

**Tennessee Corrections Institute**

**For the Years Ended**  
**June 30, 1998, and June 30, 1997**

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June 9, 1999

The Honorable Don Sundquist, Governor

and

Members of the General Assembly

State Capitol

Nashville, Tennessee 37243

and

Dr. R. Douglas Morgan, Executive Director

Tennessee Corrections Institute

Eighth Floor, Andrew Jackson Building

Nashville, Tennessee 37243

Ladies and Gentlemen:

We have conducted a financial and compliance audit of selected programs and activities of the Tennessee Corrections Institute for the years ended June 30, 1998, and June 30, 1997.

We conducted our audit in accordance with generally accepted government auditing standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. These standards require that we obtain an understanding of management controls relevant to the audit and that we design the audit to provide reasonable assurance of the institute's compliance with the provisions of laws, regulations, contracts, and grants significant to the audit. Management of the Tennessee Corrections Institute is responsible for establishing and maintaining internal control and for complying with applicable laws and regulations.

Our audit disclosed a finding which is detailed in the Objectives, Methodologies, and Conclusions section of this report. The institute's administration has responded to the audit finding; we have included the response following the finding. We will follow up the audit to examine the application of the procedures instituted because of the audit finding.

We have reported other less significant matters involving the institute's internal controls and/or instances of noncompliance to the Tennessee Corrections Institute's management in a separate letter.

Sincerely,

John G. Morgan

Comptroller of the Treasury

JGM/rm

99/053

State of Tennessee

# Audit Highlights

Comptroller of the Treasury

Division of State Audit

Financial and Compliance Audit  
**Tennessee Corrections Institute**  
For the Years Ended June 30, 1998, and June 30, 1997

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## AUDIT SCOPE

We have audited the Tennessee Corrections Institute for the period July 1, 1996, through June 30, 1998. Our audit scope included a review of management's controls and compliance with policies, procedures, laws, and regulations in the areas of inspection of local correctional facilities, expenditures, equipment, payroll and personnel, computer system security, and compliance with the Financial Integrity Act. The audit was conducted in accordance with generally accepted government auditing standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

## AUDIT FINDING

### **Local Correctional Facilities Not Inspected on Time**

*Tennessee Code Annotated*, Section 41-4-140, requires annual inspections of local correctional facilities. Not all facilities were inspected annually and not all required reinspections were conducted within 60 days (page 3).

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"Audit Highlights" is a summary of the audit report. To obtain the complete audit report which contains all findings, recommendations, and management comments, please contact

Comptroller of the Treasury, Division of State Audit  
1500 James K. Polk Building, Nashville, TN 37243-0264  
(615) 741-3697

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**Audit Report**  
**Tennessee Corrections Institute**  
**For the Years Ended June 30, 1998, and June 30, 1997**

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**Tennessee Corrections Institute**  
**For the Years Ended June 30, 1998, and June 30, 1997**

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**INTRODUCTION**

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**POST-AUDIT AUTHORITY**

This is the report on the financial and compliance audit of the Tennessee Corrections Institute. The audit was conducted pursuant to Section 4-3-304, *Tennessee Code Annotated*, which authorizes the Department of Audit to “perform currently a post-audit of all accounts and other financial records of the state government, and of any department, institution, office, or agency thereof in accordance with generally accepted auditing standards and in accordance with such procedures as may be established by the comptroller.”

Section 8-4-109, *Tennessee Code Annotated*, authorizes the Comptroller of the Treasury to audit any books and records of any governmental entity that handles public funds when the Comptroller considers an audit to be necessary or appropriate.

**BACKGROUND**

The Tennessee Corrections Institute (TCI) provides support services for local penal systems in Tennessee. TCI educates local correctional staff in areas such as legal issues, report writing, communications, and security measures. TCI also establishes standards that it uses to inspect and certify local adult correctional facilities in areas such as physical environment, medical services, and inmate supervision. TCI also responds to requests for technical assistance from correctional facilities and governmental agencies.

An organization chart of the institute is on the following page.

