

P3721.06 EMPLOYEE ORGANIZATIONS

Starting in May of 2006, the Office of National Policy Management began reformatting policies that contain change notices. With the rapid growth in word processing and electronic distribution via Sallyport and the internet, many of these WordPerfect 5.0 documents have become unstable.

No word or substance changes have or will be made to any of these documents. To avoid confusion these documents will be re-issued electronically with a new number and new date. The Directives Referenced Section has been updated to reflect new policy numbers for policies updated since the original issuance of this policy.

The previous version of this policy showing the Change Notices, P3721.05, Employee Organizations (3/19/96), is available in the Archived Policy area on Sallyport.

Thank you for your patience during this conversion process and please give me a call if you have any questions or concerns.

Robin Gladden
Directives Manager
(202) 616-9150



Program Statement

OPI: ADM
NUMBER: P3721.06
DATE: 1/21/2009
SUBJECT: Employee Organizations

1. PURPOSE AND SCOPE. This establishes policies, standards, and procedures for the operation of employee organizations, which have been an integral part of the history and culture of the Bureau of Prisons (Bureau) for many years. Program reviews have revealed a need for more specific guidelines on the acceptable activities and the operational and financial reporting responsibilities of employee organizations.

Employee organizations provide a recreational and social support system for employees and their families. They can be excellent mechanisms for recruiting and retaining employees, building friendship and camaraderie between staff and their families, maintaining morale, assisting relocated employees in adjusting to new communities, and assisting new employees in adjusting to life as Bureau employees.

This Program Statement applies to all employee organizations except such organizations as Federal credit unions and employee unions where management requirements are established by Federal or state regulations.

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

a. Employees will have a clear understanding of the rights and responsibilities of employee organizations and the role of such organizations in supporting the mission of the Bureau.

b. Employee organizations will be established for recreational and social activities that will be of benefit to employees and the Bureau.

c. Blind persons licensed by state agencies for the blind will be given priority in the operation of vending facilities at Bureau institutions in accordance with the requirements of the Randolph-Sheppard Act, 20 U.S.C. § 107 et seq.

d. Each employee organization will operate within the requirements and guidelines of this Program Statement and be monitored and regulated by appropriately designated staff.

e. An audit of each employee organization will be conducted annually, and, for any organization generating gross receipts of \$25,000 or more, that audit will be conducted by an outside, independent certified public accountant.

3. DIRECTIVES AFFECTED

a. Directive Rescinded

P3721.05 Employee Organizations (2/19/96)

b. Directives Referenced

P2000.02 Accounting Management Manual (10/15/86)

P2010.02 Accounting for Employee Organizations Vending
Machine Profits to Trust Fund (2/7/94)

P4500.05 Trust Fund/Deposit Fund Manual (1/22/07)

DOJ Order 2550.2A Use of Department Facilities as Meeting
Places

c. Regulations Referenced

26 CFR Internal Revenue Code

28 CFR 45.735-17 Department of Justice Regulation

41 CFR 101-20.3 Federal Property Management Regulation

41 CFR 101-20.4 Federal Property Management Regulation

* 21 CFR 897.14(c) Food and Drug Administration Regulation

21 CFR 897.16(c)(ii) Food and Drug Administration
Regulation *

4. STANDARDS REFERENCED. None.

5. GENERAL ADMINISTRATION. This Program Statement establishes the basic procedures concerning the establishment, regulation, and operation of employee organizations and provides a uniform system whereby all organizations of this type shall operate within a similar framework of administrative and financial management. These instructions apply to all employee organizations, e.g., ladies' auxiliaries, athletic clubs, rifle and pistol clubs, boat clubs, etc.

a. Files and Records. Controllers at institutions with employee organizations shall maintain a separate file for each organization. This file shall contain a copy of the current constitution and by-laws, financial statements for the last three

years, audits for the last three years, requests for use of Government facilities and other pertinent material such as the space rental agreement for employee organizations, follow-ups on missing financial statements, etc. This file shall also contain copies of any Institution Supplement and certification statements on the status of the organizations by the Warden of the institution.

The financial records and supporting documents for all employee organizations that maintain funds must be kept in accordance with generally accepted accounting principles. These accounting principles must be consistently applied to all transactions. Each organization is responsible for maintaining proper and accurate financial records.

b. Management Responsibilities. The Warden at each institution shall ensure that employee organizations adhere to the requirements of this Program Statement. These requirements include submitting an annual certification, no later than May 30, to the appropriate Regional Director certifying that each employee organization complies with this Program Statement. This certification, at a minimum, must contain those items described in Section 6 below. It must also contain any deviations or discrepancies from this Program Statement along with a corrective plan of action.

Organizations may not engage in, or sponsor any function, activity, or project which may be in conflict with this Program Statement, the ordinary standards of ethics and good conduct, or which in any way may result in embarrassment to the United States, the Bureau, the institution, the organization membership, or the community.

All employee activity in the operation of employee organizations, including fund-raising activities conducted during official functions, must be conducted during off-duty hours in accordance with the Program Statement on Fund Raising by Employees.

c. Legal Responsibilities

(1) The organization, operation, and activities of employee organizations raise many sensitive and often complex legal issues. For the protection of the employees involved, as well as the Bureau, the following legal requirements must be met.

(a) Prior to entering into any written contract, (e.g., for the operation of vending machines, purchase of real or personal property, etc.) the employee organization must have the contract reviewed by a private attorney. This review is intended to ensure that the contract meets all applicable state and Federal requirements, and that members of the employee

organization are protected. Written proof of such legal review must be provided to institution staff responsible for the administrative oversight of the organization.

(b) All contracts entered into by an employee organization must contain the following disclaimer statement.

"This contract is entered into by (Name of Organization). The Federal Bureau of Prisons and the United States Government assume no responsibility (financial or otherwise) for the duties and obligations contained in this contract."

(2) Employee organizations are encouraged to consider the following legal issues carefully. It is recommended that a private attorney be consulted regarding these matters.

(a) Tax Requirements. As discussed in Section 10, employee organizations must comply with applicable tax laws. For example, when employee organizations enter into business arrangements (e.g., contracts that generate income, paying wages to employees, purchase and sale of real and personal property), they may incur reporting and other requirements under provisions of state and Federal tax laws.

