



TEXAS DEPARTMENT OF CRIMINAL JUSTICE  
COMMUNITY JUSTICE ASSISTANCE DIVISION

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**FINANCIAL  
MANAGEMENT  
MANUAL**

**FOR**

**TDCJ-CJAD FUNDING**

Revised September 1, 2011

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The Texas Department of Criminal Justice-Community Justice Assistance Division (TDCJ-CJAD) provides funds to Community Supervision and Corrections Departments (CSCDs) and other eligible entities. CSCDs or entities receiving funds from TDCJ-CJAD must comply with this *Financial Management Manual for TDCJ-CJAD Funding*.

This manual is prepared for and provided to the local CSCDs and their fiscal officers, as well as to other TDCJ-CJAD funding recipients, to assist in the required financial operations of departments and programs and to assist in the correct recording of revenues and expenditures for TDCJ-CJAD funded community corrections programs, services, and sanctions.

As updated information occurs, TDCJ-CJAD will forward new or replacement pages to all funding recipients and fiscal officers. These new or replacement pages shall be added to the original manual so that current information is always available.

TDCJ-CJAD solicits input from all funding recipients. Suggestions or requests for modifications, revisions, and/or additions shall be submitted in writing to the Director of TDCJ-CJAD for review and possible inclusion in subsequent manual updates. Questions concerning the information contained in this manual may be addressed by contacting TDCJ-CJAD at (512) 305-9300 or by writing the Community Justice Assistance Division, Price Daniel, Sr. Building, 209 West 14th Street, Suite 400, Austin, Texas 78701.

## ELIGIBILITY FOR FUNDING

Before a CSCD, state agency, county, municipality, or non-profit agency may receive funding, a Community Justice Plan must be submitted in accordance with TDCJ-CJAD Standards and state laws and accepted by TDCJ-CJAD. The Community Justice Plan must include the specific programs for which TDCJ-CJAD funding is or will be requested. The Plan must be approved by the judge(s) as described by Government Code, Section 76.002, and submitted by the Community Justice Council serving the jurisdiction in accordance with TDCJ-CJAD Standards. Funding to eligible recipients is for specific fiscal years, September 1 through August 31.

TDCJ-CJAD staff reviews programs and budgets for Basic Supervision, Community Corrections (CC), Diversion Programs (DP) Grants, and Treatment Alternative to Incarceration Programs (TAIP) Grants, and the results of grant-funded programs are presented to the Judicial Advisory Council. The Director of TDCJ-CJAD, or the Director's designee, approves these budgets. Additional DP and TAIP funds requested, for existing programs, during the fiscal year must be justified and stated in writing to the Director of TDCJ-CJAD.

## SOURCES OF FUNDING

TDCJ-CJAD receives from the Texas Legislature and distributes state aid funding to eligible recipients from legislatively appropriated strategy line items. Sources of funding to CSCDs and other recipients include:

### **I. Basic Supervision Funding:**

This state funding is a per capita allocation based on statistics from the previous full calendar year. (For example, Fiscal Year 2012 funding [September 1, 2011 through August 31, 2012] is calculated on statistics from Calendar Year 2010.) The per capita formula includes calendar year misdemeanor placements, direct felony and felony pre-trial cases. Funding is first allocated to misdemeanor

placements for 182 days. The remaining funding is allocated to felons under direct community supervision and pretrial supervision based on the CSCD's share of the state total population of direct and pretrial felons. Basic Supervision is distributed only to CSCDs.

## **II. Community Corrections (CC) Funding:**

This appropriation line item is allocation based. The funding is based on two equally assigned factors: the percentage of the state's population residing in the counties served by the department and the percentage of all felony defendants in the state under direct community supervision by the department. CSCDs are the only entities eligible for CC funds. The Texas Board of Criminal Justice rule, pursuant to Government Code, Chapter 509, Section 509.011 (f), creates a fixed 5% decrease limit between fiscal years. An upper limit is determined mathematically by available funding and the size and number of departments that reach the decrease limit. In the event that appropriations are inadequate to maintain all of the departments at the decrease limit, all allocations will be reduced proportionally relative to the previous fiscal year.

## **III. Diversion Programs (DP) Funding:**

This discretionary appropriation line item funding is awarded on a competitive basis. The priorities for distribution are determined biennially. All requests are reviewed by TDCJ-CJAD staff, approved by management, and then presented to the Judicial Advisory Council. DP funds shall not be used for Basic Supervision services.

**Substance Abuse Felony Punishment Facility (SAFPF) Funding:** Aftercare caseloads are funded on a per case basis and must meet specific supervision requirements. Funding for SAFPF aftercare caseloads is allocated by TDCJ-CJAD through the DP line item but is budgeted and reported by CSCDs as state aid under Basic Supervision.

## **IV. Treatment Alternative to Incarceration Program (TAIP) Funding:**

This discretionary appropriation substance abuse funding is awarded on a competitive basis. The priorities for distribution are determined biennially. All requests are reviewed by TDCJ-CJAD staff, approved by management and then presented to the Judicial Advisory Council. TAIP funds shall not be used for Basic Supervision services. In accordance with Chapter 76 of the Government Code, TDCJ-CJAD establishes standards of operation for funding the CSCDs with the Treatment Alternative to Incarceration Program (TAIP).

# STATE PAYMENTS

TDCJ-CJAD submits requests to the TDCJ-Business and Finance Division at the end of each quarter for the release of the next quarterly payments for Basic Supervision, CC, DP, and TAIP funds to all funding recipients. Other extraordinary payments are provided as frequently as deemed necessary by the TDCJ-CJAD Director to all eligible entities in accordance with respective statutory requirements for TDCJ-CJAD line item appropriations. The warrants and electronic transfers are issued by the State Comptroller's Office.

Texas Government Code, Chapter 509, Section 509.011, Subsection (c), states that, "Each department, county, or municipality shall deposit all state aid received from the division in a special fund of the county treasury or municipal treasury, as appropriate, to be used solely for the provision of services, programs, and facilities under this chapter or Subchapter H, Chapter 351, Local Government Code" (for County Correctional Centers). State aid received by CSCDs from TDCJ-CJAD must be deposited, accounted for, and used in relation to services for adult offenders only.

Local Government Code, Section 140.003 (f), requires CSCDs to deposit funds with the county treasurer for deposit in the county treasury for the benefit of the CSCD. The county treasurer is to disburse those funds as the CSCD directs. As indicated by Attorney General's Opinion DM-257 dated September 15, 1993:

“Section 140.003 of the Local Government Code, in directing an adult probation office, as a ‘specialized local entity,’ to deposit the funds it receives ‘in the county treasury of the county in which the entity has jurisdiction,’ means that such funds must be deposited with the county treasurer for placement in the county depository. The phrase ‘the funds the entity receives,’ as used in section 140.003, subsection (f), means all funds from any source (except for any specific fund regarding which there may be a provision of law to the contrary).”

Therefore, except for occasions where there is a provision of law to the contrary, the CSCD shall deposit all funds with the county treasurer for deposit into a special fund in the county treasury designated for the CSCD. The county treasurer acts as the custodian of the CSCD's funds; however, the decision-making authority over how and when to disburse and/or invest those funds remains with the CSCD. The CSCD's funds in the custody of the county treasurer must be covered by the county's collateral security pledge from the financial institution to cover the estimated highest balance of funds.

Idle funds to be invested, if any, shall only be within the depository of the county in a manner that protects the integrity of the principal and guarantees no loss of principal to the CSCD.

### **Time for Making Deposits**

Local Government Code, Chapter 113, Section 113.022 requires that funds collected shall be deposited with the county treasurer on or before the next regular business day after the date on which the funds are received. If this deadline is not met, the funds must be deposited, without exception, on or before the seventh business day after the day on which the funds are received. However, if a county has fewer than 50,000 inhabitants, the commissioner's court may extend the period during which funds must be deposited with the county treasurer, but the period may not exceed 30 days after the date the funds are received. For multi-county CSCD jurisdictions, deposit under these guidelines must be with the treasurer of the county designated by the district judge, pursuant to Local Government Code 140.003 (f), to care for the CSCD's funds.

Collection or clearing accounts must be covered by pledge collateral to cover the estimated highest balance of funds for any daily balances operated in conjunction with or through the county depository by the CSCD. The CSCD should enter into an agreement with the county for those funds to be included, along with the judicial district funds, in the security pledge from the financial institution. It is recommended that the CSCD consult with the county auditor regarding proper procedures at the local level for compliance with Local Government Code 113.022. However, the fund balance in all collection or clearing accounts shall be transferred to the Judicial District Account or to the designated recipient of the funds within the time frames outlined in Local Government Code 113.022.

Funds deposited into collection and clearing accounts are trust funds, and these accounts shall be operated only to distribute collections from offenders to the appropriate recipient or to the county treasurer for deposit. These accounts are subject to audit by the county auditor. These funds, while in the collection or clearing accounts, shall not be used for operation expenditures of the CSCD.

- Petty cash funds, if authorized by the county auditor, shall be used only for specific purposes for allowable items as listed in this manual and shall be expended only for emergency situations authorized by a written policy and approved by the CSCD director. Items that can reasonably be

secured through the purchasing system (requisitions and purchase orders) shall not be purchased from petty cash. The bond of the department head who receives a petty cash fund must cover the official's responsibility for the correct accounting and disposition of the petty cash fund. Petty cash funds shall not be used to purchase items for CSCD employees and may not be used to make loans or advances to employees or to cash checks or warrants of any kind. (See Local Government Code, Section 130.909.) Funds from a petty cash fund shall be disbursed using a cash receipt system with funds issued only to vendors. Petty cash funds are closed out at the end of each fiscal year and are restored at the beginning of the following fiscal year.

### **Withholding of Funds by TDCJ-CJAD**

**A rider to the General Appropriations Act allows TDCJ-CJAD to withhold the distribution of funds allocated to CSCDs for community supervision operations and programs for... "CSCDs that fail to comply with TDCJ data reporting requirements that include, but are not limited to, data required for the Community Supervision Tracking System, Quarterly Financial Reports, Monthly Community Supervision and Correction Reports, Caseload Reports, Program Output Reports, and other data required by TDCJ for accountability purposes." This requirement includes monthly ERS reports.**

## **BUDGETS**

TDCJ-CJAD funding allocated to any entity, organization, or CSCD shall require separate budgets for each program. All revenues, except interest and all expenditures resulting from a specific program must be budgeted and reported in that specific program. **Interest earned in all programs shall be budgeted and reported only in the Basic Supervision budget for CSCDs.** TDCJ-CJAD requires that the CSCDs and other funding recipients submit budgets biennially. Budgets shall be submitted and approved for the two-year period at the beginning of each biennium. All budgets shall be prepared on pre-designated formats provided to the funding recipients by TDCJ-CJAD. Effective with the FY12-13 biennium, funding recipients shall submit budgets via the TDCJ-CJAD Budget Website.

CSCDs shall review their program needs as a package to insure the most economic and efficient use of funds.

The judge(s) as described by Government Code, Section 76.002, approve the CSCDs' biennium budgets and must adopt budget approval procedures in an open meeting. These procedures must be kept on file for auditing purposes.

Pursuant to Local Government Code, Section 140.004, prior to the 14th day before the CSCD has a meeting to finalize its annual (or biennium) budget, the CSCD shall **file** a copy of the proposed budget with the Commissioners' Court, as well as give the date of the CSCD's meeting to finalize its budget. Within 90 days after the end of the fiscal year or by the date the county auditor's annual report is made, the CSCD shall **file** a Statement of Financial Position and the last quarterly report form with the Commissioners' Court [see CJAD Standard 163.43 (a)(1)(F)].

Budgets are authorized expenditures and program operations of a CSCD, or other funding recipient, based on reasonable revenue expectations and appropriations of the Texas Legislature. Governmental entities are required to operate from an approved budget. Therefore, in January, April, and/or July CSCDs should review revenue and expenditures to determine if the original budget is meeting the needs



of the program. Revised budgets can be submitted to TDCJ-CJAD in January, April, and/or July. By October of the second year of the biennium, all CSCDs should submit budget adjustments in order to adjust for changes to the biennium budget of the estimated state aid and previous year's carryover for each program. Any budget transaction approved during the first year of the biennium that will not be initiated until the second year of the biennium shall retain its approved status. CSCDs are not required to receive prior approval again for such expenditures. However, CSCDs seeking to reallocate any or all of the ending fund balance from the first year of the biennium must receive prior approval of the budget adjustment if the adjustment or individual items meet any of the criteria which require prior TDCJ-CJAD approval (see below).

Prior to expenditure of funds, CSCDs and other funding recipients must submit to TDCJ-CJAD for prior approval all budget adjustments for the following situations:

- Line item changes that exceed \$15,000 or 15%, whichever is greater, of the approved line item amount (including interfund transfers to other programs or for cash-matching grants from other agencies);
- New equipment purchases from DP and TAIP funds exceeding \$5,000 (cumulatively);
- Vehicles;
- For DP and TAIP funded programs receive prior approval from TDCJ-CJAD for any increases of the annual salary of individual personnel positions, or for the number of personnel positions, or for the total salaries' line item;
- Expenditures for leases of office/building space, for lease-purchase of a CCF, and for construction/renovation;
- Basic Supervision expenditures for facilities, utilities, or equipment which require TDCJ-CJAD approval of the county's certification of inability to provide funds for such items for expansion purposes and for increases in lease payments during an approved five-year period of certification;
- Matching funds for grants from agencies other than TDCJ-CJAD;
- Consultant and computer programming development contracts; and
- Departure from any standard or special condition of grant funding as stated in the Grant Award Statement.

Funding recipients should submit any required budget adjustments in January, April and July. However, if situations arise that require an immediate change in the budget, then TDCJ-CJAD will consider the budget adjustments on an emergency case-by-case basis. TDCJ-CJAD must receive these emergency budget adjustments on or before August 31 for review and approval.

Effective September 1, 2011, (and including year-end budget adjustments for FY11), budget adjustment requests for the preceding fiscal year will be reviewed and approved/disapproved by TDCJ-CJAD if received by September 30 (one month after the end of the fiscal year). TDCJ-CJAD will not accept budget adjustments after September 30 for the previous fiscal year. Independent auditors will be instructed that only budgets approved by TDCJ-CJAD should be referred to in performing the financial audit. Budget total line item differences over \$15,000 or 15%, whichever is higher, that resulted in unauthorized expenditures (expenditures that did not receive prior approval from TDCJ-CJAD) for the fiscal year under audit in the CSCD's independent audit report shall be refunded to TDCJ-CJAD from the then-current Basic Supervision funding for the CSCD.

**In order to reduce the possibility of independent audit findings, CSCDs should adhere to the above budget reporting requirements. Review criteria for funding of grant programs include reduced scores (and possible reduced funding) for CSCDs that do not submit budgets in a timely manner and that do not adhere to the above criteria.**

Budget adjustment formats and instructions are available to the CSCDs on the TDCJ-CJAD budget Website at the beginning of each fiscal year. The TDCJ-CJAD approved formats shall be used when submitting budget adjustment requests and must be forwarded electronically via the Website with signature pages either mailed or scanned and submitted electronically.

## DEOBLIGATIONS

CSCDs shall periodically review their programs to determine if funds currently allocated to the programs are in excess of the actual needs to operate the programs for the remainder of the fiscal year. Funding recipients shall address the excess funding with TDCJ-CJAD to determine what action should be taken. In addition, each quarter, TDCJ-CJAD shall evaluate the CSCDs DP & TAIP fund utilization to determine if funds need to be deobligated.

Government Code, Chapter 509, Section 509.011 (h), allows CSCDs to deobligate any unencumbered state funds held by the department during a fiscal year (Basic Supervision, CC, DP, and TAIP). It further authorizes TDCJ-CJAD to distribute these funds to other CSCDs.

## FUND BALANCES/REFUND POLICY

### **I. END OF THE FIRST YEAR OF THE BIENNIUM BALANCES**

Fund balances for Basic Supervision, CC, DP and TAIP are carried forward from the first year of the biennium (every even-numbered year; i.e., Fiscal Year 2012) to the second year of the biennium (every odd-numbered year; i.e., Fiscal Year 2013).

### **II. STATE FUNDS RETURNED AT THE END OF THE BIENNIUM**

A rider to the Legislative General Appropriations Bill mandates that TDCJ-CJAD establish policies to ensure that unexpended and unencumbered state funds are returned to the state at the end of the biennium. The rider further stipulates the amount of refunds required to sufficiently fund the first year of the succeeding biennium. If refunds are not sufficient to meet the rider amounts, total state aid shall be reduced to compensate for the differences. If refunds exceed the required amount, the excess amount shall be redistributed to the CSCDs normally in the first year of the biennium.

- A. Basic Supervision Funds** - Upon receipt of the final closeout financial report, the Basic Supervision refund, commonly known as the refund formula, due to the State from all CSCDs shall be calculated by TDCJ-CJAD. All revenues and expenditures, including prior period

adjustments and interfund transfers, during the biennium (excluding the beginning fund balance) in the Basic Supervision program shall be considered in determining the amount of any unexpended monies available after all financial payments have been completed.

TDCJ-CJAD will identify all local and state generated monies from the quarterly financial reports. The balance of unexpended monies multiplied by the percentage of TDCJ-CJAD Basic Supervision State aid to the total revenue earned shall be refunded to TDCJ-CJAD. The remaining balance of unexpended monies shall be added to the Basic Supervision fund's beginning fund balance and retained at the local level.

### **Retention of Funds Required to Pay for Litigation**

CSCDs are allowed, with prior approval of TDCJ-CJAD, to set aside Basic Supervision funds prior to the calculation of the end-of-biennium refund to pay for pending litigation settlements. To set aside funds, the CSCD must demonstrate the following:

- That litigation does exist and is pending in a court of jurisdiction,
- That there is a reasonable chance that the CSCD will be required to pay a settlement amount, and
- That the estimated settlement amount is equal to or less than the statutory indemnification of the State of Texas.

