



**Auditor of State
Betty Montgomery**

**CORRECTIONS COMMISSION OF SOUTHEASTERN OHIO
ATHENS COUNTY**

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Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Commission Members
Corrections Commission of Southeast Ohio
Athens County
16678 Wolfe Bennett Road
Nelsonville, Ohio 45764

We have performed the procedures enumerated below as of October 26, 2005, which were agreed to by the Corrections Commission of Southeast Ohio, Athens County, Ohio (the Commission), for the purpose of performing the following procedures:

1. Schedule receipts and expenditures for the "special account" found at First National Bank [Account #: 233217 02] which had a reconciled balance of \$1,423.42 at September 30, 2005 but was not included on the Commission's ledgers. From this schedule, trace transactions where employees were paid for vacation time and payroll charges from the "special account" to determine:
(A) Whether the employee had the available leave balance at the time of pay out, as recorded in 'Employee Sick and Vacation Hour Report';
(B) Whether the accrued amount was appropriately reduced by the payment amount; and
(C) Whether the funds were transferred from the payroll account to this "Special Account".
2. List the amounts of loans made to employees.
3. Agree loan repayments to the "Special Account" and compute remaining loan balances as of October 21, 2005.
4. Trace cellular phone bills paid from the "Special Account" to receipts within the account reimbursed by employees.
5. Recompute the Commissary bank account reconciliation, as of September 30, 2005, to the book balance. Trace reconciling items to supporting documentation, such as outstanding checks and to deposits in transit clearing the account in subsequent months.
6. Recompute the Unclaimed Monies Account (FND #72909301) reconciliation, as of September 30, 2005, to the system. Trace reconciling items to supporting documentation, such as outstanding checks and to deposits in transit clearing the account in subsequent months.
7. Determine that employees that terminated employment from January 1, 2003 to September 30, 2005 paid their personal cell phone bills prior to or when receiving their final pay check.
8. Review cell phone activity, as documented in cell phone invoices for individuals that are provided a cell phone for work related calls, determine whether employees reimbursed the Commission for personal calls when the bills exceeded the minutes included within the purchased cell phone plan.

9. Prepare a spreadsheet, from the Commission's existing spreadsheets that lists the annual appropriations, showing total appropriations, any amendments made to the original appropriation measure, actual expenditures against those line item appropriations for each month, encumbrances outstanding and the remaining available appropriation balances.
10. Recompute the total member contributions owed by each Member County as of September 30, 2005 based on the amounts reflected in the member agreements from January 1, 2002 through September 30, 2005, billing statements prepared by the Commission, amounts reported as received in the Year End Revenue History Reports for 2002 through 2004 and the Monthly Revenue Statements through September 30, 2005.
11. Determine the total amount of medical bills that were paid by the Commission that were not billed back to the Member County's as per the member agreements starting from the amounts reported in the Auditor of State Audit Report for the year ended December 31, 2001 through September 30, 2005. We will determine this by reviewing paid medical invoices for services administered outside of the Commission's facilities, matching the inmate to the corresponding county in which the inmate came from and recomputing the total amount that should have been billed to the Member County.

We followed the American Institute of Certified Public Accountants' attestation standards for agreed-upon procedures engagements. The sufficiency of the procedures is solely the responsibility of the Commission. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and the related findings are included in Exhibit 1 attached.

We were not engaged to and did not perform an examination, the objective of which would be the expression of an opinion on these transactions. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that we would have reported to you.

This report is intended solely for the information and use of the addressee listed above and is not intended to be, and should not be used by anyone else.



Betty Montgomery
Auditor of State

February 21, 2006

EXHIBIT 1

RESULTS OF PROCEDURES PERFORMED

Procedure 1

The General Special Account found at First National Bank [Account #: 233217 02], (otherwise known as the "Special Account" or "Employee Services Bank Account"), had a reconciled balance of \$1,423.42 at September 30, 2005 but was not included on the Commission's ledgers. The purpose of this "Special Account" was for the purchase of work-related supplies such as hats, jackets, boots, and shirts for employees, the cost of which would be deducted from the employees' paychecks, as well as, to pay for personal cellular phone service which would also be reimbursed through payroll deductions.

Utilizing bank statements and a checkbook, we scheduled receipts and expenditures for the General Special Account. From our schedule of receipts/expenditures, we traced transactions where employees were paid for vacation time and payroll charges from the "Special Account" to determine:

- (A) Whether the employee had the available leave balance at the time of pay out, as recorded in 'Employee Sick and Vacation Hour Report';
- (B) Whether the accrued amount was appropriately reduced by the payment amount; and
- (C) Whether the funds were transferred from the payroll account to this "Special Account".

The results of these procedures are as follows:

- (A) We noted one employee, Teresa Tracey, was advanced \$410.40 on June 9, 2005 with the notation that 36 hours of vacation would be deducted from her next paycheck. We reviewed the gross earnings report which shows leave usage, accrual rate and accumulated balance at the date of the advance. There was a sufficient accumulated balance at the date of the advance.
- (B) We reviewed all payroll deduction reports and the gross earnings reports which show leave usage, accrual rates and balances from June 9, 2005, (the date of the advance), to September 30, 2005. We also interviewed Teresa Tracey who agreed the payment was not deducted from her paychecks and the vacation hours were not reduced from her accumulated balance. In addition, as of December 27, 2005, Teresa Tracey did not have sufficient accumulated leave balances to cover the 36 hours; therefore, a deduction could not be made. Accordingly, a Finding for Recovery will be issued against Teresa Tracey, as disclosed in finding 2005-002 within Exhibit 2.
- (C) We compared the totals for all 'Reimbursements to Jail' Deduction Reports from January 1, 2003 through September 30, 2005 to a deposit into the "Special Account". These reports document the employees' names and individual amounts deducted from each pay. Based on this comparison, all amounts deducted from employee paychecks were deposited from the payroll account into the "Special Account".

While scheduling out the activity in the "Special Account", we noted several other transactions which were not expended with the stated purpose of the "Special Account". Expenditures from the "Special Account" also included the following:

- Loans to employees, (which has been addressed under Procedures 2 and 3);
- Corrections of payroll mistakes, (although they agreed to subsequent payroll deductions the actual expenditures were run through this account and then reimbursed);
- Reimbursements of expenditures, (which should have been reimbursed through the General Fund), that were not reimbursed to this account; and
- Personal purchases made by the Fiscal Director, which are discussed below.

EXHIBIT 1 (Continued)

RESULTS OF PROCEDURES PERFORMED (Continued)

Procedure 1 (Continued)

- An invoice dated September 9, 2004 from Jim Weidner, Ltd, dba The Superstore, for the purchase of a Camcorder was marked as a personal purchase by Vicki Adams. Another invoice dated August 31, 2004 to the same vendor for the purchase of ink cartridges was also found. The types of cartridges listed are not currently used at the Southeastern Ohio Regional Jail (SEORJ) and no documentation was noted that would indicate that the SEORJ ever had equipment that would use such ink cartridges. These two invoices were both paid for from the "Special Account" with check number 1093 written for \$366.20. There was no documentation indicating the "Special Account" was reimbursed for these personal purchases. Accordingly, a Finding for Recovery will be issued against Victoria Adams, former Fiscal Director, as disclosed in Finding 2005-001 within Exhibit 2.
- The "Special Account" was opened on November 26, 2002 with an initial deposit of \$16,515.68. This deposit was funded by a refund from the Bureau of Workers Compensation. On February 12, 2003, a check was written from this account to the General Fund for 75 percent of the initial deposit, or \$12,386.76. The remaining balance of \$4,128.92 has been depleted by \$2,705.50 leaving the September 30, 2005 balance of \$1,423.42. The "Special Account" activity was never included within the Commission's accounting system.

The amount by which the "Special Account" was depleted as discussed above (\$2,705.50) represents expenditures which should have been charged to the Commission's General Fund. Items such as check fees, service charges, reimbursements for prior employee deductions taken in error and employee purchases made on behalf of the SEORJ. The following table reflects "Special Account" expenditures which should have been charged directly to or reimbursed by the General Fund.

Amounts Due From (Due To) the General Fund	
\$ 2,705.50	Amount of depletion associated with the initial BWC refund
(410.40)	Less: Vacation payout not reimbursed by Teresa Tracey (see above)
(20.00)	Less: Loan to Nicole Byrd not repaid (see Procedure 3)
(137.68)	Check fees and service charges relating to the Special Account
(110.00)	Finding for Recovery against Victoria Adams for January, 2005 loan not repaid (see Procedure 3)
<u>(366.20)</u>	Finding for Recovery against Victoria Adams for October, 2004 personal purchase (see above)
<u>\$ 1,661.22</u>	Expenditures which should have been charged directly to or reimbursed by the General Fund

Also, refer to Management Recommendation numbers 1 and 6 within Exhibit 3.

On February 14, 2006, Victoria (Vicky) Adams repaid \$476.20 to the Corrections Commissions with her personal check (#7434). Of this amount repaid to the Commission, \$366.20 was applied toward the amount mentioned in Procedure 1 and Finding Number 2005-001 and \$110 was applied toward the amount mentioned in Procedure 3 and Finding Number 2005-003.

On February 16, 2005, Teresa Tracey repaid \$410.40 to the Corrections Commissions General Fund by having 35 hours of vacation leave deducted from her accumulated leave balance.

EXHIBIT 1 (Continued)

RESULTS OF PROCEDURES PERFORMED (Continued)

Procedure 2

There were four loans/payroll advances made from the General Special Account found at First National Bank [Account #: 233217 02], (otherwise known as the "Special Account" or "Employee Services Bank Account").

These loans, or advances, were easily identified since the purpose documented on the check stub stated "loan" or "vacation buyout".

<u>Employee</u>	<u>Date of Loan</u>	<u>Loan Amount</u>
Vicki Adams	1/25/05	\$ 110.00
Nicole Byrd	9/09/05	\$ 20.00
Chasity Morris	9/21/05	\$ 588.00
Teresa Tracey	6/09/05	\$ 410.40

The status of Teresa Tracey's advance for 36 hours of vacation leave was addressed under Procedure 1 results above. The status of the remaining three loans is addressed under Procedure 3 below. Also, refer to Management Recommendation number 1 within Exhibit 3.

Procedure 3

We agreed loan repayments to the General Special Account found at First National Bank [Account #: 233217 02], (otherwise known as the "Special Account" or "Employee Services Bank Account"), and computed remaining loan balances as of September 30, 2005.

