



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

**DIVISION OF COUNTY AUDIT  
SUITE 1500  
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NASHVILLE, TENNESSEE 37243-0269  
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June 9, 2008

The Honorable George Little, Commissioner, Department of Correction  
The Honorable Karl Dean, Metropolitan Nashville - Davidson County Mayor  
The Honorable Daron Hall, Metropolitan Nashville - Davidson County Sheriff

To the Commissioner, Metropolitan Nashville - Davidson County Mayor, and Sheriff:

Our office recently completed a review of the Metropolitan Government of Nashville and Davidson County (Metro Nashville) Deberry Facility's participation in the County Correctional Incentive Program for the year ended June 30, 2006.

The findings and recommendations and the summary of adjustments to costs and days, 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. The total inmate population was not accurately determined and reported to the state.
3. Our review resulted in several adjustments to the Final Cost Settlement Report that decreased the average daily cost from \$39.96 to \$39.79 per inmate day. In addition, we discovered three overreported felon days. These adjustments resulted in overpayments of \$49,936 to Metro Nashville for the year ended June 30, 2006. Since these overpayments were after the final cost settlement, an adjustment should be made in subsequent monthly payments.

Please contact me if you have any questions regarding our review of the Metropolitan Government of Nashville and Davidson County Deberry Facility's participation in the County Correctional Incentive Program.

Sincerely,

James R. Arnette  
Director

cc: Judith Lambert, Judicial Cost Accountant

**METROPOLITAN GOVERNMENT OF NASHVILLE AND  
DAVIDSON COUNTY DEBERRY FACILITY  
REPORT ON THE REVIEW OF THE  
COUNTY CORRECTIONAL INCENTIVE PROGRAM  
FOR THE YEAR ENDED JUNE 30, 2006**

This report reviews the Metropolitan Government of Nashville and Davidson County (Metro Nashville) Deberry Facility'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 average daily cost from \$39.96 to \$39.79 per inmate day. In addition, we discovered three overreported felon days. These errors resulted in a total overpayment of \$49,936 to Metro Nashville. Since these overpayments were after the Final Cost Settlement, an adjustment should be made in subsequent monthly payments.

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 metropolitan government'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, we 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.

## **FINDINGS AND RECOMMENDATIONS**

The findings and recommendations, as a result of our review, are presented below. We reviewed these findings and recommendations with management to provide an opportunity for their response. Officials offered oral responses to the findings and recommendations; 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 inappropriate costs. The following is a summary of the adjustments made to the cost report submitted by Metro Nashville as a result of the review:

The following costs were overreported:

Management Contract	\$85,328
Building Depreciation	73
Indirect Costs	1,884
Equipment	8,778

The net effect of the aforementioned adjustments was to decrease net operating costs by \$96,063.

### **RECOMMENDATION**

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

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### **FINDING 2            THE TOTAL INMATE POPULATION WAS NOT COUNTED ACCURATELY**

Metro Nashville did not accurately count and assess the total inmate population as reported to the state on the monthly Correctional Facility Summary Reports (CFSRs) and on the Final Cost Settlement Report. We discovered 922 overreported inmate days during our testwork. The total inmate population plays a critical role in determining the government's total cost per inmate day.

### **RECOMMENDATION**

Management should ensure that the total inmate population is correctly reported on the monthly CFSRs and the Final Cost Settlement Report submitted to the Department of Correction.

**METROPOLITAN GOVERNMENT OF NASHVILLE AND  
DAVIDSON COUNTY DEBERRY FACILITY  
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 Findings and Recommendations section. As noted below, the Tennessee Department of Correction has agreed to pay some felon days at the Deberry Facility's actual average daily cost rate and some at the Jail Facility's rate of \$35 per inmate day.

	Operating	Inmate	<u>Felon Days</u>	
	Costs	Days	Deberry	Jail
			Rate	Rate
As Settled in the 2006 Desk Review	\$ 14,178,392	354,799	293,039	57,409
Adjustments from Field Review:				
Overreported Costs:				
Management Contract	(85,328)			
Equipment	(8,778)			
Building Depreciation	(73)			
Indirect Costs	(1,884)			
Overreported Inmate and Felon Days:				
Inmate Days		(922)		
Felon Days				(3)
Total Adjusted Costs and Days	<u>\$ 14,082,329</u>	<u>353,877</u>	<u>293,036</u>	<u>57,409</u>

The net effect of these adjustments to the Final Cost Settlement Report was to decrease the Deberry Facility's average daily cost from \$39.96 to \$39.79 per inmate day. In addition, we discovered three overreported felon days. These adjustments resulted in a net overpayment of \$49,936 to Metro Nashville for the year ended June 30, 2006. Since this overpayment was after the final cost settlement, an adjustment should be made in subsequent monthly payments.