(b) Incorporation. Incorporation of an employee organization under state law may be advantageous to members of the organization (e.g., decreased potential for personal liability on contracts entered into by the organization). Incorporation may also place certain legal requirements on the organization (taxes, bidding on contracts, etc.) that may or may not be beneficial to the organization. The advantages and disadvantages of this option should be addressed when consulting an attorney.

(c) Insurance. An insurance policy (e.g., liability, or Directors Insurance where the organization is incorporated) may offer additional protection to the employee organization or to individual members of the organization. This option should be considered especially where the organization owns valuable assets (e.g., real or personal property).

(d) Litigation. All officers and members of employee organizations are acting as private citizens when they participate in the business and activities of the organization. They are not acting as official representatives of the United States and may not represent themselves as such. Therefore, if they are sued as a result of these actions, they are not entitled to representation by or indemnification from the United States.

6. ADMINISTRATIVE RESPONSIBILITIES

a. Each Warden shall appoint a member of the institution's executive staff who is not an officer of the organization to have responsibility for monitoring the activities of employee organizations. The member assigned shall be no lower than the Associate Warden level.

The designated person shall have the authority to recommend whatever administrative action is necessary to achieve compliance with Bureau policy and audit findings. The action may range from temporary to permanent suspension of employee organization activities on Bureau property. The employee organization is to receive written notice of such recommendation and shall have the opportunity to respond. Any sanction taken shall be commensurate with the violation(s) detected and the number of violations, and must be approved by the Warden. Continued noncompliance shall be dealt with by increasing the severity of sanctions.

b. The designated person is responsible for providing written certification to the Warden, no later than the 25th day of the first month of each quarter, that the following actions for the previous quarter have been taken:

(1) All financial statements were submitted accurately and promptly;

(2) All financial reports were reviewed with the Controller;

(3) An independent audit was conducted when required;

(4) The audit was reviewed with the Controller (if the audit was performed during the quarter); and

(5) All deficiencies noted in the last Bureau Program Review/Operational Review were corrected, and if not, that a plan of action exists to correct and ensure compliance with Bureau policy. An update on unresolved deficiencies is required each quarter.

c. The designated person is responsible for ensuring that the following have been forwarded to the Regional Comptroller by the last day of the first month of each quarter, except as noted:

(1) A current copy of the Institution Supplement (as applicable when changed).

(2) A current copy of constitution/by-laws (as applicable when changed).

(3) Quarterly and annual statements as required.

(4) A copy of the inventory.

(5) A copy of the bill and evidence of payment to the Trust Fund Operation for their percentage of vending income.

(6) Annual certification from the Warden on the status of organizations.

(7) Annual audit.

(8) A copy of the quarterly certification by the designated person responsible for organization.

(9) Tax information - copies of all reports filed including 1099's (as applicable).

d. Regional Oversight. Upon receipt of the required statements and certifications from each institution having employee organizations, the Comptroller shall ensure that these documents are reviewed and meet all financial requirements contained in this Program Statement.

(1) The Comptroller shall ensure that files are maintained on each institution and that they include at a minimum the following documentation:

(a) A copy of the Institution Supplement.

(b) A copy of current constitution and by-laws.

(c) The Warden's annual certification on the status of the organization.

(d) Quarterly certification by the designated person responsible for the organization.

(e) Quarterly and annual statements, as required.

(f) Annual audit report.

(g) Tax information - copies of all reports filed, including 1099's.

(h) Documentation of Regional Office review to include evidence of proper payment to the Trust Fund Operation of the rebate of vending machine income as required.

(i) Any documentation to show requests for the correction of deviations noted during a review and the responses from the institution.

(2) After a review of the annual statements and certifications by the Warden, the Comptroller shall provide the Chief, Finance Branch, a summary report on employee

organizations, including any deviations from these requirements as noted and identified by the facility. The report must include the plans to correct these deviations. This summary report is due no later than June 30 for the previous year.

7. CONSTITUTION/BY-LAWS. Each organization shall have a written constitution and a set of by-laws that have been duly approved by the membership. The following items shall be included:

a. General statement regarding the purpose and objectives of the organization.

b. Designation of an officer of the organization who shall be responsible for the financial records of the organization.

c. Requirements for quarterly and annual profit and loss statements which must be prepared to reflect the income and expenditures as required by Section 16 of this Program Statement.

d. Requirements for a quarterly and annual balance sheet which reflects the assets, liabilities, and capital of the organization.

e. Requirement for an audit to be conducted at least annually.

f. Requirements for copies of described items in Sections 7.c. and d. above to be furnished through the Warden to the Controller no later than the 15th day of the month following the end of each quarter. Also, the annual audit must be forwarded no later than 30 days after the audit is completed.

The constitution and by-laws must contain the specific requirements of Section 7. Merely specifying compliance with this Program Statement is not sufficient.

8. ACTIVITIES OF EMPLOYEE ORGANIZATIONS

a. A written request must be approved by the Warden for any activity to be held by an employee organization using a Government facility. This request, at a minimum, is to include the following information:

(1) The nature or purpose of the activity.

(2) Whether alcoholic beverages will be served.

(3) The date and time of the activity (including the estimated ending time).

(4) Whether the event is in conjunction with an official event (i.e., an incentive award ceremony, staff recall).

(5) Any other pertinent information as required in the local Institution Supplement.

b. At the Warden's discretion, an annual calendar of organization activities or events may be approved. If this method is used, any revisions to the approved calendar must be handled in the manner described above.

c. Employee organizations are subject to 28 CFR § 45.735-17, the Department of Justice regulation on gambling on Government property. The regulation provides:

"No employee shall participate, while on Government property or while on duty for the Government, in the operation of gambling devices, in conducting an organized lottery or pool, in games for money or property, or in selling or purchasing numbers tickets."

d. Employee organizations may engage in fund-raising activities to offset the expenses of the programs offered, but not to create large cash reserves or fund large business organizations. Ideally, employee organizations should have nominal reserves from year to year.

