



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

April 22, 2008

The Honorable George Little, Commissioner, Department of Correction
The Honorable Herd Sullivan, White County Executive
The Honorable Oddie Shoupe, White County Sheriff

To the Commissioner, County Executive, and Sheriff:

Our office recently completed a review of White 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 office did not maintain the original documentation (inmate counts and daily rosters) used to support the total population reported on the Final Cost Settlement Report.
2. Net operating costs were not properly reported on the Final Cost Settlement Report.
3. Our review resulted in several adjustments to the Final Cost Settlement Report that decreased the average daily cost from \$42.66 to \$42.43 per inmate day; however, since the county's 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 White County's participation in the County Correctional Incentive Program.

Sincerely,

James R. Arnette, Director

cc: Judith Lambert, Judicial Cost Accountant

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

This report reviews White 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 \$42.66 to \$42.43 per inmate day; however, since the county's 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, 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 ORIGINAL DOCUMENTATION WAS NOT MAINTAINED TO SUPPORT COUNTS OF THE INMATE POPULATION

Employees destroyed the original documentation of daily rosters and inmate counts. Therefore, these documents were not available for our inspection. Jail rosters provide detailed information of inmates incarcerated in the county's facility each day. Information from these rosters is transferred to the Correction Facility Summary Reports (CFSRs), which are remitted to the Department of Correction on a monthly basis. At the end of the year, the total number of inmate days from the monthly CFSRs is used to determine the total inmate population to calculate the daily rate per inmate for reimbursement to the county.

Because of the lack of supporting documentation, we were unable to determine the accuracy of the total inmate days as reported on the county's CFSRs and the Final Cost Settlement Report for the year ended June 30, 2006. In addition, we were limited in the amount of testwork we could complete on the State Prisoner Reports.

RECOMMENDATION

Management should retain all original inmate counts and daily rosters until reviewed by auditors.

FINDING 2 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 did not include some revenues. 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:

Food Preparation Supplies	\$	5,768
Prisoner's Clothing		106
Drug and Medical Supplies		4,827
Insurance - Buildings and Contents		665
Indirect Costs		175

The following costs were underreported:

Salaries and Benefits		2,614
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The following revenues were underreported:

Commissions		742
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The net effect of the aforementioned adjustments was to decrease net operating costs by \$9,669.

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.

**WHITE 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	\$ 1,777,630	41,666	8,896
Adjustments from Field Review:			
Overreported Costs:			
Food Preparation Supplies	(5,768)		
Prisoner's Clothing	(106)		
Drug and Medical Supplies	(4,827)		
Insurance - Buildings and Contents	(665)		
Indirect Costs	(175)		
Underreported Costs:			
Salaries and Benefits	2,614		
Underreported Revenue:			
Commissions	(742)		
Total Adjusted Costs and Days	<u>\$ 1,767,961</u>	<u>41,666</u>	<u>8,896</u>

The net effect of these adjustments to the Final Cost Settlement Report was to decrease White County's cost from \$42.66 to \$42.43 per inmate day; however, since the county's maximum rate of reimbursement is \$35 per inmate day, no rate adjustment was necessary.