



Policy Directive 56

Production and Sales of Goods, Products and Services from Prison Industries

Legislation referred to: [Prisons Act 1981](#) ss 95 and 110(1) (n)

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Purpose

To establish the procedures for the production, despatch and payment of all goods and services provided by prisons in the Department of Corrective Services (DCS).

Policy Statement

The Department of Corrective Services will provide prisoner employment within business-like industries. These industries will include internal supply self-sufficiency and commercial manufacturing or labour-only services for private enterprise. These industry activities will comply with National Competition Policy Principles and all transactions will demonstrate a clear audit path.

Definitions

ABN	is a business' registered Australian Business Number
Credit Account Application	is the Department's confidential application form for applying for a credit account to purchase goods
Debtors Policy	is the Department's policy on handling accounts and debtors outstanding debts
Despatch List	list of goods that fill an order or a part order that are ready for pick up or delivery to a customer
Gate Pass	is an authorisation for goods, materials or services to leave Corrective Service's property
Office of shared services (OSS)	is the State Government business arm that handles invoicing and payment processing for the Department
Occurrence Book	is the official record of gate movements and happenings in individual prisons and associated areas
Prison Industries Catalogue (PIC)	is the software program that lists all products and services available for purchase from Prison Industries
Product Pricing Form (PPF)	is a calculation process for arriving at an industry competitive price for prison made goods

1. Principles

Superintendents are to establish local procedures that will ensure the following principles are adhered to:

- 1.1 All goods and services are properly priced and approved using the Treasury approved Product Pricing Form.
- 1.2 All goods and services produced by Prison Industries for internal or external supply must be transacted (ie ordered, despatched and receipted) via PIC on Justnet. Each PIC transaction will provide a sales order number, a clear record of activity and a concise audit trail as well as an up to date inventory of production and stock on hand.
- 1.3 All goods despatched are to be accompanied by appropriate paperwork and clearly recorded when it leaves the prison.
- 1.4 All customers are provided with clear, unambiguous trading terms and conditions.

2. Pricing

All goods produced or services provided will be priced in line with current pricing policies using the to ensure a fair price is charged and competitive neutrality is observed. GST is to be applied as per Australian Tax Office regulations. To assure compliance with the pricing policy, Business Managers will conduct random evaluations of supplied goods or services on a regular basis and pricing will be subject to audit checking.

3. Prison Industries Catalogue (PIC)

All goods and services supplied by Prison Industries, including internal work and one-off projects, must be entered on the PIC System. Staff may purchase standard catalogue items at the standard list price only - one off "made to order" projects will not be allowed.

4. Catalogue of Goods and Services Supplied

Each work area must ensure that all goods and services supplied through their work area is accurately maintained and listed on their PIC catalogue.

The creation of new catalogue items will be by request to an authorised PIC administrator, generally the Business Manager.

5. Inventory

To maintain accurate records of stock on hand, the production of goods must be added to the PIC inventory regularly, but at least weekly. Stocktaking should be undertaken monthly (by a PIC administrator) to confirm the accuracy of the PIC inventory quantity for each item produced or stored in the work area.

6. Terms and Conditions for Transactions

There are 3 types of sales transactions that can occur:

- internal supply that will be accounted via journal transfer initiated from PIC
- cash sales that will be accounted via cash receipt matching the PIC order despatch list
- invoiced accounts for corporate customers with approved credit accounts and the transactions are entered into the department's accounting system via the PIC order.

6.1 Internal Sales

Goods and services produced for internal supply must be transacted via the PIC system so that accurate records of the value of production and consumption can be maintained. These orders should be placed by the buyer or business unit consuming the goods. Accounting for these transactions will be done by journal transaction using the agreed internal transfer price.

6.2 Cash Sales

Cash sales must have an official cash receipt that matches the sale amount on the PIC order despatch list before they can be moved through the gate or off the department's property. At the Superintendent's discretion the payment may be required before the commencement of production of goods.

These sales do not require an FMIS invoice as they are entered into the department's financial system from PIC cash transactions reports.

6.3 Credit Account (Invoiced Sales)

Corporate clients may apply for a Credit Account using the Department's Credit Account application form supplying their valid ABN, registered business name, postal and delivery address and a signed acknowledgment of our trading terms. Approved clients may then order goods and be supplied on a 30 day account.

- 6.3.1 All corporate client orders for goods or services will only be commenced after receipt of a signed and numbered customer generated order (emailed orders may be classed as signed but should still contain an order number). These corporate client order numbers must be entered into the PIC system before the goods or service are processed or despatched.
- 6.3.2 Where production is of a repetitive nature (ie 20 units per month, every month) then customer orders may be classed as standing or open ended. A copy of the original order must be retained with the corresponding PIC sales order number/s written on it.
- 6.3.3 Invoices generated by the finance system from information provided by the PIC order and despatch record, must include the customer order numbers. PIC will provide to FMIS the information required to produce the invoice once the goods have been despatched

6.4 Debtors Policy

All credit accounts are to be monitored on a regular basis by each business unit as per the Department's Debtors' Policy.

7. Receipts and Gate Passes

- 7.1 Any goods or services that exit a prison gatehouse or stores facility must be accompanied by the PIC order showing the despatched goods and either an official invoice (for credit sales) or a receipt and gate pass (for cash sales). All pieces of paperwork must have the PIC order clearly articulated for cross reference.
- 7.2 The following positions are authorised to issue cash sale gate passes associated with the sales of Industry goods and services once satisfied payment has occurred – Superintendent, Deputy / Assist Superintendent, Business Manager, Industries Manager and / or Manager Security.
- 7.3 The Senior Officer Gatehouse is responsible for ensuring that movement of goods through the gate complies with all departmental rules.

8. Despatch of Orders

- 8.1 Completed orders are to be despatched from workshops direct to prison stores (where possible), staff are prohibited from taking delivery of goods directly from work areas. Where commercial goods despatch is directly from the workshop due to product volumes or size, accountability procedures will be as if occurring at the prison store.

- 8.2 All goods despatched must be entered into a stores despatch register and be accompanied with the PIC sales order showing the full list of despatched goods.
- 8.3 For any goods to be released, all customer orders must be signed for by the client or the carrier as the client's agent and be accompanied by official approved paperwork.

Applicability

Applies to all public prisons

References

- [Prisons Act 1981](#) ss 95 and 110(1) (n)

Policy Sponsor

Assistant Commissioner Custodial Operations

Contact Person

Manager, Prison Industries