

**PART I: INTRODUCTION**

- 1.1 Intent
- 1.2 Responsibility

**PART II: JAIL ADMINISTRATION**

- Article 1 - Good Business Practices
  - 2.1 Jail Internal Policies and Procedures Manual
  - 2.2 Training Of Lids Technician And Jail Staff
  - 2.3 Establishment Of Internal Controls For Lids
  - 2.4 Managerial Responsibilities For Lids
- Article 2 - Lids Access Security
  - 2.5 Access Accountability

**PART III: STANDARD COMPENSATION BOARD AUDIT TEST**

- Article 3 - Introduction
  - 3.1 Intent
- Article 4 - Documentation Requested During Audit
  - 4.1 Jail Standard Operating Procedures For Lids
  - 4.2 Management Review Of Lids Activity
- Article 5 – Compensation Board Audit Procedures
  - 5.1 Scope of Audits
  - 5.2 Possible Errors And Data Accuracy Test
  - 5.3 Internal Control Review and Testing
  - 5.4 Performance Rating Matrix
  - 5.5 Findings And Recommendations
  - 5.6 Exit Conference
  - 5.7 Issuance And Distribution Of Report
  - 5.8 Close Out Of Audits

**PART IV: APPENDIX**

- Glossary

## PART I: INTRODUCTION

### 1.1 Intent

To provide each LIDS user with record keeping guidelines, audit tests and performance rating criteria.

### 1.2 Responsibility

The primary responsibility for application of these guidelines rests with the sheriff/superintendent or each chief executive officer of the jail, regional jail or jail farm.

### 1.3 Purpose of this Audit Guide

1. Provide day-to-day audit guidelines to ensure the financial accuracy of request for reimbursements and the over all accuracy of data entered into LIDS.
2. Provide day-to-day audit guidelines to facilitate local jail self audits.

## PART II: JAIL ADMINISTRATION

## Article 1 - Good Business Practices for Jails

Good business practices for jails require that adequate operational and financial controls be in place and maintained to ensure efficient management of the facility. This is accomplished through effective procedures, training of personnel, and management review of operations including financial controls.

## 2.1 Jail Internal Policies and Procedures Manual

1. We recommend that you develop and maintain a manual of standard operating procedures for your facility. Such a manual should be available 24 hours a day to all staff.
2. The facility's policy and procedures manual should be reviewed every 12 months by the administration to take into consideration changes in the Code of Virginia, the Appropriation Act, and in LIDS that affect the monthly reimbursement request.
3. The jail's standard operating procedures should be clearly written to ensure compliance with the following guidelines. You may wish to take the following into consideration as you write specific policies and procedures for your manual:
  - a. LIDS is a financial reimbursement system
    - i. The jail is a revenue center.
      1. LIDS is a computerized per diem reimbursement system that functions as a billing system for the jail.
    - ii. Local jail management systems that interface with LIDS should have the same financial controls as required for LIDS.
  - b. LIDS is a data collection system
    - i. Data from LIDS is used in establishing the staffing levels for the Jail by the Compensation Board.
    - ii. Data is recorded to a standardized statewide database of inmate information. Activities affect the money provided to the locality.
    - iii. LIDS data is used to:
      1. Forecast State Beds requirements
      2. Post Jail Contract Beds activity
      3. Post Court Order activity
      4. Forecast Local Bed usage
      5. Collect sentencing information
    - iv. LIDS data is sent to the Social Security Administration
      1. The locality receives a finder's fee of \$200 to \$400 from the Social Security Administration for identifying inmates whose Social Security Payments benefits may be terminated while incarcerated.

## PART II: JAIL ADMINISTRATION (Continues--)

## Article 1 - Good Business Practices for Jails

- v. Shared Activity
  - 1. Ability to share prisoner information on a statewide basis
  - 2. Capability to locate offenders wanted on warrants residing in other jails.
  - 3. Reports revenue received in a more efficient manner.
    - a. Ability to verify and/or prepare invoices for payments of prisoners held for federal, state, non-local, and local entities.