<u>Employee</u>	<u>Date of Loan</u>	<u>Loan Amount</u>	<u>Date Repaid</u>
Vicki Adams	1/25/05	\$ 110.00	NA
Nicole Byrd	9/09/05	\$ 20.00	NA
Chasity Morris	9/21/05	\$ 588.00	9/26/05

The \$110 loan to Victoria (Vicki) Adams, former Fiscal Director, was not repaid through a payroll deduction. Although there was a deposit of \$192.75 on February 3, 2005 which was not supported by a payroll deduction or other support, there was no indication this deposit included the \$110 owed by Ms. Adams. Accordingly, a Finding for Recovery will be issued against Victoria Adams, former Fiscal Director, as disclosed in Finding 2005-003 within Exhibit 2.

The \$20 loan to Nicole Byrd was not repaid through a payroll deduction. We agreed all deductions subsequent to this date to her cellular phone bills which resulted in the amount of deductions equaling the amount of her monthly bill. Findings for Recovery will not be issued for amounts owed that are less than \$100; however, we recommend the Commission determine if they will pursue collection of these amounts.

The \$588 loan to Chasity Morris was repaid through a payroll deduction on September 26, 2005 per the Deduction Report titled 'Reimbursement to Jail'. Therefore, no Finding for Recovery will be issued.

Also, refer to Management Recommendation number 1 within Exhibit 3.

In a letter from Jeff Gillespie, dated February 10, 2006, Mr. Gillespie stated the Commission has authorized its legal council to attempt to recover all monies owed to the Commission even if the amounts are less than \$100.

EXHIBIT 1 (Continued)

RESULTS OF PROCEDURES PERFORMED (Continued)

Procedure 3 (Continued)

On February 14, 2006, Victoria (Vicky) Adams repaid \$476.20 to the Corrections Commissions with her personal check (#7434). Of this amount repaid to the Commission, \$366.20 was applied toward the amount mentioned in Procedure 1 and Finding Number 2005-001 and \$110 was applied toward the amount mentioned in Procedure 3 and Finding Number 2005-003

Procedure 4

We traced cellular phone bills paid from the General Special Account found at First National Bank [Account #: 233217 02], (otherwise known as the "Special Account" or "Employee Services Bank Account"), to receipts within the "Special Account" reimbursed by employees.

Since deductions and bill payments were seldom within a reasonable time frame and several employee obligations were deducted in payments rather than in total, it was more efficient to compare total annual bill payments from the "Special Account" to AT&T (Cingular) to total annual payroll deductions.

While performing Procedure 7, we scheduled all employees who opted to obtain cellular phone service for personal use. We scheduled out all current monthly charges along with phone purchases, less rebates for the period January 1, 2003 through September 30, 2005. We then scheduled the amounts deducted from the employees' paychecks per the deduction reports titled 'Reimbursements to Jail'. The balance shown below represents the difference between the bill and the deductions that were identified for current employees:

<u>Employee</u>	<u>Assigned Number(s)</u>	<u>Balance Outstanding at 9/30/2005</u>
John Bateman	591-8129	\$ 28.68
Mark Bateman	591-2959	15.58
Nicole Byrd	590-2377 & 591-0693	269.24
Ronald Campbell	591-1917 & 591-1581	255.86
Charles Dowler	591-7095	72.72
James Eddy	590-6852	2.29
April Humphrey	591-1420	130.25
Brian Hupp	591-6506	7.19
Michele Jewell	591-7217	89.52
Jennifer Lewis	591-0497	116.40
Chasity Morris	591-5636 & 591-6009	170.29
Denise O'Rourke	591-7821 & 591-6482	135.93
Teresa Tracey	591-7544, 591-2718 & 591-2661	366.09
Crissy Vermillion	591-6009	<u>204.04</u>
		\$ 1,864.08

The outstanding balances indicate that at least \$1,864.08 of the initial deposit balance (discussed in Procedure 1 results) was used to cover these balances.

EXHIBIT 1 (Continued)

RESULTS OF PROCEDURES PERFORMED (Continued)

Procedure 4 (Continued)

Accordingly, Findings for Recovery will be issued against each of the employees listed above with amounts owed in excess of \$100 and Vicki Adams, jointly and severally, as disclosed in findings 2005-011 through 2005-018 within Exhibit 2. The Commission should consider deductions taken subsequent to this date which are attributable to bills through September in determining any future balances deducted from employee's payroll. Also, refer to Management Recommendation number 1 and 2 within Exhibit 3.

On January 24, 2006, Jennifer Lewis repaid \$116.40 to the Corrections Commissions with her personal check (#5292). On January 31, 2006, April Humphrey repaid \$130.25 to the Corrections Commissions with her personal check (#1035). On January 24, 2006, the following individuals signed an agreement to repay the above balances through payroll deductions on an installment basis: Ronald Campbell, Chasity Morris and Denise O'Rourke.

In a letter from Jeff Gillespie, dated February 10, 2006, Mr. Gillespie stated the Commission has authorized its legal council to attempt to recover all monies owed to the Commission even if the amounts are less than \$100.

Procedure 5

The activity and related balances of the "Commissary Special Revenue" account were not included on the Commission's accounting system.

We recomputed the reconciliation for the Commissary bank account [#233217 01], (otherwise referred to as "Commissary Special Revenue") as of September 30, 2005, to the book balance. We traced reconciling items to supporting documentation, such as outstanding checks and to deposits in transit clearing the account in subsequent months.

We determined that the "Commissary Special Revenue" was reconciled to the checkbook register balance of \$33,710.34 as of September 30, 2005. The reconciliation was completed using the December 31, 2003 audited fund balance and scheduling receipts and expenditures from January 1, 2004 through September 30, 2005. The activity and related balances of the "Commissary Special Revenue" account were not included on the Commission's accounting system.

During our procedures, it was also discovered that there were two personal loans to employees made from this account on May 13, 2005. They were as follows:

<u>Employee</u>	<u>Loan Amount</u>
James Eddy	\$ 384.00
Chasity Morris	\$ 320.00

We reviewed the employee payroll deduction report for the May 24, 2005 pay date and noted that these amounts were withheld from their paychecks. The total of these loans was deposited into the "Commissary Special Revenue" account on May 26, 2005. Also, refer to Management Recommendation number 5 within Exhibit 3.

EXHIBIT 1 (Continued)

RESULTS OF PROCEDURES PERFORMED (Continued)

Procedure 6

We recomputed the reconciliation for the Unclaimed Monies Account (#729093 01 held at First National Bank), as of September 30, 2005, to the balance reflected within the corresponding check book for the Unclaimed Monies Account. We traced reconciling items to supporting documentation, such as outstanding checks and to deposits in transit clearing the Unclaimed Monies Account in subsequent months.

We determined the Unclaimed Monies Account was reconciled to the checkbook register balance of \$17,596.60 as of September 30, 2005. The reconciliation was completed using the December 31, 2003 audited fund balance and scheduling receipts and expenditures from January 1, 2004 through September 30, 2005.

The activity and related balances of the Unclaimed Monies Account were not included within the Commission's accounting system. The Commission set up Fund 011, titled Unclaimed Monies, within their accounting system; however, there were no balances as of September 30, 2005. Also, refer to Management Recommendation number 6 and 7 within Exhibit 3.

Procedure 7

We determined whether employees terminating employment from January 1, 2003 to September 30, 2005 paid their personal cell phone bills prior to or when receiving their final pay check.

We scheduled all employees who opted to obtain cellular phone service for personal use in order to gain assurance that all employees terminated during the three year period were included. This was deemed necessary since there was a high rate of turnover in the administrative offices and we could not rely on interviews to ensure completeness of our examination.

We scheduled out all current monthly charges along with phone purchases, less rebates, for the period January 1, 2003 through September 30, 2005. We then scheduled the amounts deducted from the employees' paychecks per the deduction reports titled 'Reimbursements to Jail'. The balance shown below represents the net difference between the cellular phone service bills and the deductions for terminated employees.

<u>Employee</u>	<u>Assigned Number(s)</u>	<u>Amount Owed Upon Termination</u>
Vicki Adams	591-8126	\$ 16.52
Vicki Adams	591-8125	1,653.65
Deborah Conner	591-1788	259.65
Jason Feick	591-0884 & 591-5096	276.49
Kelli Gabriel	591-8129	364.36
Rachel (former nurse)	591-7821	32.03
Jodie Parker	591-3478 & 591-6529	911.07
Dea Parry	591-1575 & 591-1216	67.50
Jason Smith	591-4051	317.23
Mark Whiting	590-0565	<u>600.96</u>
		\$ 4,499.46

EXHIBIT 1 (Continued)

RESULTS OF PROCEDURES PERFORMED (Continued)

Procedure 7 (Continued)

In addition, number 591-8125 was documented as a "business line" for Ms. Adams. The only policy signed by Ms. Adams and specified both 591-8126 and 591-8125 was the agreement that she was solely responsible for the bills incurred and there was no documentation to support the Commission's payment for bills incurred. This indicates the payment of her "business line" was never authorized or intended by the Commission. However, the bill for 591-8125 was paid for by the Commission and was not reimbursed by Ms. Adams. Therefore, we will include the total amount billed and not reimbursed for 591-8125 (\$1,653.65), as indicated in the above table, in her Finding for Recovery for the total against Victoria (Vicki) Adams of \$1,670.17 (\$16.52 + \$1,653.65).

Accordingly, Findings for Recovery will be issued against each of the employees listed above with amounts owed in excess of \$100 and Victoria Adams, former Fiscal Director, jointly and severally, as disclosed in Findings 2005-004 through 2005-010 within Exhibit 2. Also, refer to Management Recommendation number 3 within Exhibit 3.

In a letter from Jeff Gillespie, dated February 10, 2006, Mr. Gillespie stated the Commission has authorized its legal council to attempt to recover all monies owed to the Commission even if the amounts are less than \$100.

Procedure 8

We reviewed cell phone activity, as documented in cell phone invoices, for those individuals provided cell phone service for work related calls and determined whether charges were reimbursed for personal calls when the bills exceeded the minutes included within the purchased cell phone plan.

Where available, we obtained signed policies stating the employees who were provided with cellular service, were permitted to make personal phone calls in moderation; however, any charges exceeding the base monthly cost was to be reimbursed by the employee. Based on our review, the former Fiscal Director would only charge certain employees who exceeded the base monthly fee and only for certain periods of time. The base fee per the 2001 policy was \$29.99 per month. Since then services were upgraded without written approval or revision of the policy. Listed below are the employees who were provided with cell phone service and were not fully charged for amounts exceeding the base rate. The Total Cost of Personal Use column represents un-reimbursed amounts for usage between January 1, 2003 and September 30, 2005.

