



STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF COUNTY AUDIT
SUITE 1500
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July 30, 2009

The Honorable George Little, Commissioner, Department of Correction
The Honorable Mark Hipsher, Grainger County Mayor
The Honorable James Harville, Grainger County Sheriff

To the Commissioner, County Mayor, and Sheriff:

Our office recently completed a review of Grainger County's participation in the County Correctional Incentive Program for the year ended June 30, 2007.

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. 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 \$53.78 to \$51.77 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 Grainger County's participation in the County Correctional Incentive Program.

Sincerely,

James R. Arnette, Director

cc: Judith Lambert, Judicial Cost Accountant
Doyal Wynn, Chairman of Grainger County Commission

**GRAINGER COUNTY, TENNESSEE
REPORT ON THE REVIEW OF THE
COUNTY CORRECTIONAL INCENTIVE PROGRAM
FOR THE YEAR ENDED JUNE 30, 2007**

This report reviews Grainger County's participation in the County Correctional Incentive Program for the year ended June 30, 2007.

As a result of our review, adjustments were made to the Final Cost Settlement Report that decreased the average daily cost from \$53.78 to \$51.77 per inmate day.

The objectives of the review were:

1. to determine if the costs reported on the Final Cost Settlement Report submitted to the Tennessee Department of Correction were reasonable and allowable,
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, 2007. We determined whether the reported costs were reasonable and allowable 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 listed 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

Grainger County did not accurately count and assess the total inmate population as reported to the state on the Correction Facility Summary Reports (CSFRs) and the Final Cost Settlement Report. We projected 233 overreported inmate days based on jail roster testing projected to the population. 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 CSFRs and the Final Cost Settlement Report submitted to the Tennessee Department of Correction.

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, 2007, contained several overreported and underreported costs. The following is a summary of the adjustments made to the cost report submitted by the county as a result of our review:

Overreported Costs:	
Other Direct Costs	\$ 167,687
Indirect Costs	1,360
Underreported Costs:	
Personnel Costs	61,920
Building Depreciation	37,764

The net effect of the aforementioned adjustments was to decrease net operating costs by \$69,363 for the year.

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.

**GRAINGER COUNTY, TENNESSEE
SUMMARY OF ADJUSTMENTS
FOR THE YEAR ENDED JUNE 30, 2007**

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 2007 Desk Review	\$ 1,532,460	28,495	12,036
Adjustments from Field Review:			
Overreported Costs:			
Other Direct Costs	(167,687)		
Indirect Costs	(1,360)		
Underreported Costs:			
Personnel Costs	61,920		
Building Depreciation	37,764		
Overreported Inmate Days		(233)	
Total Adjusted Costs and Days	<u>\$ 1,463,097</u>	<u>28,262</u>	<u>12,036</u>

The net effect of these adjustments to the Final Cost Settlement Report was to decrease Grainger County's cost from \$53.78 to \$51.77 per inmate day. However, since the maximum rate of reimbursement is \$35 per inmate day, no rate adjustment was necessary.