## 2.2 Training of LIDS Technicians and Jail Staff

(See LIDS Technician responsibilities found on the Compensation Board Website in the “Sheriffs” or “Regional Jails” pages of the Operating Manual)

1. All LIDS technicians and/or staff assigned to processing LIDS activity should be trained in the basic LIDS features and operation.
  - a. It is recommended that one person who works each shift is experienced and competent in LIDS operations.
  - b. The sheriff/superintendent should ensure that when there is a turnover of the LIDS technician or staff responsible for LIDS occurs, the incumbent is adequately trained.
  - c. There should be an employee trained in LIDS activities that can fill in when the LIDS technician is on vacation, sick leave, training or otherwise not available.
  
2. The accuracy of LIDS data is the responsibility of jail personnel. They should:
  - a. Ensure appropriate documentation is obtained and maintained . Typically, the following documents would be found in an inmate’s file:
    - i. Commitment order(s), Form #DC-352
    - ii. Continuance order(s)
    - iii. Release order(s), Form #DC-353
    - iv. Disposition notice(s) Form #DC- 356 and/or Court order(s),
    - v. Transport order(s), Form #DC-354 or other authorizations including receipt documentation
    - vi. Any and all other documents which authorize or acknowledge inmate activity that has been authorized by local, state or federal law enforcement officers.
  - b. Ensure procedures are followed.
  - c. Seek more efficient operation methods.

## PART II: JAIL ADMINISTRATION (Continues--)

### Article 1 - Good Business Practices for Jails

#### 2.3 Establishment of Financial and Operational Controls for LIDS

1. Jail management is responsible to ensure that requests for financial reimbursement and data recorded in LIDS are accurate by payment category. (See LIDS Manual – Reconciliation Procedures)
2. Local procedures and practices should ensure:
  - a. Integrity of data that is batch up loaded to LIDS from a local jail management system.
  - b. Accuracy of supporting documentation processed by jail staff is recorded properly in LIDS.
  - c. Head counts by payment and non-payment categories are agreed to the Local Management System and LIDS.

#### 2.4 Local Managerial Responsibilities for LIDS

1. Management is responsible to provide all documentation necessary to support their reimbursement request. (See Glossary)
2. Management is responsible to review LIDS activity to ensure that the laws, local policies and procedures are being followed. (See LIDS Users Manual)
3. Management is responsible to ensure that all changes in the local procedures are communicated to all employees in a timely manner and to ensure the accuracy of data in LIDS.
4. Management is responsible to ensure that all personnel providing documents, data, or other interfaces with LIDS do so in a timely, efficient, and accurate manner.
5. Management is responsible to ensure that only inmates committed to the custody of a Sheriff or Regional Jail Superintendent are recorded to LIDS.
6. Management is responsible to ensure that Committal and Release Documentation received from Courts, Magistrates, Federal Authorities, and/or other committing authorities contain sufficient information to meet LIDS recording requirements.
  - a. Management should resolve conflicting or inconsistent information with the committing authority by contacting the Magistrate, Court, or issuing authority to resolve confusing or misleading documentation.
  - b. Reimbursement for inadequate or unsupported commitments will be disallowed.

## PART II: JAIL ADMINISTRATION (Continues--)

## Article 1 - Good Business Practices for Jails

- c. Consideration should be given to obtaining and maintaining copies of all related documentation, including but not limited to the following:
  - i. Warrants,
  - ii. Transportation Orders,
  - iii. Signed documentation for receipt and delivery of inmates
  - iv. Held by Agreement documents
  - v. Other documents that supports the request for reimbursements or recording of inmates to LIDS.

