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|  <p>CD-110500</p> | <h1>NEW MEXICO CORRECTIONS DEPARTMENT</h1> <p><i>"We commit to the safety and well-being of the people of New Mexico by doing the right thing, always."</i> Courage Responsibility Ethics Dedication - CREDibly serving the public safety of New Mexico</p> | |
| | ISSUE DATE: 07/26/06 | REVIEW/REVISED: 03/17/15 |
| | EFFECTIVE DATE: 07/26/06 | |
| TITLE: Correction Industries Comprehensive Inventory System | | |

AUTHORITY:

Corrections Industries Act, NMSA 1978 Sections 33-8-1, as amended.

REFERENCE:

ACA Standards 2-CI-6E-7 and 2-CI-6E-8, *Standards for Correctional Industries*, 2nd Edition.

PURPOSE:

- A. To ensure that a comprehensive inventory management system is established and maintained within the Corrections Industries Division.
- B. The inventory cycle is to control the flow of information and to assist in the physical control of the goods to assure management that the information available is accurate and to reduce the chance of loss of goods.
- C. To ensure that a min-max (minimum-maximum) inventory is maintained at all production facilities on all standard furniture product lines to be able to fill customer orders and deliver within 30 days or less. Min-max inventory shall include all seating, Rio Grande and Santa Fe Series.

APPLICABILITY:

All full time employees and all inmate employees of the Corrections Industries Division.

FORMS:

None

ATTACHMENTS:

None

DEFINITIONS:

- A. Case Goods: Furniture with no upholstery.
- B. Custom Furniture:
 - 1. All seating and fabrics not offered on the Corrections Industries and wood colors other than A, B, or C are considered custom furniture.
 - 2. All furniture other than the Standard Santa Fe Series, Rio Grande Series and Rio Grande 2000 in A, B, or C stain. Any deviation from the sizes and products listed on the Corrections Industries website is considered custom furniture.
- C. Distribution/Warehouse Manager (DWM): Employee located at the Central New Mexico Corrections Facility (CNMCF) who is responsible for supervising the distribution of Corrections Industries products and reports to the Deputy Director.
- D. Finished Goods: Manufacturer's complete product that is being held in stock.
- E. Min-Max: Minimum and Maximum
- F. Perpetual Inventory: Maintaining a permanent record of on-hand quantities, additions and deletions from inventory.
- G. Raw Materials: Material that has not been processed.
- H. Standard Furniture:
 - 1. All seating and fabrics offered on the Corrections Industries website is considered standard furniture.
 - 2. All Santa Fe Series furniture offered on the Corrections Industries website in A, B, or C stain is considered standard furniture.
 - 3. All Rio Grande and Rio Grande 2000 Series furniture offered in the Corrections Industries website in A, B or C stain is considered standard furniture.
- I. Work-in-process: Goods that are in the process of being manufactured on the production line.

POLICY:

Corrections Industries shall establish and maintain a comprehensive inventory management system. **[2-CI-6E-7]**

Inventory management practices shall include provision for at least annual physical inventories of raw materials, work in progress and finished goods. **[2-CI-6E-8]**



Gregg Marcantel, Secretary of Corrections
New Mexico Corrections Department

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| | ISSUE DATE: 07/26/06 | REVIEW/REVISED: 03/17/15 |
| EFFECTIVE DATE: 07/26/06 | | |
| CD-110501 | TITLE: Correction Industries Comprehensive Inventory Cycle | |

AUTHORITY:

Policy *CD-110500*

PROCEDURE:

A materials management system shall be established to support the order and control of materials. **[2-CI-6E-7]**

Inventory is broken down into raw materials; work-in-process; and finished goods. Detail perpetual inventory records will be maintained at each facility. Raw materials will be maintained on the computer via the inventory module; work in process and finished goods will be maintained via index cards.