CSCDs must submit to the Director of TDCJ-CJAD by September 30 after the end of a biennium a request to set aside these funds, along with documentation from current counsel that the above circumstances do exist. Procedures:

1. Funds shall be encumbered and reported as expenditures in the Professional Fees expenditure line on the 4<sup>th</sup> quarter financial report in the year in which the funds were set aside.
2. Any funds set aside will remain in the account of the CSCD until a settlement is reached.
3. Once a settlement is reached, the CSCD will provide a copy of the settlement to the TDCJ-CJAD Director.
4. TDCJ-CJAD is not a party to the lawsuit; therefore, TDCJ-CJAD is not in a position to approve or disapprove the settlement. However, TDCJ-CJAD will determine if state funds may be used for this purpose.
5. When a settlement is reached, any funds remaining will be reported as a prior period adjustment on the Quarterly Financial Report in the year that the settlement was reached.
6. Any portion of funds remaining from the encumbered funds at the end of the previous biennium will be returned to TDCJ-CJAD using the most recent Basic Supervision Refund of State Aid percentage.

### **Retention of Funds Required to Pay Accumulated Leave for Retiring Employee(s)**

CSCDs are allowed, with prior approval of TDCJ-CJAD on a case-by-case basis, to set aside Basic Supervision funds prior to the calculation of the end-of-biennium refund to pay for accumulated leave (based on the CSCD's written personnel policies) payments to an employee(s) who will retire within three (3) months after the end of the biennium. To set aside funds, the CSCD must demonstrate the following:

- That an employee(s) intends to retire within three months of the end of the biennium by providing a letter of such intent to the CSCD director,
- That the CSCD's written personnel policies allow for payment of certain accumulated leave at retirement, and
- That the CSCD's basic operations would be jeopardized by paying the accumulated leave from the new biennium's funds; the CSCD director must submit an analyzation of the anticipated revenue and expenditures, including the total anticipated payment to the CSCD employee(s) planning to retire based on then-current leave balances.

CSCDs must submit to the Director of TDCJ-CJAD by September 30 after the end of a biennium a request to set aside these funds, along with documentation, as listed above, that these circumstances do exist. Procedures:

1. Funds shall be encumbered and reported as expenditures in the Salaries/Fringe Benefits expenditure line on the 4<sup>th</sup> quarter financial report in the year in which the funds were set aside.
2. Provided that the employee(s) retire within the first three months of the succeeding fiscal year, any funds set aside from the previous fiscal year will remain in the account of the CSCD until the latter of (a) November 30 of the succeeding fiscal year, or (b) the date on which the accumulated leave balances have been fully paid to the retiree.
3. Once the accumulated leave has been paid for a retiree, the CSCD will provide a letter to the TDCJ-CJAD Director indicating how much was paid from the encumbered funds of the previous fiscal year.
4. Once a retiree has been paid for accumulated leave, any funds remaining from the encumbered funds at the end of the previous biennium will be reported as a prior period adjustment on the Quarterly Financial Report in the year that the funds were paid and will be returned to TDCJ-CJAD using the most recent Basic Supervision Refund of State Aid percentage.
5. Once the employee(s) retires, any portion of funds remaining from the encumbered funds at the end of the previous biennium will be returned to TDCJ-CJAD using the most recent Basic Supervision Refund of State Aid percentage.
6. If the employee(s) does not retire within the three-month period, the total amount of encumbered funds will be returned to TDCJ-CJAD using the most recent Basic Supervision Refund of State Aid percentage.

- B. CC, DP and TAIP Funds** - At the end of each biennium CSCDs shall refund to TDCJ-CJAD the fund balances from all CC, DP and TAIP programs as of August 31st, at the same time that the fourth quarter financial reports are submitted.

### **III. SIX MONTHS RESERVE:**

Government Code 509.011 authorizes TDCJ-CJAD to withhold Basic Supervision and Community Corrections funds from CSCDs that have over six (6) months of operating funds in their fund balance at the end of a biennium. TDCJ-CJAD may adopt policies permitting a CSCD to maintain reserves in amounts greater than otherwise permitted to cover certain costs. Excess reserves, if applicable, shall reduce the Basic Supervision funding to affected CSCDs normally in the second year of the biennium. TDCJ-CJAD uses the following methodology to determine the six-month reserve:

- A. Calculate the original Basic Supervision allocation;
- B. Determine the total expenditures incurred in the last year of the previous biennium plus interfund transfers out of Basic Supervision that year;
- C. Multiply "B" above by six-twelfths ( $B * 6/12$ );
- D. Subtract "C" from the Basic Supervision Ending Fund Balance of the previous biennium (less previous biennium's refund of state funds);
- E. If the amount of "D" indicates an excess of six-month's reserve, the Basic Supervision funding normally in the second year of the biennium shall be withheld by the amount of the excess. If excess is more than the amount originally allocated to the CSCD, then the amount of Basic Supervision withheld will equal the amount of the original allocation for the fiscal year;
- F. If the amount of "D" indicates an amount less than six-months reserve, no Basic Supervision funding will be withheld in the second year of the biennium;
- G. If appropriate, recalculate the Basic Supervision allocation to redistribute any Basic Supervision funding withheld from CSCDs with excess reserves to CSCDs without excess reserves;
- H. Although TDCJ-CJAD is authorized to withhold both Basic Supervision and Community Corrections funds, by policy, TDCJ-CJAD will withhold only Basic Supervision funds under normal circumstances.

## **FINANCIAL REPORTS**

TDCJ-CJAD funding allocated or granted to any entity, organization, or CSCD shall require separate quarterly financial reports for each program. All revenue and expenditures reported must be related to the approved program budget. TDCJ-CJAD requires the fiscal officer for each funding recipient to prepare and submit a financial report every quarter for each TDCJ-CJAD funded program budget.

Although funding recipients are encouraged to use the modified accrual basis of accounting for each quarter, the first, second, and third quarter reports may be prepared on the cash basis method of accounting. The fourth quarter report, which closes out the fiscal year, must be prepared on the modified accrual basis of accounting. The modified accrual basis of accounting requires that revenues are recognized when "measurable and available" and expenditures are recognized in the "accounting period in which the fund liability is incurred." In order for the funding recipient to report an accrual on the fourth quarter report, TDCJ-CJAD requires that the expenditures be paid and the item received by

October 31. For reporting purposes TDCJ-CJAD does not require CSCDs to include financial information associated with GASB-34 reporting requirements.

The financial reports shall be prepared using dollars and cents, and the information on the financial reports shall be verified for accuracy by preparing reconciliations to the bank balances. The Balance Sheet, also known as a Statement of Financial Position, shall be submitted to TDCJ-CJAD Fiscal Management at the end of each fiscal year.

The financial reports are due to TDCJ-CJAD within 30 days after the close of the reporting periods (due the end of December, March and June). The final report (or fourth quarter report) is due to TDCJ-CJAD 90 days after the close of the fiscal year (the end of November). **Review criteria for funding of grant programs include reduced scores (and possible reduced funding) for CSCDs that submit late quarterly financial reports.**

Revised fourth quarter financial reports shall be considered in the succeeding year for adjustments to the fund balance if received at TDCJ-CJAD by January 31. After January 31, any adjustments that affect the fund balance shall be reported on the then-current quarterly report but will not result in any adjustment to any previously calculated refund or for calculation of the six-month reserve.

Expenditures by funding recipients are subject to review, and any expenditure not supported by the appropriate documentation may be deemed unallowable. If an expenditure is not listed in the *Financial Management Manual* as allowable under the funding source used for the program, the expenditure shall not be charged to the program without prior approval from TDCJ-CJAD. Any expenditure charged to a CC, DP or TAIP program that is deemed unallowable shall be reimbursed through the Basic Supervision fund, provided the expenditure is allowable for Basic Supervision Programs, or state funding may be reduced to reimburse for the unallowable. Therefore, the funding recipient is to carefully review all transactions, request authority from TDCJ-CJAD on questionable items, and amend the budget, if appropriate.

CSCDs and other grant recipients may have additional reporting requirements; i.e., restitution collections, TAIP quarterly activity reports for information not collected on CSTS; i.e., screenings, assessments and treatment services, grants/donations from agencies other than TDCJ-CJAD, other revenue received from other sources, financial activity associated with special projects, such as facility construction, etc. Specific instructions and report forms are made available to CSCDs by TDCJ-CJAD. (See the “Grants, Donations and Other Revenue From Agencies Other Than TDCJ-CJAD” section in this manual for additional information and required attachments to the Quarterly Financial Reports.)

## **I. TDCJ-CJAD QUARTERLY FINANCIAL REPORT DEFINITIONS**

The following replicates the reporting format of the TDCJ-CJAD Quarterly Financial Report providing definitions of the individual line items:

- **TITLES** (Refer to a copy of the TDCJ-CJAD Quarterly Financial Report for categories.)
- **The CJAD Program #:** Number assigned to the TDCJ-CJAD Program Proposal when it is entered into the TDCJ-CJAD integrated database during the Community Justice Plan (CJP) process.
- **Chief County:** Primary county of the jurisdiction.
- **CSCD Fiscal Year:** Current fiscal year (September through August).
- **Quarter Ending Date:** Last day of the reporting quarter of the current fiscal year (November 30, 20XX, February 28, 20XX, May 31, 20XX, or August 31, 20XX).
- **CSCD Quarter:** The numerical reporting quarter of the current fiscal year.

- **Program Title:** Title given for the program when CJP was submitted.
  - **Funding Source:** The funding source for the program (BS, CC, DP or TAIP).
- A. Program Fund Balance at:** The date and the amount listed on line “W” of the previous quarter’s report.

**NOTE:** For the first quarter of the new biennium, **only Basic Supervision** has a carryover fund balance that matches line “W” of the previous quarter (and previous fiscal year). Community Corrections, Diversion Programs and Treatment Alternative to Incarcerations Programs have a zero (\$0.00) fund balance at the beginning of the biennium since the previous biennium’s end of year balance for these funds was listed as a “payable” on the Statement of Financial Position as of August 31 and was refunded to TDCJ-CJAD by November 30. Each subsequent quarter for the biennium has a Program Fund Balance matching on line “W” of the previous quarter’s report.

- B. Prior Period Adjustment:** Adjustment to beginning fund balance as a result of corrections and/or audit findings of prior fiscal years, **not prior quarters of the current fiscal year**. This amount does not include prior-year refunds.
- C. Prior Year Refunds:** Amount of a previous biennium’s refund to TDCJ-CJAD (Basic Supervision only).
- D. Interfund Transfer:** Transfers are not physically transferred to the program until the funds are actually required in the programs to which they are to be transferred. The amount of actual transfer is to equal the amount required to offset expenditures. Any excess amount transferred-in should be returned to the Basic Supervision or CC fund at the end of the fiscal year (as of August 31). If an Interfund Transfer is required as a condition of a grant award, then the full amount of the budgeted Interfund Transfer is to be physically transferred to the required program. In these situations, there are no excess funds, and no transfer back to the Basic Supervision or CC fund is to be made. However, at year-end, if the CSCD can demonstrate that the total, amount that was transferred was not actually expended for the required purpose, then, with approval from TDCJ-CJAD, the CSCD may return that unexpended portion to Basic Supervision or CC.

**Transfers to and from programs** funded by TDCJ-CJAD are as follows:

- Basic Supervision: Transfers-Out may be to Community Corrections, Diversion Programs, or Treatment Alternative to Incarcerations Programs. Transfer-In would be associated with the return of a previous Transfer-Out.
- Community Corrections: Transfers-Out to either Diversion Programs or Treatment Alternative to Incarcerations Programs. Transfers-In only from the Basic Supervision Program or a return from a previous Transfer-Out to DP or TAIP. Adjusting the state aid revenue line in the individual Community Corrections Programs completes any movement of CC funds between Community Corrections Programs.
- Diversion Program: Transfers-In can be from Basic Supervision or Community Corrections. No Transfers-Out are allowed from DP except to return unused funds from a previous Transfer-In.
- Treatment Alternative to Incarcerations Program: Transfers-Out are not allowed except to return unused funds from a previous Transfer-In. Transfers-In are from Basic Supervision or Community Corrections.

- E. Adjusted Fund Balance:** Net amount of “A” through “D.”

## REVENUES

- F. State Aid:** Payments received from TDCJ-CJAD for program operations. These can include Basic Supervision payments, CC payments, DP payments, and TAIP payments. These funds are received from TDCJ-CJAD at the beginning of each quarter.
- G. SAFFP Payments:** DP payments received from TDCJ-CJAD for substance abuse felony punishment facility aftercare caseloads. These payments are deposited, budgeted and reported in Basic Supervision only.
- H. Community Supervision Fees Collected:** The Texas Code of Criminal Procedures, Article 42.12, Section 19 (a) allows judges to set a fee of not less than \$25 and not more than \$60 per month to be paid by the defendant during the community supervision period. Supervision Fees received from offenders in all programs are deposited and recorded in Basic Supervision only. Do not include any programmatic fees charged to offenders. Supervision Fees are recorded as revenue during the fiscal year in which the fees are received by the CSCD, not during the fiscal year in which the fees are deposited in the county treasury. Supervision Fees received from offenders in all programs are budgeted and reported as revenue in the Basic Supervision budget to offset administrative costs of the department that can be charged to the other programs. Examples of these administrative costs are administrative salaries, copiers, and vehicles. By offsetting these costs, the CSCDs are not required to maintain records to allocate administrative costs to different programs.

There are two sources of funding for supervision of an offender placed on community supervision. The judicial district having original jurisdiction over the case shall receive the Supervision Fee. The judicial district providing direct supervision shall receive the state aid designated for direct supervision.

Write Off of Bad Checks - It is recommended that CSCDs not accept personal checks from offenders for payment of fees. However, if, in an unusual situation, a personal check has been accepted and funds are not available from the offender's bank account to cover the check, the CSCD must make every reasonable effort to collect the amount due from the offender plus any bank costs required to be paid by the CSCD. After the CSCD has exhausted every reasonable effort to collect on a bad check from an offender, the CSCD may write off the bad check in the accounting records and maintain appropriate documentation on file for audit purposes.

- I. Payments by Program Participants:** Any revenue (other than Supervision Fees) received from offenders as a fee to participate in a particular program or activity. Examples include DWI programs, urinalysis testing, pretrial diversion programs, administrative fees, etc. These funds shall be deposited in the judicial district CSCD account and must include all funds received from DWI programs, urinalysis testing, pretrial programs, electronic monitoring programs, room and board, transportation, etc. These fees that are collected in each program as a result of that program's activity shall be budgeted and reported for that specific program.

CSCDs must have written administrative policies relating to assessments and charges to offenders for specific services or program participation fees. Program participant fees must be limited to the CSCD's costs of providing the services to offenders, unless otherwise ordered by the sentencing judge.

- J. Interest Income:** Interest earned on deposits in interest bearing accounts for all programs. All idle funds must be deposited in an interest bearing account. Interest from programs other than Basic Supervision shall be reported as Basic Supervision revenue. This revenue represents interest earned on deposits in interest-bearing accounts. Interest earned as of August 31, but not



received until after August 31, is recorded as revenue during the fiscal year earned. Thus, an accrual is required of interest earned through August 31 on investments purchased prior to the end of the fiscal year but maturing after the end of the fiscal year.

**K. Other Revenue:** Any revenue deposited into a CSCD program fund not recorded in other categories. This category includes any revenue not discussed in the previously identified categories. This revenue is recorded during the fiscal year received (i.e., county support for allowable items, collection fees from other governmental agencies, transaction fees, and donations from other sources).

Other Revenue items for residential facility programs include commissary items (may be sold to residents at up to 5% above cost), meal fees from non-residents, pay phone/pool table/video game collections, reimbursements from residents, vending machine collections, washing machine/dryer collections, etc.

Vending machine revenue earned by the CSCD or CCF shall be used only for the same purposes for which State funds may be used. (Refer to Attorney General Opinion JM-391, December 18, 1985.)

Disclosure of all other sources of revenues under control of the CSCD shall be made through the budgetary and reporting processes as submitted to TDCJ-CJAD. (See the "Grants and Donations from Other Sources" section of this manual for additional requirements.)

**L. Total Revenue:** Amount of F+G+H+I+J+K.

**M. Total Funds Available:** Amount of E+L (Adjusted Fund Balance plus Total Revenue).

## EXPENDITURES

All expenditures shall be recorded in the fiscal year in which the expenditures were incurred and, in the case of a payable, meet the requirements for payables detailed in the "Statement of Financial Position" section of this manual. Actual performance of services provided by vendors or contractors after August 31 shall be paid for from the next fiscal year's funds. If a reimbursement of an expenditure is received by the CSCD and the expenditure and reimbursement are in the same fiscal year, then the reimbursement shall be budgeted and reported as a reduction of the original expense. If the reimbursement is in another fiscal year, it shall be recorded as a prior period adjustment on the Quarterly Financial Report, along with an explanation.

**N. Salaries/Fringe Benefits:** Amount of salaries and fringe benefits paid.

**O. Travel/Furnished Transportation:** Amount of travel and furnished transportation related expenses.

**P. Contract Services for Offenders:** Amount of contracted services provided directly to the offenders.

**Q. Professional Fees:** Amount of professional services provided for the benefit of the CSCD. This category includes the Fiscal Service Fee.

**R. Supplies and Operating Expenditures:** Amount of supply and operating expenditures.

**S. Facilities:** Amount of facility related expenditures.

**T. Utilities:** Amount of utility related expenditures.

**U. Equipment:** Amount of equipment related expenditures

**V. Total Expenditures:** The total of N+O+P+Q+R+S+T+U.

**W. Carryover to next Quarter:** The net of M-V (Total Funds Available less Total Expenditures).

**Signature of Fiscal Officer:** All Quarterly Financial Reports shall be signed and dated by the Fiscal Officer responsible for the accuracy of the financial information presented.

**Signature of Director:** All Quarterly Financial Reports shall be signed and dated by the Director of the CSCD responsible for the accuracy of the financial information presented.

REFER TO THE LISTING OF ALLOWABLE AND UNALLOWABLE EXPENDITURES FOR DETAILS ON CLASSIFICATION OF EXPENDITURES.