## Article 2 - LIDS Access Security

## 2.5 Access Accountability

1. It is the jail's management responsibility to protect the jail's access to LIDS. Each person that has authority to access the LIDS system is accountable for their access to the system.
2. When a SecurID key fob has been supplied to an individual authorized to access LIDS it should not be provided to others.
3. Security Identification and passwords are essentially a signature of the person assigned access. Therefore, the assignee is responsible for protecting their access and password to the system.
4. Unauthorized access to the state computer system is a criminal offense. Security over access must be maintained to prohibit unauthorized access to Commonwealth of Virginia computer systems.
5. The Compensation Board must be notified when jail staff authorized to access LIDS is re-assigned or when turnover occurs. The purpose of the notification is to document the re-assignment of the SecurID key fob and LIDS logon-id.
6. It is the jail's management responsibility to place personal computers accessing LIDS at locations that prohibit unsupervised access by unauthorized personnel.
7. Management is responsible to ensure that the personnel authorized to access LIDS have adequate resources available to support the LIDS function including separate Internet access and print capabilities for working with LIDS. (See Article 1 – 2.2)
8. If it is discovered that individual password security has been compromised, the Compensation Board's IT Department must be contacted so that a new password can be assigned.

### PART III: STANDARD COMPENSATION BOARD AUDIT TESTS

#### Article 3 – Introduction

The following is a detailed listing of items you will be asked to provide and tests that Compensation Board auditors will likely perform during a LIDS audit.

#### Article 4 - Documentation Requested During Audit

##### 4.1 Jail standard operating procedures for LIDS.

1. Jail Organization Charts (Chain of Command)
2. Assignment of LIDS responsibilities:

The job description of LIDS Technician should include the responsibility listed below.

- a. Ensure payment amounts and data are accurate
    - i. Completeness
    - ii. Accuracy
    - iii. Timely submission
  - b. Ensure accurate financial reporting within LIDS
    - i. Accuracy of Per Diem Payments to localities and regional authorities.
  - c. Knowledge of legislative changes, system changes, and policy changes that affect LIDS
  - d. Training of other LIDS users in the facility
  - e. Data accuracy is maintained between local systems and LIDS
3. The entrance letter will request that a copy of the jail's LIDS Technician position job description be made available upon our arrival.
    - a. The job description will be compared with the LIDS Technician Position requirements recorded in the Sheriff's Operating Manual [www.scb.virginia.gov/policies.html](http://www.scb.virginia.gov/policies.html).
    - b. LIDS Technician work activity will be compared with the written job description.
    - c. Where minimum Compensation Board criteria have not been accomplished a finding will be recorded in the audit report.
      - i. Sheriff/Regional Jail Superintendent and/or Compensation Board Management will determine action to be taken as necessary.

## PART III: STANDARD COMPENSATION BOARD AUDIT TESTS (Continues--)

## Article 4 – 4.1

4. Method of delegating Chief Executive Authority
  - a. Letters authorizing access to LIDS including the names of individuals holding security id to use Keyfob.
  - b. Letters delegating the Chief Executive authority to certify and approve monthly reimbursement request.
  - c. List of authorized LIDS users
5. Alternative program authorization documents:
  - a. (§ 53.1-131.1) Weekender/Non-Consecutive Days
    1. Court Orders based on named individuals.
  - b. (§ 53.1-129) Workforce
    1. Effective 07/01/2005 Workforce Committals may be based on a blanket Court Order.
  - c. DOC / DCJS
  - d. Regional Jail Board agreements to place inmate in Home/ Electronic Incarceration or Work Release Programs.

## 4.2 Jail Management Review of Records Activity

1. Review of LIDS headcount reconcilements by payment category. Frequency of reconcilements may be daily, weekly, bi-monthly, or monthly as deemed necessary by jail management
2. Review of LIDS Batch Error Reports.
3. Review of LIDS Financial Summary certification and approval for timeliness.
4. Review of Integrity Reports.
5. Conduct quality control reviews of three to five files per week to data recorded to LIDS to ensure the accuracy of jail's recording process.
6. The facility should maintain a record and make available to the Compensation Board auditor(s) tests completed throughout each month. (See Audit Guide page 11)

