with a copy of the Incident Report (ADOC Form 302-A), must be submitted to ADOC Fiscal Support.
2. Purchase of law books printed and electronic/digital, and other legal publications for the institution law libraries.  
**APPROVAL REQUIREMENT:** written approval from the ADOC Legal Division and ADOC Accounting - Fiscal Support.
3. Purchase of postage for inmate legal mail as addressed by AR 448, *Inmate Mail*.  
**APPROVAL REQUIREMENT:** written approval by ADOC Accounting - Fiscal Support.
4. Repair or replacement of state property damaged or destroyed by an inmate through neglect or by willful act (must be documented in accordance with AR 302, *Incident Reporting*).  
**APPROVAL REQUIREMENT:** written approval from the Commissioner's designee through ADOC Accounting - Fiscal Support. Note: the approval request, along with a copy of the Incident Report (ADOC Form 302-A), must be submitted to ADOC Accounting - Fiscal Support.
5. Bank fees, service fees, printing charges, and any related expenses incurred in the operation of the ADOC Revenue Fund, ICF and ITF and their related bank accounts. Similar fees incurred by the Canteen Fund are to be paid from that fund.  
**APPROVAL REQUIREMENT:** The purchase of checks and related items such as deposit slips, check binders, etc. must be

approved by ADOC Accounting - Fiscal Support. Requests to pay extraordinary fees, including penalties resulting from improper management of funds such as the early withdrawal of a certificate of deposit, must be submitted to ADOC Accounting - Fiscal Support for approval by the ADOC CFO.

6. Notary fees for institution and inmate benefit.  
**APPROVAL REQUIREMENT:** written approval from ADOC Fiscal Support.
7. Inmate burial costs, including transporting, embalming, casket, and any other necessary costs associated with the burial.  
**APPROVAL REQUIREMENT:** written approval from ADOC Accounting - Fiscal Support and compliance with instructions set forth in the *Accounting Manual*.

E. Inmate Welfare Expenditure Authority and Approval Requirements:

1. **Inmate Welfare Category** - This category includes expenditures for the acquisition of supplies and services that directly benefit and/or enhance the welfare of the inmate population, to include items that directly provide for or enhance the health, safety, education, recreation, or entertainment of the inmates. The Warden, with the written approval of ADOC Accounting - Fiscal Support, is authorized to purchase items related to inmate welfare provided the purchase is in accordance with the *State's Fiscal Policies and Procedures Manual* and all required quotes or bids have been obtained.
  - a. Examples of appropriate expenditures - include, but are not limited to:
    - (1) Sports and recreation activities, including uniforms, trophies and league fees;
    - (2) Educational supplies and materials (including drug treatment programs);
    - (3) Furniture for inmate living, dining, and educational facilities;
    - (4) Entertainment equipment, supplies, and related expenses provided for inmate use including, but not limited to:

- i. Televisions and digital video disc players;
  - ii. Satellite/cable TV.
- (5) Food items and condiments for inmate meals and special inmate functions, including SAP graduation, GED graduation, and holiday functions.
- (6) Writing materials, including paper, pens, and envelopes for the institution law library.
- (7) Sewing machines and related supplies for laundry.
- (8) Newspaper subscriptions (limited to one local and one statewide paper in reasonable quantities based upon the size of the institution).
- (9) Fans for inmate sleeping/lounge areas.
- (10) Cameras and related supplies for picture sales.

F. Facility Operation Expenditure Authority and Approval Requirements:

- 1. **Facility Operation Category** - This category includes supplies and services not available on state contract and that are necessary for general operations, minor repairs and routine maintenance of departmental buildings and equipment, including basic housekeeping items. The Warden, with the written approval of ADOC Accounting - Fiscal Support, is authorized to purchase items necessary for general operations provided the purchase is in accordance with the *State's Fiscal Policies and Procedures Manual* and all required quotes have been obtained.
  - a. **Authorization for Major Construction and Renovation Projects** – Allowed only with the written approval of the Commissioner or Commissioner's designee. Approval requests should be sent to ADOC Fiscal Support for review by the ADOC CFO, Facilities Management Director, and in turn to the Commissioner or Commissioner's designee for approval. Note: Approval requests must include an estimated project cost. Also,



any expenditure that will exceed the original estimated cost must have separate approval.