## II. STATEMENT OF FINANCIAL POSITION

The Statement of Financial Position (Balance Sheet) reconciles the ending fund balances to the reconciled bank balance. The following descriptions are provided to explain what types of items are included on the Statement of Financial Position. The descriptions are not intended to be all-inclusive.

The fourth quarter report shall be prepared using the modified accrual basis of accounting. Therefore, the fourth quarter Statement of Financial Position and the fourth quarter report shall include only accrued revenues and expenditures for which a valid purchase order was issued by August 31 (see Accounts Payable under LIABILITIES in this section) and which are both received or paid for as of October 31 (except for approved waivers). The goods for which payment is made by October 31 must also be received by the CSCD or funding recipient by October 31.

### ASSETS

Cash:

- Reconciled bank balance of the judicial district CSCD fund that is also the ledger balance at the end of each fiscal year.
- Petty cash fund held in the CSCD (including CCF petty cash).
- Time deposits (include all judicial district CSCD funds invested in certificates of deposit and savings accounts).

Accounts Receivable:

Receivables will be accrued in accordance with the modified accrual basis of accounting.

- **Supervision Fees Receivable:** Supervision Fees collected by the CSCD before August 31, but transferred to the judicial district CSCD fund after the end of the fiscal year. For example, fees received by the CSCD in August 2011 are considered revenue in Fiscal Year 2011, even though the fees are not transferred to the judicial district CSCD fund (bank account) until September 2011.
- **Due From:** Revenue, such as TDCJ-CJAD payments for SAFPF aftercare caseloads, travel advance reimbursements from employees, or expenditure refunds that are due at the end of the fiscal year but received by the judicial district CSCD fund after the end of the fiscal year (may include unallowable expenditures paid or interfund transfers). Repayment by CSCD employees or a reduction of state funding shall be required to reimburse for unallowable expenditures. All accounts receivable from the previous fiscal year must be cleared by October 31.

## **Total Assets:**

Total Cash and Accounts Receivable at fiscal year end (as of August 31). This amount must equal Total Liabilities and Fund Balance.

## **LIABILITIES**

### Accounts Payable:

Payables shall be accrued in accordance with the modified accrual basis of accounting. Payables consist of either:

- (1) A purchase order prepared and issued to a vendor (mailed or delivered) no later than August 31;
- (2) A purchase order placed with a vendor and invoiced (mailed or delivered) no later than August 31;  
or
- (3) Services rendered no later than August 31.

In these situations, payment of the accruals must be made (and goods received) by October 31, unless an approved waiver from TDCJ-CJAD is obtained for payments made (or goods received) after October 31. For a waiver concerning the payable reporting requirements to be considered for the previous fiscal year, a request for waiver must be received by TDCJ-CJAD by November 30.

- **For General Operations:** Include all expenditures incurred, as described above, prior to the end of the fiscal year but paid after the end of the fiscal year. These expenditures shall be included on the fourth quarter financial statement as accruals. All accounts payable from the previous fiscal year must be cleared by October 31.
- **Due To TDCJ-CJAD:** Refund amounts due.
- **Due To:** All other liabilities due at end of the fiscal year.

## **FUND BALANCES**

The ending fund balances must agree with the ending fund balances on the fourth quarter financial reports for each of the programs operated.

### **Total Liabilities and Fund Balances must equal Total Assets.**

Petty cash funds, if authorized by the county auditor, shall be used only for specific purposes for allowable items as listed in this manual and shall be expended only for emergency situations authorized by a written policy and approved by the CSCD director. Items that can reasonably be secured through the purchasing system (requisitions and purchase orders) shall not be purchased from petty cash. The bond of the department head who receives a petty cash fund must cover the official's responsibility for the correct accounting and disposition of the petty cash fund. Petty cash funds shall not be used to purchase items for CSCD employees and may not be used to make loans or advances to employees or to cash checks or warrants of any kind. (See Local Government Code, Section 130.909.) Funds from a petty cash fund shall be disbursed using a cash receipt system with funds issued only to vendors. Petty cash funds are closed out at the end of each fiscal year and are restored at the beginning of the following fiscal year.

# GRANTS, DONATIONS, FEES AND OTHER REVENUE FROM AGENCIES OTHER THAN TDCJ-CJAD

Section 76.007, Texas Government Code, indicates that CSCDs may accept public funds, grants, and gifts from any source for the purpose of financing programs and facilities.

Domestic Caseloads: Texas Family Code, Section 157.211, authorizes the CSCDs to supervise respondents for the purpose of collecting child support payments. Texas Family Code, Section 157.213 allows the court to require the respondent to pay a fee to the court in an amount equal to that required of a criminal defendant subject to community supervision. This fee is to be deposited in the special fund of the county treasury provided by the Code of Criminal Procedures to be used for community supervision. Salaries and fringe benefits, along with other costs, for CSCD employees supervising domestic caseloads, if over 10% of one full-time equivalent position's time, shall be paid from the fees charged to the respondents. See TDCJ-CJAD Policy Statement No. CJAD-PS-07 for appropriate procedures and the requirement to reimburse the Basic Supervision insurance reserve for these employees' insurance premiums.

Personal Bond, Surety Bond, Bail and Certain Other Supervision: Bail/Bond Supervision is authorized as a reasonable condition of bail consistent with Article 17.40 of the Code of Criminal Procedure. With passage of Senate Bill (SB) 880 in the 82<sup>nd</sup> Legislature, the CSCD may provide supervision for these persons that courts have jurisdiction to order to submit to supervision and services by the CSCD. SB 953 (effective September 1 2011, for offenses committed on or after that date) includes both testing for alcohol and controlled substances for certain cases under Chapters 521 and 724 of the Transportation Code, as well as supervision of certain occupational licenses under Chapter 521 of the same code. Bail/Bond and Certain Other Supervisions, by identified revenue generation (76.015 (c) of the Government Code), are not intended to impact current appropriation lines dedicated for community supervision. All expenses relating to CSCD employees supervising these cases must be paid from the administrative fees set in Article 76.015 (c) of the Government Code, as amended; i.e., salaries, fringe benefits, travel, supplies, equipment, etc. must be paid from these fees. These expenses cannot be paid from state funds, including local fee collections, which are in the TDCJ-CJAD budgets. Bail/ Bond and Certain Other Supervision program revenue and expenditures must be maintained in separate, local budgets and are not reported to TDCJ-CJAD in the Quarterly Financial Reports. If a CSCD employee (one full-time equivalent position) spends no more than 10% of his/her time on the Bond/Other Supervision Program activities, separation of expenses is considered immaterial and is not required. However, all revenue generated from bond supervision fees must be accounted for separately in a local budget. See TDCJ-CJAD Policy Statement No. CJAD-PS-09 for appropriate procedures and the requirement to reimburse the Basic Supervision insurance reserve for these employees' insurance premiums.

Grants, donations and other revenue to the CSCDs that do not specifically require separate accounting shall be budgeted and reported as Other Revenue in the program to which awarded or donated.

Grants, donations, domestic caseloads, bond fees and other revenue that require separate accounting shall be disclosed to TDCJ-CJAD in the Basic Supervision budget "Explanations" Supporting Schedule

and not included in the CSCDs' budgeted revenue or expenditure lines or in the TDCJ-CJAD Quarterly Financial Reports. The information on the Supporting Budget Schedule shall include the following:

- Name and address of the grantor agency, donor or program;
- A brief description of the grant program, donation or supervision program; and
- The total amount of the grant, donation or estimated fees collected.

Unless the grantor, statute or donor specifically indicates in writing that these funds shall be used for specific items that are normally unallowable items for the CSCDs, all expenditures from these grant funds, donations or fees shall be in accordance with the *Financial Management Manual for TDCJ-CJAD Funding*. The CSCDs will report this activity on the Supporting Budget Schedule. (For example, a donation is made to the CSCD by a local business for the specific purpose of purchasing desks for employees.)

See TDCJ-CJAD Policy Statements regarding civil fees and bond supervision fees and expenses.

**Grants From Other Agencies Requiring CSCD Matching Funds:** With prior TDCJ-CJAD approval, CSCDs may use Basic Supervision, CC, DP, or TAIP funds as required cash matching for grants from other governmental agencies, non-profit organizations, or private foundations, etc., for the purpose of expanding the existing program (CC, DP, or TAIP cash matching) or for funding an accepted CJP program (Basic Supervision or CC cash matching). All expenditures from the CSCDs' matching funds shall be in accordance with the *Financial Management Manual for TDCJ-CJAD Funding*. The required amount of matching funds shall be budgeted in one of two ways:

1. As an expenditure amount in the Supplies and Other Operating Expenditures line of the Basic Supervision, CC, DP, or TAIP program budget, if the grant amount is required to be accounted for separately and not included in the TDCJ-CJAD budget; or
2. As an alternative, the matching expenditures may be budgeted in whichever expenditure line is proposed for matching; for example, \$20,000 in the Supplies line, \$15,000 in Travel, and \$30,000 in the Equipment line for a total match of \$65,000. If the second option is used, note "cash match" beside each budgeted expenditure.

The Supporting Budget Schedule to the appropriate TDCJ-CJAD budget shall include:

- Name and address of the grantor agency;
- The type of grant program along with a brief description;
- A detailed description of grant cash-matching requirements (or in-kind contribution);
- The amount of cash to match with the grant (or the type of in-kind contribution, such as equipment or facilities paid for by a TDCJ-CJAD funding source); and
- The type of expenditures budgeted from the matching funds.

Prior to expenditure of the CSCD's matching funds, the jurisdiction's Community Justice Plan shall be amended and must be accepted by TDCJ-CJAD to include the grant program to which the matching funds are attributed.

Expenditures from cash matching funds from the CSCDs' budgets for victim services programs are allowable only for mediation between the offender and the victim, victim notification, and enforcement of any condition of community supervision that deals with the victim services.

TDCJ-CJAD Quarterly Financial Reports for Basic Supervision, CC, DP, or TAIP funds shall include a supplemental page describing the total amount of matching funds, the amount expended at the end of the

current quarter (including a listing of the expenditures), and the balance of the matching amount at the end of the current quarter.

Any fund balance in the matching grant existing at grant year-end shall be returned to the CSCD's TDCJ-CJAD funded program based on the matching ratio.

## COMMUNITY CORRECTIONS FACILITIES

**Public Meetings for Community Corrections Facilities:** Section 509.010, Government Code outlines procedures for public meetings relating to community corrections facilities (CCFs). TDCJ-CJAD's Feasibility Study Guidelines for CCFs provide information on establishing CCFs. Local Government Code, Section 244.001-244.006 deals with other requirements for CCFs.

**Use of TDCJ-CJAD Funded Community Corrections Facilities by Other Jurisdictions:** TDCJ-CJAD funds most CSCD-operated community corrections facilities at the full bed capacity. Therefore, other jurisdictions may not be charged and shall not pay a fee to send residents to these facilities.

**Facilities Funded From More Than One TDCJ-CJAD Source:** Common facility expenses shared between TDCJ-CJAD funding sources (i.e., CC, DP and/or TAIP) or between TDCJ-CJAD funding sources and grants from agencies other than TDCJ-CJAD shall be based on cost allocation methods agreed upon in advance between the CSCD and TDCJ-CJAD. CSCDs and residential facilities shall develop written policies to document the agreed upon allocation methods in order to substantiate appropriate payments from each funding source. This documentation shall be kept on file for audit purposes.

**Room and Board:** For each residential facility program which allows for employment of residents in the community, the CSCD shall assess room and board fees at an amount not less than ten dollars (\$10.00) per day per resident and not more than twenty dollars (\$20.00) per day per resident. If a facility, due to regional economics, assesses room and board fees at less than \$10.00 per resident per day, the CSCD director and/or the residential facility director shall submit to TDCJ-CJAD a written explanation for assessing the lower amount. The CSCD and the residential facility must have written policies that indicate the basis for determination of residential rates for room and board, travel, laundry, etc. Fees paid by residents shall be court ordered.

**Purchases:** Goods and services purchased for a community corrections facility shall comply with the *Contract Management Manual for TDCJ-CJAD Funding of Offender Services* and with the Local County Purchasing Act. This includes the required quote every six (6) months for food items.

**Meals:** TDCJ-CJAD requires that the following fiscal guidelines be followed regarding meals served at residential facilities:

- Employees permanently assigned to residential facilities may receive meals free of charge at the facilities. Residential employees who work shifts that include two regularly scheduled meals may receive up to two (2) meals free of charge, and all other residential facility employees may receive one (1) meal free of charge. However, no state funds may be used to furnish meals to other CSCD employees, and residential facility employees may not take food products home. Residential facilities' directors shall comply with IRS regulations regarding meals provided to employees and shall maintain a written policy regarding meals for employees.

- Family members and friends of a resident of a facility may be provided a meal at the facility only if it is in connection with special social gatherings, such as on holidays. The guest shall reimburse the residential facility for the "full" cost of each meal provided.
- Any other non-employees or non-resident of the residential facility may be provided a meal at the facility only as it relates to official functions. The residential facility shall be reimbursed for the "full" cost of each meal provided.
- Community Justice Council members may be provided meals free of charge by the residential facility only at regularly scheduled council meetings held at the facility provided that the provision of the meals is to review the quality of the food and/or the nutritional program.
- A log must be maintained which identifies all meals provided to non-residents, the amount received for each meal, and an explanation of the purposes of the meals being provided.
- Revenue collected for meals shall be budgeted and reported as "Other Revenue" in the residential facility budget.

**Commissary Operation:** Commissary items may be sold to residents at up to 5% above cost of the items. Effective September 1, 2000, all CCFs shall collect and remit to the state sales tax on taxable items sold to residents. (See CJAD Policy Statement #PS-06.) Community corrections facilities may not charge residents an amount above cost for items purchased at retail stores by facility staff on the residents' behalf or when residents are allowed to select items at retail stores and then reimburse the residential facility for items originally purchased with facility funds.

**Residents' Accounts:** All interest earned on funds for programs administered by the CSCD, including residents' accounts while at a community corrections facility, shall be budgeted and reported in Basic Supervision. CSCDs are not required to allocate interest earned among the residents' accounts.

**Program Participant Fees:** Unless they are ordered to do so by the court with jurisdiction over those residents, facility residents may not be charged any fees for services, personal items, or participation items that are not disclosed in the budget process as to type and amount. Unless approved by TDCJ-CJAD, residents may not be required to purchase any service or item that is not essential to the operation of the facility program or essential to the health and safety of the residents. Except for commissary items available in a commissary operated by the facility or by a contracted vendor in the facility, which are items purchased at the discretion of the resident, fees charged to residents for services or items essential to the program may not be above the cost to the facility of providing the service or item. For example, include actual costs of supplies for urinalysis testing but not the cost of officers' salaries to perform the tests or a "use fee" for facility-owned equipment if testing is performed in-house.

**Cash-Matching Grants:** With prior TDCJ-CJAD approval, residential budgets may provide required cash matches for residential grants from other agencies in order to expand programs. See the "Grants, Donations, Fees and Other Revenue From Agencies Other Than TDCJ-CJAD" section of this manual for additional information.

**Bank Accounts:** Funds collected at CCFs shall comply with Local Government Code, Chapter 113, Section 113.022. This law requires that funds collected shall be deposited with the county treasurer on or before the next regular business day after the date on which the funds are received. If this deadline is not met, the funds must be deposited, without exception, on or before the seventh business day after the day on which the funds are received. However, if a county in which the district judge has designated to be the depository for the CSCD's funds (in multi-county jurisdictions) has fewer than 50,000 inhabitants, the commissioners' court may extend the period during which funds must be deposited with the county treasurer, but the period may not exceed 30 days after the date the funds are received. See

additional information under the State Payments section of this manual regarding collateral pledges for collection accounts.

Funds deposited into collection accounts are trust funds, and these accounts shall be operated only to distribute collections from offenders to the appropriate recipient or to the county treasurer for deposit. These accounts are subject to audit by the county auditor. These funds, while in the collection accounts, shall not be used for operational expenditures of the CSCD or CCF. The county treasurer shall disburse the funds as the CSCD directs. It is recommended that the CSCD consult with the county auditor regarding proper procedures at the local level for compliance with Local Government Code 113.022.

Petty cash funds, if authorized by the county auditor, shall be used only for specific purposes for allowable items as listed in this manual and shall be expended only for emergency situations authorized by a written policy and approved by the CSCD director. Items that can reasonably be secured through the purchasing system (requisitions and purchase orders) shall not be purchased from petty cash. The bond of the department head who receives a petty cash fund must cover the official's responsibility for the correct accounting and disposition of the petty cash fund. Petty cash funds shall not be used to purchase items for CSCD employees and may not be used to make loans or advances to employees or to cash checks or warrants of any kind. (See Local Government Code, Section 130.909.) Funds from a petty cash fund shall be disbursed using a cash receipt system with funds issued only to vendors. Petty cash funds are closed out at the end of each fiscal year and are restored at the beginning of the following fiscal year.

Community corrections facility residents shall not be used in moneymaking activities to increase revenue for the facilities.

## DISPOSAL OF SURPLUS PROPERTY

To reduce costs of new purchases, CSCDs are encouraged to request trade-in allowances on usable equipment and vehicles toward new purchases. Each CSCD may dispose of its own surplus property by advertising to other departments (no longer submitted to CJAD for disposal through field correspondence). Instructions for disposing of surplus property are as follows:

**Non-Usable Property:** If, as documented in writing and certified by the CSCD director, inventory items are not of value to the CSCD nor would they be of value to any other CSCD or to a non-profit entity, if donated, the CSCD may destroy or discard such property. The certification by the CSCD director shall be maintained with the inventory records for audit purposes and does not need to be submitted to TDCJ-CJAD.

**Property Transferable for Basic Office Operations:** Property items allowable for purchase with CC and/or DP funds for specific CSCD programs (other than Basic Supervision) which by law the county shall provide for basic CSCD office operations, such as desks, chairs, phone systems, etc., may not be transferred to or utilized by the CSCD for basic office operations without prior TDCJ-CJAD approval.

**Usable Property:** When a CSCD has a usable item of inventory (i.e., equipment or vehicles) purchased with judicial district funds that is no longer needed in the program for which it was purchased, the following steps are to be utilized to dispose of it:

- If the surplus property was purchased for a residential facility (CCF), the CSCD shall notify other CCFs to determine if any other residential facility can utilize the property. If no other CCF



can utilize the equipment, then the CSCD can transfer the property to an existing program where needed.