The test and records should demonstrate that sufficient verification procedures have been conducted to ensure accuracy of data entered into LIDS. They should also enable the Certifier to verify that inmate activity as submitted to the Compensation Board is accurate for reimbursement



## PART III: STANDARD COMPENSATION BOARD AUDIT TESTS (Continues--)

## Article 5 – Compensation Board Audit Procedures

## 5.1 Scope of Audits

1. Compensation Board Auditors may conduct all or some of the above tests and may investigate other records as deemed necessary to determine the impact, if any, on the reimbursement request. Additionally, the samples may be expanded or decreased as the situation warrants.
2. We will audit to either the end of the last audit period or the previous two (2) years, which ever is greater.
  - A. “The annual audit plan will include coverage of 50% of operating Jails. Unsatisfactory compliance audit locations will be taken into consideration when formulating the annual plan.
  - B. From time to time an exception to the plan maybe incurred due to extraordinarily unsatisfactory findings or “Code of Virginia” mandated duties. All exceptions to the annual plan shall be approved in-advance by the Executive Secretary.
3. The frequency of the audit of each jail is dependent on the Performance Ratings each jail received in the previous audits. The goal is to complete audits as follows.
  - a. 50% of all operating jail facilities annually.
  - b. Unsatisfactory rating - once every 6 months until rated performance exceeds the satisfactory rating.

## 5.2 Internal Control Review and Testing

1. Onsite Review jail management systems of internal controls
  - a. Policy and Procedures are Written and Enforced.
  - b. Physical Assets and Records are Safeguarded
  - c. Separation of Duties are Adequate
  - d. Documented Management Review Process
  - e. Information System Security is Adequate
  
1. Review reconciliation Procedures and Practices test.

- a. Test a sample of the jail's reconcilements and test the accuracy of the records.
  - i. Reconcile the Local management system with LIDS by payment category
  - ii. Reconcile physical headcount with LIDS
  - iii. Reconcile physical headcount with Local management system headcount
- b. Identify and report unresolved discrepancies to management.

PART III: STANDARD COMPENSATION BOARD AUDIT TESTS (Continues--)

Article 5 – Compensation Board Audit Procedures

5.3 Possible Error and Data Accuracy Test

The following audit tests are similar in nature and lists containing possible inmate record discrepancies are prepared and forwarded to the jail prior to the auditor's arrival

1. Possible ordinances recorded as misdemeanors
2. Possible duplicated record entries
3. Financial Adjustments not made tests
4. Prior Period Adjustments (Need Adjustment) not made test
5. Suspect Inmate Test
6. For items 1 through 4, perform the following tests:
  - a. Compare the record source document data to LIDS data entered on the LIDS system for accuracy of entry.
  - b. Identify and report unresolved discrepancies

## PART III: STANDARD COMPENSATION BOARD AUDIT TESTS (Continues--)

## Article 5 – Compensation Board Audit Procedures

7. The following are specific functions that are tested on a sample basis to ensure the accuracy of data recorded to LIDS.
  - a. Certification dates are reviewed for due date compliance.
  - b. Inmates recorded on Federal invoices and source data are compared to inmates recorded to LIDS.
  - c. Out of State Payable and Non-payable source documents are verified to LIDS.
  - d. Out of State Contracted inmate source documents are verified to LIDS.
  - e. DOC inmate house days are compared with records provided by DOC and verified to LIDS.
  - f. Work Release rosters and source records are verified to LIDS.
  - g. DOC Work Release Jail Contract Bed Program is compared with records provided by DOC and verified to LIDS. The Jail must have a signed Work Release Contract Agreement.
  - h. Work Force rosters and source records are verified to LIDS.
  - i. Weekender and Non-Consecutive days inmate records are verified to LIDS.
  - j. Home Electric Monitoring will be tested for the following:
    - i. DOC Approval of the program
    - ii. Inmate specific authorization for entry into the program
    - iii. Documented consent by a locality Sheriff for a Regional Jail or the administrator of a local jail facility to assign a person to a home/electronic incarceration program. (See 53.1-116\_c)
  - k. Reconciliation of Billed Days to Local Jail Management System day incurred by payment category.