9. USE OF ALCOHOLIC BEVERAGES. If an employee organization receives permission to use a Government facility for a scheduled activity, the organization must adhere to the rules concerning the use of a Government facility. These rules must be contained in the Institution Supplement. At a minimum, the Institution Supplement shall incorporate the following requirements on the use of alcoholic beverages at the activity:

a. The organization shall ensure responsible behavior in the use of alcoholic beverages. These regulations are intended to enhance the enjoyment of the activity and to protect employees, the public, and the employee organization. If alcohol will be served at an employee organization function, the employee organization shall ensure that:

- ◆ Alcohol is not served to persons attending the function who are under the legal drinking age.

- ◆ Food is served.

- ◆ There is a designated "cut off" time for serving alcoholic beverages.

- ◆ All alcoholic beverages are served by designated servers.

- ◆ No one who shows signs of intoxication is served.

◆ Emphasis shall be placed on preventing individuals from driving under the influence.

◆ Designated drivers are available.

◆ The telephone numbers of local transportation services are posted.

◆ At the conclusion of the activity, no alcoholic beverages shall be left at the facility.

◆ Individuals attending the function are aware of any requirements prescribed by the Warden.

b. During an approved activity where alcoholic beverages are consumed, the Warden shall assign a member of the institution staff on duty during the activity to periodically check on activities to ensure that established regulations are being enforced.

10. INTERNAL REVENUE SERVICE (IRS) REQUIREMENTS. All employee organizations must fulfill the requirements of the Internal Revenue Code § 501 for their classification of organization. All reporting requirements must be spelled out in the by-laws of the organization including, but not limited to the following:

a. The officers responsible for reporting to the IRS.

b. The types of reports and documents which the organization must file.

c. The review procedures for ensuring that all necessary changes to reporting requirements are made when changes take place in the organization.

d. Any other pertinent information as deemed necessary by the organization to ensure compliance with IRS regulations.

11. BANK ACCOUNTS. A separate bank account must be maintained by each employee organization within the institution. Arrangements must be made with the bank to require a minimum of two signatures before a check is processed for payment.

a. The Warden may exempt organizations with operating budgets of less than \$100.00 a year from maintaining bank accounts. Organizations that are exempt shall maintain stringent controls of cash as well as detailed records to account for receipt and expenditure of funds. The controls established shall be made a part of the organization's constitution and by-laws.

b. Each employee organization must reconcile its monthly bank statement with the organization checkbook within five days after

receiving the statement. The bank statements shall be kept in a file established for each annual operating period. After the reconciliation has been accomplished, the Financial Officer for the organization must sign and date the reconciliation.

c. Monthly bank statements and related canceled checks (if the bank provides canceled checks) and deposit tickets shall be maintained together. They shall not be mingled with other months' or previously reconciled bank statements.

12. COLLECTIONS. Issuing receipt for various collections is recommended but optional, depending on instructions the organization provides. Proper accounting practices must be followed in handling collections and providing receipts. All collections are to be handled in accordance with the provisions of this Program Statement.

13. EXPENDITURES. Payments shall be made by check to the greatest extent possible. Copies of invoices or receipts showing payment when invoices are not rendered shall be retained for audit purposes. Invoices or other documents supporting expenditures of funds shall reference the numbers of the checks used to make the payments. Invoices shall be signed to evidence the receipt of services or merchandise.

14. REGISTERS

a. Registers (or spread sheets) shall be maintained to record all collections and disbursements. They may be maintained either manually or using computerized software. The registers shall be maintained separately for collections and disbursements or in a manner which identifies and distinguishes collections and disbursements. The register shall also be a cash flow statement and must always reflect the current funds on deposit in the bank account.

The registers should have multiple columns with appropriate headings such as, "beverage sales," "candy sales," "dues," etc. Also, there must be separate columns for each class of vending machine receipts. Provisions must be made in the collections sections to indicate the dates and the amounts of bank deposits (see Attachment A for sample).

b. These registers shall be totaled monthly, with the resulting figures used to provide a current cash balance which shall be reconciled with the checkbook and monthly bank statement balances. The totals of individual columns may be used to compile information for the required profit and loss statements.

15. ASSET AND LIABILITY ACCOUNTS

a. Ledger accounts reflecting assets, liabilities, and capital shall be kept in sufficient detail to provide the information required for preparation of the Balance Sheet as required by this Program Statement (see Attachment B for sample).

b. Inventories of equipment and merchandise items shall be made at the end of each quarter to prepare the balance sheet and the profit and loss statements for each period.

16. INCOME AND EXPENDITURE STATEMENT (PROFIT AND LOSS STATEMENT)

a. The designated individual responsible for the financial records of the organization shall prepare the quarterly and annual profit and loss statements.

b. Separate profit and loss statements shall be prepared for each class (class 1, class 2) of vending machine operation. A profit and loss statement must also be prepared for all other activities. Each statement shall show the income and expenditures during the period covered as well as a net income or loss figure (see Attachments C, D, and E).

c. In addition, a profit and loss statement combining the class 1 vending operation, class 2 vending operation, and all other activities shall be prepared for each period (see Attachment F).

d. The Warden or designee, the officers of the employee organizations, and another employee, at the department head level designated by the Warden, shall review the above statements to assure the following:

(1) The accuracy and reliability of the reports;

(2) Adequate control over expenditures and receipts; and

(3) The employee organization is solvent. The organization is solvent if the total assets exceed the total liabilities as reported on the balance sheet.

17. VENDING MACHINES

a. All vending machines at Bureau facilities shall be classified into one of the following categories:

(1) Class 1. All vending machines located in an institution's visiting room that are accessible to both inmates and visitors.

(2) Class 2. All vending machines located in areas that are off limits to the inmate population (e.g., Staff Lounges, Training Centers).

(3) Class 3. All vending machines located in the institution common areas for the primary use of the inmate population. This type of vending machine is located in the housing units, recreation areas, work areas, UNICOR factories, etc.