- If the surplus property was purchased for a non-residential program the CSCD can transfer the items to another existing program where needed.
- If the CSCD cannot utilize the surplus equipment in one of their existing programs, the CSCD shall notify other CSCDs to determine if any other CSCD can utilize the property.
- If the CSCD is unable to locate another CSCD to utilize the property, the CSCD is to follow the same procedures used by the county to auction or dispose of unwanted property. If the CSCD participates in the county auction, proceeds from the sale of the CSCD's surplus items shall be budgeted and reported as Other Revenue in the CSCD's budget(s). Actions taken must be documented and filed with the inventory records for audit purposes.

**If the county does not have a policy for disposal of surplus property,** the CSCD may either:

- Try to sell the property on its own by utilizing a bid or auction process but may not donate or sell items directly to a private individual, to the county, or to any CSCD employee. Any CSCD employee who has the authority to declare the property as surplus may not purchase surplus property through the auction or bid process. Actions taken shall be documented and filed with the inventory records.

**OR**

- If the property is not sold, the CSCD may donate the property to non-profit entities (other than religious organizations) such as Goodwill, etc. A receipt is required to document the donation of the property and shall be kept on file with the inventory records for audit purposes.

All purchases and disposals of equipment shall be documented on the TDCJ-CJAD Inventory Form or on a CSCD form that includes at least the same information as the TDCJ-CJAD form.

**NOTE:** CSCDs and other grant-funded recipients may not exchange surplus property for a "non-monetary" consideration by another entity. For specific property disposal options not listed above, contact the TDCJ-CJAD budget section for assistance and/or approval.

## MULTIPLE POSITIONS AND DUAL DEPARTMENTS

Any departments providing adult, juvenile, and/or other services (state jails or grants from other agencies) are to indicate this fact on the Applicant Information Sheet on the biennium Basic Supervision Budget. Budgets shall include only expenditures related to adult services. Juvenile offender costs shall not be included in the budget or financial reports and shall not be paid from TDCJ-CJAD's budgeted funds. All staff providing direct or indirect services to both juvenile (or other state services) and adult offenders are required to complete annual time studies that reflect the amount of time staff spends in each of these distinct areas and charge the state agencies (juvenile, state jails, other agencies) for the appropriate percentages. For example, select two (2) months that are representative of actual time spent

during the fiscal year and use as a base for cost allocations between departments. These time studies must be kept on file for audit purposes.

# CERTIFICATION PROCESS FOR CSCD EXPANSION

## I. STATE AID FOR FACILITIES, UTILITIES, AND EQUIPMENT TO EXPAND CSCDS' DEPARTMENT OFFICES

The Texas Government Code, Section 76.008, indicates that the county or counties served by a CSCD shall provide physical facilities, utilities, and equipment for a CSCD in accordance with the minimum support defined in the TDCJ-CJAD Standards for CSCDs §163.43 Funding and Financial Management (d) Facilities, Utilities and Equipment. If a CSCD serves two or more counties, those counties may enter into an agreement for the distribution of the expenses of such facilities, utilities, and equipment.

Judicial district funds (Basic Supervision funds) may be expended for facilities, utilities, and equipment only as it relates to expansion of the CSCD. Prior to expending funds for expansion purposes, the CSCD must receive certification approval from the TDCJ-CJAD Director. The county or counties served by the CSCD shall continue to provide all facilities, utilities, and equipment costs associated with the current level of CSCD operations.

## II. CERTIFICATION PROCESS

TDCJ-CJAD shall set the level of contribution a county or counties must meet or exceed in order to allow the CSCD to utilize Basic Supervision funds for expansion facilities, utilities, and/or equipment for which the county is responsible. This level shall not be lower than the average level provided by the county or counties during the fiscal year in which the Basic Supervision funds are to be used and the four fiscal years immediately proceeding that year.

The following certification process shall be completed and forwarded to the Director of TDCJ-CJAD to expend judicial district funds as allowed by Government Code, Chapter 76, Section 76.009, to provide expanded facilities, utilities, or equipment for CSCD operations.

- **Meeting of Commissioners' Court** - Requests for expanded facilities, utilities and equipment must be initially requested from the county and reviewed at a formal Commissioners' Court meeting. The county or counties must certify to the district judge that the counties do not have either adequate space in county-owned buildings or adequate funds to lease additional physical facilities, purchase additional equipment, or pay for additional utilities required by the department.
- **Certification Document** - If the Commissioners' Court determines that funds are not available to expand the CSCD's facilities, utilities or equipment, the Commissioners' Court issues a copy of the official Commissioners' Court minutes certifying to the district judge the lack of county funds for this purpose.
- **Certification Information** - As part of the first request for certification in a fiscal year, the county shall provide the district judge written information on the total dollar amount of the financial contribution to the CSCD for the current fiscal year and the four fiscal years immediately preceding the request.

- **Information Forwarded and List of Itemized Expansion Costs** - The CSCD shall forward the following information to TDCJ-CJAD:
  - The county certification document, with the certification information;
  - A list of expansion items and their approximate costs; and
  - A signed cover letter to the TDCJ-CJAD director from the district judge indicating the district judge's agreement with the county certification.

**Lease Contracts and Utilities** - The certification approved for lease contracts and utilities is allowed to remain in force for up to five years from the fiscal year in which certification is approved. With prior TDCJ-CJAD approval, the CSCD may increase the lease expense for the same square footage of office space during the five-year period for an amount not to exceed five percent (5%) per fiscal year. At no time may the CSCD charge the program for any lease contract or utilities expenditures in excess of the approved amounts. At the end of the five years, if the county cannot pay for the lease and/or utilities, certification may again be requested. It should be noted that each certification approved for lease contracts and/or utilities begins a new five-year period.

**Budget Amendments and Approval of Expansion Requests** - After the TDCJ-CJAD director approves the certification, the director of the CSCD shall forward an amended budget to reflect the certification expenditures. All facilities, utilities and equipment purchases charged to the judicial district fund which requires certification shall be approved by the TDCJ-CJAD director before the expenditure is made.

**Equipment** - Any equipment purchased through the certification process must be tagged and inventoried in accordance with the same procedures described under the Equipment section of this manual. The CSCD owns this equipment, and all titles shall be registered to the CSCD.

## STATUTORY REQUIREMENTS

**Supervision Fee for Sex Offenders:** The Texas Code of Criminal Procedure, Article 42.12, Section 19 (e) requires as a condition of probation that certain sex offenders pay \$5.00 per month per convicted offense during the period of supervision. These fees are in addition to court costs or any other fee imposed on the offender and shall be collected and accounted for by the CSCD for remittance to the State Comptroller. These fees shall not be reflected in the CSCD budget nor reported to TDCJ-CJAD on the quarterly financial reports. The CSCD shall submit these fees to the State Comptroller utilizing the Comptroller's Form 40-124 and in compliance with the timelines established in subsection (f).

**Crime Victims' Compensation Fund and Victim Treatment Costs:** Article 42.12, Section 11 (a)(18), Code of Criminal Procedure authorizes the court to order a defendant, as a condition of community supervision, to reimburse the Crime Victims' Compensation Fund for any amounts paid from that fund to a victim of the defendant's offense or, if no reimbursement is required, make one payment to the fund in an amount not to exceed \$50 if the offense is a misdemeanor or not to exceed \$100 if the offense is a felony. These fees shall be remitted to the State Comptroller in compliance with the timelines outlined by the State Comptroller's Office.

Article 42.12, Section 14 (C-2), Code of Criminal Procedure authorizes a trial court to require certain defendants convicted of family violence, as a condition of community supervision, to pay all or part of the reasonable costs incurred by the victim for counseling made necessary by the offense, on a finding that the defendant is financially able to make the payment. This provision specifies that the period for

which the defendant is required to make payments may not exceed one year after the date on which the order is entered. Any payments made under this provision must be for the actual expenses incurred by the victim for counseling services.

**Restitution:** Section 76.013, Government Code, provides that if a judge requires a defendant to make restitution to a victim of the defendant's offense, the CSCD that receives the payment shall immediately deposit the payment in an interest-bearing account of the county treasury. When the department receives the initial restitution payment, the department shall immediately notify the victim by certified mail. If the victim makes a claim, the CSCD shall promptly remit the payment to the victim.

If the victim makes no claim on the restitution payment, the department is obligated to make a good faith effort to locate and notify the victim that an unclaimed payment exists. The department satisfies the good faith requirement by sending to the victim by certified mail on any one occasion during the period the defendant is required to make payments, a notice that the victim is entitled to an unclaimed payment.

If the victim does not make a claim for payment, the county treasurer must transfer from the interest-bearing account to the Comptroller all payments received less a 5% collection fee and all interest accrued on the payment. This payment to the Comptroller must be made not earlier than the fifth (5th) anniversary of the date on which the department mails notice to the victim and no later than 121 days after that anniversary date. The department retains all interest earned while holding the payments.

After making an initial transfer of payments to the Comptroller, the department shall transfer each subsequent payment received (less 5% collection fee) to the Comptroller no later than 121 days after the date the department receives the subsequent payment. The department also retains all interest earned.

The collection fee and accrued interest shall be deposited in the special fund of the county treasury to be used for the same purposes for which Basic Supervision may be used. Failure to comply with the 121-day deadlines will result in a five (5) percent collection fee penalty calculated from the total deposit and all interest attributable to the unclaimed funds.

**Administrative Fee for Offender Program Participation:** Government Code, Section 76.015 states that a CSCD may assess a reasonable administrative fee of not less than \$25 and not more than \$60 per month on an individual who participates in a program operated by the department or receives services from the department and who is not paying a monthly fee under Section 19, Article 42.12, Code of Criminal Procedure.

**Pretrial Intervention:** Government Code, Section 76.011 (a) (1) authorizes a CSCD to operate programs for the supervision and rehabilitation of persons in pretrial intervention programs where disposition of the case allows for up to one two years of supervision. Pretrial programs may include testing for controlled substances. In addition, The Texas Code of Criminal Procedure, Article 102.012 states that a court, that authorizes a defendant to participate in a pretrial intervention program, may order the defendant to pay to the court a supervision fee in an amount not more than \$60 per month as a condition of participating in the program. In addition to the supervision fee the court may order the defendant to pay or reimburse a CSCD for any other expense incurred as a result of the defendant's participation in the pretrial intervention program or that is necessary to the defendant's successful completion of the program. Money deposited in the special fund of the county treasury for the department under Article 103.004 (d), Code of Criminal Procedure, may be used only for the same purposes for which State Aid may be used under this chapter.

The CSCD may treat the fees collected under this section as supervision fees (budgeted and reported in the Basic Supervision budget) or as Program Participant Fees (budgeted and reported in the Basic Supervision budget).

### **Bond/Bail and Certain Other Supervision**

Bail/Bond Supervision is authorized as a reasonable condition of bail consistent with Article 17.40 of the Code of Criminal Procedure. With passage of Senate Bill (SB) 880 in the 82<sup>nd</sup> Legislature, bail under Chapter 11 (Habeas Corpus), Chapter 17 (Appearance Surety Bonds) Article 44.04 (Appeal Bonds) for the Code of Criminal Procedure were added to Section 76.011 of the Government Code as programs that could be operated by CSCDs. (See Subsections (a) (2), (3) and (4), Section 76.011 of the Government Code, effective September 1, 2011.) Also added by SB 880 are supervisions of verification and compliance with court orders under Article 17.441 of the Code of Criminal Procedure (ignition interlock bond conditions), Chapter 469 Health and Safety Code (occupational licenses issued by Drug Courts), Section 49.09 (h) Penal Code (ignition interlock installation upon conviction under Chapter 49 of the Penal Code), Chapter 521 Transportation Code (occupational licenses), and persons that courts have jurisdiction to order to submit to supervision and services by the CSCD. SB 953 (effective September 1 2011, for offenses committed on or after that date) includes both testing for alcohol and controlled substances for cases under Chapters 521 and 724 of the Transportation Code, as well as supervision of certain occupational licenses under Chapter 521 of the same code. Bail/Bond and Certain Other Supervisions, by identified revenue generation (76.015 (c) of the Government Code), are not intended to impact current appropriation lines dedicated for community supervision. All expenses relating to these CSCD employees must be paid from the administrative fees set in Article 76.015 (c) of the Government Code as amended; i.e., salaries, fringe benefits, travel, supplies, equipment, etc. shall be paid from the fees assessed to persons supervised on these cases. These expenses cannot be paid from state funds, including local fee collections, which are in the TDCJ-CJAD budgets. Bail/ Bond and Certain Other Supervision program revenue and expenditures must be maintained in separate, local budgets and are not reported to TDCJ-CJAD in the Quarterly Financial Reports. If a CSCD employee (one full-time equivalent position) spends no more than 10% of his/her time on the Bond/Other Supervision Program activities, separation of expenses is considered immaterial and is not required. However, all revenue generated from bond supervision fees must be accounted for separately in a local budget. See TDCJ-CJAD Policy Statement No. CJAD-PS-09 for appropriate procedures and the requirement to reimburse the Basic Supervision insurance reserve for these employees' insurance premiums.

**Reporting and Management Services:** Government Code, Section 76.012 authorizes a CSCD to enter into a contract with a public or private vendor to provide telephone reporting, automated caseload management, and collection services for fines, fees, restitution, and other costs ordered to be paid by a court or fees imposed by a department.

**Escheat Laws:** If money cannot be paid to or returned to the appropriate recipient (for overpayments, etc.), it must be sent to the state as required by current law. Information regarding procedures may be obtained from the Texas Property Code. This does not apply to restitution funds that have specific procedures outlined in Section 76.013, Government Code.

**Signs on Motor Vehicles:** Transportation Code, Chapter 721 requires the identification of motor vehicles issued exempt license plates. TDCJ-CJAD funding recipients who purchase vehicles for which exempt license plates are issued must have printed on each side of the vehicle the name of the department who owns the vehicle. The printed letters on the sides of the vehicle must be at least two inches high and of a color sufficiently different from the body of the vehicle to be clearly legible from a distance of 100 feet.

**Collection of Other Fees:** CSCDs, at the discretion of the local jurisdiction, may also collect and transmit payments of court costs, attorney fees, fines, and other fees to the county. Periodically, TDCJ-CJAD may request information (type of fee and amounts) on the various payments collected by CSCDs. These collected fees shall be transferred to the appropriate county treasurer in compliance with Local Government Code, Chapter 113, Section 113.022, as they are collected.

**Transactions' Administrative Fee:** Code of Criminal Procedure, Article 102.072, allows a CSCD to assess an administrative fee for each transaction made by the department relating to the collection of fines, fees, restitution, or other costs imposed by a court (except collection of child support payments). The fee may not exceed \$2 for each transaction. A "transaction" is defined as an event that involves the collection of money for one or more purposes that results in the preparation of a single receipt. CSCDs shall not prepare separate receipts for money received during a single event for multiple purposes (in order to collect multiple \$2 administrative fees). Money collected in accordance with this provision shall be submitted to the county treasurer for deposit into the judicial district fund for the use of the CSCD serving the county and recorded as Other Revenue on the Basic Supervision Budget.

**Cost of Confinement in a County Jail:** Code of Criminal Procedure, Article 42.038 allows a court that sentences a defendant convicted of a misdemeanor to serve a term of confinement in county jail and orders execution of the sentence to require the defendant to reimburse the county for the defendant's confinement at a rate of \$25 a day. In addition, a court that requires a defendant convicted of a misdemeanor or placed on deferred adjudication for a misdemeanor to submit to a period of confinement in county jail as a condition of community supervision may also require as a condition of community supervision that the defendant reimburse the county for the defendant's confinement, with the amount of reimbursement determined as if the defendant were serving an executed sentence. A judge may not require reimbursement under this article if the judge determines the defendant is indigent. The court, in determining whether to order reimbursement under this article, shall consider other financial related obligations of the defendant. The court may require the defendant to reimburse the county under this article by paying to the sheriff the bill presented by the sheriff within a specified period or in specified installments. The end of the period or the last installment may not be later than (1) the end of the period of community supervision, if community supervision is ordered, or (2) the fifth (5th) anniversary of the last day of the term of confinement, if the court does not order community supervision.

**Fee for SAFPF Aftercare (Transitional Treatment Centers):** Code of Criminal Procedure, Article 42.12, Section 14 (c) and (e) requires a judge, who orders a probationer to participate in a Substance Abuse Felony Punishment Facility program, to establish a fee to recover some of the state costs for participating in residential aftercare. The judge shall consider fines, fees, and other necessary expenses for which the defendant is obligated in establishing the amount of the fee. The judge may not establish the fee in an amount that is greater than 25 percent of the defendant's gross income while the defendant is a participant in residential aftercare or require the defendant to pay the fee at any time other than a time at which the defendant is both employed and a participant in residential aftercare. The clerk of a court that collects a fee imposed under Subsection (c) (2) of this article shall remit the fee to the comptroller for deposit into the general revenue fund.

**Payment to a Children's Advocacy Center:** Code of Criminal Procedure, Article 42.12, Section 11, Subsection (h), permits a judge granting community supervision for a person charged with or convicted of an offense under Section 21.11 or 22.011 (a) (2) of the Penal Code to require the offender to make up to a \$50 payment to a children's advocacy center established under Subchapter E, Chapter 264, Family Code.

**Payment to a Family Violence Shelter Center:** Code of Criminal Procedure, Article 42.12, Section 11, subsection (g), permits a judge granting community supervision for a person convicted of an offense

under Offences Against the Person Title 5, Penal Code, that the court determines involves family violence, to require the person to make one payment in an amount not to exceed \$100 to a family violence shelter center that receives state or federal funds and that serves the county in which the court is located. In this subsection, "family violence" has the meaning assigned by Section 71.004, Family Code, and "family violence shelter center" has the meaning assigned by Section 51.002, Human Resources Code.

## FISCAL OFFICER

The judge(s) as described by Government Code Section 76.002 may appoint for the department a fiscal officer, other than the county auditor.