## PART III: STANDARD COMPENSATION BOARD AUDIT TESTS (Continues--)

## Article 5 – Compensation Board Audit Procedures

## 8. LIDS Demographic Statistical Sample Test

- a. Typically, the sample will be provided to the jail when the auditor's arrive on site.
- b. Compare the sample record source document data to LIDS data entered to the LIDS system for accuracy of entry.
  - i. Name
  - ii. SSN
  - iii. Committal Date & Time
  - iv. Reason Confined Including:
    1. Federal
    2. Out of State
    3. Alternative Programs
    4. Held by Agreement
  - v. Offense Type
  - vi. Offense VCC Code (See Glossary)
  - vii. All offense Codes Recorded Correctly
  - viii. Sentence Length Recorded Correctly
  - ix. Total days Incarcerated Correct
  - x. Dollars Reimbursed Correct for Number Days Incarcerated.
  - xi. Reason Released Code Correct
  - xii. Date Released
  - xiii. Sentence VCC Code (Glossary)
  - xiv. Sentence Date
  - xv. Offense Date
  - xvi. Jurisdiction Code
  - xvii. Bonus Start Date
  - xviii. Felon Days
  - xix. Felon Dollar Payment
  - xx. Transfer Code
  - xxi. Pending Charges
  - xxii. Total State Days
  - xxiii. Total State Dollars Payment
  - xxiv. Jail Contract Bed Days
  - xxv. Jail Contract Dollars Payment
  - xxvi. Eligibility for Alternative Programs
- c. Identify and report unresolved discrepancies to management.

## PART III: STANDARD COMPENSATION BOARD AUDIT TESTS (Continues--)

## Article 5 – Compensation Board Audit Procedures

## 5.4 Performance Rating Matrix

Rating	Annual Percent Of Claim Errors Dollars <sup>1</sup>	Missed Release Errors Percent <sup>2</sup>	Ordinance Recording Errors Percent <sup>3</sup>	Duplicated Commitment Errors Percent <sup>2</sup>	Unrecorded Commitment Errors Percent <sup>1</sup>	Late Certification Months <sup>4</sup>	Clerical Errors Percent <sup>3</sup>
Exceptional	≤1	≤1	≤2	≤1	≤1	-0-	≤4
Satisfactory	≤3	≤3	≤5	≤3	≤3	-2-	≤8
Adequate	<5	<5	>8	<5	<5	-3-	>12
Unsatisfactory	>5	>5	>10	>5	>5	>4	>16

<sup>1</sup> The dollar value of reimbursement errors found divided by the annualized reimbursements for the audit period.

<sup>2</sup> The number of errors found divided by the number of commitments for the audit period.

<sup>3</sup> The number of errors found divided by the number of items sampled.

<sup>4</sup> Within the audit period.

When the tests of a location shows a mixture of clerical, reimbursement, and classification errors, and/or internal control and reconciliation issues, the performance rating shall be designated taking into consideration the level of findings for each of the above performance measures, as well as, the internal controls and reconciliation of data issues noted throughout the audit period.

PART III: STANDARD COMPENSATION BOARD AUDIT TESTS (Continues--)

Article 5 – Compensation Board Audit Procedures

5.5 Findings and Recommendations

1. Findings

- a. At the end of testing, an Audit Finding Worksheet will be prepared.
- b. At that time the Jail contact person will be asked to review the findings with the auditor and agree or disagree with the findings.
- c. The decision will be noted on the “Audit Finding Worksheet”.
- d. It is the purpose of this procedure to obtain agreement between the Jail contact person and the CB auditor concerning the facts presented in the body of each recommendation.
- e. Upon resolution of the “Audit Finding Worksheet(s)”, an exit conference will be scheduled with the Sheriff, Chief Jailer or other person designated by the Sheriff to act on his behalf.

