



**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
PHONE (615) 401-7841**

May 27, 2008

The Honorable George Little, Commissioner, Department of Correction
The Honorable Dennis McDaniel, Henderson County Mayor
The Honorable Brian Duke, Henderson County Sheriff

To the Commissioner, County Mayor, and Sheriff:

Our office recently completed a review of Henderson County'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. The total inmate population was not accurately determined and reported to the state.
2. Felon days were not accurately determined and reported on the monthly State Prisoner (Convicted Felon) Reports.
3. Net operating costs were not properly reported on the Final Cost Settlement Report.
4. Our review resulted in several adjustments to the Final Cost Settlement Report that decreased the average daily cost from \$33.62 to \$32.47 per inmate day. In addition, we discovered 710 overreported felon days. The net effect of these adjustments resulted in an overpayment of \$28,323 to Henderson County. Since this overpayment was 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 Henderson County's participation in the County Correctional Incentive Program.

Sincerely,

James R. Arnette, Director

cc: Judith Lambert, Judicial Cost Accountant

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

This report reviews Henderson 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 \$33.62 to \$32.47 per inmate day. In addition, we discovered 710 overreported felon days. The net effect of these adjustments resulted in an overpayment of \$28,323 to Henderson County. Since this overpayment was 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 reported accurately 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 report agreed with counts of prisoners actually incarcerated at the facility.

In addition, we tested the proper classification of convicted felons as reported on the State Prisoner Reports to ensure accurate reporting to the state. 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 certain findings and recommendations; however, these oral responses have not been included in this report.

FINDING 1 THE TOTAL INMATE POPULATION WAS NOT ACCURATELY DETERMINED AND REPORTED

Henderson County did not accurately count and assess the total inmate population as reported to the state on the Correction Facility Summary Reports (CFSRs) and on the Final Cost Settlement Report. We discovered 175 underreported inmate days. The total inmate population plays a critical role in determining the county's total cost per inmate day.

RECOMMENDATION

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

FINDING 2 TOTAL FELON DAYS WERE NOT ACCURATELY DETERMINED AND REPORTED

Henderson County did not accurately count and assess the total felon days as reported to the state on the State Prisoner (Convicted Felon) Reports. As a result, we could not determine if Henderson County had properly reported all felon days for the year. We reviewed 40 inmate files for proper reporting. Of the 40 files examined, we discovered that Henderson County had overreported 710 felon days.

RECOMMENDATION

Management should ensure that felon days are reported accurately to the Tennessee Department of Correction on the State Prisoner (Convicted Felon) Reports. Henderson County should review all of the State Prisoner (Convicted Felon) Reports for 2006 and forward.

FINDING 3 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 costs and underreported revenue. The following is a summary of the adjustments made to the cost report submitted by the county as a result of our review:

The following costs were overreported:

Salaries and Benefits	\$	2,509
Medical and Dental		8,379
Insurance		9,356
Indirect Costs		405

The following revenue was underreported:

Telephone Commission		1,286
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The net effect of the aforementioned adjustments was to decrease net operating costs by \$21,935.

RECOMMENDATION

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

HENDERSON 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 Findings and Recommendations section.

	Operating Costs	Inmate Days	Felon Days
As settled in the 2006 Desk Review	\$ 805,861	23,970	4,582
Adjustments from Field Review:			
Overreported Costs:			
Salaries	(2,509)		
Medical and Dental	(8,379)		
Insurance	(9,356)		
Indirect Cost	(405)		
Underreported Revenue:			
Telephone Commission	(1,286)		
Underreported Inmate Days		175	
Overreported Felon Days			(710)
Total Adjusted Costs and Days	<u>\$ 783,926</u>	<u>24,145</u>	<u>3,872</u>

The net effect of these adjustments to the Final Cost Settlement Report was to decrease Henderson County's cost from \$33.62 to \$32.47 per inmate day. In addition, we discovered 710 overreported felon days. The net effect of these adjustments resulted in an overpayment of \$28,323 to the county. Since this overpayment was after the final cost settlement, an adjustment should be made in subsequent monthly payments.