If the designated fiscal officer is a county employee, the county may receive a fiscal service fee to be determined by the CSCD but can not exceed .75% of total TDCJ-CJAD funding received on state aid and grant funding for this service. Payment to the fiscal officer shall be after delivery of services. Adjustments to state aid during the fiscal year may result in adjustments to the fiscal service fee payable to the county. However, grant recipients other than CSCDs may not pay a fiscal service fee to the county for performance of required financial duties.

If the individual is an appointee in accordance with Government Code, Section 76.004, the cost associated with the function of the fiscal officer is paid out of the CSCD's Basic Supervision funds. These costs include salaries, fringe benefits, travel, supplies, facilities, utilities, and equipment.

If the individual is a third party contractor (i.e., an employee, partner, or other representative of a contracted CPA/bookkeeping firm), the cost is subject to the contract between the judge(s) as described by Government Code section 76.002 and the individual who is representing the CPA/bookkeeping firm both in his/her individual capacity and as an officer, partner, or principal of such business entity or firm. All negotiated cost is paid from CSCD funds.

The CSCD shall notify TDCJ-CJAD of the appointment by the judge(s) as described by Government Code section 76.002 of a Fiscal Officer other than the county auditor within ten (10) days of appointment. The appointment notice format and samples of other required documents can be obtained from TDCJ-CJAD.

The local CSCD may assign employees of the CSCD to assist the Fiscal Officer in fulfilling the responsibilities of the Fiscal Officer as outlined in Government Code Section 76.004; however, those assigned employees shall not assume the responsibilities of the Fiscal Officer.

### **CSCD FISCAL OFFICER APPOINTMENT DOCUMENTATION**

Texas Government Code, Section 76.004, effective September 1, 2001 allows the judge(s) as described by Government Code section 76.002 the option to appoint a Fiscal Officer, other than the county auditor, to be responsible for the following:

- Managing and protecting funds, fees, state aid, and receipts to the same extent that a county auditor manages county funds and funds of other local entities;
- Ensuring that financial transactions of the department are lawful and allowable; and
- Prescribing accounting procedures for the department.

Only the judge(s) as described by Government Code section 76.002 may appoint, set the annual compensation, or dismiss the CSCD Fiscal Officer. The judge(s) as described by Government Code Section 76.002 shall establish policies to assure the independence of the Fiscal Officer from the CSCD to which he/she has been appointed oversight of in accordance with Government Code Section 76.004. These policies shall establish a clear independent line of communication between the Fiscal Officer and the judge(s) as described by Government Code section 76.002.

The CSCD Fiscal Officer shall keep on file the following fully executed documents for audit purposes:

- Appointment of CSCD Fiscal Officer;
- Statement of Appointed CSCD Fiscal Officer;
- CSCD Fiscal Officer Oath of Office;
- A current bond in the amount of \$5,000 or more per occurrence;
- Notification to TDCJ-CJAD of the appointment of a CSCD Fiscal Officer other than the county auditor; and
- Any other documents deemed necessary by the district judge(s) relative to the CSCD Fiscal Officer's appointment and/or position (i.e., minutes of any open meeting relative to the appointment, contract with CPA/booking firm, etc.).

**Applicable Laws and Guidelines:** An appointed fiscal officer, at a minimum, should be knowledgeable of the following:

- Local Government Code, Chapter 112, County Financial Accounting;
- Local Government Code, Chapter 113, Management of County Money;
- Local Government Code, Chapter 114, County Financial Reports;
- Local Government Code, Chapter 115, Audit of County Finances;
- Local Government Code, Chapter 116, Depositories for County Public Funds;
- Local Government Code, Chapter 130, Miscellaneous Financial Provisions Affecting Counties;
- Local Government Code, Chapter 140, Miscellaneous Financial Provisions Affecting Municipalities, Counties and Other Local Governments;
- Local Government Code, Chapter 155, Deductions from Compensation of County Employees;
- Local Government Code, Chapter 157, Assistance, Benefits, and Working Conditions of County Officers and Employees;
- Local Government Code, Chapter 171, Regulation of Conflicts of Interest of Officers of Municipalities, Counties, and Certain Other Local Governments;
- Local Government Code, Chapter 172, Texas Political Subdivisions Uniform Group Benefits Program;
- Local Government Code, Chapter 175, Right of Certain Municipal and County Employees to Purchase Continued Health Coverage at Retirement;
- Texas Employees Group Benefits Act of the Insurance Code, Chapter 1551;
- Local Government Code, Title 6, Records, Subtitle B. and C.;
- Local Government Code, Chapter 262, Purchasing and Contracting Authority of Counties;
- Government Code, Section 76.004, Department Director, Fiscal Officer;
- Government Code, Chapter 509, Community Justice Assistance Division;



- *Standard Financial Management System for Texas Cities and Counties, Texas State Comptroller of Public Accounts;*
- *Financial Management Manual for TDCJ-CJAD Funding;* and
- *Contract Management Manual for TDCJ-CJAD Funding of Offender Services.*
- Copies of the above-listed laws may be obtained at the State of Texas Internet Website: [www.state.tx.us](http://www.state.tx.us).
- Publications from the State Comptroller's Office may be obtained at: [www.cpa.state.tx.us](http://www.cpa.state.tx.us).
- On-line copies of the TDCJ-CJAD *Financial Manual* and *Contract Manual* may be obtained through the Bluezone File Transfer Protocol (FTP).

### **Duties of the Fiscal Officer**

The receipt of the fiscal service fee by a county employee, or the receipt of a salary or contracted amount by a fiscal officer other than the county auditor, assumes that the fiscal officer is adequately performing the responsibilities and duties as delineated in this manual. Some of the duties and responsibilities of the fiscal officer are:

- Managing and protecting funds, fees, state aid, and other receipts of money,
- Ensuring that financial transactions are lawful and allowable,
- Ensuring that the CSCD operates from an approved budget,
- Auditing,
- Bookkeeping,
- Developing and documenting written fiscal policies,
- Investing of idle funds as the CSCD directs,
- Timely and accurate preparing of quarterly financial reports,
- Preparing of a Statement of Financial Position at the close of each fiscal year or designated funding period,
- Services set forth in the statutes and in this manual, and
- Other services deemed necessary by the judicial district.

The fiscal officer shall consult with the CSCD director to determine the appropriate amount of idle funds to be invested. Idle funds herein refer to state aid and locally generated funds. The investment shall provide for a reasonable interest rate, necessary protection of principal, and flexibility. Interest received from all investments shall be considered locally generated monies and shall be budgeted and reported in Basic Supervision.

The fiscal officer shall insure that financial transactions by the CSCD or other funding recipient comply with the guidelines in the *Financial Management Manual for TDCJ-CJAD Funding*. The fiscal officer shall not approve expenditures if the proposed expenditure item exceeds the threshold for which prior approval is required by TDCJ-CJAD (see criteria under the budget section of this manual).

### **Negative Fund Balances at Fiscal Year End**

It is inappropriate for governmental funds to be operated in a deficit. The fiscal officer has a duty to inform the funding recipient of the budget limits and must refuse to issue checks for any expenditure that exceeds available funds. Appropriate fiscal management of funds received by CSCDs and other

grant recipients must insure that program budgets are continually monitored by comparing budgets to actual expenditures throughout the fiscal year. CSCDs and other grant recipients cannot absorb a negative fund balance in any program at the end of a fiscal year from funds allocated, awarded, or collected for and/or during the subsequent fiscal year. Any negative fund balance at year-end for CC, DP, or TAIP programs must be covered by an interfund transfer from Basic Supervision at the end of the fiscal year. Alternatively, for CC budgets, a negative fund balance in a CC program budget may be covered from a positive fund balance in another CC budget at year-end. If Basic Supervision has a negative fund balance at year-end, the fourth quarter financial report must include either an adjustment to revenue or to the expenditures so that the fourth quarter report will contain a zero balance. Along with the fourth quarter report, the CSCD shall submit an explanation as to how the shortfall was covered (i.e., reimbursement by the CSCD director, county funds, donation for that specific purpose, etc.).

### **Change Fund**

It is recommended that CSCDs not accept cash payments or personal checks from offenders for payment of required fees or for the collection of other public funds. However, if it is determined that a cash change fund is needed at the CSCD, the fiscal officer may approve an amount of money to be used as a change fund. The change fund may only be used to make change in connection with collections that are due and payable to the CSCD. The Employee Dishonesty Bond coverage must include the CSCD employee who maintains and administers such change fund and shall cover that employee's responsibility for the correct accounting and disposition of the change fund. A change fund shall not be used to make loans or advances or to cash checks or warrants of any kind. (Refer to Local Government Code, Chapter 130, Section 130.902.)

### **Petty Cash Funds**

Petty cash funds, if authorized by the county auditor, shall be used only for specific purposes for allowable items as listed in this manual and shall be expended only for emergency situations authorized by a written policy and approved by the CSCD director. Items that can reasonably be secured through the purchasing system (requisitions and purchase orders) shall not be purchased from petty cash. The bond of the department head who receives a petty cash fund must cover the official's responsibility for the correct accounting and disposition of the petty cash fund. Petty cash funds shall not be used to purchase items for CSCD employees and may not be used to make loans or advances to employees or to cash checks or warrants of any kind. (See Local Government Code, Section 130.909.) Funds from a petty cash fund shall be disbursed using a cash receipt system with funds issued only to vendors. Petty cash funds are closed out at the end of each fiscal year and are restored at the beginning of the following fiscal year.

### **Credit Cards**

Local Government Code § 132.002. Payment of Fees or Costs by Credit Card or by Electronic means indicates that the director of a CSCD, with approval of the judges described by §76.002, Government Code, may authorize a community supervision official who collects fees, fines, court costs, and other charges to: (1) accept payment by debit card or credit card of a fee, fine, court costs, or other charge; and (2) collect a fee for processing the payment by debit card or credit card.

CSCDs may obtain a credit card in the CSCD's name for official use only. Charges to the CSCD credit card for personal items shall not be allowed, even if promptly reimbursed. If a credit card is maintained by the CSCD for official expenditures, the CSCD shall maintain a written policy regarding credit card use by employees.

### **Financial Records**

Government Code 509.004 (a) (1) requires each department to keep financial and statistical records determined necessary by TDCJ-CJAD. Financial records that each department or fiscal officer must keep (in electronic and/or paper format) shall include, but are not limited to:

- Journals, ledgers, receipt books, and other normally accepted records and documentation to support all financial activities of the department;
- Individual offender records indicating fees paid and balances due;
- Canceled and voided checks and receipts or other records of payments;
- Bank statements and monthly reconciliations;
- Personnel records and payroll determinations, including attendance and leave records;
- Vouchers and invoices documenting disbursements;
- Records to document number of cases supervised and counted for state aid (electronic file or paper copy of each month's list of direct cases corresponding to each MCSCR); UPDATE THIS
- Lists of offender names and other case file documentation to support state aid reimbursements;
- Copies of budgets, quarterly financial reports, independent audit reports, and annual statements of financial position; records of open meetings held;
  - Documentation of procurement practices;
  - Copies of contracts and leases;
  - Records indicating payments by certain sex offenders and remittance by the department to the State Comptroller;
  - Records supporting restitution collections from offenders and paid to victims, including the tracking of unclaimed restitution payments; and
  - Written department policies and procedures covering all financially related activities.

Specific guidelines and requirements for required records are issued periodically by TDCJ-CJAD to the departments. All financial records must be kept on file for audit purposes in compliance with the records retention guidelines outlined in Local Schedule GR, issued by the Texas State Library and Archives Commission and in compliance with TDCJ-CJAD policy.

## PURCHASING

Texas Local Government Code 140.003 identifies CSCDs as specialized local entities that must purchase items in accordance with the same procedures applicable to a county under Subchapter C, Chapter 262, "Competitive Bidding in General," of the Local Government Code. As such, except where otherwise more restrictive, as provided in the *Contract Management Manual for TDCJ-CJAD Funding of Offender Services*, CSCDs are subject to the same requirements applicable to counties as required by State Statutes. TDCJ-CJAD encourages CSCDs to make a good faith effort to utilize historically underutilized businesses for programs and services.

CSCDs that purchase goods and services in accordance with an interlocal cooperation contract with the county satisfy the Local Government Code's requirement to seek competitive bids for the purchase of goods and services, provided that the county has complied with the County Purchasing Act. In addition, a local governmental entity, including a CSCD, may enter into an agreement with the State or a state

agency, including the State Purchasing Office and the Comptroller of Public Accounts, to purchase goods and services without the requirement of competitive bids.

Refer to the *Contract Management Manual for TDCJ-CJAD Funding of Offender Services* for additional purchasing requirements, including, but not limited to, competitive procedures (bids, quotes, Requests for Proposals), contracts, and monitoring of vendors.

Petty cash funds shall not be used to purchase items that could reasonably be purchased by following the CSCD's purchasing procedures (requisitions and purchase orders).

## CONTRACTS FOR OFFENDER SERVICES

For information regarding contracting with vendors for offender services, refer to the *Contract Management Manual for TDCJ-CJAD Funding of Offender Services* effective September 1, 2011. CSCDs shall comply with the *Contract Management Manual*.

Contracts with vendors for offender services, in compliance with the *Contract Management Manual* shall be executed prior to expenditure of funds to the vendors.

Contracts for the operation of a Community Corrections Facility (CCF) by a vendor must be competitively bid and must follow the guidelines in the *Contract Management Manual*, including submission by the vendor to the CSCD of a vendor budget substantiating the vendor rate per day. Government Code, Section 2251.027, (e) indicates that a political subdivision may not require a vendor or subcontractor to agree to waive the vendor's or subcontractor's right to interest charged on late payments as a condition of a contract between the parties. Although interest is an allowable expenditure on late payments to a vendor, it is unallowable to pay (or agree to pay in a contract) any collection costs or attorney fees for amounts overdue to a vendor if legal action is brought by a vendor against the CSCD. The Texas Constitution, the Local Government Code, and the Appropriations Act do not provide any authority to appropriate public funds to pay for collection activities against the State or its political subdivisions.

## INSURANCE

Certain types of insurance coverage can be purchased with State funds only if the coverage is secured through an insurance risk pool. Other than Risk Pool Insurance, purchase of all insurance coverage must comply with the requirements for competitive bids unless the administrative judge or board of judges in open meeting certifies that the particular insurance coverage can be obtained only from a sole source.

A governmental risk pool is "self-insurance" with contributions provided by the members of the risk pool; therefore, there is no need to request bids for this type of insurance. The types of insurance coverages that must be obtained from a risk pool are:

- **General Liability Insurance** -- Covers the CSCD against suits resulting from perceived negligence issues covered by the Texas Tort Claims Act (Example: an offender trips over a rug in the CSCD office.);

- **Liability Insurance for Operation of a Motor Vehicle** -- Covers the CSCD against suits resulting from perceived negligence by a CSCD employee while operating a CSCD-owned vehicle;
- **Collision Insurance for Damage to a Motor Vehicle** -- Covers the CSCD against damage to third-party-owned vehicles resulting from automobile accidents.

Other types of insurance coverage may be obtained directly from vendors; however, if the annual premium is over \$50,000, the CSCD must publish a competitive bid request. Other types of insurance, which the CSCD may obtain, are:

- **Liability Insurance** -- Covers acts arising from the use of a leased premise, if required as a condition of the lease agreement;
- **Professional Liability Insurance** -- Covers individual administrators of a CSCD (including judges for their administrative duties vis-à-vis a CSCD), and can include firearms liability, if this coverage is added to the policy, for those CSCDs authorized to carry firearms;
- **Personal Property Insurance** -- Covers damage to personal property purchased with State funds;
- **CSR and Volunteer Accident Insurance** -- Provides emergency medical coverage for volunteers and/or for defendants injured in the performance of community service programs operated under the auspices of a CSCD; and
- **Comprehensive Insurance** -- Covers the CSCD against damage to CSCD-owned vehicles.

**Government Code 76.005 (c) states that a community supervision officer (CSO) cannot serve as a “peace officer” while holding the office of CSO. Given that statute, CSOs do not serve as “peace officers” and are not in the category or class covered by the Peace Officer Risk Loss Pool of the Texas Association of Counties.**

**Solely at the discretion of the CSCD director, a CSCD may participate with the county for coverages under the county insurance policies.**

## **EMPLOYEES RETIREMENT SYSTEM (ERS)**

In accordance with Chapter 1551, Texas Employees Group Benefits Act of the Insurance Code, the employee’s retirement system (ERS) shall administer the insurance benefits for community supervision and corrections department (CSCD) employees, dependents, and retired employees. Premiums for state employees’ insurance benefits are administered under the same chapter. Chapter 1551 provides an exemption from premium and maintenance taxes and other fees. CSCD employees’ premiums that were not previously exempt from insurance taxation will not be exempt.

It is the responsibility of each CSCD to: (a) No later than June 1 of each year, submit to the board of trustees an estimated number of active employees, retired employees and dependents of active or retired employees to be enrolled in the group benefits program for the following fiscal year; and, (b) **Reconcile,**

**each month, department records of requested participation in the group benefits plan and board of trustee's records of coverage.**

Insurance policies and procedures are available through the ERS's online system at [www.ers.state.tx.us](http://www.ers.state.tx.us) or CSCD employees can obtain a copy from their local Benefits Coordinator. It is the responsibility of the CSCD employee to be knowledgeable, or seek clarification, of ERS insurance procedures.

#### **Insurance Remittance Schedule:**

The Benefit Coordinator for each CSCD shall submit the required monthly reconciliation forms in accordance with the TDCJ-CJAD ERS reconciliation procedures.

**Payroll Deduction Payment** shall be posted in the bank account in Huntsville no later than the last working day of each month. (**For example:** If a CSCD's payment for the month of September is not deposited into the assigned bank account by the 30<sup>th</sup> day of September, the CSCD employee premium is not paid until the month of November, requiring additional reconciliation work by the CSCD's Benefits Coordinator and by TDCJ-CJAD staff.)

**Payroll Deduction Remittance Form** shall be submitted to TDCJ-CJAD on the same date that **payroll deduction** payment is sent to the Cashier's Office in Huntsville, Texas (by the last day of the current month).