2. Summary of Findings

- a. A Summary of Findings will be prepared showing a summary of the statistical and financial discrepancies found during the audit.
- b. An “Overall Conclusion Section” showing each activity performance rating with an “Overall Rating” for the jail.

5.6 Exit conference

1. The draft audit report will be discussed with the Jail staff prior to the exit conference.
2. At the exit conference a draft of the audit report and summary of findings will be reviewed with jail management or their designee.
  - a. An exit conference participation form will be completed.
  - b. The purpose of the form is show that the exit conference occurred.

PART III: STANDARD COMPENSATION BOARD AUDIT TESTS (Continues--)

5.7 Issuance and Distribution of Report

1. Report Issuance

- a. It is customary to issue the report within 3 weeks following the audit to the Sheriff or Regional Jail Administrator.
- b. A copy of the report will be sent to the City Manager, County Administrator, Chairman of the Regional Jail Board, Department of Corrections, and Compensation Board Management.

5.8 Close-out of the Audit

1. Audit Action Plan Requested

- a. When an action plan is requested, the Sheriff or Regional Jail Administrator must respond in writing providing the action(s) to be taken by Jail staff to correct the deficiency noted in the finding section of the audit report.
- b. Upon receipt of the action plan and acceptance of the actions noted therein, a follow-up audit would be planned to determine the effectiveness of the action taken.
  - i. The follow up audit may include:
    - 1. A full audit since the last audit date
    - 2. A specific audit of just the finding issues noted in the previous audit.
    - 3. In some cases, a 100% file review may be required where a systemic problem has been found.
      - a. Upon completion of the follow up audit and the acceptance of the verification of the action plan effectiveness, the audit file will be closed.

2. No Action Plan Requested

3. Audit is closed upon issuance of report.

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## APPENDIX A

Glossary

The following words and terms when used in these guidelines have the following meanings unless the context clearly indicates otherwise:

“Administrative segregation of duties” means a separation of duties between the employee who inputs LIDS data, approves LIDS data, and Certifies LIDS monthly reimbursement requests.

“Chief Executive” - the elected or appointed individual who by law or position has the overall responsibility for the facility’s administration and operation.

“Detainee” - is someone who has been arrested but not committed to the jail by the magistrate or court.

“Felonies, misdemeanors and traffic infractions defined. (§ 18.2-8.)” - Offenses are either felonies or misdemeanors. Such offenses as are punishable with death or confinement in a state correctional facility are felonies; all other offenses are misdemeanors. Traffic infractions are violations of public order as defined in § 46.2-100 and not deemed to be criminal in nature. (Code 1950, § 18.1-6; 1960, c. 358; 1975, cc. 14, 15; 1977, c. 585.)

“Inmate File” - used by the jail to hold all jail, magistrate and court(s) generated documents related to an inmate’s incarceration. The intent is to maintain in one place all documentation that supports the sheriff’s authorization to detain, incarcerate and release an individual.

“Local Charged Offender” - means an individual who has been charged under a local ordinance and who is not a state offender in accordance with §53.1-20 of the Code of Virginia.

“Process Only” - is a detainee that has been arrested, taken before the magistrate or court, and released on their own recognizance. The magistrate or court has not committed the detainee to jail.

“State Offender” - means an individual sentenced to a term of incarceration in accordance with Sections § 53.1-20, 53.1-20.1 of the Code of Virginia. This category also includes individuals awaiting trial or serving local time on state charges. For the purpose of Sections § 4.10 and § 4.11 relative to work release, educational release or rehabilitative release, a state offender should be defined in terms of the intake schedule pursuant to § 53.1. -20.

“Virginia Crime Commission Codes (VCC)” – Each local or regional that receives funding from the Compensation Board shall use the Virginia Crime Codes (VCC) in identifying and describing offenses for persons arrested and/or detained in local and regional jails in Virginia. See FY 2004 Appropriations Act Item 63 – K.

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