This Program Statement establishes policy with respect to Class 1 and Class 2 vending machines. Vending machines in the Class 3 category are provided by the Trust Fund operation, in accordance with Program Statement, Trust Fund Management Manual, Chapter 4540. Employee organizations are not authorized to operate Class 3 vending machines.

b. The Bureau is required by law to give priority in the operation of Class 1 and Class 2 vending machines on Bureau property to blind persons licensed by the state licensing agencies (SLA) for the blind. See the Randolph-Sheppard Act, 20 U.S.C. §§ 107-107f (1982). An SLA is a state vocational rehabilitation agency that has been designated by the Secretary of the U.S. Department of Education to issue licenses to blind persons for the operation of vending facilities on federal property. SLAs have been designated in every state except Wyoming and Montana. A list of addresses and telephone numbers for the SLAs in each state is included as Attachment G.

c. The Controller at each Bureau institution shall ensure the appropriate SLA is aware of the Class 1 and Class 2 vending opportunities available at the institution. If the SLA determines that the Class 1 and Class 2 vending opportunities at the institution can support a blind vendor, a blind vendor licensed by the SLA shall have priority to operate the Class 1 and Class 2 vending machines at the institution. In that case, the employee organization at the institution shall not be authorized to provide Class 1 and Class 2 vending services.

d. If the SLA determines that the institution's Class 1 and Class 2 vending opportunities will not support a blind vendor, the employee organization at the institution may provide Class 1 and Class 2 vending services. A written agreement between the employee organization and the institution concerning the use of Bureau facilities for the operation of vending machines and the payment due the Bureau for space rental shall be executed and maintained as required in the Program Statement, Accounting Management Manual, Chapter 10572, Paragraph d.

e. Employee organizations may not install "arcade-type" video game machines within institution compounds. Arcade-type games may be installed in training centers, if the center is physically

located outside the institution compound. The security of supplies and materials shall be maintained at all times. If vending machines are placed in training centers, consideration shall be given to the security of the machines and to the possible damage to the Government should theft occur.

f. The Food and Drug Administration regulations set forth in 21 CFR 897.14(c) and 21 CFR 897.16(c)(ii) prohibit vending machine sales where persons younger than 18 years of age may be present. Therefore, cigarette vending machines operated by the Employee Organizations or state licensing agencies for the blind may not be located in visiting rooms or other areas where persons younger than 18 years of age may be present.

18. DISPOSITION OF VENDING MACHINE INCOME FOR CLASS 1 AND CLASS 2 MACHINES

a. Vending machine income is defined as the net income from a vending machine operation that remains after subtracting the cost of the vending operation.

(1) Where vending machines are operated, serviced or maintained by a commercial vending concern, vending machine income is the commission paid by the commercial vending concern less the cost of space rental due the Government.

(2) Where vending machines are operated, serviced or maintained by other than a commercial vending concern, vending machine income is the receipts from vending machine operations after deducting the cost of goods sold, including reasonable service and maintenance costs, and the cost of space rental due the Government.

b. If a SLA licenses a blind vendor to operate the Class 1 and Class 2 vending machines at a Bureau institution, all vending machine income generated by Class 1 and Class 2 vending operations at the institution shall accrue to the SLA for distribution to the blind vendor.

c. If, in accordance with Section 17.d. above, an employee organization decides to provide Class 1 and Class 2 vending services at a Bureau institution, the employee organization must deposit 15 percent of the vending machine income derived from the Class 1 vending machines into the Inmate Trust Fund. Sharing of vending machine income with the Inmate Trust Fund is not required from income derived from Class 2 vending machines.

The employee organization must make payments to the Inmate Trust Fund in accordance with the Program Statement on Accounting for Employee Organizations Vending Machine Profits to Trust Fund. The check covering the vending machine income being shared with the Inmate Trust Fund shall be made payable to the Federal Bureau

of Prisons and furnished to the Office of Financial Management for deposit to Appropriation 15X8408, Trust Fund. Financial Management staff shall follow the instructions contained in the Program Statement, Accounting Management Manual, Chapter 10615, and the Program Statement on Accounting for Employee Organization Vending Machine Profits to Trust Fund, regarding disposition of these funds.

d. If, in accordance with Section 17.d. above, an employee organization decides to provide Class 1 and Class 2 vending services at a Bureau institution, it shall annually determine the amount of Class 1 and Class 2 vending machine income it expects to generate during the coming year. This determination shall be based on an analysis of the institution's Class 1 and Class 2 vending machine income receipts for the prior Government fiscal year.

(1) If an employee organization determines that the vending machine income from the Class 1 and Class 2 vending machines at the institution will exceed \$3,000, the employee organization shall pay quarterly to the SLA 50 percent of the vending machine income generated by the Class 1 and Class 2 vending machines. If, however, 50 percent of the total hours worked at the Bureau institution occur during periods other than the normal institution working hours, the employee organization shall pay quarterly to the SLA 30 percent of the vending machine income generated by the Class 1 and Class 2 vending machines. The payment must be made by the employee organization and verified by the institution's Office of Financial Management during the month following the last month of each quarter of the Government's fiscal year (January, April, July, October).

(2) If an employee organization determines that the vending machine income from the Class 1 and Class 2 vending machines at the institution amounts to \$3,000 or less annually, the employee organization shall submit this determination in writing together with all supporting documentation to the institution's Office of Financial Management. If the Office of Financial Management concurs with this determination, the employee organization is not required to share vending machine income with the SLA. If the vending machine income generated by the Class 1 and Class 2 vending machines exceeds \$3,000 at the end of the year, the employee organization must pay either 50 percent or 30 percent of this income to the SLA in accordance with subsection d.(1) above.

(3) If an employee organization determines that it cannot estimate the amount of vending machine income that the Class 1 and Class 2 vending machines will generate because there is no prior history of Class 1 and Class 2 vending operations at the institution, the employee organization shall submit this determination in writing to the institution's Office of Financial Management. If the Office of Financial Management concurs with this determination, the employee organization shall not be

required to make quarterly payments to the SLA during the first year in which it conducts Class 1 and Class 2 operations. In lieu of the quarterly payments, the employee organization shall make an annual payment to the SLA, if the vending machine income generated by the Class 1 and Class 2 vending machines exceeds \$3,000 at the end of the first year. In accordance with subsection d.(1) above, this payment shall be in the amount of either 50 percent or 30 percent of the vending machine income generated.

e. If the employee organization at the institution provides Class 1 and Class 2 vending machine services, the vending machine income remaining after payment to the Inmate Trust Fund and apportionment to the SLA as provided in subsections c. and d. above, is the income realized by the institution's employee organization.

Example 1: SLA licenses a blind vendor to operate the Class 1 and Class 2 vending machines at a Bureau institution.

