



**ADMINISTRATIVE PROCEDURES
MANUAL OF POLICIES AND PROCEDURES**

INDIANA DEPARTMENT OF CORRECTION

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THE ESTABLISHMENT AND OPERATION OF COMMISSARIES

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I. DEFINITIONS:

For the purpose of these procedures, the following definitions are presented:

- A. **Business Administrator:** The staff person directly responsible for the supervision and management of all purchasing, bookkeeping and accounting services of a facility or facilities.
- B. **Commissary:** The services offered by a facility through which offenders are permitted to obtain authorized necessity, convenience or luxury items purchased with monies from the Inmate Trust Fund. This service may be provided directly by the facility or through authorized purchases from an approved vendor.
- C. **Commissary Supervisor:** The staff person directly responsible for the daily operation and function of commissary services at a facility.
- D. **Commissary List:** A document available to offenders which indicates the rules outlining the specific facility commissary procedures, the limits placed on commissary purchases, the items available through the commissary and the price of each commissary item.
- E. **Gross Retail (Sales) Tax:** The state tax based on the selling price of a taxable item.
- F. **Inmate Trust Fund:** The fund established by IC 4-24-6-2 which holds monies deposited for the use and benefit of an offender and in which all deposits, credits and disbursements are recorded.
- G. **Inventory List:** A document which displays a list of commissary goods received, in stock and sold.
- H. **Recreation Fund:** The trust fund established by IC 4-24-6-6 which is to be used for the direct benefit of offenders.

II. AFFECTED OFFENDERS:

These procedures affect all offenders in department facilities.

Juvenile Residential Centers and Work Release Centers are exempt from the establishment of a commissary operated by departmental staff; but, these facilities may provide commissary items by use of vending machines, use of stores in the community or contractual services.



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III. COMMISSARY SUPERVISOR:

The commissary supervisor is responsible for the direct functioning of the commissary. This staff member supervises offenders assigned to the commissary, the distribution, record keeping, inventory and security of the commissary. All offender problems concerning misplaced orders or accounting mistakes shall be directed initially to the commissary supervisor.

IV. ACQUISITION OF COMMISSARY ITEMS:

The Business Administrator or designee shall supervise the purchase of commissary items from vendors. Purchases shall be made in accordance with purchasing procedures established by the Department of Administration. Each commissary item is to be purchased for the lowest available price. When possible, three (3) sources shall be contacted for price quotations. Those items which are available from limited sources, or a sole source, shall be purchased as determined by the Business Administrator or designee. Records shall be maintained listing sources and price quotations. When feasible, purchases shall be made from Quantity Purchase contracts coordinated by staff in the administrative offices of the department.

If the facility contracts for a privately operated commissary program, provides commissary purchases through "store-runs" or provides commissary items through the use of vending machines, the facility shall be exempt from the previous paragraph.

Any facility which provides a commissary operation through a private vendor or by use of vending machines shall develop a contract for these services. The department shall prepare the appropriate documents for the procurement of contractual commissary services. The Controller, the Regional Director/Adult Operations and the Director/Juvenile Services shall work with appropriate Central Office staff to ensure that these services are procured in the proper manner and that all necessary contracts are prepared.

The facilities are to contact the appropriate Regional Director/Adult Operations or Director/Juvenile Services prior to negotiating a contract for vending machines. The appropriate Regional Director or Director/Juvenile Services shall contact the Controller to determine whether the facility may proceed with the contract negotiation process. If approved, vending machine services are to be processed through competitive bid by the Department of Administration.

V. PRICING:

Each facility shall adhere to the following procedures in determining a uniform price



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for commissary items:

- A. Determine the cost per unit of each item as shown on the invoice;
- B. Treat any incidental expense, such as freight/delivery charges, packaging and handling charges as other operating expenses if the commissary account is charged in the month the item is received. (These items shall be deducted in the Income Statement after determining the Gross Profit Amount.);
- C. Add a profit margin of no less than ten (10) percent, nor more than fifteen (15) percent.
- D. Maintain a current price list of all commissary items for sale. This list shall be kept by the Business Administrator or designee at the business office and the place of commissary activity.

If the facility contracts for a privately operated commissary program, provides commissary purchases through "store-runs" or provides commissary items through the use of vending machines, the facility shall be exempt from this procedure. If the commissary is provided through the use of a contractual provider or vending machines, the facility or appropriate staff shall attempt to negotiate the best price and commission possible.

VI. INDIANA GROSS RETAIL SALES TAX:

The Indiana Department of Revenue has reviewed the operation of the department's commissary operations. Based on Indiana Code 6-2.5-5-16(2) and 6-2.5-4-8, the Department of Revenue has determined that commissary purchases are exempt from the gross retail sales tax.

