

July 1, 2002

FAXED MEMORANDUM

TO: Sheriffs and Regional Jail Superintendents and Jail Farms
FROM: Bruce W. Haynes, Executive Secretary
SUBJECT: Audits of Jail Canteen Fund Activity

I am writing to provide you with the new Commonwealth of Virginia jail canteen fund activity reporting requirements as specified in Chapter 899, Item 63, 2002 Acts of Assembly. Chapter 899 also requires all local and regional jails and jail farms that receive funds from the state to provide such information as may be required by the Compensation Board to prepare the annual Jail Cost Report.

Beginning with the data collected in FY03 for FY02, all local and regional jails and jail farms shall provide to the Compensation Board an **audited** statement related to revenues and expenses for inmate canteen accounts, telephone commission funds, inmate medical co-payment funds, and other fees collected from inmates and investment/interest monies for inclusion in the annual Jail Cost Report. This portion of the Jail Cost Report should be completed in sufficient time for local government auditors to perform the required procedures. The local government is required to submit the final report to the Auditor of Public Accounts by November 30 each year.

The Auditor of Public Accounts has issued a local government audit requirement in the Specifications for Audits of Counties, Cities, and Town, revised June 2002. The attached audit specification requires that specific additional information be made available in the course of the locality's or regional jail's audit of Fiscal Year 2002 and every subsequent year. Also, attached is a copy of the template that illustrates the format in which jail canteen and other revenue and expense information are to be provided.

The template and the Auditor of Public Accounts' audit specifications are also available on our website, www.scb.state.va.us.

We ask that the Jail Cost Template be completed and submitted to the Compensation Board no later than January 31, 2003.

Please call or email Richard A. Lampman (804-786-0786 x 215 or rlampman@scb.state.va.us) or Oliver D. Bradshaw (804-786-0786 x 203 or obradshaw@scb.state.va.us), if you have any questions. Questions regarding the Specifications of Audits should be directed to Kim Via with the Auditor of Public Accounts (804-225-3350 x 360 or kwvia@apa.state.va.us).

Attachments

c: Governing Bodies
Kim W. Via, Office of the Auditor of Public Accounts
James W. Matthews, Assistant Executive Secretary
Richard A. Lampman, Policy and Planning Manager
Anne M. Wilmoth, Information Technology Manager
Joe Kimec, External Auditor
Oliver Bradshaw, External Auditor Supervisor

**AUDITOR OF PUBLIC ACCOUNTS
SPECIFICATIONS FOR AUDITS OF COUNTIES, CITIES, AND TOWNS
CHAPTER 2 – AUDIT PROCEDURES**

2-7 Inmate Canteen and Other Auxiliary Funds

Background Information

Most local correctional facilities, including jails, offer canteen services to their inmates. Facilities use various methods to sell these items to inmates, depending on the size of the facility and the number of times each week canteen services are offered. Any profits from the canteen operations must benefit the inmates in the custody of the Sheriff or Regional Jail Superintendent.

Some Sheriffs also receive funds from other sources directly related to jail operations. These include telephone commissions, inmate medical co-payments, and other fees collected from inmates.

The inmate canteen accounts and telephone commissions are public funds. The Code of Virginia requires that these funds be used within the jail facility for purposes to benefit the inmates. The funds should not be used for the sheriff's personal gain or convenience.

Some jails have established medical treatment programs where inmates contribute to the costs. Inmate co-payments for medical services are a set fee that covers only a portion of the costs of the services. The medical co-payments should directly off set the costs for medical programs.

Annually the Compensation Board prepares a Jail Cost Report on jail revenue and expenditure data from all local and regional jails and jail farms that receive funds from the Compensation Board. Beginning with the collection of data for fiscal year 2002, the jails must include an audited statement of revenues and expenses for inmate canteen accounts, telephone commission funds, inmate medical co-payment funds, any other fees collected from inmates, and investment/interest monies for inclusion in the report.

Allowability Requirement – Inmate Canteen Accounts

The inmate canteen accounts are required to be used for purposes to benefit the inmates under the jurisdiction of the Sheriff or Regional Jail Superintendent. Allowable expenses include:

- Commissary-services, supplies, furnishings, equipment, training. Also, personnel services for time spent directly guarding or working in the commissary. [Note: These are all direct costs of the commissary.]

The profits from the inmate canteen should not be used to fund the normal operations of the jail. They may be used for:

- Education-services, supplies, equipment, furnishings, training.
- Recreation-services, supplies, equipment, furnishings.
- Library-services, supplies, furnishings, equipment, books, magazines, periodicals, newspapers.
- Indigent Inmate Care-stamps, clothing, personal hygiene items, vision, dental, medical, commissary items.
- Inmate care/programs-safety equipment, workforce clothing, workforce tools, laundry equipment, supplies, hygiene items, medical equipment.
- Special Food Service-special meals or food items associated with holidays and/or specific events/occasions.
- Special Counseling/Pastoral Care-services, supplies, equipment, furnishings, training.

These allowable expenses are not considered all inclusive and funds should not be used for goods or services that can be provided to the jail at no cost. Additional expenses may be approved at the sole discretion of the Sheriff/Regional Jail Superintendent, provided that the expense is for the care and welfare of inmates. **No expense shall be for the personal gain, benefit, consumption or use of any individual other than jail inmates.**

Allowability Requirement – Telephone Commissions

Commissions on inmate telephone calls may be included in the canteen proceeds accounts. The allowable costs are described above. The telephone commissions may also be used to defray the cost of Sheriff/Regional jail operations.

Allowability Requirement – Inmate Medical Co-payment Funds

The inmate medical co-payment funds should directly off set the costs for medical programs.

Allowability Requirement – Other Inmate Fees and Investment/Interest Monies

All fees collected from inmates and all interest earned on inmate accounts must be used for the benefit of the inmates.

Requirement - Inmate Canteen and other Auxiliary Funds

The auditor must obtain the Jail Canteen Fund Activity reported in the Jail Cost Report for the fiscal year under audit and perform the following:

- Agree the revenue and expense amounts from the Jail Canteen Fund Activity to the accounting ledger.
- Select a sample of disbursement transactions from the inmate canteen accounts. For each transaction selected, determine whether the disbursement benefited the inmates based on the allowable costs described above.
- Select a sample of disbursement transactions from the telephone commission funds. For each transaction selected, determine whether the disbursement either benefited the inmates based on the allowable costs described above or defrayed the cost of jail operations.
- Select a sample of inmate medical co-payment fees. Trace each fee to the general ledger to determine whether it defrayed the inmate medical program costs.
- Select a sample of other fees collected from inmates, and investment/interest monies. For each transaction selected, determine whether the disbursement benefited the inmates.