2. Examples of appropriate expenditures include, but are not limited to:
  - a. Gardens & grounds maintenance including seed, fertilizer, pesticides, herbicides, fungicides, shrubs, small hand tools, and related supplies.
  - b. Equipment for maintaining gardens and grounds as approved by the Commissioner, or designee, including any necessary repairs, maintenance, and supplies required for its operation.
  - c. Other equipment, as approved by the Commissioner, or designee, including any necessary repairs, maintenance, and supplies required for the operation of such equipment.
  - d. Meals and/or refreshments may be allowed for facility business functions. With prior approval from ADOC Accounting – Fiscal Support. State Attorney General’s opinion 2014-072 allows the use of state funds “for meals and/or refreshments served at business meetings when the meetings are directly related to the business of the entity and the meals and refreshments are incidental to the meeting.” The opinion further states, “In order for the meals to be an incidental part of the meeting, the primary purpose of the gathering must be to have an official meeting at which business is conducted, not a social gathering at which food is provided.”
    - (1) When providing meals and/or refreshments allowable under this section the following must be documented and retained for audit review:
      - i. Description (purpose) of the meeting;
      - ii. Location and date of meeting;
      - iii. Beginning and end time of the meeting;
      - iv. Name of vendor(s) providing the meal and/or refreshments;

- v. Total dollar amount.
- (2) For meals and/or refreshments to be justifiable, the meetings must:
- i. Last longer than six hours;
  - ii. Each attendee must be listed and stay for the entire meeting;
  - iii. Total cost can be no more than \$12.75 per person including tip and delivery;
  - iv. Attendees are not entitled to an additional \$12.75 per diem;
  - v. Any deviation from these requirements must be approved in writing by the Commissioner or designee and requested through ADOC Fiscal Support.
- e. Washers and dryers (including repairs & maintenance) for work release facilities.
  - f. Rentals/leases of small tools and equipment with a duration of thirty (30) days or less.
  - g. Repairs and maintenance of buildings (excluding staff housing) and components thereof where the total of such expenditures does not exceed \$500.00 per month, i.e., carpet cleaning, repair or replacement of a broken light fixture, replacement of a broken windowpane, painting a portion of a wall that had been damaged.
  - h. First aid kits and related supplies.
  - i. Driver's license and testing fees for inmates authorized to drive ADOC vehicles.

G. Specific Restrictions:

- 1. No civilian or employee shall personally benefit from expenditures of this fund. This restriction shall include the prohibition of

employee gifts, the renovation and furnishing of employee offices, and the purchase of any materials or services from an employee, unless specifically authorized in writing by the Commissioner or the Commissioner's designee.

2. Computer Hardware and Software :

- a. In accordance with ADOC and the Alabama Office of Information Technology (OIT) policy, all Information Technology (IT) procured items are to be tracked and reported regardless of funding source or program. Due to this requirement, the ADOC Information Systems Division (ISD) will procure all of the following items:
  - (1) Computer equipment to include workstations, servers, monitors, printers, scanners (fingerprint, barcode, or document), portable tablets, time clocks, signature pads, USB external storage devices, and any peripherals connected to ADOC equipment;
  - (2) Network equipment to include switches, routers, firewalls, and wireless equipment;
  - (3) Video equipment to include video surveillance systems and video conferencing systems;
  - (4) Telecommunications equipment to include analog, digital, Internet Protocol (IP) phones and cell phones;
  - (5) All software.
- b. Subject to the restrictions noted, facilities may purchase the following items with approval from ADOC Fiscal Support:
  - (1) UPS (Universal Power Supply) and UPS replacement batteries. Note: ISD must be consulted prior to purchasing replacement batteries. Proof of consultation (email) and the request to purchase must be sent to ADOC Accounting - Fiscal Support for approval;
  - (2) Printer cartridges;