Quarterly commissions from commercial vendor (Class 1)	= \$10,100
Less quarterly space rental (Class 1)	= \$ 100
Total vending machine income (Class 1)	= \$10,000

Quarterly commissions from commercial vendor (Class 2)	= \$ 550
Less quarterly space rental (Class 2)	= \$ 50
Total vending machine income (Class 2)	= \$ 500

Total vending machine income (Class 1 and Class 2)	= \$10,500
Vending machine income accruing to SLA	= \$10,500

Example 2: SLA determines that the Class 1 and Class 2 vending opportunities at a Bureau institution will not support a blind vendor. The employee organization decides to provide Class 1 and Class 2 vending services. At least 50 percent of the total hours worked at the institution occur during periods other than the normal institution working hours.

Quarterly commissions from commercial vendor (Class 1)	= \$10,100
Less quarterly space rental (Class 1)	= \$ 100
Total vending machine income (Class 1)	= \$10,000

Quarterly commissions from commercial vendor (Class 2)	= \$ 550
Less quarterly space rental (Class 2)	= \$ 50
Total vending machine income (Class 2)	= \$ 500

Total vending machine income (Class 1 and Class 2)	= \$10,500
Less the amount due to the Trust Fund (15% x \$10,000)	= \$ 1,500
Less amount the due to the SLA (30% x \$10,500)	= \$ 3,150
Vending machine income accruing to employee organization	= \$ 5,850

f. The various registers and financial statements required by this Program Statement must be maintained in sufficient detail to permit the required audits, Operational Reviews, and Program Reviews, and to support payments effected.

19. PETTY CASH FUND. A petty cash fund established for change-making purposes at one or more stations throughout the institution must be properly secured. Funds shall be kept in either a locked, metal box, drawer, or other suitable container. The employee in possession of the funds at any given time is responsible for the total amount of funds advanced and for the accuracy of the transactions which are made. Shift-to-shift accountability should be considered if repeated differences occur.

The existence and amount of the petty cash fund shall be reflected on the Balance Sheet. When the quarterly and annual Balance Sheets are prepared, the statements shall be annotated to reflect the custodian and location of the petty cash fund. The Financial Officer of the organization shall count and certify these funds periodically.

20. AUDIT. An audit of all financial records is required annually. The audit must be performed by someone who is not an officer or a paid employee of the organization. It is recommended that an independent audit be conducted by a certified public accountant. This is mandatory for all organizations with annual gross receipts of \$25,000 or more. Organizations shall establish the calendar year as their fiscal year. The annual audit of employee organization records must be conducted between January 1 and May 15 of the subsequent year.

The audit of financial records should be performed in accordance with generally accepted auditing principles and standards.

21. INSTITUTION SUPPLEMENT. Specific implementing instructions may be made at the local level. An Institution Supplement shall be issued to implement this Program Statement at those institutions operating an employee organization.

The Institution Supplement must contain information relating to:

- a. The Warden's designation of a monitor (as required in Section 6.a. of the Program Statement) for each employee organization;
- b. Procedures for the approval of the use of any facility by an employee organization;
- c. Publication of an annual calendar of events (if permitted);
- d. Use of alcoholic beverages at activities held by employee organizations at the institution; and
- e. Implementation of the fiscal management and record keeping responsibilities of the institution.

\s\
Kathleen M. Hawk
Director

SAMPLE FORMAT
EMPLOYEES CLUB
REGISTER OF COLLECTIONS/DISBURSEMENTS

			DEPOSIT				CHECKING ACCT BALANCE		WITHDRAWALS			
		Check No.	Dues	Vending Machine		Parti es	Deposit	Balan ce	With- drawal	Partie s	Vendin g Machin e	Club Exp.
				Class 1	Class 2							
1/1 1/3 1/3 1/5 1/7 1/15 1/18 1/18 1/28 1/29 1/30 1/30	Balance Forward Vending Collections Acme Printing Club Card Christmas Party Donations Profit/Inst. from Vending Profit Treasurer Salary (Jan) Vending Collection Vending Purchase Supplies Coke Frito Holsum Deposit for Aniv. Party- Shriners Hallmark Party Decorations New Dues S. Jones-CPA	#1160 #1161 #1162 #1163 #1164 #1165 #1166 #1167 #1168	 50.00	742.50	35.00	 52.10	777.50 52.10 736.00 50.00	1125. 15 1902. 65 1817. 65 1869. 75 994.7 5 934.7 5 1670. 75 1435. 75 1240. 45 1089. 95 889.9 5 834.8 0 884.8 0 584.8 0	 85.00 875.00 60.00 60.00 235.00 235.00 195.30 195.30 55.15 150.50 200.00 55.15 300.00	 200.00 55.15 150.50	 235.00 195.30 150.50 <	

SUGGESTED FORMAT
EMPLOYEES CLUB
BALANCE SHEET

INSTITUTION: _____ DATE PREPARED: _____

ORGANIZATION: _____ PERIOD COVERED: _____

ASSETS:

CURRENT ASSETS:

Cash in Bank	\$
Petty Cash	
Other (Vending Machine ,etc.)	
Deposits in Credit Union	
Merchandise Inventory	
Other (List)	

TOTAL	\$

FIXED ASSETS:

Equipment	\$
Real Property, etc.	
Less Reserve for Depreciation	
TOTAL	\$
TOTAL ASSETS	\$

LIABILITIES:

Accounts Payable	\$
Notes Payable	
Other (List)	
TOTAL	\$

CAPITAL:

Capital (Total from Previous Statements)	\$
(Net Income/Loss for the Period)	\$
TOTAL	\$
TOTAL CAPITAL & LIABILITIES	\$

Prepared By: _____
Name and Title

Reviewed By: _____
President Controller

Warden Designee

SAMPLE FORMAT
EMPLOYEES CLUB
PROFIT & LOSS STATEMENT
CLASS 1 VENDING OPERATION

INSTITUTION: _____ DATE PREPARED: _____

ORGANIZATION: _____ PERIOD COVERED: _____

TOTAL VENDING MACHINE SALES FOR PERIOD: \$ _____

Beginning Merchandise Inventory	_____
ADD Goods Received	+
LESS Ending Mdse. Inventory	-

EQUALS: Cost of Goods Sold (COGS) \$ _____

ADD Space Rental	_____
Maintenance	_____

TOTAL OPERATING EXPENSES \$ _____

GROSS VENDING PROFIT OR LOSS FOR PERIOD: \$ _____
(Sales less COGS & Operating Expenses)

LESS Other Expenses	
SLA Commission - Class 1 (30%/50%)	_____
Trust Fund Commission - Class 1 (15%)	_____
_____	_____
_____	_____
_____	_____
_____	_____

Total: \$ _____

NET PROFIT OR LOSS FOR PERIOD: \$ _____

Prepared By: _____
Name & Title

Reviewed By: _____
President Controller

Warden Designee

* Note: The commission payments are calculated in accordance with Section 18 of this Program Statement.