**Cost Projections Form** shall be submitted to TDCJ-CJAD no later than the 18<sup>th</sup> of the current month. (**For example,** September 2011 cost projection is due no later than September 18, 2011). The Benefits Coordinator shall verify variations from the current month to the previous month's cost projection report to ensure that total employees match the payroll summary for that month.

**Monthly Employee Reconciliation Form** shall be submitted to TDCJ-CJAD no later than the 23<sup>rd</sup> of the month. (**For example,** the CSCD's September 2011 reconciliation is due no later than October 23, 2011). The Benefits Coordinator shall prepare a detailed excel schedule of all affected month's payments made by the CSCD's employees and shall ensure that the balances are the exact amounts based on the CSCD's cost projections submitted to TDCJ-CJAD for the respective month.

**Monthly Employer Portion Reconciliation Form** shall be submitted to TDCJ-CJAD no later than the 23<sup>rd</sup> of the month. (**For example,** the September 2011 reconciliation is due no later than September 23, 2011.)

**Family Medical Leave (FML) Form, Leave without Pay (LWP) and Retiree Forms** shall be submitted to TDCJ-CJAD by the 23<sup>rd</sup> of the current month and only if a CSCD has a new retiree or when an employee is going out or coming back from FML or LWP (**For example,** an employee is retiring September 30, 2011; therefore, a retiree form shall be submitted by September 23, 2011.)

# CONFLICT OF INTEREST

## **Political Aid and Legislative Influence Prohibited (General Appropriations Act)**

CSCDs shall comply with their internal policies and the Code of Ethics propounded by TDCJ-CJAD. None of the funds appropriated by the State Legislature, regardless of source or character, shall be used for influencing the outcome of any election, or the passage or defeat of any legislative measure.

Except as authorized by law, State funds shall not be expended in payment of membership dues to an organization on behalf of the CSCD or an employee of the CSCD if the organization pays all or part of the salary of a person required to register under Chapter 305, Government Code (regarding lobbyists).

## **Standards of Conduct and Conflict of Interest by CSCD Employees**

CSCDs' departmental policies shall include appropriate policies addressing conflicts of interest by CSCD employees.

CSCD directors, CSCD fiscal officers and CSCD employees shall not exhibit any undue influence or the appearance of undue influence by receiving gifts from, remuneration of any kind from, working for or having a financial interest in financial transactions that purchase contracts, services, property, supplies or products for the CSCD for which employed.

CSCD employees may act as consultants or trainers or provide workshops or other services to other CSCDs or to private entities for payment only if done so on their own time; i.e., vacation or accumulated leave shall be taken and documented as specified in the required CSCD's official policy manual. In addition, CSCD employees shall not use CSCD supplies, offices, telephones, computers, or other equipment in preparation for or to conduct workshops, consultant activities, or other outside activities for which the CSCD employee is paid by other entities.

# INTERNAL CONTROLS

A very important part of the financial operations of a CSCD is the implementation of controls over the financial operations of the CSCD. In order to accomplish this task, the CSCD must provide clear, concise, written Fiscal Policies and Procedures to its employees. These written Fiscal Policies and Procedures must address what functions are to be performed and by whom. In addition, the CSCD must have a regularly scheduled back-up system in place for all computer records, which includes off-site or fireproof storage of the back-up computer records.

The Fiscal Policies and Procedures will provide the CSCD with the critical element for financial integrity. With financial integrity, the CSCD director can assure that the operations of the CSCD provide for accountability of all assets, and the auditor can determine whether or not expenditures are properly recorded and approved.

The following list of internal control functions, although not all-inclusive, is intended to provide some guidance to funding recipients for developing and evaluating internal controls.

## **I. RECEIPTS**

- Receipts shall be issued immediately to offenders who pay fees to the CSCD.
- Offenders should be encouraged to pay required fees by money order or cashier's check.

- Receipts shall identify the type of payment being made.
- Voided receipts shall be kept on file.
- Written procedures shall be developed to identify the receipts deposited by noting the beginning and ending receipt numbers.
- Deposit slips shall be reconciled to the actual receipts and to the collections.
- Payment history records on individual offenders shall be maintained.
- Payment history records shall contain the following information:
 

a. Offender Name	d. Gross Breakdown of Payment
b. Receipt Number	e. Date of Payment
c. Amount of Payment	f. Balance Owed
- Daily postings shall be made to the offenders' payment history records when information changes.
- Procedures shall be implemented to periodically perform internal audits of payment history records to insure accurate postings to the ledgers from receipts.
- The person opening the mail or the person receiving the payment when paid in person shall immediately restrictively endorse all non-cash remittances.

A. Additional Controls for Computerized Receipts

- Computer generated receipts shall be pre-numbered or numbered by the computer.
- The computer system shall maintain a payment history on each offender.
- The computer system shall automatically post to the computer-controlled payment history kept on each individual.
- Written procedures shall be developed to control any entries on the computerized payment histories that are not initiated by the issuing or voiding of a receipt.
- Computer controls must include a daily scheduled back up of computer records. Backup must be kept off site or in fireproof storage.
- When the computer is inoperable:
  - Handwritten receipts shall be used when the computer is inoperable.
  - Handwritten receipts shall be pre-numbered.
  - Handwritten receipts shall be later posted to the computer system by issuing a computer-generated receipt.
  - A copy of the computer-generated receipt shall be forwarded to the offender or placed in the offender's file.

B. Additional Controls for Handwritten Receipts

- Receipts shall be consecutively pre-numbered.
- Receipts shall be used in consecutive order within the receipt book and the receipt books issued in sequential order.



## **II. SEPARATION OF DUTIES**

Written policies shall be developed to ensure that the following functions are properly distributed among responsible personnel. These duties must be segregated among the personnel to allow for adequate checks and balances:

- Picking up or collecting the mail.
- Opening the mail.
- Listing of remittances received in the mail on a control sheet unless the person opening the mail also writes receipts.
- Reconciling of the control list to the actual receipts issued.
- Receipting for mail-in payments.
- Receipting for payments made in person.
- Preparing deposit slips.
- Totaling receipts and reconciling them to the deposit slip before the deposit is made.
- Making daily deposits. (Any collections remaining after the daily deposit has been made must be secured overnight.)
- Verifying the bank validated deposit slip by adding receipts.
- Reconciling bank statements promptly when received from the bank.
- Preparing checks.
- Signing checks (at least two authorized signatures required).
- Distributing checks.

## **III. DISBURSEMENTS**

- All checks shall be pre-numbered and accounted for.
- Voided or spoiled checks shall be maintained and prevented from being reused.
- Checks shall never to be written to "cash" or signed in blank.
- Transfers shall be made from the department's collection accounts to the county treasurer in the chief county (or county designated by the administrative district judge to care for the department's funds as the department directs) for deposit into the county treasury in compliance with existing statutes (refer to Local Government Code, Chapter 113, Section 113.022 for time line requirements for making deposits).
- All disbursements, whether from the collection accounts or from the judicial district community supervision and corrections fund maintained in the county treasury, shall require at least two officials responsible for co-signing checks or warrants.
- Procedures shall be developed to ensure that all collections of restitution to victims are disbursed in accordance with all applicable laws and regulations.
- Records shall be maintained on each case that indicates the amount collected to date and the amount disbursed.
- Computer records shall be regularly backed up.
- Petty cash funds, if authorized by the county auditor, shall be used only for specific purposes for allowable items as listed in this manual and shall be expended only for emergency situations authorized by a written policy and approved by the CSCD director. Items that can reasonably be

secured through the purchasing system (requisitions and purchase orders) shall not be purchased from petty cash. The bond of the department head who receives a petty cash fund must cover the official's responsibility for the correct accounting and disposition of the petty cash fund. Petty cash funds shall not be used to purchase items for CSCD employees and may not be used to make loans or advances to employees or to cash checks or warrants of any kind. (See Local Government Code, Section 130.909.) Funds from a petty cash fund shall be disbursed using a cash receipt system with funds issued only to vendors. Petty cash funds are closed out at the end of each fiscal year and are restored at the beginning of the following fiscal year.

## **EMPLOYEE DISHONESTY COVERAGE**

CSCD directors shall ensure that all public funds are protected by requiring that all employees with access to funds are covered by Employee Dishonesty Bond coverage and that all funds maintained on CSCD premises are protected by appropriate insurance or bonding. Funds on CSCD premises shall not exceed insurance/bond limits of coverage.

CSCDs that have been authorized to have a change fund shall have Employee Dishonesty Bond coverage on the employee who maintains and administers the change fund or petty cash fund, and the coverage shall include the employee's responsibility for the correct accounting and disposition of the change fund or petty cash fund.

CSCDs that have a CSCD fiscal officer that has been appointed by the district judge and where that fiscal officer is an individual other than the county auditor may pay the expense of the required fiscal officer's Employee Dishonesty Bond coverage for that individual. The bond shall cover the performance of the fiscal officer's duties.

## **AUDITS**

### **I. TDCJ-CJAD AUDITS**

TDCJ-CJAD or any TDCJ-CJAD designee may inspect and evaluate a CSCD or other funding recipient and its contracted vendors or conduct audits of financial records, program compliance, or performance records of TDCJ-CJAD funded activities or transactions at any reasonable time to determine compliance with TDCJ-CJAD guidelines, policies, rules, standards, *the Contract Management Manual for TDCJ-CJAD Funding of Offender Services*, and/or the *Financial Management Manual for TDCJ-CJAD Funding*. In addition, CSCDs or other funding recipients shall comply with requests for financial records and information relative to TDCJ-CJAD desk audits.

### **II. INDEPENDENT AUDIT PROCESS**

TDCJ-CJAD is legislatively mandated to provide full accountability of all state funds released to funding recipients. Consequently, TDCJ-CJAD has developed an annual independent audit process to provide assurances that state funds released to funding recipients are accounted for properly. CSCDs, through the Basic Supervision funds, are required to provide an independent CPA audit on all funds received. The CSCD is responsible for the selection of the independent auditor.

It is the responsibility of TDCJ-CJAD to provide concise guidelines and instructions for the funding recipient on the independent audit process and to follow up on resolution of audits. The independent auditor is to follow the guidelines issued by TDCJ-CJAD for the year under audit. Guidelines are issued each year prior to the end of the fiscal year to be audited.

During the independent audit process, the independent auditor shall conduct an assessment of the department's internal controls. Certain aspects of the CSCD's financial operation may be identified that do not provide the necessary controls. Subsequently, a management finding shall be issued describing what control is lacking and a recommendation of the proper way to implement the necessary corrective action.

It is the responsibility of the funding recipient to insure that the independent auditor engaged to conduct the audit is provided with the guidelines issued by TDCJ-CJAD. The funding recipient shall also be responsible for insuring that the report is prepared in accordance with approved TDCJ-CJAD audit guidelines.

Upon receipt of the independent audit, the TDCJ-CJAD staff shall:

- Review the report for compliance with the audit guidelines, and
- Compare the audited financial reports with financial information from the funding recipient on file at TDCJ-CJAD and with financial information prepared by TDCJ-CJAD.

Any findings that require resolution will go through TDCJ-CJAD's resolution process:

- The CSCD shall receive an initial letter describing the issues currently unresolved and requesting clarification and action plans to resolve these issues. Should the initial response by the CSCD resolve all issues, TDCJ-CJAD shall issue a letter of acceptance of the report.
- If issues remain unresolved, a second letter requesting further information shall be sent to the CSCD.
- If items remain unresolved after the CSCD's response to the second letter is reviewed, a third and final letter shall be issued providing the recipient with TDCJ-CJAD's conclusions regarding the unresolved issues.
- The funding recipient has the right to respond to the final letter if he/she disagrees with the conclusions of TDCJ-CJAD.

It is the responsibility of the funding recipient to implement any corrective action required by TDCJ-CJAD to strengthen accountability and internal controls in an effort to safeguard State funds. Failure to implement the findings or comply with TDCJ-CJAD action plans can result in sanctions. Review criteria for funding of grant programs include reduced scores (and possible reduced funding) for CSCDs that have independent audit findings.

### **III. AUDITS BY OTHER STATE AND LOCAL OFFICIALS**

The following officials may inspect and evaluate a CSCD or other funding recipient and its contracted vendors or examine and audit financial records, accounts, transactions, receipts, and expenditures of a CSCD at any reasonable time to determine compliance with TDCJ-CJAD guidelines, policies, rules, standards, economical and efficient use of resources, reliability and integrity of information, safeguarding of assets, and State laws:

- The State Comptroller;
- The State Auditor;
- TDCJ Internal Audit Division; and
- The County Auditor.

#### IV. AUDIT GUIDELINES FOR OFFENDER SERVICES

For the vendor monitoring requirements and guidelines for offender services, please refer to Section “V” of the TDCJ-CJAD, *Contract Management Manual*, revised September 2011.

## SANCTIONS

As provided in Sec. 509.012, Local Government Code and in TDCJ-CJAD Standards, TDCJ-CJAD may impose sanctions on a funding recipient for:

- Intentional diversion of state funds for purposes other than the state funding award;
- Law violations;
- Intentional violation of TDCJ-CJAD Standards; and
- Failure to implement TDCJ-CJAD approved action(s) that are a result of audits.

The sanctions that TDCJ-CJAD may impose include the reduction, refusal, or suspension of State aid payments.

If the division proposes to invoke any of the above sanctions for allocated funds, these sanctions are primarily imposed on formula funding. Other rules apply to grant funds, and the CSCD is entitled to notice and a hearing process (See TDCJ-CJAD Standards, Contested Matters).

## WAIVERS

A CSCD or other grant recipient may request a waiver from TDCJ-CJAD's Standards. For example, a CSCD submits a purchase order for computer equipment prior to August 31 at the end of a biennium, but the equipment has not been delivered by October 31, the deadline for payment and receipt of ordered goods from the previous fiscal year; i.e., the CSCD must clear all receivables and payables from the previous year's financial activity by October 31. The CSCD may submit to TDCJ-CJAD a Request for Waiver to TDCJ-CJAD Standard 163.43 (b) (7). The Request for Waiver must include the date by which the CSCD will comply with the specific TDCJ-CJAD Standard.

Requests for Waiver shall be considered by TDCJ-CJAD only if received by November 30 following the close of a biennium.

# ALLOWABLE AND UNALLOWABLE EXPENDITURES

## **REFUNDS TO OFFENDERS**

If the CSCD issues a check to an offender and the check is undeliverable, the CSCD shall coordinate with the county treasurer for compliance with Chapter 76 of Title 6, Unclaimed Property, Texas Property Code. Unclaimed money over \$100, including uncashed checks that are at least three (3) years old and still remain outstanding on bank account reconciliation, shall be remitted to the State Comptroller on prescribed forms. These undeliverable funds do not include unclaimed victim restitution that is covered under Section 76.013 of the Government Code.

## **EXPENDITURES**

The following pages list the allowable and unallowable expenditures by each line item category used by CSCDs and other TDCJ-CJAD funding recipients. In addition, notes specific to the line item categories are included and are requirements for the specific expenditures. The listings of allowable and unallowable expenditures are not meant to be all-inclusive, since new expenditure items will continue to occur. If a CSCD or funding recipient cannot determine if an expenditure is allowable or unallowable from the lists provided, they must contact TDCJ-CJAD for clarification. As decisions are made concerning new items, TDCJ-CJAD will forward updates to all funding recipients and fiscal officers.

**For Items not listed as “allowable” or “unallowable,” call the TDCJ-CJAD Budget Unit for clarification.**

## SALARIES

### ALLOWABLE

### UNALLOWABLE

Basic Supv.	CC/DP & TAIP Non- CCF*	CC/DP & TAIP CCF*	Expenditure Items	Basic Supv.	CC/DP & TAIP Non- CCF*	CC/DP & TAIP CCF*
X	X	X	Base salary (including regional absconder location officers; employing CSCD may be partially reimbursed by other CSCDs in resource pooling effort)			
X	X	X	Contract labor performing CSCD job functions and not otherwise employed by the CSCD (PSI writers, CSR supervisors, absconder location officers, etc.; viewed as independent contractors, therefore, fringe benefits do not apply)			
X	X	X	Cost of living increase (per written CSCD policy)			
X	X	X	Longevity increase (may be a one-time payment provided it is budgeted and accrued from the beginning of the fiscal year and corresponds to the written policy and is actually paid to county employees)			
X	X	X	Merit Increase or One-time Merit Payment (per written CSCD policy and based on job performance)			
X	X	X	Overtime (at least one and a half times base pay)			
X	X	X	Part-time labor			
X			Salary for individual appointed as CSCD Fiscal Officer (not county auditor or treasurer)		X	X
			Salaries of any employee without proper documentation of actual hours worked and/or use of paid accumulated leave	X	X	X
X	X	X	Step increase (per written CSCD policy)			
X	X	X	Temporary labor			

\*Community Corrections Facility

#### **Notes/Specific Requirements for Salaries Expenditures:**

- 1) These expenditures represent remuneration paid for employees.
- 2) Non-exempt employees who provide extra services after hours, i.e., DWI classes, literacy classes, etc., must be paid at least one and a half times their normal rate of pay for the hours in excess of 40 hours. The CSCD or other funding recipient may not contract with current full-time employees or pay lump-sum amounts for additional work above the 40-hour week. This does not apply to occasional extra time worked, which is covered by a written, local policy on flex/compensatory time off. Exempt employees of the CSCD are not paid an additional amount for providing extra services after working the normal workday or 40-hour work week but may apply the written flex/compensatory time policy.
- 3) A Community Supervision and Corrections Department may award a merit salary increase or a one-time merit payment to an employee in relation to his or her current performance evaluation. The CSCD must establish a policy for eligibility of a merit or one-time payment which should include the following:
  1. The employee has been employed by the CSCD for six months of continuous employment by the CSCD in a position before the effective date of the increase.
  2. The effective date of the increase is at least six months after the employee's last promotion or merit salary increase for performance in that position.
  3. The employee's job performance and productivity in that position are consistently above that normally expected or required.
  4. The effective date of the increase is at least six months after the effective date of the CSCD's last payment to the employee of an enhanced compensation award or one-time merit payment for performance in that position.
  5. The one-time merit expenditures, cumulatively, shall not exceed 3% of the total salary line.