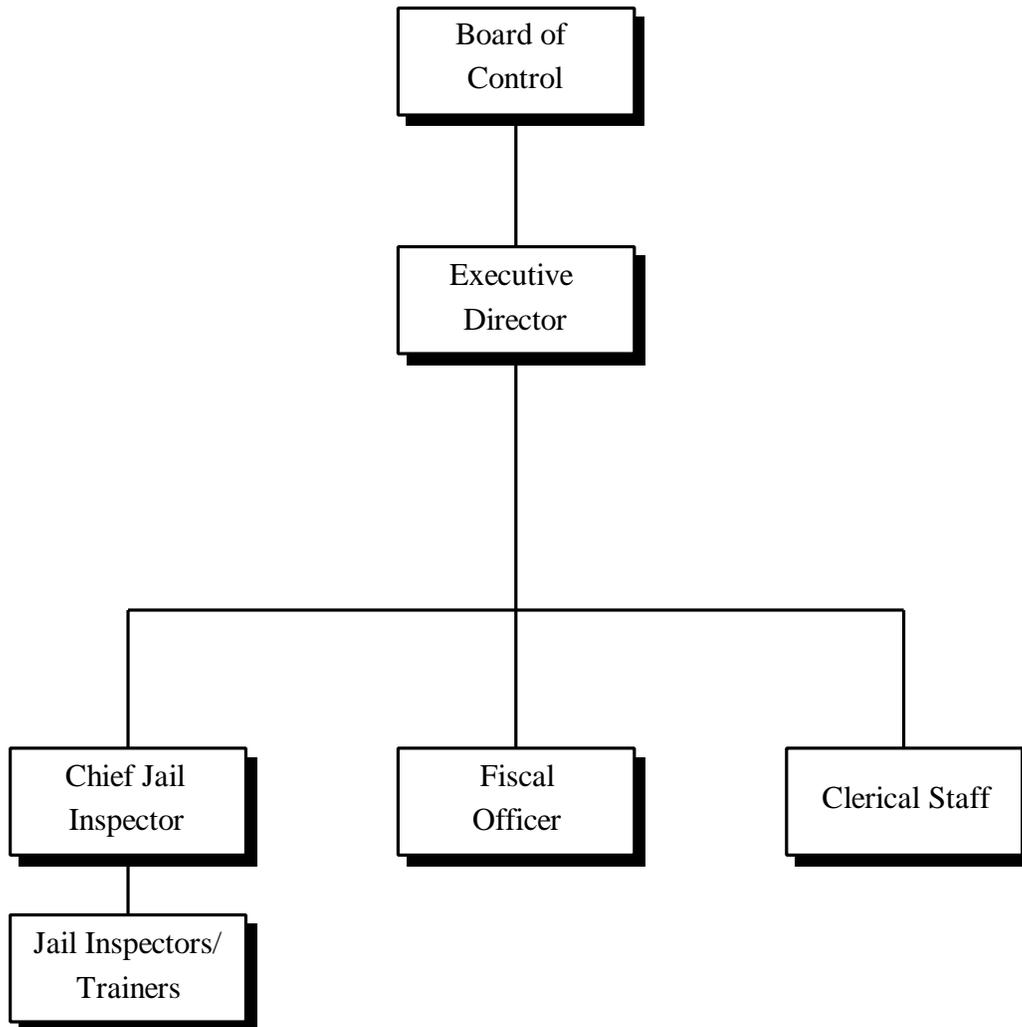
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**AUDIT SCOPE**

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We have audited the Tennessee Corrections Institute for the period July 1, 1996, through June 30, 1998. Our audit scope included a review of management’s controls and compliance with policies, procedures, laws, and regulations in the areas of inspection of local correctional facilities, expenditures, equipment, payroll and personnel, computer system security, and compliance with the Financial Integrity Act. The audit was conducted in accordance with generally accepted government auditing standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

# TENNESSEE CORRECTIONS INSTITUTE



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## OBJECTIVES, METHODOLOGIES, AND CONCLUSIONS

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### INSPECTION OF LOCAL CORRECTIONAL FACILITIES

The objectives of our review of the controls and compliance with policies, procedures, laws, and regulations for the inspection of local correctional facilities were to determine whether

- institute policies and procedures for the inspection of local correctional facilities complied with *Tennessee Code Annotated*, Section 41-4-140, and
- local correctional facilities were inspected as required by *Tennessee Code Annotated*, Section 41-4-140.

We interviewed key institute personnel to gain an understanding of the institute's procedures and controls over the inspection of local correctional facilities. We reviewed inspection logs and a sample of inspection files for calendar years 1997 and 1998 to determine if the facility had been inspected annually. We also reviewed the files to determine if any necessary reinspections were done within 60 days of the original inspection.

We determined that the Tennessee Corrections Institute was not inspecting local correctional facilities in accordance with *Tennessee Code Annotated*, Section 41-4-140, as discussed in the following finding.

#### **Local correctional facilities are not inspected in accordance with state statute**

##### **Finding**

The Tennessee Corrections Institute is not inspecting local correctional facilities in accordance with *Tennessee Code Annotated*, Section 41-4-140. This statute requires the institute to inspect all local correctional facilities annually and to certify compliance with minimum state standards. If a facility does not qualify for certification, an extension of up to 60 days may be granted to allow the facility to make the necessary improvements and the institute to reinspect the facility.