SAMPLE FORMAT
EMPLOYEES CLUB
PROFIT & LOSS STATEMENT
CLASS 2 VENDING OPERATION

INSTITUTION: _____ DATE PREPARED: _____
ORGANIZATION: _____ PERIOD COVERED: _____
TOTAL VENDING MACHINE SALES FOR PERIOD: \$ _____

Beginning Merchandise Inventory	_____
ADD Goods Received	+
LESS Ending Mdse. Inventory	-

EQUALS: Cost of Goods Sold (COGS) \$ _____

ADD Space Rental	_____
Maintenance	_____

TOTAL OPERATING EXPENSES \$ _____

GROSS VENDING PROFIT OR LOSS FOR PERIOD: \$ _____
(Sales less COGS & Operating Expenses)

LESS Other Expenses	_____
SLA Commission - Class 2 (30%/50%)	_____
_____	_____
_____	_____
_____	_____

Total: \$ _____

NET PROFIT OR LOSS FOR PERIOD: \$ _____

Prepared By: _____
Name & Title

Reviewed By: _____
President Controller

Warden Designee

Note: The commission payments are calculated in accordance with
Section 18 of this Program Statement.

SAMPLE FORMAT
EMPLOYEES CLUB
PROFIT & LOSS STATEMENT
NON-VENDING MACHINE INCOME

INSTITUTION: _____ DATE PREPARED: _____

ORGANIZATION: _____ PERIOD COVERED: _____

TOTAL SALES FOR PERIOD: \$ _____

Beginning Merchandise Inventory	\$ _____
ADD Merchandise Received	+ _____
LESS Ending Mdse. Inventory	- _____

EQUALS Cost of Mdse. Sold \$ _____

GROSS PROFIT OR LOSS FOR PERIOD: \$ _____
(Sales less cost of Mdse. Sold)

Less Operating Expenses

_____	_____
_____	_____
_____	_____
_____	_____

TOTAL: \$ _____

NET PROFIT OR LOSS FOR PERIOD: \$ _____

Prepared By: _____
Name & Title

Reviewed By: _____
President Controller

Warden Designee

SAMPLE FORMAT
EMPLOYEES CLUB
PROFIT & LOSS STATEMENT
CONSOLIDATED

INSTITUTION: _____ DATE PREPARED: _____

ORGANIZATION: _____ PERIOD COVERED: _____

TOTAL SALES FOR PERIOD: \$ _____

Beginning Mdse. Inventory	_____
ADD Merchandise Received	+
LESS Ending Mdse. Inventory	-

EQUALS Cost of Mdse. Sold \$ _____

GROSS PROFIT OR LOSS FOR PERIOD: \$ _____
(Sales less cost of Mdse. Sold)

Less Operating Expenses

_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

TOTAL: \$ _____

NET PROFIT OR LOSS FOR PERIOD: \$ _____

Prepared By: _____
Name & Title

Reviewed By: _____
President Controller

Warden Designee

Note: This report consolidates profit & loss statements for
all activities, including vending machine.

Randolph-Sheppard Contacts in the United States

ALABAMA

ALABAMA DIVISION OF REHABILITATION SERVICES
State Department of Education
2129 East South Boulevard
P.O. Box 11586
Montgomery, AL 36111-0586
CONTACT: Larry Hunt
BEP Supervisor
(205) 281-8780
FAX: (205) 281-1973

ALASKA

ALASKA DIVISION OF VOCATIONAL REHABILITATION
2221 E. Northern Lights, Suite 125
Anchorage, AK 99508
CONTACT: Stan Ridgeway
Acting BEP Coordinator
(907) 272-4377

ARIZONA

ARIZONA REHABILITATION SERVICES ADMINISTRATION
4620 North 12th Street, Suite 206,
Phoenix, Arizona 85016
CONTACT: Gerald H. (Gerry) Carthy
Program Manager, BEP
(602) 266-9070
FAX: (602) 235-9491

ARKANSAS

ARKANSAS DEPARTMENT OF HUMAN SERVICES, DIVISION OF
SERVICES F/T BLIND
411 Victory Street
P.O. Box 3237
Little Rock, Arkansas 72203-3237
CONTACT: Jim Pearson
Administrator
(501) 324-9270
FAX: (501) 324-9280

CALIFORNIA

CALIFORNIA DEPARTMENT OF REHABILITATION

Business Enterprise Program

830 K Street Mall

Sacramento, CA 95814

CONTACT: Joseph Smith

Administrator, Business Enterprise Program

(916) 322-2929

FAX (916) 327-9487

COLORADO

BUSINESS ENTERPRISE PROGRAM

Services for the Blind

Colorado Rehabilitation Services

2211 W. Evans Avenue, Building B

Denver, CO 80223

CONTACT: John Peraro

B.E. Program Manager

(303) 922-3654

FAX: (303) 934-6854

CONNECTICUT

STATE OF CONNECTICUT, DEPARTMENT OF HUMAN RESOURCE

Board of Education & Services f/t Blind

170 Ridge Road

Wethersfield, CT 06109

CONTACT: Edward Owens

Vending Facility Supervisor

(203) 566-5800

FAX: 278-6920

DELAWARE

DELAWARE DIVISION f/t VISUALLY IMPAIRED

Business Enterprise Program

1901 N. DuPont Highway

Biggs Building

New Castle, DE 19720

CONTACT: Tom Smith

Director, BEP

(302) 577-4730, ext. 33

Fax (302) 577-4763

DISTRICT OF COLUMBIA

REHABILITATION SERVICES ADMINISTRATION
Randolph-Sheppard Vending Program
Commission on Social Services
Department of Human Services
605 G Street, N.W.
Washington, D.C. 20001
CONTACT: Lloyd Buckner, Chief
(202) 727-2201
FAX: (202) 727-1707