- 4) In order to award a one-time merit to employees in DP and TAIP funded programs, a CSCD must complete an interfund transfer from Basic Supervision or Community Corrections. The funds must actually be moved from Basic Supervision or Community Corrections to the DP or TAIP program.
- 5) DP-funded residential facilities must receive **prior** approval from TDCJ-CJAD for any increases in the level of annual salary of individual personnel positions, or in the number of personnel positions, or in the total salaries/fringe line item amount.
- 6) All DP and TAIP employee positions are funded and approved at the level listed in the CJP budget request and/or at the level of the initial approved budget for the biennium. Any increase in salaries for these grant positions must be supported by interfund transfers from Basic Supervision or Community Corrections. This required interfund transfer shall remain in place during future fiscal years or until TDCJ-CJAD approves the CSCD's request to terminate the interfund transfer. The funds must actually be moved from Basic Supervision or Community Corrections to the DP or TAIP program.
- 7) CSCD employees may not be paid for any services they provide to other CSCDs or to private entities unless the service is provided on a weekend or on a workday for which the employee takes documented vacation or accumulated leave as specified in the required CSCD's official policy manual.

## FRINGE BENEFITS

### ALLOWABLE

### UNALLOWABLE

Basic Supv.	CC/DP & TAIP Non- CCF*	CC/DP & TAIP CCF*	Expenditure Items	Basic Supv.	CC/DP & TAIP Non- CCF*	CC/DP & TAIP CCF*
X	X	X	County Benefits that do not compete with benefits available through ERS			
X	X	X	Death benefits through TCDRS			
			Dental insurance	X	X	X
			Disability insurance	X	X	X
X	X	X	Additional group life insurance through TCDRS (must be above the limits offered by ERS)			
			Life insurance of any type as a separate policy	X	X	X
			Medical insurance	X	X	X
X	X	X	Retirement insurance (for employees who retired prior to the CSCD joining ERS)			
X	X	X	Social Security (also known as OASI, FICA)			
X	X	X	Texas County and District Retirement System (TCDRS) employer contributions			
X	X	X	Termination benefits (must have written policy applicable to all employees)			
X	X	X	Unemployment insurance			

\*Community Corrections Facility

#### **Notes/Specific Requirements for Fringe Benefits Expenditures:**

- 1) These expenditures represent fringe benefits paid to employees of a CSCD as part of a comprehensive payroll package.
- 2) IRS Regulations indicate that an employee may commute to and from work for noncompensatory reasons in a vehicle used in the business provided that certain guidelines, as listed in the law, are followed. Those guidelines include, among others, that
  - (a) \$3.00 per day (\$1.50 per one-way trip) must be added to the employee's taxable income for computing applicable withholding of federal taxes for the individual,
  - (b) The business must have a written policy on such use, and
  - (c) The vehicle cannot be used for personal purposes. CSCDs and other grant recipients are required to follow these guidelines. Refer to the specific Federal Tax Code for additional information.
- 3) Effective September 1, 2004, the Employee Retirement System of Texas (ERS) assumed the responsibility of providing a number of benefits for all CSCD employees and those who retire from CSCD's. Those benefits include: health insurance, dental insurance, disability insurance and life insurance.
- 4) CSCDs are allowed to pay retiree health benefits for employees who retired prior to September 1, 2004, provided that a plan was in effect at that time.
- 5) An allowance provided to an employee for a cell phone is a fringe benefit and is taxable per IRS regulations. The allowance amount must be included in the employee's compensation.
- 6) A partial per diem reimbursement to an employee (meals and other one-day expenses) where the employee does not spend the night for official business purposes is taxable to the employee and must be included as compensation through the payroll system. (Refer to IRS guidelines).



## TRAVEL

### ALLOWABLE

### UNALLOWABLE

Basic Supv.	CC/DP & TAIP Non- CCF*	CC/DP & TAIP CCF*	Expenditure Items	Basic Supv.	CC/DP & TAIP Non- CCF*	CC/DP & TAIP CCF*
X	X	X	Air fare			
X	X	X	Airport parking fees			
			Alcoholic drinks	X	X	X
X	X	X	Bus transportation			
X	X	X	Copying costs or faxes for official purposes while on official travel			
			Extradition	X	X	X
X	X	X	Gas for rental car while on official travel			
X	X	X	Insurance (collision for rental car)			
			Laundry cost of personal clothes	X	X	X
			Liability insurance for personally-owned vehicles	X	X	X
X	X	X	Lodging for overnight travel while on official business			
X	X	X	Meals for travel outside designated headquarters			
X	X	X	Mileage for business use			
			Parking fees for daily office parking for employees' personally-owned vehicles	X	X	X
X	X	X	Parking fees while on official CSCD business			
X	X	X	Parking for volunteers			
X	X	X	Per diem while on official business travel			
			Personal accidental injury insurance for rental cars or personally-owned vehicles	X	X	X
			Personal phone calls	X	X	X
X	X	X	Phone calls for official business (local and long distance) while on official travel			
X	X	X	Rental cars (including tax)			
			Repairs to personally-owned vehicles, even if damage occurs on travel status for CSCD	X	X	X
X	X	X	Taxi fares while on official business			
			Tips and gratuities	X	X	X
X	X	X	Toll Fees			
X	X	X	Train transportation			
			Travel expenses for another office, such as juvenile, transporting prisoners or serving warrants	X	X	X
X	X	X	Travel expenses for volunteers (includes interns)			
			Travel expenses for transporting state jail confinees	X	X	X
			Travel expenses of any person (spouse, family, etc.) not an employee, a district judge, or volunteers on CSCD business	X	X	X

\*Community Corrections Facility

#### **Notes/Specific Requirements for Travel Expenditures:**

- 1) These expenditures represent reimbursements paid to employees for business travel related to community supervision and corrections and approved by the CSCD director. All travel expenses, including travel for conferences, workshops, and training seminars, are budgeted from this category. Travel expenses may only be

paid for individuals who are employees of the CSCD or judges who are trying criminal cases, judges who are responsible for the establishment of the CSCD, and volunteers while on business directly related to the CSCD.

- 2) Per diem reimbursement to CSCD employees shall comply with the CSCD's written policy on travel for employees on official CSCD business. The CSCD may adopt the State's travel policies and per diem rates, or the county's travel policies and per diem rates, or the CSCD may devise its own travel policies and per diem rates, as long as the rates (hotel and meals) do not exceed the highest rates of either the State or the county.
- 3) Travel advances to employees are never expenditures listed in the CSCD's budgets or financial reports. Rather, advances are loans to the employee and are to be recorded as a receivable until such time as the travel occurs. The employee must submit documentation to substantiate the travel expenses. The travel advance is then reversed, and travel expenditures are recorded in the proper amount and in the proper program budget. If actual expenditures are more than the advance, then a check shall be issued to the employee for the difference. If actual expenditures are less than the advance, then a refund must be obtained from the employee for the difference.
- 4) Do not report travel advances on the TDCJ-CJAD quarterly financial reports. Instead, report the actual dollar amount of travel expenditures.
- 5) Employee advances may be made from the current year's funds for travel to be made during the first week or two of the new fiscal year. However, a receivable from the employee would be indicated on the Statement of Financial Position to reflect the CSCD's financial position as of August 31.
- 6) Reimbursement for mileage for the use of personal automobiles on official business between/among multiple business locations of the CSCD must follow the IRS rules for business mileage reimbursement. Mileage reimbursement is never allowed between an employee's personal residence and the employee's regular place of business. Although not all inclusive, the following are some of the IRS guidelines for mileage reimbursement:
  - The employee's "tax home" is the regular or principal place of business, employment, or duty post, regardless of where the employee maintains his/her family residence.
  - If an employee works for the employer at more than one location, then the tax home would be the "main place of business." This is determined by:
    - i. The total time an employee ordinarily spends working in each area;
    - ii. The degree of business activity in each area; and
    - iii. The relative amount of income from each area (would apply to employment by both adult and juvenile departments, employment under the CSCD and for civil case supervision, bond supervision and/or grants from sources other than TDCJ-CJAD).
- 7) Partial per diem reimbursement to an employee (meals and other one-day expenses) where the employee does not spend the night for official business purposes is taxable to the employee and must be included as compensation through the payroll system. (Refer to IRS Guidelines.)

## FURNISHED TRANSPORTATION

### ALLOWABLE

### UNALLOWABLE

Basic Supv.	CC/DP & TAIP Non- CCF*	CC/DP & TAIP CCF*	Expenditure Items	Basic Supv.	CC/DP & TAIP Non- CCF*	CC/DP & TAIP CCF*
X	X	X	Alarm system for CSCD-owned vehicle			
X	X	X	Base station for car radios			
			Expenditures for personal vehicles	X	X	X
X	X	X	Gas, oil, and other fluids for CSCD-owned vehicles or rental vehicles while on official business			
X	X	X	Inspection, registration, and other service			
X	X	X	Insurance on CSCD-owned vehicles			
X	X	X	Maintenance and repairs for CSCD-owned vehicles			
X	X	X	Mobile phone (permanently affixed) for CSCD-owned vehicles			
X	X	X	Mobile radios for vehicles in use for official CSCD business			
			Mobile radios for personal use	X	X	X
X	X	X	Signage on CSCD-owned vehicles			
X	X	X	Tires			
X	X	X	Towing			
X	X	X	Two-way radios			
X	X	X	Vehicle purchase or lease for CSCD business			
X	X	X	Wash and wax			

\*Community Corrections Facility

#### **Notes/Specific Requirements for Furnished Transportation Expenditures:**

- 1) These expenditures represent costs related to vehicles that are furnished to employees by the CSCD or other sources for official business purposes. Vehicles furnished to employees should be economical vehicles with low operating costs. CSCDs are encouraged to seek trade-in allowances on new vehicles.
- 2) Texas ownership titles for vehicles must be in the CSCD's name (not the county's name) if purchased with State funds.
- 3) Should a CSCD program be terminated, vehicle ownership will be coordinated through TDCJ-CJAD.
- 4) Vehicles purchased from one program budget can be transferred to another program only after following the procedures in the "Disposal of Surplus Equipment" section of this manual.
- 5) Mileage logs indicating vehicle use by listed employees, purpose of trips, mileage, etc. must be maintained in each CSCD-owned vehicle.
- 6) Effective September 1, 2011, purchase with CSCD funds of new vehicles is limited to those types of vehicles on the State contract (per the State Comptroller's Website). **CSCDs should purchase vehicles based on minimal requirements needed by the department for program operations and supervision of offenders and should consider fuel efficiency of the vehicles purchased.**

**CONTRACT SERVICES FOR OFFENDERS**

**ALLOWABLE**

**UNALLOWABLE**

Basic Supv.	CC/DP & TAIP Non-CCF*	CC/DP & TAIP CCF*	Expenditure Items	Basic Supv.	CC/DP & TAIP Non-CCF*	CC/DP & TAIP CCF*
X	X	X	Alcohol/drug abuse services for offenders			
X	X	X	Bus tickets for offenders			
			Contracts between the CSCD and its employees	X	X	X
X	X	X	Counseling therapy			
X	X	X	DNA Testing			
X	X	X	DWI education programs			
X	X	X	Electronic monitoring services			
X	X	X	Employment services (including preparatory classes)			
X	X	X	Evaluations			
X	X	X	GED testing and services			
			General dental care	X	X	X
			General health care	X	X	X
X	X	X	Hot check school			
X	X	X	Interpreters for offenders			
			Legal services for offenders	X	X	X
X	X	X	Liability insurance for CSR workers			
X	X	X	Medical/dental examinations related to residential placement			
			Nursing home services	X	X	X
X	X	X	Outpatient services and treatment			
			Private nursing care	X	X	X
X	X	X	Psychological services			
X	X	X	Psychological testing			
X	X	X	Rehabilitative Services, i.e., Ropes Courses			
X	X	X	Residential services (including emergency medical—see Note #2 below)			
			Technical/vocational training schools	X	X	X
X	X	X	Travel for offenders for residential placements			
X	X	X	Urinalysis fees			

\*Community Corrections Facility

**Notes/Specific Requirements for Contract Services to Offenders Expenditures:**

- 1) These expenditures represent payments to organizations for services rendered directly to offenders. Do not include services rendered indirectly to offenders through the CSCD, such as training for supervision officers or employees' time.
- 2) CSCDs and other funding recipients are encouraged to utilize local resources provided at no cost before expending funds to provide services to offenders under this category. Offenders' ability to pay for services should also be evaluated and included in court orders, if appropriate.

**PROFESSIONAL FEES**

**ALLOWABLE**

**UNALLOWABLE**

Basic Supv.	CC/DP & TAIP Non-CCF*	CC/DP & TAIP CCF*	Expenditure Items	Basic Supv.	CC/DP & TAIP Non-CCF*	CC/DP & TAIP CCF*
X	X	X	Absconder Location Reports (Credit Bureau, TX Workforce Com. Employee report)			
X		X	Accounting service		X	
X		X	Armored car services		X	
X			Auditing services (annual CPA audit paid from Basic Supervision only)		X	X
X		X	Bonds (required)		X	
X	X	X	Certifications/licensure as related to employee’s position or program-related activity (such as certification for DSHS provider number)			
X		X	Computer programming and system analysis		X	
X			Contracted costs of appointed CSCD Fiscal Officer, other than county auditor or treasurer		X	X
X			County administrative services (services provided to CSCD whose fiscal officer is not a county official/employee—can not be for services that the county is required by law to provide)		X	X
X	X	X	Defensive driving training as required for employee’s job duties			
X			Disposal Costs for Confidential Records		X	X
		X	Drug-sniffing dogs	X	X	
X	X	X	Employee assistance programs			
X	X	X	First aid/CPR training			
X	X	X	Fiscal services provided by the county (not to exceed .0075 of total state aide per program)			
X	X	X	Immunization and follow-up tests for at-risk employees			
X			Legal services for the CSCD and its programs		X	X
X			Liability insurance for the CSCD and its programs		X	X
			Moving expenses	X	X	X
X	X	X	Newspaper or internet ads—legally required announcements only			
X			Organizational memberships in professional organizations		X	X
			Personal memberships in professional organizations	X	X	X
X	X	X	Physical exams for employees – as required by specific written policies for employment			
X	X	X	Psychological exams for employees – as required by specific written policies for employment			
X			Registration fee for Booth at Career Fair		X	X
X	X	X	Registration fees for training			
X			Salary, fringe, other costs of appointed Fiscal Officer other than county auditor or/treasurer		X	X
X			Surety Bond for appointed Fiscal Officer other than county auditor or county treasurer		X	X
X			Legal Settlements (only with TDCJ-CJAD approval)		X	X
X	X	X	Training fees paid to consultant or trainer for in-house training sessions (including trainer’s transportation, meals, and lodging) – training must be specific to the program from which the costs are paid			
X	X	X	Training costs for in-house training sessions for rent of room and refreshments for session			
			In-house training costs for meals provided to employees	X	X	X
X			Training as required by TCLEOSE for CSO weapons training		X	X

Basic Supv.	CC/DP & TAIP Non-CCF*	CC/DP & TAIP CCF*	Expenditure Items	Basic Supv.	CC/DP & TAIP Non-CCF*	CC/DP & TAIP CCF*
X			Training for judges trying criminal cases related to community supervision and corrections or to the judge's function as an administrator of the CSCD. Prior Approval must be requested from TDCJ-CJAD for county employees that support the CSCD functions/operations.		X	X
X			Tuition for individual college courses for CSCD staff as it relates to employee's current job		X	X
X	X	X	Urinalysis testing for employees			

\*Community Corrections Facility

**Notes/Specific Requirements for Professional Fees Expenditures:**

- 1) These expenditures represent payments made to professionals or professional agencies for services rendered directly to CSCDs for the benefit of the CSCD. Although the service may benefit the offender indirectly, the service is primarily for the benefit of the CSCD staff. An example would be a psychiatrist who provides a training session to CSCD staff concerning how to handle violent offenders. This training would indirectly benefit the offender, but it is of primary use to the CSCD staff.
- 2) Training for employees must be related to CSCD services, programs, or to the employees' particular job functions. CSCDs may pay for tuition, books, and required fees (not optional fees) for an employee's college course only as it relates to training for the employee's current job. The CSCD may not pay for college courses preparing an employee for another job or profession.
- 3) If the deadline for payment of registration fees for conferences or workshops is before the end of the fiscal year, the CSCD may prepay the registration fee from the current fiscal year's funds. However, all other expenses incurred during the early part of the new fiscal year must be paid from that new year's funds.