First	Last Name	Assigned Number	Total Cost of Personal Use
Sgts.	Braglin/Easterling	591-6749	35.55
James	Conrath	591-0596 / 591-0497	10.53
James	Eddy	591-7826	14.50
Jeff	Gillespie	591-7818	2,445.65
Jeff	Gillespie	590-9148	268.24
Gary	Moore	591-0596	6.35
Chasity	Morris	591-7820	716.04
Lisa	Rutter	591-7825	313.20
Steve	Shamhart	591-7818	3.43
Jeremy	Tolson	591-7823	458.81
Greg	Wilfong	607-0585	1.32
NA	Van	591-7822	12.23
			\$ 4,285.85

EXHIBIT 1 (Continued)

RESULTS OF PROCEDURES PERFORMED (Continued)

Procedure 8 (Continued)

Accordingly, Findings for Recovery will be issued against each of the employees listed above with amounts owed in excess of \$100 and Victoria Adams, former Fiscal Director, jointly and severally, as disclosed in findings 2005-017 and 2005-019 through 2005-021 within Exhibit 2.

While performing our procedures we also noted the average number of minutes and text message events per month for Mr. Gillespie's business line was 2,166. A scan of billing details showed very few calls to the Regional Jail or other employees' numbers. Rather, the majority of outgoing and incoming calls and text messages were between the two phones mentioned above or to numbers in Chesterhill and Zanesville, Ohio. This indicates these phones were used more for personal use than immediate communication with SEORJ.

Also, refer to Management Recommendation number 4 within Exhibit 3.

On January 24, 2006, the following individuals signed an agreement with the Corrections Commission to repay the above balances through payroll deductions on an installment basis: Chasity Morris, Lisa Rutter and Jeff Gillespie. On January 25, 2006, Jeremy Tolson repaid \$458.81 to the Corrections Commissions with his personal check (#1987).

In a letter from Jeff Gillespie, dated February 10, 2006, Mr. Gillespie stated the Commission has authorized its legal council to attempt to recover all monies owed to the Commission even if the amounts are less than \$100.

Procedure 9

We verified and updated the Commission's existing excel spreadsheet on the Fiscal Director's computer system through September 30, 2005. The spreadsheet lists the annual appropriations (as authorized by the Commission), showing total appropriations, any amendments made to the original appropriation measure, actual expenditures (as reported by the Commission) against those line item appropriations for each month, encumbrances outstanding and the remaining available appropriation balances. The Excel spreadsheet can be continued on the Fiscal Director's computer system through the rest of 2005 and used again in subsequent years for tracking and reporting budget vs. actual figures to the Commission.

While updating the Excel spreadsheet to track appropriations versus actual expenditures plus outstanding encumbrances, we noted the following:

- Encumbrances reported on the monthly financial statements were not usually valid and carried over from the date of entry until September, 2005;
- Obligations were not encumbered until just prior to issuing the check; and
- The system reflected only appropriations for the General Fund Corrections, Utilities and Administration accounts. No appropriations were included for the Contingency account within the General Fund or for the Commissary Special Revenue Fund.

Also, refer to Management Recommendation number 9 within Exhibit 3.

EXHIBIT 1 (Continued)

RESULTS OF PROCEDURES PERFORMED (Continued)

Procedure 10

We recomputed the total member contributions owed by each Member County as of September 30, 2005 based on the amounts reflected in the member agreements from January 1, 2002 through September 30, 2005, billing statements prepared by the Commission, amounts reported as received in the Year End Revenue History Reports for 2002 through 2004, the Monthly Revenue Statements through September 30, 2005 and confirmations from each County Auditor within the Member counties.

We obtained and compared copies of Member County billings to the monthly Revenue History Reports on file at the SEORJ. We also reviewed over and under usage debits and credits from prior years as noted on the billing statements. Member contribution requirements may decrease throughout the year based on usage and payment by subdivisions within their respective counties and may increase to an amount higher than the agreement if the beds used exceeds the agreed upon allotment.

There were several quarters where Member Counties would not pay until 2 or 3 quarters later. While some billings to Member Counties indicated carryover balances, these were not pursued by the Commission until after one or two billings. We noted one letter from Atty. Garry Hunter to Morgan County, but subsequent collection of the carryover balance did not occur.

EXHIBIT 1 (Continued)

RESULTS OF PROCEDURES PERFORMED (Continued)

Procedure 10 (Continued)

	MEMBER COUNTY ANNUAL CONTRIBUTION RECAP				
	Athens 50.0%	Hocking 17.5%	Morgan 16.0%	Perry 16.5%	Totals 100.0%
2002 Carryover	-	-	-	-	-
2001 Carryover/(Credits)					
Applied to 2002	(124,162.45)	108,487.50	(80,302.02)	(127,523.95)	(223,500.92)
2002 Billed Amount	1,134,431.27	470,492.04	304,061.23	639,726.46	2,548,711.00
2002 Amount Paid	<u>(1,080,000.00)</u>	<u>(470,493.00)</u>	<u>(152,030.62)</u>	<u>(700,883.53)</u>	<u>(2,403,407.15)</u>
December 31, 2002 Balance	(69,731.18)	108,486.54	71,728.59	(188,681.02)	(78,197.07)
% of Total Billed	44.51%	18.46%	11.93%	25.10%	
% of Total Paid	44.94%	19.58%	6.33%	29.16%	
2002 Carryover	(69,731.18)	108,486.54	71,728.59	(188,681.02)	(78,197.07)
2002 Credits Applied to 2003	(113,490.22)	(112,449.04)	(13,607.60)	(41,343.73)	(280,890.59)
2003 Billed Amount	1,102,009.34	528,718.77	341,690.95	718,897.16	2,691,316.22
2003 Amount Paid	<u>(1,102,009.34)</u>	<u>(637,206.27)</u>	<u>(384,794.97)</u>	<u>(616,270.60)</u>	<u>(2,740,281.18)</u>
December 31, 2003 Balance	(183,221.40)	(112,450.00)	15,016.97	(127,398.19)	(408,052.62)
% of Total Billed	40.95%	19.65%	12.70%	26.71%	
% of Total Paid	40.22%	23.25%	14.05%	22.49%	
2003 Carryover	(183,221.40)	(112,450.00)	15,016.97	(127,398.19)	(408,052.62)
2003 Credits Applied to 2004	(178,040.00)	(73,840.00)	(47,720.00)	(100,400.00)	(400,000.00)
2004 Billed Amount	1,274,676.18	528,656.98	341,651.01	718,813.13	2,863,797.30
2004 Amount Paid	<u>(983,145.96)</u>	<u>(342,367.94)</u>	<u>(280,323.41)</u>	<u>(357,653.62)</u>	<u>(1,963,490.93)</u>
December 31, 2004 Balance	(69,731.18)	(0.96)	28,624.57	133,361.32	92,253.75
% of Total Billed	44.51%	18.46%	11.93%	25.10%	
% of Total Paid	50.07%	17.44%	14.28%	18.21%	
2004 Carryover	(69,731.18)	(0.96)	28,624.57	133,361.32	92,253.75
2004 Credits Applied to 2005	(141,182.83)	(166,543.82)	(24,807.83)	(62,592.70)	(395,127.18)
2005 Billed Amount	973,824.76	423,631.96	292,034.03	567,624.43	2,257,115.18
2005 Amount Paid	<u>(973,824.76)</u>	<u>(423,631.90)</u>	<u>(170,825.50)</u>	<u>(578,822.35)</u>	<u>(2,147,104.51)</u>
September 30, 2005 Balance	\$ (210,914.01)	\$ (166,544.72)	\$ 125,025.27	\$ 59,570.70	\$ (192,862.76)
% of Total Billed	43.14%	18.77%	12.94%	25.15%	
% of Total Paid	45.36%	19.73%	7.96%	26.95%	
Amount due for the 4th Quarter, 2005	\$ 334,846.99	\$ 148,171.66	\$ 105,471.12	\$ 198,264.60	\$ 786,754.37
Total Amount Due Through December 31, 2005	\$ 123,932.98	\$ (18,373.06)	\$ 230,496.39	\$ 257,835.30	\$ 593,891.61

EXHIBIT 1 (Continued)

RESULTS OF PROCEDURES PERFORMED (Continued)

Procedure 10 (Continued)

Accordingly, Findings for Recovery will be issued against Morgan and Perry Counties for balances outstanding as of September 30, 2005, as disclosed in Finding 2005-023 within Exhibit 2. Also, refer to Management Recommendation number 10 within Exhibit 3.

On February 21, 2006, Morgan County Commissioners signed an agreement with the Corrections Commission to repay the remaining balance of \$32,543.89 as of December 31, 2005. As of January 23, 2006, Perry County had repaid more than the Total Amount Due Through December 31, 2005 by \$76,101.20. The following table reflects how these amounts were determined:

Morgan County		Perry County	
Total Amount Due Through		Total Amount Due Through	
December 31, 2005	\$230,496.39	December 31, 2005	\$257,835.30
Payments:		Payments:	
October 5, 2005	121,478.53	November 3, 2005	186,352.66
November 2, 2005	<u>76,473.97</u>	January 23, 2006	<u>147,583.84</u>
Remaining Amount Due		Remaining Amount Due	
Through December 31, 2005	\$ 32,543.89	Through December 31, 2005	\$(76,101.20)

Procedure 11

Per Finding 2001-60705-002, disclosed in the Auditor of State Audit Report for the year ended December 31, 2001, Member Counties and Non-Member entities were not notified when inmates received medical treatment outside of the Commission's in-house capacity nor were they billed for these expenses. Therefore, Findings for Recovery were not issued for noncompliance with the agreement. We recommend the Commission review the terms of the agreement relating to reimbursement procedures relating to inmate medical expenses which requires the Member Counties and non-Member entities to reimburse for all medical costs resulting from services provided to the inmates outside of the facility's inhouse capacity. We also stated that, in future audit periods, this will result in the issuance of Findings for Recovery, pursuant to Ohio Rev. Code Section 117.28, against those entities which do not reimburse medical costs associated with their respective inmates. Per the Schedule of Prior Audit Findings, disclosed in the Commission's audit report for the years ended December 31, 2002 and 2003, Balestra, Harr & Scherer Certified Public Accountants stated that Finding 2001-60705-002 was corrected.