Based on a sample of 25 local correctional facilities, ten facilities were not inspected in accordance with *Tennessee Code Annotated*, Section 41-4-140. Four facilities were not inspected annually:

- Carter County Jail—no inspection in 1997
- Davidson County New Jail (Hill Building)—no inspection in 1997
- Kingsport Police Department—no inspection in 1997

- McNairy County Jail—no inspection in 1998

Six facilities requiring reinspection were not reinspected within the required 60 days:

- Greene County Jail—20 days over 60 days
- Madison County Jail—7 days over 60 days
- McMinn County Jail—7 days over 60 days
- Smithville Police Department—2 days over 60 days
- Tipton County Jail—147 days over 60 days
- Union County Jail—5 days over 60 days

The annual inspections are necessary to ensure the local correctional facilities maintain the minimum state standards. If the Tennessee Corrections Institute does not inspect the local correctional facilities in accordance with *Tennessee Code Annotated*, Section 41-4-140, the number of successful inmate lawsuits concerning living conditions could increase or facility employees or members of the public could be injured if an inmate attempts to escape.

### **Recommendation**

The Tennessee Corrections Institute should inspect the local correctional facilities annually and conduct any necessary reinspections within 60 days in accordance with state law.

### **Management's Comment**

We concur. With the addition of two (2) new staff members we have redistributed the counties and feel this will resolve this problem. The staff has submitted an inspection schedule and this is being monitored to insure the completion of inspections. In the past it was left up to the individual inspector to get this done.

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### **EXPENDITURES**

The objectives of our review of expenditure controls and procedures in the Tennessee Corrections Institute were to determine whether

- policies and procedures regarding expenditures were adequate;

- recorded expenditures for goods and services were adequately supported, properly authorized, and correctly recorded in the state's accounting records;
- payments to vendors were made promptly;
- institute records were reconciled with reports from the state's accounting system;
- expenditures were in compliance with applicable state regulations; and
- contract payments complied with contract terms and purchasing guidelines and were properly approved and recorded against the contract.

We interviewed key institute personnel and reviewed supporting documentation to gain an understanding of the institute's expenditure controls and procedures. In addition, we reviewed supporting documentation and tested a sample of transactions of expenditures paid during the audit period. We had no findings related to expenditures.

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## **EQUIPMENT**

The objectives of our review of the Tennessee Corrections Institute's equipment controls and procedures were to determine whether

- policies and procedures regarding equipment were adequate,
- equipment purchases were properly added to the property listing,
- the institute's property listing represented a complete and valid listing of the assets physically on hand, and
- property and equipment were adequately safeguarded.

We interviewed key institute personnel and reviewed supporting documentation to gain an understanding of the institute's equipment controls and procedures. Testwork was performed on equipment purchases during the audit period. In addition, the institute's property listing and equipment items in the institute's office were compared. We had no findings related to equipment; however, several weaknesses came to our attention and have been reported to management in a separate letter.

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## **PAYROLL AND PERSONNEL**

The objectives of our review of payroll and personnel controls and procedures in Tennessee Corrections Institute were to determine whether

- policies and procedures regarding payroll and personnel were adequate,
- payroll disbursements were authorized, adequately supported, and properly calculated, and
- annual and sick leave were accrued and taken in accordance with Department of Personnel guidelines.

We interviewed key institute personnel and reviewed supporting documentation to gain an understanding of the institute's payroll and personnel controls and procedures. In addition, testwork was performed on a sample of payroll transactions from both fiscal years of the audit period. We had no findings related to payroll and personnel.

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## **COMPUTER SYSTEM SECURITY**

The objective of our review of the Tennessee Corrections Institute's computer system security was to determine if the system access granted to institute employees was appropriately documented and approved and appeared reasonable based on the types of duties the employees performed.

We interviewed key institute personnel to gain an understanding of the institute's computer system security procedures. We accessed the institute's systems to determine which employees were recognized users of the system and to determine these employees' level of security. We reviewed the documentation authorizing these employees to access the systems and compared the employees' level of access to the employees' job description. We had no findings related to computer system security; however, minor weaknesses came to our attention and have been reported to management in a separate letter.

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## **FINANCIAL INTEGRITY ACT**

The Financial Integrity Act of 1983 requires each executive agency to evaluate its systems of internal accounting and administrative control annually and to report the results of its evaluation to the Commissioner of Finance and Administration and the Comptroller of the Treasury by December 31 of each year.

The objectives of our review of the Tennessee Corrections Institute's compliance with the Financial Integrity Act were to determine whether

- the institute's reports were filed in compliance with the act,
- documentation to support the institute's evaluation was properly maintained,
- procedures used in compiling information for the reports were adequate, and
- corrective actions have been implemented for weaknesses identified in the reports.

We interviewed key employees responsible for compiling information for the reports to gain an understanding of the procedures. We also reviewed the supporting documentation for these procedures and the reports submitted to the Comptroller of the Treasury and to the Department of Finance and Administration.

We determined that the Financial Integrity Act reports were submitted on time. A weakness came to our attention and has been reported to management in a separate letter.

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**PRIOR AUDIT FINDINGS**

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There were no findings in the prior audit report.

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**APPENDIX**

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The Tennessee Corrections Institute is accounted for in allotment code 316.09.