## SUPPLIES AND OTHER OPERATING EXPENDITURES

### ALLOWABLE

### UNALLOWABLE

Basic Supv.	CC/DP & TAIP Non- CCF*	CC/DP & TAIP CCF*	Expenditure Items	Basic Supv.	CC/DP & TAIP Non- CCF*	CC/DP & TAIP CCF*
X			Ammunition – for official weapons training of CSOs and/or for required qualification tests		X	X
X			Ammunition – for practice pursuant to written CSCD policies and procedures		X	X
X	X	X	Audio/visual supplies			
X	X	X	Awards, plaques, certificates, or similar items for service or safety recognition—not to exceed \$100 per employee or volunteer			
X		X	Bank service charges		X	
		X	Beverages for residential facilities’ residents	X	X	
X	X	X	Bio-medical waste disposal			
		X	Blankets/linens for residential facilities	X	X	
X	X	X	Books and magazines related to supervision and corrections programs or particular job function.			
		X	Bottled water	X	X	
X	X	X	Briefcases for employees’ use while employed at the CSCD			
X	X	X	Bulletin boards			
X	X	X	Calculators, small			
X	X	X	Chair mats			
X	X	X	Chalk boards/marker boards			
X	X	X	Cleaning supplies for specific program			
X	X	X	Clocks			
		X	Clothes for residents in a residential facility	X	X	
			Coffee and other food items for staff members. Snacks only (not meals) may be provided for official meetings or for employee training (not for staff meetings)	X	X	X
		X	Commissary items for residential facilities	X	X	
X	X	X	Computer software/services/supplies/maintenance per individual programs			
X	X	X	Copier services/supplies			
X	X	X	CSR supplies			
		X	Dishes, pots & pans, utensils, etc., for residential facilities	X	X	
			Dish washing services for residential facilities	X	X	X
X	X	X	Drug testing supplies			
X	X	X	Electric pencil sharpeners			
			Evaluation of a weapon by a gunsmith	X	X	X
X	X	X	Film, batteries, and film processing specific to the program requirements			
X	X	X	First aid kit			
		X	Food for residential facilities	X	X	
		X	Food catering for residential facilities	X	X	
		X	Games for residential facilities	X	X	

**SUPPLIES & OTHER OPERATING EXPENDITURES**

(Continued)

**ALLOWABLE**

**UNALLOWABLE**

Basic Supv.	CC/DP & TAIP Non- CCF*	CC/DP & TAIP CCF*	Expenditure Item	Basic Supv.	CC/DP & TAIP Non- CCF*	CC/DP & TAIP CCF*
		X	Garbage cans for residential facilities	X	X	
X	X	X	Gasoline for lawn mowers, etc.			
X	X	X	Handcuffs			
			Holiday-specific items (decorations, greeting cards, etc.)	X	X	X
X	X	X	In-box organizer trays			
		X	Light bulbs for residential facilities	X	X	
X	X	X	Defensive Spray i.e. Oleoresin Capsicum (OC) or Mace			
		X	Meals provided in residential facilities	X	X	
		X	Medical supplies for residential facilities (including emergency medicine for indigent residents)	X	X	
X			Membership at Sam's Wholesale in CSCD name		X	X
X	X	X	Motivational posters			
		X	Mops, brooms, buckets, etc., for residential facilities	X	X	
		X	Movies for residential facilities	X	X	
X	X	X	Name plates/business cards/badges			
X	X	X	Office supplies (paper, pencils, pens, preprinted forms, etc.)			
X	X	X	Padlocks			
X	X	X	Paint for CSR work			
X	X	X	Paper cutter			
		X	Pest control for residential facilities	X	X	
X	X	X	Picture frames for motivational posters/pictures or for awards			
X	X	X	Port-a-potty rental for CSR			
X	X	X	Postage and meter refills			
X	X	X	Printing services			
X	X	X	Protective clothing/supplies for officers collecting urine samples			
X	X	X	Refreshments for official meetings or staff training (not staff meetings)			
X			Safety/security equipment (including bullet-proof vests for high risk situations)		X	X
X	X	X	Safety harness			
X	X	X	Software licenses and maintenance			
		X	Sporting goods for residential facilities	X	X	
X	X	X	Tapes/CDs (training & educational)			
X			Targets for practice		X	X
X			Targets – only for use in required weapons' certification classes		X	X
		X	Toiletries for residential facilities	X	X	
		X	Trash bags for residential facilities	X	X	
		X	Uniforms for residential facilities	X	X	



**SUPPLIES & OTHER OPERATING EXPENDITURES**

(Continued)

**ALLOWABLE**

**UNALLOWABLE**

Basic Supv.	CC/DP & TAIP Non- CCF*	CC/DP & TAIP CCF*	Expenditure Item	Basic Supv.	CC/DP & TAIP Non- CCF*	CC/DP & TAIP CCF*
		X	Vacuum cleaner bags for residential facilities	X	X	
X	X	X	Vests for CSR workers			
X	X	X	Vests, wind-breaker jackets, shirts, or caps with CSCD identification only for employees making field visits and needing public identification			
X	X	X	Waste Paper Baskets			

\*Community Corrections Facility

**Notes/Specific Requirements for Supplies and Other Operating Expenditures:**

- 1) Expenditures in this category will include all charges for supplies and miscellaneous expenses not recorded in other expense categories.
- 2) There is no minimum or maximum cost that determines whether or not the item purchased is a supply or a capital outlay item. If the CSCD is not sure whether an item is consumable or capitalized, please contact TDCJ-CJAD for clarification.
- 3) Petty cash funds, if authorized by the county auditor, shall be used only for specific purposes for allowable items as listed in this manual and shall be expended only for emergency situations authorized by a written policy and approved by the CSCD director. Items that can reasonably be secured through the purchasing system (requisitions and purchase orders) shall not be purchased from petty cash. The bond of the department head who receives a petty cash fund must cover the official's responsibility for the correct accounting and disposition of the petty cash fund. Petty cash funds shall not be used to purchase items for CSCD employees and may not be used to make loans or advances to employees or to cash checks or warrants of any kind. (See Local Government Code, Section 130.909.) Funds from a petty cash fund shall be disbursed using a cash receipt system with funds issued only to vendors. Petty cash funds are closed out at the end of each fiscal year and are restored at the beginning of the following fiscal year.

## FACILITIES

### ALLOWABLE

### UNALLOWABLE

Basic Supv.	CC/DP & TAIP Non- CCF*	CC/DP & TAIP CCF*	Expenditure Items	Basic Supv.	CC/DP & TAIP Non- CCF*	CC/DP & TAIP CCF*
X	X	X	Architectural fees for residential facilities or approved certification expansion			
		X	Bathroom fixtures for residential facilities	X	X	
		X	Blueprints for residential facilities	X	X	
		X	Building permits for residential facilities	X	X	
		X	Carpentry for residential facilities	X	X	
		X	Carpet, tile, flooring for residential facilities	X	X	
		X	Construction of building for residential facilities	X	X	
		X	Door knobs, hardware, etc. for residential facilities	X	X	
		X	Drain Cleaning for residential facilities	X	X	
		X	Driveway/parking lot paving or repairs for residential facilities	X	X	
		X	Electrical repairs for residential facilities	X	X	
		X	Fencing, including installation for residential facilities	X	X	
		X	Fire alarm systems, including maintenance and inspections for residential facilities	X	X	
		X	Grease traps for residential facilities	X	X	
X		X	Insurance on the building as required by TDCJ-CJAD <b>approved</b> lease (Basic only unless for a residential facility)		X	
X	X	X	Janitorial services for residential facilities and approved leased premises for specific programs			
			Janitorial services for county owned buildings	X	X	X
		X	Lamp and light fixtures for residential facilities	X	X	
	X	X	Lawn mowing service for approved leased premises Can't probationers do this thru CSR?	X		
X	X	X	Lease/rent of space specific to a program for classroom, computer lab for offenders, storage for CSR equipment, or operation of a specific program, such as counseling (prior approval is required)			
X	X	X	Lease/rent of a building for operation of a residential facility or a specific program (prior approval is required)			
		X	Lumber, nails, paint, etc. for residential facilities	X	X	
		X	Maintenance/inspections on residential facilities as required by lease	X	X	
			Maintenance/inspections on county-owned/leased property	X	X	X
		X	Mini blinds, window coverings, etc. for residential facilities	X	X	
			Paint or construction material for upkeep of county-owned/leased building	X	X	X
		X	Plumbing repairs for residential facilities	X	X	
X	X	X	Portable building (not for basic office space which the county must provide)			
X	X	X	Purchase of a residential facility (prior approval is required)			
X	X	X	Renovations or remodeling of a building specific to a program (not for basic office space which the county must provide)			
			Renovations or remodeling of a county-owned/leased building	X	X	X

**FACILITIES (Continued)**

**ALLOWABLE**

**UNALLOWABLE**

Basic Supv.	CC/DP & TAIP Non- CCF*	CC/DP & TAIP CCF*	Expenditure Item	Basic Supv.	CC/DP & TAIP Non- CCF*	CC/DP & TAIP CCF*
		X	Rent on land for residential facilities	X	X	
		X	Sheetrock, wallpaper, paneling, etc. for residential facilities	X	X	
X	X	X	Signs for doors, etc.			
		X	Sinks, faucets, etc. for residential facilities	X	X	
X	X	X	Smoke alarms / carbon monoxide alarms			
		X	Survey costs for residential facilities	X	X	
X		X	Surveillance and security equipment—camera, alarm systems etc. (if not permanently attached to a county-owned building)		X	

\*Community Corrections Facility

**Notes/Specific Requirements for Facilities Expenditures:**

- 1) Expenditures in this category include facility expenditures related to the operation of the CSCDs, which the county is not required to provide, and to the operation of programs and residential facilities. (See TX. Gov. Code 76.008)
- 2) Before expenditures can be made from Basic Supervision funds for any items listed in that unallowable category, the county must complete a certification process. Refer to the Certification section of this manual.
- 3) Expenditures for facilities that the county incurs on behalf of the CSCD from the county general fund should not be budgeted or recorded on the financial reports provided to TDCJ-CJAD.
- 4) Any real property (buildings and land for residential facilities) purchased by the CSCD must be in the CSCD's name.

## UTILITIES

### ALLOWABLE

### UNALLOWABLE

Basic Supv.	CC/DP & TAIP Non-CCF*	CC/DP & TAIP CCF*	Expenditure Items	Basic Supv.	CC/DP & TAIP Non-CCF*	CC/DP & TAIP CCF*
X	X	X	ATT Language Line (service and monthly charge)			
	X	X	Base price of telephone monthly service (allowed for specific programs only if not in a county-owned building and is not for basic CSCD operations)	X		
	X	X	Basic telephone equipment or systems (allowed for specific programs only if not in a county-owned building and is not for basic CSCD operations)	X		
X	X	X	Cable TV			
X	X	X	Cellular phone service or stipend for CSCD employees only if required for job performance <sup>4</sup>			
X	X	X	Dedicated line for data processing and fax			
	X	X	Dumpster or trash pickup (for a specific program only if not in a county-owned building and is not for basic CSCD operations)	X		
	X	X	Electricity (for a specific program only if not in a county-owned building and is not for basic CSCD operations)	X		
X	X	X	Internet access <sup>6</sup>			
	X	X	Natural gas (for a specific program only if not in a county-owned building and is not for basic CSCD operations)	X		
			Personal phone calls or faxes	X	X	X
X	X	X	Telephone long distance for CSCD business purposes			
X	X	X	Two-way radio service			
			Unlisted telephone numbers (except for EM or dedicated data lines)	X	X	X
X	X	X	Utilities required by a lease for a specific program (not utilities for basic CSCD offices unless approved for certification expansion)			
	X	X	Utility deposits (for a specific program only if not in a county-owned building and is not for basic CSCD operations)	X		
	X	X	Water/sewer (for a specific program only if not in a county-owned building and is not for basic CSCD operations)	X		

\*Community Corrections Facility

#### **Notes/Specific Requirements for Utilities Expenditures:**

- 1) Expenditures in this category include utility expenditures related to the operation of the CSCDs, which the county is not required to provide, and to the operation of programs and residential facilities. (See TX. Gov. Code 76.008)
- 2) Before expenditures can be made from Basic Supervision funds for any items listed in that unallowable category, the county must complete a certification process. Refer to the Certification section of this manual.
- 3) Cell phones assigned to an employee are considered by the IRS as listed property for income tax purposes. For additional information, refer to the Internal Revenue Service (IRS) guidelines.
- 4) Cell phone stipends or allowances are taxable income to the employee and must be included in the employee's salary. Refer to IRS guidelines.
- 5) Expenditures for utilities that the county incurs on behalf of the CSCD from the county general fund should not be budgeted or recorded on the financial reports provided to TDCJ-CJAD.

- 6) Internet access is an allowable expenditure for CSCDs. However, the CSCD and/or the residential facility must have a written policy governing the official use of the Internet by CSCD employees and for offender classes and must limit usage only to those employees or supervised classes with a specific need for access.

## EQUIPMENT

### ALLOWABLE

### UNALLOWABLE

Basic Supv.	CC/DP & TAIP Non- CCF*	CC/DP & TAIP CCF*	Expenditure Items	Basic Supv.	CC/DP & TAIP Non- CCF*	CC/DP & TAIP CCF*
			Any equipment permanently attached to a county-owned building	X	X	X
X	X	X	Audio/video equipment			
		X	Beds for residential facilities	X	X	
X	X	X	Binding machines			
X	X	X	Bookcases			
X	X	X	Breathalyzers			
X	X	X	Calculators			
X	X	X	Cameras/accessories for specific program use			
X		X	Cash drawers		X	
X	X	X	Cellular phones			
		X	Clothes washers and dryers for residential facilities	X	X	
		X	Coffee makers for residential facilities	X	X	
			Coffee makers for staff use	X	X	X
X	X	X	Commercial mowers for CSR			
X	X	X	Computer equipment and accessories			
X	X	X	Computer cards for communicating with district judges			
X	X	X	Computer equipment for administrative judge for use in CSCD oversight duties			
X	X	X	Conference table and chairs			
X	X	X	Copiers			
	X	X	Credenzas	X		
X	X	X	Date time machines			
	X	X	Desks and chairs <b>(for specific programs only and not for basic CSCD operations)</b>	X		
		X	Dishwashers for residential facilities	X	X	
X	X	X	Dolly			
X	X	X	Drug testing equipment			
X	X	X	Electronic monitoring equipment			
X	X	X	Electronic monitor for victim if court-ordered and tied to offender's monitor			
X	X	X	Engravers			
X	X	X	Equipment directly related to a specific program			
X	X	X	Fans (portable)			
X	X	X	Fax machines			
X	X	X	Filing cabinets			
X	X	X	Fire extinguisher and inspections			
		X	Freezers for residential facilities	X	X	
X			Gun lockers (From Basic Supervision only)		X	X
			Guns, rifles, pistols, etc., repairs, evaluation of a weapon by a gunsmith, weapons' insurance, etc.	X	X	X

**EQUIPMENT (Continued)**

**ALLOWABLE**

**UNALLOWABLE**

Basic Supv.	CC/DP & TAIP Non-CCF*	CC/DP & TAIP CCF*	Expenditure Item	Basic Supv.	CC/DP & TAIP Non-CCF*	CC/DP & TAIP CCF*
X	X	X	Heaters (portable)			
		X	Ice machines for residential facilities	X	X	
X	X	X	Insurance on any of the allowable CSCD-owned or leased equipment			
X	X	X	Laminating machines			
	X	X	Lamps	X		
X	X	X	Lawn mowers, weed eaters, etc., for CSR and residential facilities			
X	X	X	Literacy labs, including desks, chairs, staff equipment required for a specific program			
X	X	X	Lockers for residential facilities, CSR, or for security			
X	X	X	Maintenance agreements (on allowable CSCD-owned or leased equipment)			
		X	Mattresses for residential facilities	X	X	
X	X	X	Metal detector (provided that it is not permanently attached to a county-owned building)			
		X	Microwaves for residential facilities	X	X	
			Microwaves for staff use	X	X	X
X	X	X	Microfilm equipment			
		X	Ovens/stoves for residential facilities	X	X	
X	X	X	Pagers and pager service			
X	X	X	Paper shredder			
X	X	X	Postage machines and scales			
X	X	X	Printers and accessories			
		X	Refrigerators for residential facilities	X	X	
X	X	X	Refrigerators (small) for CSR, UAs, or other program needs			
			Refrigerators for staff use	X	X	X
X	X	X	Repairs to any of the allowable CSCD-owned or leased equipment			
			Repairs to any unallowable equipment	X	X	X
	X	X	Room air conditioners	X		
X		X	Safes		X	
		X	Security cameras for residential facilities	X	X	
X		X	Surveillance and security equipment—camera, alarm systems etc. (if not permanently attached to a county-owned building)		X	
X	X	X	Small hand tools			
X	X	X	Step Stools			
X	X	X	Tables and chairs (not for employees' permanent work station)			
X	X	X	Tape recorders			
	X	X	Telephones (not basic units from Basic Supervision or for basic operations from any funding source)	X		

**EQUIPMENT (Cont.)**

**ALLOWABLE**

**UNALLOWABLE**

Basic Supv.	CC/DP & TAIP Non-CCF*	CC/DP & TAIP CCF*	Expenditure Item	Basic Supv.	CC/DP & TAIP Non-CCF*	CC/DP & TAIP CCF*
X	X	X	Tool box			
X	X	X	Tools for CSR services			
X	X	X	Two-way radios (walkie-talkie)			
X	X	X	Transcribing machine			
X			Trigger locks for weapons– (Basic Supervision only)		X	X
X	X	X	Typewriters			
X	X	X	Urine analysis machines			
		X	Vacuum cleaners or buffers for residential facilities	X	X	
X	X	X	Vacuum cleaners for CSR only (NOT ALLOWABLE FROM DP NON-CCF PROGRAMS)			

\*Community Corrections Facility

**Notes/Specific Requirements for Equipment Expenditures:**

- 1) Expenditures in this category include equipment purchases related to the operation of the CSCDs, which the county is not required to provide, and to the operation of programs and residential facilities. (See TX. Gov. Code 76.008)
- 2) Basic furniture and furnishings for CSCD office operations, such as desks, chairs, credenzas, room dividers, basic telephones, etc. must be provided by the county and are not allowable expenditures from any TDCJ-CJAD funding source. (Refer to the Certification section of this manual for additional information.)
- 3) Expenditures for equipment that the county incurs on behalf of the CSCD from the county general fund should not be budgeted or recorded on the financial reports provided to TDCJ-CJAD.
- 4) **Prior approval** from TDCJ-CJAD is required for equipment purchases from DP and TAIP funds exceeding \$5,000 (cumulatively) if such purchases were not included in the original or amended budgets as approved by TDCJ-CJAD.
- 5) Equipment purchased from one program budget can be transferred to another program only after following the procedures in the “Disposal of Surplus Equipment” section of this manual.
- 6) Equipment purchased from grants to recipients other than CSCDs must remain in the grant program and cannot be donated to the county or other agency.
- 7) Any equipment item purchased which is valued at \$1,000 or more and has a useful life of more than three years (computer, keyboard, and monitor counts as one item) must be tagged and included on the inventory list form provided by TDCJ-CJAD. Inventory labels/tags, indicating CSCD ownership, must be placed on each equipment item purchased with CSCD funds, regardless of whether or not certification was required.
- 8) The CSCD and other funding recipients should complete periodic inventory testing and an updated annual inventory kept on file for audit purposes and/or forwarded to TDCJ-CJAD upon request.