We determined that medical expenses for inmates were paid from the Commissary Fund with no reimbursement from the Member Counties, (Athens, Hocking, Morgan and Perry County), for their particular inmates. According to the most recent agreement between the Corrections Commission and the Member County's dated April 30, 1997, medical expenses are to be reimbursed to the Commission. We reviewed paid medical invoices for inmate medical services administered outside of the Correction Commission's facilities, matching the inmate to the corresponding county in which the inmate came from and recomputed the total amount that should have been billed to the Member County's through September 30, 2005, beginning with the amounts reported in the Auditor of State Audit Report for the year ended December 31, 2001.

We determined a total of \$517,693.44 in medical bills were paid by the Corrections Commission that were not billed back to the Member Counties as per the member agreements starting from the amounts reported in the Auditor of State Audit Report for the year ended December 31, 2001 through September 30, 2005.

Accordingly, Findings for Recovery will be issued against each Member County as disclosed in Finding 2005-022 within Exhibit 2. Also, refer to Management Recommendation number 8 within Exhibit 3.

EXHIBIT 2

SCHEDULE OF FINDINGS:

Finding 2005-001

Finding for Recovery Repaid Under Audit – Victoria Adams: Personal Purchase

An invoice dated September 9, 2004 from Jim Weidner, Ltd., (doing business as "The Superstore"), for the purchase of a Camcorder was marked as a personal purchase. Another invoice dated August 31, 2004 to the same vendor for the purchase of ink cartridges was also found. The types of cartridges listed were not compatible to and could not have been used in the Corrections Commission's printers. These two invoices were both paid from the General Special Account found at First National Bank [Account #: 233217 02], (otherwise known as the "Special Account" or "Employee Services Bank Account"), with check number 1093 written for \$366.20 and signed by Vicky Adams. There was no documentation indicating this account was reimbursed for these personal purchases.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Victoria Adams, former Fiscal Director, in the amount of \$366.20, and in favor of Corrections Commission's General Fund.

On February 14, 2006, Victoria Adams repaid \$366.20 to the Corrections Commissions General Fund.

Finding 2005-002

Finding for Recovery Repaid Under Audit – Teresa Tracey: Vacation Pay

Check number 1133, dated June 9, 2005, issued to Teresa Tracey, Corrections Officer, from the General Special Account found at First National Bank [Account #: 233217 02], (otherwise known as the "Special Account" or "Employee Services Bank Account"), in the amount of \$410.40 included a notation that 36 hours of vacation would be deducted from the next paycheck. Victoria Adams was the Fiscal Director for the Corrections Commission during this time and was the authorized signatory on this check. She was also responsible for deducting the leave from the employees leave balances. As of December 27, 2005, the hours had not been deducted from Ms. Tracey's accumulated leave balance and the \$410.40 had not been reimbursed to the "Special Account" from which the check was issued.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Teresa Tracey, Corrections Officer, and Victoria Adams, former Fiscal Director, jointly and severally, in the amount of \$410.40, and in favor of Corrections Commission's General Fund.

On February 16, 2005, Teresa Tracey repaid \$410.40 to the Corrections Commissions General Fund by having 35 hours of vacation leave deducted from her accumulated leave balance.

Finding 2005-003

Finding for Recovery Repaid Under Audit – Victoria Adams: Loan

Check number 1093, dated January 25, 2005, issued to Victoria (Vicki) Adams from the General Special Account found at First National Bank [Account #: 233217 02], (otherwise known as the "Special Account" or "Employee Services Bank Account"), in the amount of \$110 was documented as a loan. Vicki Adams was the Fiscal Director for the Corrections Commission during this time and was the authorized signatory on this check. There was no other authorization for this expenditure documented. Upon Ms. Adams's termination of employment on October 7, 2005, this amount had not been repaid through a payroll deduction and there was no other documentation that reflects the repayment of this loan.

EXHIBIT 2 (Continued)

SCHEDULE OF FINDINGS: (Continued)

Finding 2005-003 (Continued)

Finding for Recovery Repaid Under Audit – Victoria Adams: Loan (Continued)

In accordance with the foregoing facts and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Victoria Adams, former Fiscal Director, in the amount of \$110.00, and in favor of Corrections Commission's General Fund.

On February 14, 2006, Victoria Adams repaid \$110 to the Corrections Commissions General Fund.

Finding 2005-004

Finding for Recovery – Victoria Adams: Cellular Phones

On May 21, 2001, the Southeastern Ohio Regional Jail (SEORJ) set up cellular phone accounts for employees who chose to participate in the program. The program provided the employee with a phone and related service with the monthly cost of the service to be deducted from the employee's pay check. Participants starting the program signed a one year agreement on May 21, 2001 with the SEORJ which indicated the participants understood that all costs related to this service would be paid by the employee through payroll deductions. After the agreement expired on May 21, 2002, no further agreements were obtained and no additional agreements within the period were noted.

Victoria Adams signed the agreement mentioned above on May 21, 2001 and obtained cellular phone service (numbers 740-591-8125 and 740-591-8126) through the SEORJ for personal use. While employed with the SEORJ, payment for said service was to be deducted from Ms. Adam's pay check when due. There was no indication that charges for either number 740-591-8125 or 740-591-8126 was authorized to be paid by the Regional Jail. Therefore, within the time frame of January 2003 through the termination of Ms. Adams's employment on October 7, 2005, charges incurred relating to numbers 740-591-8125 and 740-591-8126 which had not been reimbursed through payroll deductions totaled \$1,670.17.

During the above stated time frame, the former Fiscal Director, Victoria Adams, was responsible for determining the amounts each employee owed for personal cellular phone usage and deducting these amounts from the employee's pay check.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Victoria Adams, former Fiscal Director, in the amount of \$1,670.17, and in favor of Corrections Commission's General Fund.

Finding 2005-005

Finding for Recovery – Deborah Conner: Cellular Phone

On May 21, 2001, the SEORJ set up cellular phone accounts for employees who chose to participate in the program. The program provided the employee with a phone and related service with the monthly cost of the service to be deducted from the employee's pay check. Participants starting the program signed a one year agreement on May 21, 2001 with the SEORJ which indicated the participants understood that all costs related to this service would be paid by the employee through payroll deductions. After the agreement expired on May 21, 2002, no further agreements were obtained and no additional agreements within the period were noted.

EXHIBIT 2 (Continued)

SCHEDULE OF FINDINGS: (Continued)

Finding 2005-005 (Continued)

Finding for Recovery – Deborah Conner: Cellular Phone (Continued)

While employed with the SEORJ, Deborah Conner, former Cook, obtained cellular phone service (number 740-591-1788) through the SEORJ for personal use. Payment for said service was to be deducted from Ms. Conner's pay check when due. Ms. Conner's employment was terminated on November 3, 2004.

In addition, Ms. Conner did not return the "SIMS Card" which allowed her cellular phone access to the cellular service provided through the SEORJ's account for number 740-591-1788. No activity on number 740-591-1788 was reflected on the cellular phone service invoices for November 2004 through March 2005. However, the April 2005 cellular service invoice indicated that the "SIMS Card" not returned by Ms. Conner was again in use and this activity continued through August 2005 when SEORJ cancelled the cellular phone service for number 740-591-1788. Within the time frame of May 2004 through August 2005 charges incurred relating to number 740-591-1788 which had not been reimbursed through payroll deductions or any other form totaled \$259.65.

During the above stated time frame, the former Fiscal Director, Victoria Adams, was responsible for determining the amounts each employee owed for personal cellular phone usage and deducting these amounts from the employee's pay check.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public monies due but not collected is hereby issued against Deborah Conner, former Cook, and Victoria Adams, former Fiscal Director, jointly and severally, in the amount of \$259.65, and in favor of Corrections Commission's General Fund.

Finding 2005-006

Finding for Recovery – Jason Feick: Cellular Phones

On May 21, 2001, the SEORJ set up cellular phone accounts for employees who chose to participate in the program. The program provided the employee with a phone and related service with the monthly cost of the service to be deducted from the employee's pay check. Participants starting the program signed a one year agreement on May 21, 2001 with the SEORJ which indicated the participants understood that all costs related to this service would be paid by the employee through payroll deductions. After the agreement expired on May 21, 2002, no further agreements were obtained and no additional agreements within the period were noted.

While employed with the SEORJ, Jason Feick, former Corrections Officer, obtained cellular phone service (numbers 740-591-0884 and 740-591-5096) through the SEORJ for personal use. Payment for said service was to be deducted from Mr. Feick's pay check when due. Mr. Feick's employment was terminated on February 28, 2005.

EXHIBIT 2 (Continued)

SCHEDULE OF FINDINGS: (Continued)

Finding 2005-006 (Continued)

Finding for Recovery – Jason Feick: Cellular Phones (Continued)

In addition, Mr. Feick did not return the "SIMS Card" which allowed his cellular phone access to the cellular service provided through the SEORJ's account for numbers 740-591-0884 and 740-591-5096. Activity on numbers 740-591-0884 and 740-591-5096 was reflected on the cellular phone service invoices through June 2005 which indicated that the "SIMS Card" not returned by Mr. Feick was being used. This activity continued through June 2005 when SEORJ cancelled the cellular phone service for number 740-591-0884 and 740-591-5096. Within the time frame of May 2004 through June 2005, charges incurred relating to numbers 740-591-0884 and 740-591-5096 which had not been reimbursed through payroll deductions or any other form totaled \$276.49.

During the above stated time frame, the former Fiscal Director, Victoria Adams, was responsible for determining the amounts each employee owed for personal cellular phone usage and deducting these amounts from the employee's pay check.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public monies due but not collected is hereby issued against Jason Feick, former Corrections Officer, and Victoria Adams, former Fiscal Director, jointly and severally, in the amount of \$276.49, and in favor of Corrections Commission's General Fund.

Finding 2005-007

Finding for Recovery – Kelli Gabriel: Cellular Phone

On May 21, 2001, the SEORJ set up cellular phone accounts for employees who chose to participate in the program. The program provided the employee with a phone and related service with the monthly cost of the service to be deducted from the employee's pay check. Participants starting the program signed a one year agreement on May 21, 2001 with the SEORJ which indicated the participants understood that all costs related to this service would be paid by the employee through payroll deductions. After the agreement expired on May 21, 2002, no further agreements were obtained and no additional agreements within the period were noted.

While employed with the SEORJ, Kelli Gabriel, former Corrections Officer, obtained cellular phone service (number 740-591-8129) through the SEORJ for personal use. Payment for said service was to be deducted from Ms. Gabriel's pay check when due. Ms. Gabriel's employment was terminated on March 18, 2005.