Inventory management practices shall include provision for at least annual physical inventories of raw materials, work in progress and finished goods. **[2-CI-6E-8]**

A. DOCUMENTS

1. Index Cards: A file of index cards will be maintained at each facility, in the warehouse, containing the following information.
 - a. Name and part of each item of finished goods.
 - b. Quantity balance maintained on a daily basis by entering increases to the inventory from the Work Order Completed Report/Job Tickets and by entering decreases from the Delivery Ticket information.
2. Automated Inventory: The computerized inventory of raw materials will be maintained using the inventory module. The entries to this system will be made from the Receiving document (increases) and from the Warehouse Requisition document (decreases).
3. Receiving Document
4. Warehouse Requisition

5. Documents Transferred Log
6. Work Order
7. Work Order Completed: See Purchasing Cycle and Sales Cycle for description of these documents. They will be used in the Inventory Cycle to interface with the upgrade and perpetual and automated inventory records.
8. Manufacturing Daily Reports: These reports will be generated primarily by the rough mill operation to show daily production and to upgrade perpetual inventory cards.
9. Job Tickets: These will be used at each facility to accumulate costs for manufactured goods, showing materials and labor units for particular jobs. They will form the basis for perpetual inventory work-in-process records at the facilities.

B. CUT OFF PROCEDURES

It is imperative that correct cut-off procedures be followed. This means that at the end of each month all transactions that actually occurred in that month are properly included and posted to the inventory records. All documents that should have been generated in a month must be included in that month, including Receiving Document, Warehouse Requisition, Work Order and Manufacturing Daily Report.

C. RAW MATERIALS

To be maintained on the computerized Inventory Module.

1. Using the Receiving document and its procedures, quantities and unit prices received will be recorded as "Add to Inventory" transactions.
2. Using the Warehouse Requisition and its procedures, quantities used will be recorded as "Subtract from Inventory" transactions.
3. Physical inventories will be taken monthly; differences will be recorded as either "Add to" or "Subtract from" transactions as needed.
4. After recording all transactions for the month, including adjustments based on physical inventories per 3. Above, the "On Hand" inventory report will be printed, with "Print Detail-Yes" and "Skip 0 Quantities-Yes" options selected. This report shall be submitted to Central Office along with work in process and finished goods reports by the deadline date requested.

5. Minimum and maximum inventory levels reorder points, and economic reorder points will be established and recorded in the Inventory Module to be used by the Warehouse Manager to automatically reorder goods needed in stock.
6. The Inventory Report prepared by the facility should have a cover page, summary page, signature of each supervisor, and the detail listings of Raw Materials (see report in 4. above), Work in Process, and Finished Goods.
7. Based on the Inventory Report, Central Office staff will adjust the general ledger accounts for each enterprise's inventories.

D. WORK-IN-PROCESS

Work-in-process will only be counted and calculated at the end of the month. Prepare a report for each shop at each enterprise as follows.

1. For case goods:
 - a. Count the items for which parts have been cut. List these items on the Work- in-Process report by finished goods stock number, showing stock number, description, quantity, 50% complete (cut parts), cost per approved cost sheet, and extension. Include percent in calculating the extension. Example: stock number 1110, quantity 5, 50%, cost \$246.98, extension = \$617.45.
 - b. Count the items that have been assembled. List these items as described above indicating 70% complete. Calculate extension using percent as shown above.
 - c. Count the items that have been sanded. List these items as described above indicating 90% complete. Calculate extension using percent as shown above.
2. For upholstered goods:

Describe levels of completion.

E. FINISHED GOODS

1. Stock items will be maintained on perpetual inventory index cards at each facility in the warehouse. Dollar amount information will be maintained at Central Office.

Index Cards:

- a) For stock items, the Work Order Completed/Job Ticket showing a completed job will be used to increase inventory by stock number.
 - b) Using the Delivery Ticket and its procedures, quantity decreases will be entered.
 - c) Using the approved cost sheets, the inventory will be extended and sent to the Central Office to adjust the ledger.
 - d) Physical inventories will be taken at least quarterly and compared with the perpetual inventory. Perpetual inventory cards will be adjusted to reflect physical inventories.
2. Inventory Reporting:

The Inventory Report from each facility shall be bound prior to submission to Central Office Finance Section (see attachment).