This section is applicable only to those facilities which operate their own commissary. Vendors who provide commissary operations through contractual agreements shall be responsible for the collection of all required taxes. The department shall not be responsible for the collection or payment of any taxes for these vendors.

VII. NOTIFICATION TO OFFENDER:

A commissary list shall be posted or be made available to offenders in each housing unit and at the location where the commissary items are distributed to offenders. The commissary supervisor shall review the commissary list weekly. Any changes in price, quantity or the deletion or addition of items will be reflected on a supplemental commissary list published on an as necessary basis. A new updated commissary list



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shall be published at least quarterly.

VIII. THE ESTABLISHMENT OF COMMISSARY LIMITS:

The Facility Head, or designee, shall determine the items offered through the commissary. Attachment I presents a list of the maximum number and types of items that may be offered through the commissary. The Facility Head, or designee, shall establish a list based upon Attachment I of the items that will be sold through the commissary. These items will reflect the nature of the facility, security needs and economic factors. The list established shall be reviewed by the appropriate Regional Director/Adult Operations or the Director/Juvenile Services on an annual basis to determine the need for modification.

The Facility Head or designee shall establish a limit on the amount that an offender will be allowed to spend during each commissary purchase. This limit may be waived to allow special purchases, such as televisions or gym shoes, in accordance with these procedures.

IX. ADDITIONS OR DELETIONS FROM THE COMMISSARY LIST:

The commissary list shall be reviewed minimally on a quarterly basis by the Facility Head or designee and other staff selected by the Facility Head. Consideration shall be given to all recommendations for additions, deletions or changes to the commissary list or commissary procedures for the facility. Any changes in the commissary list shall be forwarded to the appropriate Regional Director/Adult Operations or Director/Juvenile Services prior to implementing the changes.

X. PURCHASING:

Each offender may be permitted to receive commissary orders, weekly; however, commissary usage shall be based upon the security needs of the facility. The offender shall complete State Form 3160, COMMISSARY REQUEST, or a similarly approved form when ordering items from the commissary. The completed form shall be inspected by a staff person designated by the Facility Head to determine whether the offender has sufficient funds available in the Inmate Trust Fund to purchase the requested item(s) and to ensure that the prices and totals are accurate.

The approved commissary items shall be issued to the offender at a time and place designated by the Facility Head. The offender shall be required to provide appropriate identification (e.g., the assigned offender identification card) prior to receiving a commissary order. Following receipt by the offender, commissary items become personal property and are subject to the guidelines established in Policy 02-01-101,



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"Offender Personal Property."

The completed and issued form shall be filed by the facility business office and maintained until authorized for destruction pursuant to Policy 00-04-102, "The Establishment, Distribution, Maintenance, Review and Disposition of Administrative Records."

Items promoted by vendors at special discount prices are to be sold at the standard profit margin as established by these procedures or in accordance with any agreement for the privatization of commissary sales.

XI. CANCELLATION OF COMMISSARY ORDER:

A commissary order may be canceled if:

- A. Inadequate funds are in the Inmate Trust Fund account;
- B. Inadequate information is on the commissary request form to identify the offender with an order;
- C. The offender's status has changed and cannot receive commissary privileges; or,
- D. The facility is in a declared emergency situation.

XII. LOSS OF COMMISSARY PRIVILEGES:

Offenders may lose or have commissary privileges restricted through disciplinary action or upon the order of a physician due to the offender's health requirements.

XIII. PURCHASE OF PERISHABLE ITEMS:

Perishable items or items needing refrigeration, such as salad dressing, mayonnaise and various cheeses, shall not be included on the commissary list. Non-refrigerated substitutes, if any, may be put on the commissary list.

XIV. SPECIAL COMMISSARY ORDERS:

The Facility Head or designee, in conjunction with the Business Administrator, may determine special commissary orders. Special commissary orders include items which may be available only during special occasions, e.g., Christmas or special programs.



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XV. SURPLUS ITEMS:

If the facility operates the commissary, items which become surplus, or are within thirty (30) days of the indicated freshness date, may be sold at a discount price prior to that date. The decision when to sell these items at a discount price within the thirty (30) day period, shall be at the discretion of the Business Administrator with the approval of the Facility Head or designee. No item shall be sold after the indicated freshness date.