In addition, Ms. Gabriel did not return the "SIMS Card" which allowed her cellular phone access to the cellular service provided through the SEORJ's account for number 740-591-8129. No activity on number 740-591-8129 was reflected on the cellular phone service invoices for April and May 2005. However, the June 2005 cellular service invoice indicated that the "SIMS Card" not returned by Ms. Gabriel was again in use and this activity continued through August 2005 when SEORJ cancelled the cellular phone service for number 740-591-8129. Within the time frame of August 2004 through August 2005, charges incurred relating to number 740-591-8129 which had not been reimbursed through payroll deductions or any other form totaled \$364.36.

EXHIBIT 2 (Continued)

SCHEDULE OF FINDINGS: (Continued)

Finding 2005-007 (Continued)

Finding for Recovery – Kelli Gabriel: Cellular Phone (Continued)

During the above stated time frame, the former Fiscal Director, Victoria Adams, was responsible for determining the amounts each employee owed for personal cellular phone usage and deducting these amounts from the employee's pay check.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public monies due but not collected is hereby issued against Kelli Gabriel, former Corrections Officer, and Victoria Adams, former Fiscal Director, jointly and severally, in the amount of \$364.36, and in favor of Corrections Commission's General Fund.

Finding 2005-008

Finding for Recovery – Jodie Parker: Cellular Phones

On May 21, 2001, the SEORJ set up cellular phone accounts for employees who chose to participate in the program. The program provided the employee with a phone and related service with the monthly cost of the service to be deducted from the employee's pay check. Participants starting the program signed a one year agreement on May 21, 2001 with the SEORJ which indicated the participants understood that all costs related to this service would be paid by the employee through payroll deductions. After the agreement expired on May 21, 2002, no further agreements were obtained and no additional agreements within the period were noted.

Jodie Parker, former Corrections Officer, signed the agreement mentioned above on May 21, 2001 and obtained cellular phone service (numbers 740-591-3478 and 740-591-6529) through the SEORJ for personal use. While employed with the SEORJ, payment for said service was to be deducted from Ms. Parker's pay check when due. Ms. Parker's employment was terminated on February 13, 2005.

In addition, Ms. Parker did not return the "SIMS Card" which allowed her cellular phone access to the cellular service provided through the SEORJ's account for number 740-591-6529. No activity on number 740-591-6529 was reflected on the cellular phone service invoices for March and April 2005. However, the May 2005 cellular service invoice indicated that the "SIMS Card" not returned by Ms. Parker was again in use and this activity continued through June 2005 when SEORJ cancelled the cellular phone service for number 740-591-6529. Within the time frame of January 2003 through August 2005, charges incurred relating to numbers 740-591-3478 and 740-591-6529 which had not been reimbursed through payroll deductions or any other form totaled \$911.07.

During the above stated time frame, the former Fiscal Director, Victoria Adams, was responsible for determining the amounts each employee owed for personal cellular phone usage and deducting these amounts from the employee's pay check.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public monies due but not collected is hereby issued against Jodie Parker, former Corrections Officer, and Victoria Adams, former Fiscal Director, jointly and severally, in the amount of \$911.07, and in favor of Corrections Commission's General Fund.

EXHIBIT 2 (Continued)

SCHEDULE OF FINDINGS: (Continued)

Finding 2005-009

Finding for Recovery – Jason Smith: Cellular Phone

On May 21, 2001, the SEORJ set up cellular phone accounts for employees who chose to participate in the program. The program provided the employee with a phone and related service with the monthly cost of the service to be deducted from the employee's pay check. Participants starting the program signed a one year agreement on May 21, 2001 with the SEORJ which indicated the participants understood that all costs related to this service would be paid by the employee through payroll deductions. After the agreement expired on May 21, 2002, no further agreements were obtained and no additional agreements within the period were noted.

While employed with the SEORJ, Jason Smith, former Corrections Officer, obtained cellular phone service (number 740-591-4051) through the SEORJ for personal use. Payment for said service was to be deducted from Mr. Smith's pay check when due. Mr. Smith's employment was terminated on October 13, 2004.

In addition, Mr. Smith did not return the "SIMS Card" which allowed his cellular phone access to the cellular service provided through the SEORJ's account. No activity on number 740-591-0565 was reflected on the cellular phone service invoices for November 2004 through January 2005. However, the February 2005 cellular service invoice indicated that the "SIMS Card" not returned by Mr. Smith was again in use and this activity continued through August 2005 when SEORJ cancelled the cellular phone service for number 740-591-0565. Within the time frame of January 2003 through August 2005, charges incurred relating to number 740-591-4051 which had not been reimbursed through payroll deductions or any other form totaled \$317.23.

During the above stated time frame, the former Fiscal Director, Victoria Adams, was responsible for determining the amounts each employee owed for personal cellular phone usage and deducting these amounts from the employee's pay check.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public monies due but not collected is hereby issued against Jason Smith, former Corrections Officer, and Victoria Adams, former Fiscal Director, jointly and severally, in the amount of \$317.23, and in favor of Corrections Commission's General Fund.

Finding 2005-010

Finding for Recovery – Mark Whiting: Cellular Phone

On May 21, 2001, the SEORJ set up cellular phone accounts for employees who chose to participate in the program. The program provided the employee with a phone and related service with the monthly cost of the service to be deducted from the employee's pay check. Participants starting the program signed a one year agreement on May 21, 2001 with the SEORJ which indicated the participants understood that all costs related to this service would be paid by the employee through payroll deductions. After the agreement expired on May 21, 2002, no further agreements were obtained and no additional agreements within the period were noted.

While employed with the SEORJ, Mark Whiting, former Shift Commander, obtained cellular phone service (number 740-591-0565) through the SEORJ for personal use. Payment for said service was to be deducted from Mr. Whiting's pay check when due. Within the time frame of January 2003 through the termination of his employment on May 18, 2005, charges incurred relating to number 740-591-0565 which had not been reimbursed through payroll deductions totaled \$600.96.

EXHIBIT 2 (Continued)

SCHEDULE OF FINDINGS: (Continued)

Finding 2005-010 (Continued)

Finding for Recovery – Mark Whiting: Cellular Phone (Continued)

During the above stated time frame, the former Fiscal Director, Victoria Adams, was responsible for determining the amounts each employee owed for personal cellular phone usage and deducting these amounts from the employee's pay check.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public monies due but not collected is hereby issued against Mark Whiting, former Shift Commander, and Victoria Adams, former Fiscal Director, jointly and severally, in the amount of \$600.96, and in favor of Corrections Commission's General Fund.

Finding 2005-011

Finding for Recovery – Nicole Byrd: Cellular Phones

On May 21, 2001, the SEORJ set up cellular phone accounts for employees who chose to participate in the program. The program provided the employee with a phone and related service with the monthly cost of the service to be deducted from the employee's pay check. Participants starting the program signed a one year agreement on May 21, 2001 with the SEORJ which indicated the participants understood that all costs related to this service would be paid by the employee through payroll deductions. After the agreement expired on May 21, 2002, no further agreements were obtained and no additional agreements within the period were noted.

Nicole Byrd, Corrections Officer, signed the agreement mentioned above on May 21, 2001 and obtained cellular phone service (numbers 740-590-2377 and 740-591-0693) through the SEORJ for personal use. Payment for said service was to be deducted from Ms. Byrd's pay check when due. Within the time frame of January 1, 2003 through September 30, 2005, charges incurred relating to numbers 740-590-2377 and 740-591-0693 which had not been reimbursed through payroll deductions totaled \$269.24.

During the above stated time frame, the former Fiscal Director, Victoria Adams, was responsible for determining the amounts each employee owed for personal cellular phone usage and deducting these amounts from the employee's pay check.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public monies due but not collected is hereby issued against Nicole Byrd, Corrections Officer, and Victoria Adams, former Fiscal Director, jointly and severally, in the amount of \$269.24, and in favor of Corrections Commission's General Fund.

Finding 2005-012

Finding for Recovery – Teresa Tracey: Cellular Phones

On May 21, 2001, the SEORJ set up cellular phone accounts for employees who chose to participate in the program. The program provided the employee with a phone and related service with the monthly cost of the service to be deducted from the employee's pay check. Participants starting the program signed a one year agreement on May 21, 2001 with the SEORJ which indicated the participants understood that all costs related to this service would be paid by the employee through payroll deductions. After the agreement expired on May 21, 2002, no further agreements were obtained and no additional agreements within the period were noted.

EXHIBIT 2 (Continued)

SCHEDULE OF FINDINGS: (Continued)

Finding 2005-012 (Continued)

Finding for Recovery – Teresa Tracey: Cellular Phones (Continued)

Teresa Tracey, Corrections Officer, signed the agreement mentioned above on May 21, 2001 and obtained cellular phone service (numbers 740-591-2661, 740-591-2718 and 740-591-7544) through the SEORJ for personal use. Payment for said service was to be deducted from Ms. Tracey's pay check when due. Within the time frame of January 1, 2003 through September 30, 2005, charges incurred relating to numbers 740-591-2661, 740-591-2718 and 740-591-7544 which had not been reimbursed through payroll deductions totaled \$366.09.

During the above stated time frame, the former Fiscal Director, Victoria Adams, was responsible for determining the amounts each employee owed for personal cellular phone usage and deducting these amounts from the employee's pay check.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public monies due but not collected is hereby issued against Teresa Tracey, Corrections Officer, and Victoria Adams, former Fiscal Director, jointly and severally, in the amount of \$366.09, and in favor of Corrections Commission's General Fund.

Finding 2005-013

Finding for Recovery - Crissy Vermillion: Cellular Phone

On May 21, 2001, the SEORJ set up cellular phone accounts for employees who chose to participate in the program. The program provided the employee with a phone and related service with the monthly cost of the service to be deducted from the employee's pay check. Participants starting the program signed a one year agreement on May 21, 2001 with the SEORJ which indicated the participants understood that all costs related to this service would be paid by the employee through payroll deductions. After the agreement expired on May 21, 2002, no further agreements were obtained and no additional agreements within the period were noted.

Crissy Vermillion, former Corrections Officer, signed the agreement mentioned above on May 21, 2001 and obtained cellular phone service (number 740-591-6009) through the SEORJ for personal use. Payment for said service was to be deducted from Ms. Vermillion's pay check when due. Within the time frame of January 1, 2003 through September 30, 2005, charges incurred relating to number 740-591-6009 which had not been reimbursed through payroll deductions totaled \$204.04.