- (3) Video projectors, camcorders, and digital cameras. ISD must be consulted prior to purchasing any of these items. Proof of consultation (email) and the request to purchase must be sent to ADOC Accounting - Fiscal Support for purchase approval.
3. Capital improvements including, but not limited to, any renovation of existing buildings, construction of new buildings, and additions to existing buildings, require approval from the Commissioner, or the Commissioner's designee. Such projects must also be coordinated with and approved in writing by the Facilities Management Director at ADOC Engineering. A project number must be assigned by ADOC Accounting - Fiscal Support prior to beginning construction. All expenditures related to the project must be recorded on the ICF Capital Outlay Project Form by the Business Manager.
  - a. The Facilities Management Division will ensure that all construction and renovation projects:
    - (1) Are approved by other applicable agencies, including the Department of Finance's Division of Construction of Management (DCM);
    - (2) Comply with construction standards and building codes;
    - (3) Incorporate applicable provisions of the Americans with Disabilities Act (ADA);
    - (4) Do not result in the obstruction of or encroachment upon any utility easement or other right-of-way;
    - (5) Include authorization from the Commissioner or the Commissioner's designee for the demolition of any building(s) or other structure(s) that may be removed as part of the project.
  - b. Documentation of approvals and coordination must be on file for audit inspection.

- c. Upon completion of new construction and/or major enhancements or expansions to existing structures, copies of the ICF Capital Outlay Project Form and supporting documentation must be forwarded to ADOC Central Accounting.
  - d. The demolition of existing buildings and/or structures removed as part of a project must also be reported to ADOC Accounting - General Services and Property Division for the purpose of updating fixed asset and insurance records.
  - e. When changes occur in buildings or other structures as a result of a project, insurance coverage must also be reviewed and adjusted as appropriate by the ADOC Accounting - General Services and Property Division.
4. Emergency payments for utility services such as gas and electricity, normally paid from budgeted funds, must be justified and the justification sent to ADOC Accounting - Fiscal Support for subsequent approval by the Chief Financial Officer.
  5. Emergency payments for communication services such as phones and radios, normally paid from budgeted funds, must be justified and the justification sent to ADOC Accounting - Fiscal Support for subsequent approval by the Chief Financial Officer.
  6. All personal property rentals/leases, such as copier rental or lease, must have written approval from the ADOC CFO. Requests for CFO approval should be sent to ADOC Accounting - Fiscal Support. For agreements exceeding twelve (12) months duration, approval must be obtained annually from the CFO. No changes in service types or options will be made unless approved in writing by the CFO.

H. Bid Requirements:

1. Any item available under State contract must be purchased from the contracting vendor. Such purchases must be documented by obtaining the contract number, and other specific contract information, and recording such on the ICF Purchase Order.
2. Purchases from governmental entities, including, but not limited to, Correctional Industries and the Department of Finance Central Mail and Supply, do not require quotes/bids.

3. If items of a like nature are purchased periodically during the year, total yearly purchases shall be considered when determining compliance with this regulation and the State bid law. It is therefore critical that needs be anticipated, and purchases planned accordingly to ensure purchases are handled in accordance with applicable policy.
4. The splitting of purchases to avoid either the bid requirement, or approval requirement, is a violation of this regulation. Purchases may not be split to avoid bid/approval requirements even if the supply of an item is not needed all at once. If the total cost of the split purchase is \$25,000.00 or more, bid and approval requirements must be met. See Ala. Code § 14-16-25. Engaging in this activity may result in criminal penalties consistent with Alabama Code § 41-16-30.

I. Record Keeping:

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

**VI. DISPOSITION**

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

**VII. FORMS**

ADOC Form 110-A *Institutional Contingency Fund Purchase Order Document*.

**VIII. SUPERSEDES**

This Administrative Regulation supersedes AR 110, *Institutional Contingency Fund*, dated September 12, 2019, and any changes.

**IX. PERFORMANCE**

- A. Ala. Code (1975) sections: 36-16-8 and 41-4-54
- B. *ADOC Manual of Accounting Procedures*
- C. *State of Alabama Fiscal Policies and Procedures*
- D. *The ADOC Property Manual*

- E. State Attorney General's opinion 2014-072
- F. AR 103, *Property Control*
- G. AR 302, *Incident Report*
- H. AR 306, *Contraband and Evidence Management*
- I. AR 448, *Inmate Mail*

A handwritten signature in black ink, appearing to read "John Q. Hamm". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

John Q. Hamm  
Commissioner

