



STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF COUNTY AUDIT
SUITE 1500
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May 14, 2008

The Honorable George Little, Commissioner, Department of Correction
The Honorable Greg Lynch, Unicoi County Mayor
The Honorable Kent Harris, Unicoi County Sheriff

To the Commissioner, County Mayor, and Sheriff:

Our office recently completed a review of Unicoi 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. Net operating costs were not accurately reported on the Final Cost Settlement Report, and some amounts reported could not be reconciled with general ledger accounts.
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 \$32.25 to \$31.75 per inmate day. In addition, we also discovered 32 overreported felon days. The net effect of these adjustments resulted in an overpayment of \$3,614 to Unicoi 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 Unicoi County's participation in the County Correctional Incentive Program.

Sincerely,

James R. Arnette, Director

cc: Judith Lambert, Judicial Cost Accountant

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

This report reviews Unicoi 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 average daily cost from \$32.25 to \$31.75 per inmate day. In addition, we discovered 32 overreported felon days. The net effect of these adjustments resulted in an overpayment of \$3,614 to Unicoi 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 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, 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 certain findings and recommendations; however, these oral responses have not been included in this report.

FINDING 1 NET OPERATING COSTS WERE NOT REPORTED PROPERLY ON THE FINAL COST SETTLEMENT REPORT, AND SOME AMOUNTS REPORTED FOR OPERATING COSTS COULD NOT BE RECONCILED WITH ACCOUNTING RECORDS

Our review disclosed the following deficiencies in the preparation of the Final Cost Settlement Report:

- A. The Final Cost Settlement Report for the year ended June 30, 2006, contained several underreported and overreported costs and did not include some revenues. The majority of the errors detected related to the inclusion of medical and dental costs in Section B - Other Direct Costs and Section C - Prorated Direct Costs, Contracted Services, and Consultants. 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 underreported:

Salaries and Benefits	\$	8,413
Other Direct Costs		1,318
Building Depreciation		5,598

The following costs were overreported:

Prorated Direct Costs, Contracted Services, and Consultants	(23,160)
Indirect Costs	(157)

The following revenue was underreported:

Reimbursements	(2,447)
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The net effect of the aforementioned adjustments was to decrease net operating costs by \$10,435.

- B. Unicoi County did not maintain the schedules and summaries used in preparing the Final Cost Summary Report. Amounts reported were not always reconciled with jail related expenditures recorded in the county's financial records. Consequently, we could not determine that all amounts were reported properly. Access to schedules and summaries used to prepare the Final Cost Summary Report is necessary to provide a basis for the review of amounts reported and to reconcile any differences between amounts reported and amounts reflected on the accounting records. We adjusted

amounts reported to agree with accounting records for accounts where we found significant differences.

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. Management should also ensure that supporting documents, schedules, and summaries used in preparing the Final Cost Settlement Report are retained.

FINDING 2 **FELON DAYS AND THE TOTAL INMATE POPULATION WERE NOT ACCURATELY DETERMINED AND REPORTED**

Our review of felon days and the total inmate population reported revealed the following deficiencies:

- A. Certain inmates who had been released or transferred were not removed at the proper time from the monthly State Prisoner Reports. We discovered that Unicoi County had overreported 32 felon days that resulted in an overpayment of \$1,032 to the county.

- B. The county underreported the total inmate population by excluding some inmates incarcerated for four hours or more and released on the same day. We discovered 12 underreported inmate days on the county’s Correction Facility Summary Reports and on the Final Cost Settlement Report. Underreporting inmate days overstates the daily rate the county is to be reimbursed.

RECOMMENDATION

Management should ensure that felon days and the total inmate population are reported accurately to the Department of Correction.

**UNIOCI 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.

	Costs	Days	Days
As Settled in the 2006 Desk Review	\$693,951	21,516	5,197
Adjustments from Field Review:			
Underreported Costs:			
Salaries and Benefits	8,413		
Other Direct Costs	1,318		
Building Depreciation	5,598		
Overreported Costs:			
Prorated Direct Costs, Contracted Services, and Consultants	(23,160)		
Indirect Costs	(157)		
Underreported Revenues:			
Reimbursements	(2,447)		
Underreported Inmate Days		12	
Overreported Felon Days			(32)
Total Adjusted Costs and Days	\$683,516	21,528	5,165

The net effect of these adjustments to the Final Cost Settlement Report was to decrease Unicoi County's cost from \$32.25 to \$31.75 per inmate day. We also discovered 32 overreported felon days. These adjustments resulted in a total overpayment of \$3,614 to Unicoi County. Since this overpayment was after the final cost settlement, an adjustment should be made in subsequent monthly payments.