



**STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF LOCAL GOVERNMENT AUDIT
SUITE 1500
JAMES K. POLK STATE OFFICE BUILDING
NASHVILLE, TENNESSEE 37243-1402
PHONE (615) 401-7841**

June 13, 2012

The Honorable Derrick D. Schofield, Commissioner, Department of Correction
The Honorable Mark Luttrell, Jr., Shelby County Mayor
The Honorable Bill Oldham, Shelby County Sheriff
Mr. Mike Swift, Shelby County Director of Administration and Finance

To the Commissioner, County Mayor, Sheriff, and Director of Administration and Finance:

Our office recently completed a review of Shelby County's Penal Farm participation in the County Correctional Incentive Program for the year ended June 30, 2010.

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, 2010. 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 original supporting documentation such as invoices and canceled checks.

Furthermore, we evaluated procedures relating to counting and reporting 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, auditors 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.

RESULTS OF THE REVIEW

Our review resulted in no findings.

Please contact me if you have any questions regarding our review of Shelby County's Penal Farm participation in the County Correctional Incentive Program.

Sincerely,

A handwritten signature in black ink, appearing to read "James R. Arnette". The signature is written in a cursive, flowing style.

James R. Arnette, Director

cc: Judith A. Lambert, Judicial Cost Accountant