

PS2010.05 ACCOUNTING FOR TRUST FUND INMATE DEBIT CARD PROGRAM



Program Statement

OPI: ADM
NUMBER: 2010.05
DATE: September 30, 1996
SUBJECT: Accounting for the Trust
Fund Inmate Debit Card
Vending Programs

1. PURPOSE AND SCOPE. This Program Statement provides the accounting entries for the Trust Fund Inmate Debit Card Vending Programs (vending machines and inmate photos).

The Inmate Debit Card Vending Programs allow inmates to make purchases from vending machines using a debit card instead of coins. Inmates purchase debits from the Trust Fund sales unit which are placed on their debit cards. As inmates make vending purchases, the amount on their debit cards are automatically reduced.

The Inmate Debit Card Vending Programs are a Bureau cash management initiative and have been reported as such to the Department of Justice.

Refer to the Trust Fund Manual for additional information regarding debit card programs.

2. PROGRAM OBJECTIVES. The expected results of this program are:

a. The General Ledger will be maintained to reflect accurately the General Ledger liability account for inmates' vending debits and accounts payable to the vending machine vendor.

b. The General Ledger will reflect accurately debit card vending sales and expenses.

3. DIRECTIVES AFFECTED

a. Directive Rescinded

PS 2010.01 Accounting for the Trust Fund Inmate Debit
Card Vending Machine Program (07/12/93)

36 Transaction: X4 1 323 536 CMS 2697 (Expenditure column)

This transaction will generate automatic entries to the following General Ledger Accounts:

Cost of Goods Sold - Vending (812.8)	Debit	
Disbursements - Other Accounting Stations (110.4)		Credit
Unobligated Balance (652.0)	Debit	
Accrued Expenditures (653.0)		Credit

The appropriate accounts payable must be liquidated simultaneously.

9. RECORDING VENDOR PAYMENT - PHOTO PROGRAM. Staff responsible for Trust Fund accounting shall make the following accounting entry in (TPM) to record the vendor payment for the cost of the photo program:

36 Transaction X4 1 323 536 CMS 2664 (Expenditure column)

This entry will generate automatic entries to the following General Ledger Accounts:

Costs - Photo Program (812.7)	Debit	
Disbursements - Other Accounting Stations (110.4)		Credit
Unobligated Balance (652.0)	Debit	
Accrued Expenditures (653.0)		Credit

The appropriate accounts payable must be liquidated simultaneously.

10. RECORDING DEFERRED DEBIT CARD INCOME (CENTRAL OFFICE ONLY). Staff responsible for Trust Fund accounting in the **Central Office** shall make the following entry to record deferred debit card income:

40 Transaction X4 1 323 536 CMS 2688 G7 099 (Expenditure column)

This entry will generate automatic entries to the following General Ledger accounts:

Debit Card Deferred Income Allowance (717.2)	Debit	
Debit Card Deferred Income (440.1)		Credit

The deferred income account shall be reviewed and adjusted at least once each year prior to year-end close-out. The account may be adjusted more frequently at the discretion of the Chief, Trust Fund Branch.

11. INMATE DEBIT CARD PURCHASES FROM EMPLOYEE ORGANIZATION DEBIT VENDING MACHINES. When inmates make debit card vending machine purchases from Employee Organization debit vending machines, the Trust Fund Debit Card Program must pay the Employee Organization for the amount of the inmate purchases.

a. Determining the Amount Payable to the Employee Organization. The employee organization representative shall present to the Controller the vending machine reading report which itemizes the debit card vending transactions by site code. The Controller shall total and verify the transactions associated with the inmate debit card site code. Once verified, the Controller shall ensure payment is made for that amount to the employee organization via U.S. Treasury check or draft.

The voucher for payment shall include the verified vending machine reading report.

b. Recording the Payment to the Employee Organization. Staff responsible for Trust Fund accounting shall transfer the amount due to the employee organization to the Suspense Account and then disburse the funds to the organization. Staff shall make the following accounting entries to record payment to the employee organization:

Negative 40 Transaction X4 1 323 536 CMS 2689 G7 099

This reverses the original entry made to record inmate purchases of debits and will generate an entry to the following General Ledger Accounts:

Revenues-Debit Card Vending (717.1)	Debit	
Collections (110.2)		Credit
	<u>Suspense Account</u>	<u>Debit</u>
04 Transaction:	15X6875	110.3
		<u>Credit</u>
		450.9

This entry collects the funds into the Suspense Account. A Journal voucher shall be prepared to support the transfer of the funds from 15X8408 to 15X6875.

	<u>Suspense Account</u>	<u>Debit</u>	<u>Credit</u>
04 Transaction:	15X6875	450.9	110.4
			- or -
			116.0

This entry records the disbursement of the funds to the employee organization. General Ledger Account 110.4, Disbursements-Other Accounting Stations, shall be used if payment is made via U.S. Treasury check. General Ledger Account 116.0, Draft Payments-in-Transit, shall be used if payment is made via third party draft.

All three required accounting entries shall be made each time payment is made to the Employee Organization.

12. REMOVING DEBITS FROM DEBIT CARDS. Institutions shall establish local procedures to ensure debits remaining on debit cards are removed from the debit cards and the funds returned to inmates' accounts prior to their transfers to other locations that do not have debit card programs.

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