FLORIDA

FLORIDA DEPARTMENT OF EDUCATION
Division of Blind Services
Vending Facility Section
P.O. Box 12309
Tallahassee, FL 32317
CONTACT: Paul J. Lewis
Program Director
(904) 487-1260
FAX: (904) 487-1804

GEORGIA

GEORGIA DEPARTMENT OF HUMAN SERVICES
Rehabilitation Services
Facilities Section
315 East Ponce De Leon Avenue, Room 753
Decatur, GA 30030
CONTACT: James P. Turner
BEP Chief
(404) 370-5537
FAX: (404) 370-5539

HAWAII

HAWAII DEPARTMENT OF HUMAN SERVICES
HO'OPONO Rehabilitation Center
1901 Bachelot Street
Honolulu, HI 96817
CONTACT: John Koki, Business Manager
(808) 586-5282
FAX: (808) 586-5288

IDAHO

IDAHO COMMISSION f/t BLIND
341 W. Washington
Boise, ID 83702
CONTACT: Becky McKinley
BEP Supervisor
(208) 334-3220
FAX: (208) 334-2963

ILLINOIS

ILLINOIS DEPARTMENT OF REHABILITATION SERVICES
623 E. Adams Street
P.O. Box 19429
Springfield, IL 62794-9429
CONTACT: Thomas Dederer
Administrator, Vending Facility Program
(217) 785-3887
FAX: (217) 524-1235

INDIANA

INDIANA DIVISION OF AGING AND REHABILITATIVE SERVICES
Office of Services f/t Blind and Visually Impaired
402 W. Washington Street
P.O. Box 7083
Indianapolis, IN 46207-7083
CONTACT: Don Waggoner
Vending Program Manager
(317) 232-1441
FAX: (317-) 232-6478

IOWA

IOWA DEPARTMENT f/t BLIND
524 4th Street
Des Moines, IA 50309
CONTACT: Roger Erpelding
BEP Program Administrator
(515) 281-1358
FAX: (515) 281-1263

KANSAS

KANSAS DEPARTMENT OF SOCIAL AND REHABILITATION SERVICES
Rehabilitation Services f/t Blind
Biddle Building
300 S.W. Oakley
Topeka, KS 66606-9997
CONTACT: Robert L. Sheldon
BEP Supervisor
(913) 296-0511
FAX: (913) 296-0511

KENTUCKY

KENTUCKY DEPARTMENT f/t BLIND
427 Versailles Road
Frankfort, KY 40601
CONTACT: Steve Johnson
BEP Director
(502) 573-4754
FAX: (502) 573-3976

LOUISIANA

LOUISIANA DIVISION OF REHABILITATION SERVICES
P.O. Box 94317
Baton Rouge, LA 70804-9371
CONTACT: Pat Bradshaw
B.E. Program Manager
(504) 925-3507
FAX: (504) 925-4184

MAINE

MAINE BUREAU OF REHABILITATION
35 Anthony Avenue
State House
Augusta, ME 04333-0011
CONTACT: Jeanette Rowell
R-S Program Specialist
(207) 624-5323
FAX: (207) 624-5361

MARYLAND

MARYLAND DIVISION OF REHABILITATION SERVICES
2301 Argonne Drive
Baltimore, MD 21207
CONTACT: Scott Dennis
Director, Business Enterprise Program
(410) 554-3286
FAX: (410) 554-3290

MASSACHUSETTS

MASSACHUSETTS COMMISSION f/t BLIND
88 Kingston Street
Boston, MA 02111-2227
CONTACT: Richard Leland
Vending Facility Program Manager
(617) 727-5550, ext. 4512
FAX: (617) 727-5960

MICHIGAN

MICHIGAN COMMISSION f/t BLIND
201 N. Washington Square
Lansing, MI 48909
CONTACT: Fred Wurtzel
BEP Administrator
(517) 373-2062
FAX: (517) 335-5140

MINNESOTA

MINNESOTA DEPARTMENT OF JOBS AND TRAINING STATE SERVICES
F/T BLIND
Business Enterprise Program
2200 University Avenue West, Suite #240
St. Paul, MN 55104-1840

CONTACT: Chuck Hamilton, Director
Business Enterprises
(612) 642-0512
FAX: (612) 649-5927

MISSISSIPPI

MISSISSIPPI VOCATIONAL REHABILITATION f/t BLIND
P.O. Box 9727
Jackson, MS 39286-9727
CONTACT: Robert McDonnell
BEP Manager
(601) 364-2802
FAX: (601) 364-2804

MISSOURI

MISSOURI REHABILITATION SERVICES f/t BLIND
Division of Family Services
619 E. Capitol
Jefferson City, MO 65101
CONTACT: Frances Donnelly
BEP Supervisor
(314) 571-4881
FAX: (312) 751-4984

NEBRASKA

NEBRASKA DEPARTMENT OF PUBLIC INSTITUTIONS
Rehabilitation Services f/t Visually Impaired
4600 Valley Road
Lincoln, NW 68510
CONTACT: Terry Harris
BEP Administrator
(402) 471-2891
FAX: (402) 483-4184

NEVADA

NEVADA BUREAU OF SERVICES TO THE BLIND
505 E. King Street, Room 503
Carson City, NW 89710
CONTACT: Mervin J. Flander
B.E. Officer
(702) 687-4444
FAX: (702) 687-5980

NEW HAMPSHIRE

NEW HAMPSHIRE SERVICES f/t BLIND
78 Regional Drive
Concord, NH 03301
CONTACT: David A. Lamb
BEP Coordinator
(603) 271-3537
FAX: (603) 271-1114

NEW JERSEY

NEW JERSEY COMMISSION f/t BLIND AND VISUALLY IMPAIRED
222 South Warren Street
CN-721
Trenton, NJ 08625-0721
CONTACT: Ron Parent
Supervisor, BEP
(609) 777-2081
FAX: (609) 777-2082