During the above stated time frame, the former Fiscal Director, Victoria Adams, was responsible for determining the amounts each employee owed for personal cellular phone usage and deducting these amounts from the employee's pay check.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public monies due but not collected is hereby issued against Crissy Vermillion, former Corrections Officer, and Victoria Adams, former Fiscal Director, jointly and severally, in the amount of \$204.04, and in favor of Corrections Commission's General Fund.

EXHIBIT 2 (Continued)

SCHEDULE OF FINDINGS: (Continued)

Finding 2005-014

Finding for Recovery Repaid Under Audit – April Humphrey: Cellular Phones

On May 21, 2001, the SEORJ set up cellular phone accounts for employees who chose to participate in the program. The program provided the employee with a phone and related service with the monthly cost of the service to be deducted from the employee's pay check. Participants starting the program signed a one year agreement on May 21, 2001 with the SEORJ which indicated the participants understood that all costs related to this service would be paid by the employee through payroll deductions. After the agreement expired on May 21, 2002, no further agreements were obtained and no additional agreements within the period were noted.

April Humphrey, former Cook, obtained cellular phone service (numbers 740-591-1581 and 740-591-1917) through the SEORJ for personal use. Payment for said service was to be deducted from Ms. Humphrey's pay check when due. Within the time frame of January 1, 2003 through September 30, 2005, charges incurred relating to numbers 740-591-1581 and 740-591-1917 which had not been reimbursed through payroll deductions totaled \$130.25.

During the above stated time frame, the former Fiscal Director, Victoria Adams, was responsible for determining the amounts each employee owed for personal cellular phone usage and deducting these amounts from the employee's pay check.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public monies due but not collected is hereby issued against April Humphrey, former Cook, and Victoria Adams, former Fiscal Director, jointly and severally, in the amount of \$130.25, and in favor of Corrections Commission's General Fund.

On January 31, 2006, April Humphrey repaid \$133.71 to the Corrections Commissions General Fund.

Finding 2005-015

Finding for Recovery Repaid Under Audit – Jennifer Lewis: Cell Phone

On May 21, 2001, the SEORJ set up cellular phone accounts for employees who chose to participate in the program. The program provided the employee with a phone and related service with the monthly cost of the service to be deducted from the employee's pay check. Participants starting the program signed a one year agreement on May 21, 2001 with the SEORJ which indicated the participants understood that all costs related to this service would be paid by the employee through payroll deductions. After the agreement expired on May 21, 2002, no further agreements were obtained and no additional agreements within the period were noted.

Jennifer Lewis, Commissary Officer, obtained cellular phone service (numbers 740-591-1581 and 740-591-1917) through the SEORJ for personal use. Payment for said service was to be deducted from Ms. Lewis's pay check when due. Within the time frame of January 1, 2003 through September 30, 2005, charges incurred relating to numbers 740-591-1581 and 740-591-1917 which had not been reimbursed through payroll deductions totaled \$116.40.

During the above stated time frame, the former Fiscal Director, Victoria Adams, was responsible for determining the amounts each employee owed for personal cellular phone usage and deducting these amounts from the employee's pay check.

EXHIBIT 2 (Continued)

SCHEDULE OF FINDINGS: (Continued)

Finding 2005-015 (Continued)

Finding for Recovery Repaid Under Audit – Jennifer Lewis: Cell Phone (Continued)

In accordance with the foregoing facts and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public monies due but not collected is hereby issued against Jennifer Lewis, Commissary Officer, and Victoria Adams, former Fiscal Director, jointly and severally, in the amount of \$116.40, and in favor of Corrections Commission's General Fund.

On January 24, 2006, Jennifer Lewis repaid \$116.40 to the Corrections Commission's General Fund.

Finding 2005-016

Finding for Recovery – Ronald Campbell: Cell Phone

On May 21, 2001, the SEORJ set up cellular phone accounts for employees who chose to participate in the program. The program provided the employee with a phone and related service with the monthly cost of the service to be deducted from the employee's pay check. Participants starting the program signed a one year agreement on May 21, 2001 with the SEORJ which indicated the participants understood that all costs related to this service would be paid by the employee through payroll deductions. After the agreement expired on May 21, 2002, no further agreements were obtained and no additional agreements within the period were noted.

Ronald Campbell, Corrections Officer, obtained cellular phone service (numbers 740-591-1581 and 740-591-1917) through the SEORJ for personal use. Payment for said service was to be deducted from Mr. Campbell's pay check when due. Within the time frame of January 1, 2003 through September 30, 2005, charges incurred relating to numbers 740-591-1581 and 740-591-1917 which had not been reimbursed through payroll deductions totaled \$255.86.

During the above stated time frame, the former Fiscal Director, Victoria Adams, was responsible for determining the amounts each employee owed for personal cellular phone usage and deducting these amounts from the employee's pay check.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public monies due but not collected is hereby issued against Ronald Campbell, Corrections Officer, and Victoria Adams, former Fiscal Director, jointly and severally, in the amount of \$255.86, and in favor of Corrections Commission's General Fund.

On January 24, 2006, the Corrections Commission established a repayment plan with Ronald Campbell in which he will pay \$17.06 per pay through payroll deductions, beginning with the pay period ending February 10, 2006, and concluding with the pay period ending August 25, 2006, to pay the amount due of \$255.86.

Although a repayment schedule has been established, the Auditor of State is required to issue the aforementioned Finding for Recovery.

EXHIBIT 2 (Continued)

SCHEDULE OF FINDINGS: (Continued)

Finding 2005-017

Finding for Recovery – Chasity Morris: Cellular Phones

As a general practice, the SEORJ issued and paid for cellular phones for business use for certain employees to allow SEORJ immediate communication with that person. The SEORJ would have the employee sign a S.E.O.R.J. Wireless Cellular Phone Agreement (the Agreement) upon issuance of the cellular phone. The Agreement reflected the employee's name, the cellular equipment assigned, and the number of minutes on the cellular phone service plan. In addition, the Agreement stated, in part, that the SEORJ authorized the employee to use the cellular phone for personal business, but it should be used in moderation. If the employee was to exceed the allotted minutes stated in the Agreement, the charges incurred would be deducted from the employee's paycheck immediately.

On May 21, 2001, the SEORJ set up cellular phone accounts for employees who chose to participate in the program. The program provided the employee with a phone and related service with the monthly cost of the service to be deducted from the employee's pay check. Participants starting the program signed a one year agreement on May 21, 2001 with the SEORJ which indicated the participants understood that all costs related to this service would be paid by the employee through payroll deductions. After the agreement expired on May 21, 2002, no further agreements were obtained and no additional agreements within the period were noted.

On April 17, 2001, Chasity Morris, Lieutenant, signed the SEORJ Wireless Cellular Phone Agreement indicating that she understood the Agreement relating to her business phone (number 740-591-7820). For cellular phone service under the number 740-591-7820, charges for exceeding the base package rate for the period January 1, 2003 through September 30, 2005 which were not reimbursed through payroll deductions totaled \$716.04.

In addition, Ms. Morris obtained cellular phone service (numbers 740-591-5636 and 740-591-6009) through the SEORJ for personal use. Payment for said service was to be deducted from Ms. Morris's pay check when due. Within the time frame of January 1, 2003 through September 30, 2005, charges incurred relating to numbers 740-591-5636 and 740-591-6009 which had not been reimbursed through payroll deductions totaled \$170.29.

During the above stated time frame, the former Fiscal Director, Victoria Adams, was responsible for determining the amounts each employee owed for personal cellular phone usage and deducting these amounts from the employee's pay check.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public monies due but not collected is hereby issued against Chasity Morris, Lieutenant, and Victoria Adams, former Fiscal Director, jointly and severally, in the amount of \$886.33, and in favor of Corrections Commission's General Fund.

On January 24, 2006, the Corrections Commission and Chasity Morris have agreed to a payment plan in which Ms. Morris will pay \$59.08 per pay through payroll deductions, beginning with the pay period ending February 10, 2006, and concluding with the pay period ending August 25, 2006, to pay the amount due of \$886.33.

Although a repayment plan has been established, the Auditor of State is required to issue the aforementioned Finding for Recovery.

EXHIBIT 2 (Continued)

SCHEDULE OF FINDINGS: (Continued)

Finding 2005-018

Finding for Recovery – Denise O'Rourke: Cellular Phone

On May 21, 2001, the SEORJ set up cellular phone accounts for employees who chose to participate in the program. The program provided the employee with a phone and related service with the monthly cost of the service to be deducted from the employee's pay check. Participants starting the program signed a one year agreement on May 21, 2001 with the SEORJ which indicated the participants understood that all costs related to this service would be paid by the employee through payroll deductions. After the agreement expired on May 21, 2002, no further agreements were obtained and no additional agreements within the period were noted.

Denise O'Rourke, Billing Officer, obtained cellular phone service (numbers 740-591-6482 and 740-591-7821) through the SEORJ for personal use. Payment for said service was to be deducted from Ms. O'Rourke's pay check when due. Within the time frame of January 1, 2003 through September 30, 2005, charges incurred relating to numbers 740-591-6482 and 740-591-7821 which had not been reimbursed through payroll deductions totaled \$135.93.

During the above stated time frame, the former Fiscal Director, Victoria Adams, was responsible for determining the amounts each employee owed for personal cellular phone usage and deducting these amounts from the employee's pay check.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public monies due but not collected is hereby issued against Denise O'Rourke, Billing Officer, and Victoria Adams, former Fiscal Director, jointly and severally, in the amount of \$135.93, and in favor of Corrections Commission's General Fund.

On January 24, 2006, the Corrections Commission and Denise O'Rourke agreed to a repayment plan in which Ms. O'Rourke will pay \$9.06 per pay through payroll deductions, beginning with the pay period ending February 10, 2006, and concluding with the pay period ending August 25, 2006, to pay the amount due of \$135.93.

Although a repayment plan has been established, the Auditor of State is required to issue the aforementioned Finding for Recovery.

Finding 2005-019

Finding for Recovery – Lisa Rutter: Cellular Phone

As a general practice, the SEORJ issued and paid for cellular phones for business use for certain employees to allow SEORJ immediate communication with that person. The SEORJ would have the employee sign a S.E.O.R.J. Wireless Cellular Phone Agreement (the Agreement) upon issuance of the cellular phone. The Agreement reflected the employee's name, the cellular equipment assigned, and the number of minutes on the cellular phone service plan. In addition, the Agreement stated, in part, that the SEORJ authorized the employee to use the cellular phone for personal business, but it should be used in moderation. If the employee was to exceed the allotted minutes stated in the Agreement, the charges incurred would be deducted from the employee's paycheck immediately.