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|  <p>CD-110502</p> | <h1>NEW MEXICO CORRECTIONS DEPARTMENT</h1> <p>"We commit to the safety and well-being of the people of New Mexico by doing the right thing, always." Courage Responsibility Ethics Dedication - CREDibly serving the public safety of New Mexico</p> | |
| | ISSUE DATE: 07/26/06 | REVIEW/REVISED: 03/17/15 |
| | EFFECTIVE DATE: 07/26/06 | |
| TITLE: Correction Industries Maintaining MIN/MAX Inventory for all Furniture Lines | | |

AUTHORITY:

Policy *CD-110500*

PROCEDURES:

- A.** The Distribution/Warehouse Managers (DWM) and Sales Managers shall establish criteria for the maximum levels of product to be kept in stock at CI Warehouse. The Facility Managers and DWM shall determine minimum levels of inventory. The sales order for max levels and the min levels will be approved by the Deputy Director.
- B.** Facility Managers, the Sales Manager, and the DWM shall perform a ninety (90) day review and a six month review of the min-max system to determine if min and max levels are sufficient.
- C. Operations and Sales Department Managers shall:**
 - 1. Send all custom orders to Corrections Industries Central New Mexico Correctional Facility.
 - 2. Send standard furniture orders for all Rio Grande and Santa Fe series to Corrections Industries at Central New Mexico Correctional Facility.
 - 3. Facility Managers shall ensure that all work orders are entered into the computer.
 - 5. All work orders for standard items shall be forwarded to the appropriate Facility Manager's office and to the DWM. The DWM shall fill all standard work orders from stock.

D. Central Distribution Center shall:

1. Facility manager should complete a production order upon reviewing inventory, according to min max levels.
2. Distribution shall coordinate with appropriate facility manager on all respective deliveries.
3. Delivery tickets for all orders shall be initiated from the facility manufacturing the product. Delivery tickets shall accompany the product to the point of delivery and are to be returned to Distribution.
4. Distribution shall return signed delivery tickets for custom orders to the proper facility.
5. Completed delivery tickets for all products shall be returned to the Distribution Manager. Distribution shall match delivery tickets to work orders. Delivery tickets shall be forwarded to the CI business office (accounts receivable).
6. Central New Mexico Correctional Facility delivery tickets shall be used for delivering all Central products from Distribution, including print shop items.
7. The DWM, working with the appropriate facility managers, shall be responsible for maintaining perpetual inventory on finished products.

E. Print Shop:

1. Print Shop work orders shall be sent to the Print Shop. The Print Shop Supervisor shall attach a copy of the work order to a production order and forward to production.
2. Completed Print Shop work orders shall be transferred to Distribution for delivery accompanied by a delivery ticket.
3. Distribution shall make all deliveries on a timely basis (scheduled in accordance with vehicle and driver availability).

F. Facility Manager:

1. Facility managers are responsible for weekly summary reports. This summary will contain all deliveries and shall be forwarded to Central Office Finance Section. A copy of delivery tickets will be attached to this report for billing.

2. Facility managers shall be responsible for End of Month Delivery Report.

G. Central New Mexico Correctional Facility Drivers

1. Delivery personnel must deliver furniture as scheduled, or report any changes in schedule or deliveries to the Distribution Manager via phone or pager immediately.
2. Drivers must turn in the delivery ticket daily from the previous day deliveries, accompanied by a driver's log.
3. Drivers are responsible for preparing the proper paper work for checking out transfers from the CNMCF Minimum Facility.
4. Drivers are responsible for the security and presentation of the inmates they check out.
5. Drivers must respond to calls received on the pager 24 hours a day. (In case of a change in the next day's itinerary).



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