



# Virginia Department of Corrections

## Financial Management and Procurement

### Operating Procedure 261.2

### *Property Damage and Losses*

#### Authority:

Directive 261, *Risk Management*

**Effective Date:** May 1, 2020

#### Amended:

#### Supersedes:

Operating Procedure 261.2, April 1, 2017

**Access:**  Public  Restricted

Incarcerated Offender

#### ACA/PREA Standards:

5-ACI-1B-17; 4-4041; 4-ACRS-7D-28;  
2-CO-1B-11; 1-CTA-1B-09

<b>Content Owner:</b>	Laura L. Bishop Director of Procurement & Risk Management	<i>Signature Copy on File</i>	4/2/20
		Signature	Date
<b>Reviewer:</b>	Louis B. Eacho Chief Financial Officer	<i>Signature Copy on File</i>	4/3/20
		Signature	Date
<b>Signatory:</b>	Joseph W. Walters Deputy Director for Administration	<i>Signature Copy on File</i>	4/7/20
		Signature	Date

## REVIEW

The Content Owner will review this operating procedure annually and re-write it no later than three years after the effective date.

*The content owner reviewed this operating procedure in April 2021 and determined that no changes are needed.*

## COMPLIANCE

This operating procedure applies to all units operated by the Virginia Department of Corrections. Practices and procedures must comply with applicable State and Federal laws and regulations, ACA standards, PREA standards, and DOC directives and operating procedures.

## Table of Contents

PURPOSE .....	4
PROCEDURE.....	4
I.    Mitigation of Loss .....	4
II.   Reporting Procedures .....	4
III.  Repair or Replacement Procedures .....	5
IV.  Insurance Record Keeping Requirements .....	5
V.    Liaison.....	6
REFERENCES.....	6
ATTACHMENTS .....	6
FORM CITATIONS .....	6

**DEFINITIONS**

**Organizational Unit Head** - The person occupying the highest position in a DOC unit, such as a correctional facility, regional office, probation and parole office, Virginia Correctional Enterprises (VCE), Academy for Staff Development, Corrections Construction Unit, Agribusiness Unit, and individual headquarters unit e.g., Human Resources, Offender Management, Internal Audit



## PURPOSE

This operating procedure establishes protocols for the reporting of and recovery from direct physical loss or damage to Department of Corrections (DOC) buildings, improvements, machinery (licensed motor vehicles excluded), fixtures, equipment, or other contents in accordance with the Commonwealth of Virginia [Division of Risk Management \(DRM\)](#), *Risk Management Plan* and related policies and procedures.

## PROCEDURE

- I. Mitigation of Loss
  - A. The Organizational Unit Head will immediately utilize every available resource to secure the affected area and prevent further loss in accordance with Operating Procedure 075.1, *Emergency Operations Plan*, and the facility *Continuity of Operations Plan*; see Operating Procedure 075.2, *Continuity of Operations Plan*.
  - B. If repairs are needed prior to the involvement of an insurance adjuster, photographic documentation will be taken of the loss and all damaged parts will be saved. The photographs should be labeled with appropriate identifiers.
- II. Reporting Procedures
  - A. In addition to the reporting requirements of Operating Procedure 038.1, *Reporting Serious or Unusual Incidents*, the Organizational Unit Head, or designee, will report the loss by telephone the same day to the Organizational Unit Head's immediate supervisor and the Risk Management Director at Headquarters.
    1. The Risk Management Director will notify the Director of Procurement and Risk Management as necessary.
    2. The Organizational Unit Head's immediate supervisor will notify the Chief of Corrections Operations and the Deputy Director for Administration.
  - B. A written report will follow as soon as feasible, but in no case more than five calendar days after the event.
    1. The written report can be a copy of the *Internal Incident Report*; see Operating Procedure 038.1, *Reporting Serious or Unusual Incidents*, if required, but must also include the information reported by telephone in addition to specific details regarding the cause(s) of the loss and recommendations for prevention of future losses.
    2. Distribution of written reports will be made to the same individuals and sections notified by telephone to include the Department's Risk Management Unit by email to [riskmgmt@vadoc.virginia.gov](mailto:riskmgmt@vadoc.virginia.gov).
  - C. The telephone and written report will provide, at minimum, the following information:
    1. Date, time, and type of loss
    2. Specific identification of property involved, including name, number, occupancy, etc. of the building(s)
    3. Dollar estimate of damage to structure, equipment, and contents
    4. Extent of related employee, volunteer, contractor or offender injury, if any
    5. Brief description of what happened
    6. Name, title, email address, normal work hours and telephone number of on-site contact employee who is familiar with the specific details of the loss
  - D. A copy of all investigative reports generated by independent sources such as the Special Investigations Unit, a State or local police department, Sheriff's office, Fire department, or Fire Marshal must be forwarded upon receipt to the Department's Risk Management Unit by email to