XVI. ACCOUNTING FOR COMMISSARY ACTIVITY:

In order to ensure accountability in the operation of commissary activities, the following procedures shall apply:

- A. Each Facility Head shall ensure that a full and accurate account of the commissary funds for the facility is maintained by the use of accounting forms prescribed and approved by the State Board of Accounts and the procedures outlined herein;
- B. Accounting records and procedures shall be subject to review by the Office of the Deputy Commissioner/Administration;
- C. All entries showing receipts of funds shall be recorded in such a manner as to be traceable to the individual offender's Inmate Trust Fund account to which the sale of the commissary items was charged;
- D. All disbursements from the account shall be supported by the vendor's invoices duly authorized by the facility's Business Administrator or designee.
- E. The cash balance of the commissary account shall be reconciled with the bank statement on a monthly basis;
- F. The Business Administrator shall prepare State Form 17085, **COMMISSARY FUND BALANCE SHEET**, on a monthly basis and shall include the following:
 - 1. Statement of Charges in Fund Balance;
 - 2. Bank Reconciliation Statement;
 - 3. Commissary Fund Detail of Receipts and Disbursements;
 - 4. Commissary Fund Operating Statement; and,



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5. Application of Net Income

Copies of these statements shall be submitted to the Deputy Commissioner/Administration or designee, along with a copy of the bank statement, monthly. The State Board of Accounts shall receive a copy of the year end report only (June report).

XVII. COMMISSARY PROFITS:

All profits, without exception, from the sale of the commissary items shall go to the Inmate Recreation Fund. The profit margin for commissary items shall be no less than ten (10) percent nor more than fifteen (15) percent for all items. The specific profit margin must be approved, in writing, jointly by the Regional Director/Adult Operations or Director of Juvenile Services and Controller based upon a written justification of the profit margin by the Facility Head.

The facility's Business Office shall determine the amount of net profit from the operation of the commissary on a monthly basis. The monthly net profit as shown in the financial statement shall be transferred to the Recreation Account no later than sixty (60) days following the month of activity (e.g., The net profit for January shall be transferred no later than the end of March).

Those facilities which contract with a private vendor for the provision of commissary services shall negotiate a commission rate as a part of the contractual arrangement. The facility shall attempt to negotiate as high a commission rate as possible. The commission shall be paid to the facilities on a monthly basis. The Business Administrator shall be responsible for ensuring that the commissions received are deposited into the facility's Recreation Fund no later than the next business day.

The status of the Commissary Fund and money obtained from the sale of commissary items shall be reported monthly to the Controller and the Facility Head or designee. The Business Administrator shall be responsible for the preparation of the report. State Form 17085, COMMISSARY FUND BALANCE SHEET, shall be used for the reporting of this information.

The Business Administrator shall submit a copy of the fiscal year end (i.e. June 30) State Form 17085, COMMISSARY FUND BALANCE SHEET, to the State Board of Accounts, as well as to the Controller and the Facility Head or designee.

The sale of commissary items shall be charged to the individual Inmate Trust Fund account on a weekly basis for items purchased during the week. A check made payable to the commissary account for the total sales for the week shall be written against the



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Inmate Trust Fund and shall be deposited in the commissary account on the date the check is written.

XVIII. INVENTORIES:

In those facilities which operate a commissary, the commissary supervisor shall provide the Facility Head or designee with a monthly inventory list of all commissary items. The inventory shall be completed on the last working day of the month. The inventory shall include items received, items sold and items currently in stock. Any items which have expired freshness dates and unaccounted items shall be listed as well. Each facility shall develop a form to be used for the commissary inventory list.

Monthly changes in inventory level shall be monitored closely by the Business Administrator.

Facilities which do not operate their own commissary program, shall be exempt from this procedure.

XIX. COMMISSARY SECURITY:

All commissary supplies and items are to be stored in a safe, secure area. Adequate ventilation, fire protection and safety standards are to be maintained. The area of commissary storage is to be inspected for compliance with the standards of the State Board of Health. Food items are to be labeled and rotated to ensure that waste and spoilage is kept at a minimum.

Offenders assigned to assist in operating the commissary may prepare tickets and do other assigned work; however, offenders shall not perform any duties associated with processing another offender's charges for commissary purchase, the filling of offender orders and the taking of the monthly physical inventory.

XX. COMPLAINTS:

Each Facility Head or designee shall establish a complaint process. This complaint process shall be through the Offender Grievance Process as indicated in Policy 00-02-301.

XXI. USE OF COMMISSARY BY STAFF:

Commissaries shall be operated solely for use by offenders. Purchases from the commissary by staff, for any reason, is prohibited.



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XXII. USE OF COMMISSARY ACCOUNT TO PURCHASE SUPPLIES AND EQUIPMENT OR PAY WAGES:

The Commissary Account may be used to purchase supplies, equipment or service agreements for equipment, which are used directly in the operation of a commissary. If feasible, salaries and fringe benefits for commissary staff, as well as wages for inmates assigned to the commissary may be reimbursed to the General Fund from the commissary account.

XXIII. PROCEDURES ESTABLISHED BY FACILITY:

Operational procedures shall be developed by each facility establishing commissary business hours and offender purchase limits. These procedures shall establish the method of verifying the amount in an offender's Inmate Trust Fund account to ensure that the offender has adequate funds to make the requested purchase and the manner in which sales are deducted from an offender's account.

COMMISSIONER

6-4-98

DATE