



**STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT**

**DIVISION OF COUNTY AUDIT
SUITE 1500
JAMES K. POLK STATE OFFICE BUILDING
NASHVILLE, TENNESSEE 37243-0269
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June 9, 2008

The Honorable George Little, Commissioner, Department of Correction
The Honorable William Orange, Cheatham County Mayor
The Honorable John Holder, Cheatham County Sheriff

To the Commissioner, County Mayor, and Sheriff:

Our office recently completed a review of Cheatham County's participation in the County Correctional Incentive Program for the year ended June 30, 2006.

The finding and recommendation and the summary of adjustments to costs, as a result of our review, are presented in detail in the enclosed report. The following is a summary of the results of our review:

1. Net operating costs were not properly reported on the Final Cost Settlement Report.
2. Our review resulted in several adjustments to the Final Cost Settlement Report that decreased the average daily cost from \$40.37 to \$39.84 per inmate day. However, since the maximum rate of reimbursement is \$35 per inmate day, no rate adjustment was necessary.

Please contact me if you have any questions regarding our review of Cheatham County's participation in the County Correctional Incentive Program.

Sincerely,

James R. Arnette
Director

cc: Judith Lambert, Judicial Cost Accountant

**CHEATHAM COUNTY, TENNESSEE
REPORT ON THE REVIEW OF THE
COUNTY CORRECTIONAL INCENTIVE PROGRAM
FOR THE YEAR ENDED JUNE 30, 2006**

This report reviews Cheatham County's participation in the County Correctional Incentive Program for the year ended June 30, 2006.

As a result of our review, adjustments were made to the Final Cost Settlement Report that decreased the county's average daily cost from \$40.37 to \$39.84 per inmate day. However, since the maximum rate of reimbursement is \$35 per inmate day, no rate adjustment was necessary.

The objectives of the review were:

1. to determine the reasonableness and allowability of costs reported on the Final Cost Settlement Report submitted to the Tennessee Department of Correction,
2. to determine if prisoners were properly listed on the State Prisoner (Convicted Felon) Reports,
3. to determine if inmates were accurately reported on the Correction Facility Summary Reports, and
4. to recommend appropriate actions to correct any deficiencies.

SCOPE OF THE REVIEW

In performing our review, we tested the county's financial records and other supporting records pertaining to the Final Cost Settlement Report for the year ended June 30, 2006. We determined the reasonableness and allowability of reported costs by tracing reported expenditures to the correctional facility's ledgers and worksheets. Additional testwork was performed on selected reported expenditures by tracing information to other supporting documentation.

Furthermore, we evaluated procedures related to the counting and reporting of the total inmate population as reported on the Correction Facility Summary Reports and the Final Cost Settlement Report. We also performed testwork on selected days to determine that the number of prisoners reported on the cost reports agreed with counts of prisoners actually incarcerated at the facility.

In addition, auditors tested the proper classification of convicted felons listed on the State Prisoner Reports to ensure accurate reporting. Testwork included tracing information from the reports to the actual case files to verify the listed offenses, trial dates, and incarceration periods.

FINDING AND RECOMMENDATION

The finding and recommendation, as a result of our review, is presented below. We reviewed this finding and recommendation with management to provide an opportunity for their response. Management did not offer a written response to the finding and recommendation. Officials offered oral responses to the finding and recommendation; however, these oral responses have not been included in this report.

FINDING 1 NET OPERATING COSTS WERE NOT PROPERLY REPORTED ON THE FINAL COST SETTLEMENT REPORT

The Final Cost Settlement Report for the year ended June 30, 2006, contained several overreported and underreported costs and revenues. The following is a summary of the adjustments made to the cost report submitted by the county as a result of the review:

The following costs were overreported:

Salaries	\$	3,442
FICA		263
Retirement		7,847
Worker's Compensation		14,751
Food Supplies		212
Uniforms (Staff)		153
Electricity		31
Tires and Tubes		335
Indirect Costs		455

The following costs were underreported:

Unemployment		2,994
Maintenance and Repair - Equipment		115
Office Supplies		71
Building and Contents Insurance		1,070
Maintenance and Repair - Buildings		23
Maintenance and Repair - Vehicles		16

The following revenue was underreported:

Telephone Commissions		1,558
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The net effect of the aforementioned adjustments was to decrease net operating costs by \$24,758.

RECOMMENDATION

Management should ensure that the Final Cost Settlement Report submitted to the state accurately reflects the actual net operating costs of the facility as defined in the regulations for the County Correctional Incentive Program.

**CHEATHAM COUNTY, TENNESSEE
SUMMARY OF ADJUSTMENTS
FOR THE YEAR ENDED JUNE 30, 2006**

The following is a summary of adjustments made to the costs and days as settled in the desk review by the Tennessee Department of Correction. The adjustments, as a result of our review, are discussed in detail in the Finding and Recommendation section.

	Operating Costs	Inmate Days	Felon Days
As Settled in the 2006 Desk Review	\$1,876,934	46,491	9,752
Adjustments from Field Review:			
Overreported Costs:			
Salaries	(3,442)		
FICA	(263)		
Retirement	(7,847)		
Worker's Compensation	(14,751)		
Food Supplies	(212)		
Uniforms (Staff)	(153)		
Electricity	(31)		
Tires and Tubes	(335)		
Indirect Costs	(455)		
Underreported Costs:			
Unemployment	2,994		
Maintenance and Repair - Equipment	115		
Office Supplies	71		
Building and Contents Insurance	1,070		
Maintenance and Repair - Buildings	23		
Maintenance and Repair - Vehicles	16		
Underreported Revenue:			
Telephone Commissions	(1,558)		
Total Adjusted Costs and Days	\$1,852,176	46,491	9,752

The net effect of these adjustments to the Final Cost Settlement Report was to decrease Cheatham County's cost from \$40.37 to \$39.84 per inmate day. Since the maximum rate of reimbursement is \$35 per inmate day, no rate adjustment was necessary.