[riskmgmt@vadoc.virginia.gov](mailto:riskmgmt@vadoc.virginia.gov).

### III. Repair or Replacement Procedures

- A. All established procurement procedures; see Operating Procedure 260.1, *Procurement of Goods and Services*, must be followed for repair and replacement related to damages.
- B. Covered insurance losses will be paid, minus the applicable deductible, in accordance with the [Division of Risk Management](#) (DRM), *Risk Management Plan*)
- C. The plan will reimburse for the repair or replacement of covered property, whichever is less expensive.

### IV. Insurance Record Keeping Requirements

- A. The Organizational Unit Head, or designee, will establish an insurance claim file to account for the following:
  - 1. Invoices for materials and services related to the repair or replacement of the loss
    - a. Prior to the start of repairs, request that the vendor(s) provide itemized estimate (parts and labor)
    - b. The vendor(s) statement as to:
      - i. Probable Cause of the loss
      - ii. A list of any item that cannot be repaired
      - iii. A statement that replacement is the most comparable.
  - 2. Any non-managerial/supervisory labor used to mitigate the loss, clean up, or perform repairs to covered property. Information needed:
    - a. The employee's full legal name
    - b. Title
    - c. Date and hours worked
    - d. Base hourly rate (not including fringe benefits)
    - e. Description of the work performed
  - 3. Copies of all procurement documentation including telephone quote sheets, bid specifications, proposals for services, and emergency determination documents, as applicable
  - 4. Inventory of DOC property that was damaged or destroyed
  - 5. Inventory of damaged or destroyed property of others in the care, custody, and control of the DOC
  - 6. Costs incurred for any extra expenses required to mitigate the damage, continue operations, or maintain security because of a covered loss
  - 7. Consequential expenditures related to the spoilage of food, blood, plasma, biotic materials, antibiotics, and other medicines due to a lack of light, heat, steam, power, or refrigeration because of a covered loss.
  - 8. Documentation of loss of profit if a covered incident results in an interruption of production; i.e., Agribusiness and Virginia Correctional Enterprises establishments.
- B. Insurance Settlement Procedures (5-ACI-1B-17; 4-4041; 4-ACRS-7D-28; 2-CO-1B-11; 1-CTA-1B-09)
  - 1. Once all costs for repair or replacement have been incurred, accounting documentation and copies of all records maintained in the insurance claim file will be compiled and submitted with a cover letter by the Organizational Unit Head to the Risk Management Director in the Procurement and Risk Management Section or as directed to their designee for review and approval.
  - 2. The Risk Management Director or designee is authorized to negotiate and determine the amount of each loss, and to approve the final settlement.
  - 3. Once reimbursement is received, the Risk Management Director or their designee will notify the Organizational Unit Head of the unit that incurred the loss, the Budget Office, and the appropriate

accounting office. The Organizational Unit or designee will be responsible for coordinating the funding availability with the appropriate budget and accounting offices.

V. Liaison

The Risk Management Director in the Procurement and Risk Management Section will serve as the liaison between DOC and the Department of Treasury, Division of Risk Management, Office of the Attorney General, and responsible parties and their insurers concerning DOC property losses.

**REFERENCES**

- [Division of Risk Management \(DRM\), Risk Management Plan](#)
- Operating Procedure 038.1, *Reporting Serious or Unusual Incidents*
- Operating Procedure 075.1, *Emergency Operations Plan*
- Operating Procedure 075.2, *Continuity of Operations Plan*
- Operating Procedure 260.1, *Procurement of Goods and Services*

**ATTACHMENTS**

None

**FORM CITATIONS**

None