EXHIBIT 2 (Continued)

SCHEDULE OF FINDINGS: (Continued)

Finding 2005-019 (Continued)

Finding for Recovery – Lisa Rutter: Cellular Phone (Continued)

Lisa Rutter, Nurse for the Southeastern Regional Jail (SEORJ), was issued a cellular phone for business use (number 740-591-7825); however, a signed S.E.O.R.J. Wireless Cellular Phone Agreement was not on file at the SEORJ. For cellular phone service under the number 740-591-7825, charges for exceeding the base package rate for the period January 1, 2003 through September 31, 2005 which were not reimbursed through payroll deductions totaled \$313.20.

During the above stated time frame, the former Fiscal Director, Victoria Adams, was responsible for determining the amounts each employee owed for personal cellular phone usage and deducting these amounts from the employee's pay check.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public monies due but not collected is hereby issued against Lisa Rutter, Nurse, and Victoria Adams, former Fiscal Director, jointly and severally, in the amount of \$313.20, and in favor of Corrections Commission's General Fund.

On January 24, 2006, the Corrections Commission and Lisa Rutter agreed to a repayment plan in which Ms. Rutter will pay \$20.88 per pay through payroll deductions, beginning with the pay period ending February 10, 2006, and concluding with the pay period ending August 25, 2006, to pay the amount due of \$313.20.

Although a repayment plan has been established, the Auditor of State is required to issue the aforementioned Finding for Recovery.

Finding 2005-020

Finding for Recovery – William (Jeff) Gillespie: Cellular Phones

As a general practice, the SEORJ issued and paid for cellular phones for business use for certain employees to allow SEORJ immediate communication with that person. The SEORJ would have the employee sign a S.E.O.R.J. Wireless Cellular Phone Agreement (the Agreement) upon issuance of the cellular phone. The Agreement reflected the employee's name, the cellular equipment assigned, and the number of minutes on the cellular phone service plan. In addition, the Agreement stated, in part, that the SEORJ authorized the employee to use the cellular phone for personal business, but it should be used in moderation. If the employee was to exceed the allotted minutes stated in the Agreement, the charges incurred would be deducted from the employee's paycheck immediately.

Upon employment with SEORJ, William J. Gillespie, Warden, was issued a cellular phone for business use (number 740-591-7818); however, a signed S.E.O.R.J. Wireless Cellular Phone Agreement was not on file at the SEORJ. For cellular phone service under the number 740-591-7818, charges for exceeding the base package rate for the period May 12, 2004 through September 30, 2005 which were not reimbursed through payroll deductions totaled \$2,445.65.

On June 9, 2005, an additional cellular phone (number 740-591-9148) was activated for Mr. Gillespie and paid for by the SEORJ. Mr. Gillespie stated that this phone was for personal use and he thought it had been deducted from his pay check. From June 9, 2005 through September 30, 2005, charges incurred relating to number 740-591-9148 which had not been reimbursed as of September 30, 2005, totaled \$268.24.

EXHIBIT 2 (Continued)

SCHEDULE OF FINDINGS: (Continued)

Finding 2005-020 (Continued)

Finding for Recovery – William (Jeff) Gillespie: Cellular Phones (Continued)

During the above stated time frame, the former Fiscal Director, Victoria Adams, was responsible for determining the amounts each employee owed for personal cellular phone usage and deducting these amounts from the employee's pay check.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public monies due but not collected is hereby issued against William J. Gillespie, Warden, and Victoria Adams, former Fiscal Director, jointly and severally, in the amount of \$2,713.89, and in favor of Corrections Commission's General Fund.

On January 24, 2006, the Corrections Commission and Jeff Gillespie agreed to a repayment plan in which Mr. Gillespie will pay \$180.93 per pay through payroll deductions, beginning with the pay period ending February 10, 2006, and concluding with the pay period ending August 25, 2006, to pay the amount due of \$2,713.89.

Although a repayment plan has been established, the Auditor of State is required to issue the aforementioned Finding for Recovery.

Finding 2005-021

Finding for Recovery Repaid Under Audit – Jeremy Tolson: Cellular Phone

As a general practice, the SEORJ issued and paid for cellular phones for business use for certain employees to allow SEORJ immediate communication with that person. The SEORJ would have the employee sign a S.E.O.R.J. Wireless Cellular Phone Agreement (the Agreement) upon issuance of the cellular phone. The Agreement reflected the employee's name, the cellular equipment assigned, and the number of minutes on the cellular phone service plan. In addition, the Agreement stated, in part, that the SEORJ authorized the employee to use the cellular phone for personal business, but it should be used in moderation. If the employee was to exceed the allotted minutes stated in the Agreement, the charges incurred would be deducted from the employee's paycheck immediately.

On April 17, 2001, Jeremy Tolson, Deputy Warden, signed the SEORJ Wireless Cellular Phone Agreement (for number 740-591-7823) indicating that he understood the Agreement. For cellular phone service under the number 740-591-7823, charges for exceeding the base package rate for the period January 1, 2003 through September 30, 2005 which were not reimbursed through payroll deductions totaled \$458.81.

During the above stated time frame, the former Fiscal Director, Victoria Adams, was responsible for determining the amounts each employee owed for personal cellular phone usage and deducting these amounts from the employee's pay check.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public monies due but not collected is hereby issued against Jeremy Tolson, Deputy Warden, and Victoria Adams, former Fiscal Director, jointly and severally, in the amount of \$458.81, in favor of the Corrections Commission's General Fund.

On January 25, 2006, Jeremy Tolson repaid \$458.81 to the Corrections Commission's General Fund.

EXHIBIT 2 (Continued)

SCHEDULE OF FINDINGS: (Continued)

Finding 2005-022

Finding for Recovery – Athens, Hocking, Morgan, and Perry County: Medical Expenses

The Agreement For the Operation of The Corrections Commission of Southeastern Ohio's Multi-County Correctional Center, formed by and among the Counties of Morgan, Hocking, Perry and Athens and the Corrections Commission of Southeastern Ohio, dated April 30, 1997, Section 6, subsection D, states in part that all expenses for medical services and security which cannot be provided by or at the Correctional Center shall be the responsibility of the Member or non-Member renting Available Beds which placed the inmate requiring such services with the Correctional Center.

Medical expenses incurred between January 1, 2002 and September 30, 2005 on behalf of member counties by the Correctional Center for inmate treatment outside the facility were not billed to the member counties and, as a result, were not reimbursed to the Correctional Center.

	Schedule of Medical Expenses By County 2002 - 2005				
	Athens	Hocking	Morgan	Perry	Totals
2005	\$ 30,661.72	\$ 30,481.86	\$ 5,416.89	\$ 20,317.74	\$ 86,878.21
2004	70,068.84	37,420.79	22,755.62	29,193.24	159,438.49
2003	73,971.32	31,883.22	31,274.47	22,211.64	159,340.65
2002	<u>55,501.88</u>	<u>25,396.33</u>	<u>8,991.69</u>	<u>22,146.19</u>	<u>112,036.09</u>
Totals	<u>\$ 230,203.76</u>	<u>\$ 125,182.20</u>	<u>\$ 68,438.67</u>	<u>\$ 93,868.81</u>	<u>\$ 517,693.44</u>

In accordance with the foregoing facts, and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public money due but not collected is hereby issued against Athens County, Ohio, in the amount of \$230,203.76, and in favor of the Corrections Commission of Southeastern Ohio.

In accordance with the foregoing facts, and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public money due but not collected is hereby issued against Hocking County, Ohio, in the amount of \$125,182.20, and in favor of the Corrections Commission of Southeastern Ohio.

In accordance with the foregoing facts, and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public money due but not collected is hereby issued against Morgan County, Ohio, in the amount of \$68,438.67, and in favor of the Corrections Commission of Southeastern Ohio.

In accordance with the foregoing facts, and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public money due but not collected is hereby issued against Perry County, Ohio, in the amount of \$93,868.81, and in favor of the Corrections Commission of Southeastern Ohio.

Fees from an inmate pay telephone agreement with Evercom Systems Inc., (now Secured Technology), had been incorrectly deposited into the Commissary account instead of the General Fund. The above stated medical expenses were paid from the revenues generated from the pay phone contact. A letter dated February 16, 2006 from Garry Hunter, Legal Council for the Commission, recommended the Commission deposit pay phone usage fees from inmates, jail staff and the general public in the General Fund and not the Commissary Fund. Therefore, the above stated findings are in favor of the Commission's General Fund.

EXHIBIT 2 (Continued)

SCHEDULE OF FINDINGS: (Continued)

Finding 2005-023

Finding for Recovery – Morgan, and Perry County: Member Fees

The Agreement For the Operation of The Corrections Commission of Southeastern Ohio's Multi-County Correctional Center, formed by and among the Counties of Morgan, Hocking, Perry and Athens and Corrections Commission of Southeastern Ohio, dated April 30, 1997, Section 5, states, in part, that each Member County's share of estimated Commission costs not reimbursed by other Governmental Agencies shall be as follows: Athens County 50%, Morgan County 16%, Hocking County 17.5% and Perry County 16.5%. In addition, Section 6, Subsection F, states, in part, that any Rental Revenue received by the Commission will be credited on the quarterly invoices sent to the Member jurisdictions to help off-set their proportionate share of the Operating Costs for the Corrections Center. All Rental Revenue will be proportionately shared by the Member Jurisdictions based upon their percentage of the daily average number of unused beds available on a month to month basis.

For the period of January 1, 2002 through September 30, 2005, we determined the amounts actually billed to and received from the Member Counties. We used the Member County billing statements prepared by the Commission and amounts reported as received in the Year End Revenue History Reports for 2002 through 2004, the Monthly Revenue Statements from January 2005 through September 30, 2005 and confirmations received from the County Auditor's within the Member Counties.