NEW MEXICO

NEW MEXICO COMMISSION f/t BLIND
Business Enterprise Program
2200 Yale Street, S.E.
Albuquerque, NM 87106
CONTACT: Christine Nieto
Vending Facility Program Manager
(505) 827-4479
FAX: (505) 827-4475

NEW YORK

NEW YORK COMMISSION f/t BLIND AND VISUALLY HANDICAPPED
40 N. Pearl Street
Albany, NY 12243-0001
CONTACT: Tom Robertson, Supervisor
Business Enterprise Program
(518) 473-1801
FAX: (518) 486-5819

NORTH CAROLINA

NORTH CAROLINA DIVISION OF SERVICES f/t BLIND
309 Ashe Avenue
Raleigh, NC 27606
CONTACT: Glenn Cutler
BEP Chief
(919) 733-9703
FAX: (919) 715-4259

NORTH DAKOTA

BUSINESS ENTERPRISE PROGRAM OFFICE OF VOCATIONAL
REHABILITATION
Department of Human Services
Administrative Office
400 East Broadway Avenue, Suite 303
Bismarck, ND 58501-4038
CONTACT: Mike Beck
Coordinator
(701) 224-2907
FAX: (701) 224-3000

OHIO

OHIO REHABILITATION SERVICES COMMISSION
Bureau of Services f/t Visually Impaired
400 East Campus View Blvd (SW3)
Columbus, OH 43235-4604
CONTACT: Michael Hanes
BE Program Manager
(614) 438-1210
FAX: (614) 438-1257

OKLAHOMA

OKLAHOMA DEPARTMENT OF HUMAN SERVICES
Division of Visual Services
Sequoyah Memorial Office Building
P.O. Box 25352
Oklahoma City, OK 73125
CONTACT: Jim Nation
BEP Admin. Officer
(405) 522-2564
FAX: (405) 427-2753

OREGON

OREGON COMMISSION f/t BLIND
535 S.E. 12th Avenue
Portland, OR 97214
CONTACT: Mike Ray
BEP Director
(503) 731-3221
FAX: (503) 731-3230

PENNSYLVANIA

PENNSYLVANIA DEPARTMENT OF PUBLIC WELFARE
Bureau of Blindness and Visual Services
1401 N. Seventh Street
Harrisburg, PA 17105
CONTACT: Ms. Stephanie Parker
Director, BEP
(717) 787-2145
FAX: (717) 787-3210

PUERTO RICO

DEPARTMENT OF SOCIAL SERVICES
Vocational Rehabilitation Program
P.O. Box 1118
Hato Rey, P.R. 00919
CONTACT: Pedro Manzano, Director
Services for the Blind
(809) 725-3120
FAX: (809) 721-6286

RHODE ISLAND

RHODE ISLAND SERVICES f/t BLIND AND VISUALLY IMPAIRED
275 Westminster Street, 5th Floor
Providence, RI 02903
CONTACT: Gary B. Wier
Chief, BEP
(401) 277-2300
FAX: (401) 277-1328

SOUTH CAROLINA

SOUTH CAROLINA COMMISSION f/t BLIND
1430 Confederate Avenue
Columbus, SC 29201
CONTACT: Earl Gardner
BEP Supervisor
(803) 734-7554
FAX: (803) 734-7885

SOUTH DAKOTA

BEP SERVICES TO THE BLIND AND VISUALLY IMPAIRED
East Highway 34
c/o 500 East Capitol
Pierre, SD 57505
CONTACT: Jim Person
Supervisor BEP
(605) 773-3195
FAX: (605) 773-4855

TENNESSEE

TENNESSEE DIVISION OF REHABILITATION SERVICES
Citizens Plaza Building
400 Deaderick, 11th Floor
Nashville, TN 37219
CONTACT: Jack H. Davis
BEP Director
(615) 741-2919
FAX: (615) 741-4165

TEXAS

TEXAS COMMISSION FOR THE BLIND
4800 N. Lamar Boulevard
Administrative Building, Suite 260
Austin, TX 78756
CONTACT: Al Little
Acting Director, BEP
(512) 459-2560
FAX: (512) 459-2685

UTAH

BEP, DIVISION OF SERVICES f/t VISUALLY HANDICAPPED
UTAH STATE OFFICE OF REHABILITATION
309 East 100 South
Salt Lake City, UT 84111
CONTACT: Ray Martin
BEP Supervisor
(801) 533-9393
FAX: (801) 538-7522

VERMONT

VERMONT DIVISION FOR THE BLIND AND VISUALLY IMPAIRED
103 South Main Street
Waterbury, VT 05676
CONTACT: Nancy Darcy
BEP and Employment Specialist
(802) 241-2210
FAX: (802) 244-8103

VIRGIN ISLANDS

DEPARTMENT OF HUMAN SERVICES
Division for Disabilities and Rehabilitation Services
3011 Golden Rock
Christianstedt, St. Croix, VI 00820
CONTACT: Beverly Plackett, Supervisor
Vending Facility Program
(809) 778-0290
FAX: (809) 774-3466

VIRGINIA

VIRGINIA DEPARTMENT f/t VISUALLY HANDICAPPED
397 Azalea Avenue
Richmond, Va 23227
CONTACT: David Kennedy, Assistant Deputy Commissioner for
Business Facilities
(804) 371-3103
FAX: (804) 371-3351

WASHINGTON

WASHINGTON DEPARTMENT OF SERVICES f/t BLIND
521 E. Legion Way, FD-11
Olympia, WA 98504-1422
CONTACT: Bonnie Jindra
BEP Director
(206) 586-0275
FAX: (206) 586-7627

WEST VIRGINIA

WEST VIRGINIA SOCIETY FOR THE BLIND
1427 Lee Street, East
Charleston, W.V. 25301
CONTACT: David Naylor, Administrator, BEP
(304) 558-2373
FAX: (304) 558-2398

WISCONSIN

WISCONSIN DEPARTMENT OF HEALTH AND SOCIAL SERVICES DIVISION OF
REHABILITATION, BUREAU OF SENSORY DISABILITIES
1 West Wilson Street, P.O. Box 7852
Madison, WI 53707
CONTACT: Michael Nelipovich
Supervisor BEP, Office for the Blind
(608) 266-2168
FAX: (608) 267-3657