EXHIBIT 2 (Continued)

SCHEDULE OF FINDINGS: (Continued)

Finding 2005-023 (Continued)

Finding for Recovery –Morgan, and Perry County: Member Fees (Continued)

The following table reflects the results of our calculations and the total amount not paid as of September 30, 2005:

	Member County / % per Agreement	
	Morgan 16.0%	Perry 16.5%
2002 Carryover		
2001 Carryover/(Credits) Applied to 2002	\$ (80,302.02)	\$ (127,523.95)
2002 Billed Amount	304,061.23	639,726.46
2002 Amount Paid	<u>(152,030.62)</u>	<u>(700,883.53)</u>
December 31, 2002 Balance	71,728.59	(188,681.02)
2002 Carryover	71,728.59	(188,681.02)
2002 Credits Applied to 2003	(13,607.60)	(41,343.73)
2003 Billed Amount	341,690.95	718,897.16
2003 Amount Paid	<u>(384,794.97)</u>	<u>(616,270.60)</u>
December 31, 2003 Balance	15,016.97	(127,398.19)
2003 Carryover	15,016.97	(127,398.19)
2003 Credits Applied to 2004	(47,720.00)	(100,400.00)
2004 Billed Amount	341,651.01	718,813.13
2004 Amount Paid	<u>(280,323.41)</u>	<u>(357,653.62)</u>
December 31, 2004 Balance	28,624.57	133,361.32
2004 Carryover	28,624.57	133,361.32
2004 Credits Applied to 2005	(24,807.83)	(62,592.70)
2005 Billed Amount	292,034.03	567,624.43
2005 Amount Paid	<u>(170,825.50)</u>	<u>(578,822.35)</u>
September 30, 2005 Balance	<u>\$ 125,025.27</u>	<u>\$ 59,570.70</u>

EXHIBIT 2 (Continued)

SCHEDULE OF FINDINGS: (Continued)

Finding 2005-023 (Continued)

Finding for Recovery –Morgan, and Perry County: Member Fees (Continued)

In accordance with the foregoing facts, and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public money due but not collected is hereby issued against Morgan County, Ohio, in the amount of \$125,025.27, and in favor of the Correction Commissions General Fund.

In accordance with the foregoing facts, and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public money due but not collected is hereby issued against Perry County, Ohio, in the amount of \$59,570.70, and in favor of the Correction Commissions General Fund.

On February 21, 2006, Morgan County Commissioners signed an agreement with the Corrections Commission to repay the remaining balance of \$32,543.89 as of December 31, 2005. As of January 23, 2006, Perry County had repaid more than the Total Amount Due Through December 31, 2005 by \$76,101.20. The following table reflects how these amounts were determined:

Morgan County		Perry County	
Total Amount Due Through		Total Amount Due Through	
December 31, 2005	\$230,496.39	December 31, 2005	\$257,835.30
Payments:		Payments:	
October 5, 2005	121,478.53	November 3, 2005	186,352.66
November 2, 2005	<u>76,473.97</u>	January 23, 2006	<u>147,583.84</u>
Remaining Amount Due		Remaining Amount Due	
Through December 31, 2005	\$ 32,543.89	Through December 31, 2005	\$(76,101.20)

Although a repayment plan has been established between Morgan County and the Corrections Commission of Southeastern Ohio, the Auditor of State is required to issue the aforementioned Finding for Recovery.

EXHIBIT 3

SCHEDULE OF MANAGEMENT RECOMMENDATIONS:

1. Unreported Checking Account

The former Fiscal Officer opened a checking account in 2002 called the General Special Account located at First National Bank [Account #: 233217 02], (otherwise known as the "Special Account" or "Employee Services Bank Account"). The purpose of the account appears to be to deposit payroll deductions relating to personal cell phones, uniforms and similar purchases for employees and subsequently issuing a check to the carrier for the monthly bills. While the audit report for the years ended December 31, 2003 and 2002 reflects this account as an agency fund, the Commission does not account for the activity of this "Special Account" on their books as an agency fund.

During our review of the activity in the "Special Account", we noted several other transactions as well as those intended. Expenditures from this account also included payroll advances, correcting payroll mistakes rather than running a special payroll, cashing in accumulated leave prior to the date allowed in the labor agreement, etc.

We recommend the Commission close this bank account and pay any balance back to the General Fund from which the first deposit to open the account was supposed to have been deposited. We then recommend the Commission account for the receipts and expenditures associated with employee services in a separate agency fund and include the activity and balances in the monthly and annual reports presented to the Commission.

The "Special Account" was closed by the Commission on January 26, 2006.

2. Employee Paid Cellular Phone Bills

On May 21, 2001, the SEORJ set up cellular phone accounts for employees who chose to participate in the program. The program provided the employee with a phone and related service with the monthly cost of the service to be deducted from the employee's pay check. Participants starting the program signed a one year agreement on May 21, 2001 with the SEORJ which indicated the participants understood that all costs related to this service would be paid by the employee through payroll deductions. After the agreement expired on May 21, 2002, no further agreements were obtained and no additional agreements within the period were noted.

Payroll deductions for this service were calculated by the Fiscal Director, who also paid the carrier for the service. The Commission received multiple bills for employees' personal cellular phone service. The Fiscal Director had to sort and track the individual employee obligation as well as set up the deductions in the payroll system. This practice could allow questions to arise as to why the Commission would use public funds to account for the personal cellular service of employees.

In addition, we noted several instances where high monthly bills were not deducted in full each month. Some balances carried forward over two or three months in the fashion of a loan. This practice resulted in outstanding cell phone balances of employees who subsequently terminated their employment, as well as other unpaid balances. Refer to the various Findings for Recovery relating to cell phones in Exhibit 2.

EXHIBIT 3 (Continued)

SCHEDULE OF MANAGEMENT RECOMMENDATIONS: (Continued)

2. Employee Paid Cellular Phone Bills (Continued)

We recommend the Commission discontinue the practice of allowing employees to obtain cellular phone service for personal use under the Commission's name. If the Commission continues to offer such service, we recommend the monthly charges incurred by the employees be deducted in full each month prior to paying the carrier and that upon separation from employment, no final paychecks should be issued until the final bill is received and obligation deducted. In addition, we recommend the Commission determine a rate to charge employees for the monthly service of managing their cellular phone service.

3. Suspension and Cancellation of Cellular Phone Service

On May 21, 2001, the SEORJ set up cellular phone accounts for employees who chose to participate in the program. The program provided the employee with a phone and related service with the monthly cost of the service to be deducted from the employee's pay check. Participants starting the program signed a one year agreement on May 21, 2001 with the SEORJ which indicated the participants understood that all costs related to this services would be paid by the employee through payroll deductions. After the agreement expired on May 21, 2002, no further agreements were obtained and no additional agreements within the period were noted.

All employees purchased their own phones whether the Commission paid for the service or not. However, the SIMS card was owned by the Commission. It was the Commission's practice to obtain the SIMS card from the employee and place the account on "vacation" (suspension) when an employee terminated employment so that no cancellation fee would be incurred at that time and no activation fee would be incurred when a replacement was hired.

In several instances employees did not return the SIMS card upon termination of employment. Although the corresponding accounts were placed on suspension, in several of these instances when the service was removed from suspension, activity started on the related SIMS card belonging to former employees. Since service resumed, the Commission received and paid bills for the service. As a result, since the account was still in the Commission's name, it was ultimately responsible to pay the personal bills of former employees and then pursue collection on its own, which could result in additional costs to the Commission.

We recommend the Commission's management obtain the SIMS cards from employees prior to authorizing their final paycheck. We also recommend all accounts placed on suspension be tracked closely to ensure the Commission does not pay unnecessary service charges once the six month suspension period expires.

4. Commission Paid Cellular Phone Service

As a general practice, the SEORJ issued and paid for cellular phones for business use for certain employees to allow SEORJ immediate communication with that person. The SEORJ would have the employee sign a S.E.O.R.J. Wireless Cellular Phone Agreement (the Agreement) upon issuance of the cellular phone. The Agreement reflected the employee's name, the cellular equipment assigned, and the number of minutes on the cellular phone service plan. In addition, the Agreement stated, in part, that the SEORJ authorized the employee to use the cellular phone for personal use, but it should be used in moderation. If the employee was to exceed the allotted minutes stated in the Agreement, the charges incurred would be deducted from the employee's paycheck immediately.

EXHIBIT 3 (Continued)

SCHEDULE OF MANAGEMENT RECOMMENDATIONS: (Continued)

4. Commission Paid Cellular Phone Service (Continued)

The former Fiscal Director did deduct charges over and above the base rates for some employees, but did not do so consistently. In addition, the Commission absorbed the additional taxes and fees associated with the overages instead of the employees absorbing such costs.

Also, during our review of detailed cell phone activity, we noted several instances where calls and text message activity appeared excessive during a normal working shift. In fact, one account had thirty incoming and outgoing calls and nineteen text messages all occurring during one of the employee's regular shifts. This type of distraction can result in severe consequences when it occurs in a correctional facility. In addition, the Commission is paying the salaries of those employees while the employees are spending an excessive amount of time on the phone or text messaging.

We recommend the Commission revise its policy to only allow the Commission-paid cellular phones to be used for business purposes. If the Commission does not change its policy, we recommend the Commission carefully track these accounts and ensure consistency in payroll deductions for all charges over and above the base fee. We also recommend the Commission determine the "normal" taxes and fees associated only with the base fee and deduct all additional tax and fee amounts from the employees' paychecks. The Commission should monitor the personal use of cell phones paid for by the Commission during working hours and establish written policies providing the employees with clear and specific guidance as to what is meant by "using the phones for personal phone calls in moderation".

5. Accounting for the Commissary Account:

Ohio Rev. Code Sections 307.93(F)(2) and 753.22(B) state that the management of funds in the Commissary Fund shall be strictly controlled in accordance with procedures adopted by the Auditor of State. These procedures, outlined in Auditor of State Bulletin 97-011, are as follows:

- A.) A Commissary Fund is to be established as a Special Revenue Fund on the books of the Fiscal Officer. Money received from the inmate fund shall be posted to the official accounting records under the classifications Sales, Medical, or Other. Monthly, a pay-in shall be made to the Fiscal Officer of the correctional facility to the credit of the Commissary Fund. A financial statement shall be generated monthly, showing total amount received, total amount expended for the month and balance in the fund year to date.
- B.) Inmates are to be provided with pre-numbered ordering forms. One copy should be retained and filed sequentially. A posting should be made on the individual account card reflecting the order number and amount. An accounting of the sequentially numbered unused forms shall be made monthly.
- C.) A cash book is to be maintained showing daily receipts of money collected on behalf of inmates, checks written to the Commissary Fund representing sales for merchandise or medical services, and upon release of the inmate, the checks written for the balance of the account drawn payable to the inmate. The cash book shall be balanced monthly with the depository account and be reviewed by a person other than the person who makes deposits and/or maintains the cash book. In addition, the cash book shall be reconciled with the individual inmate accounts and to the accounts receivable ledger on a monthly basis.

EXHIBIT 3 (Continued)

SCHEDULE OF MANAGEMENT RECOMMENDATIONS: (Continued)

5. Accounting for the Commissary Account: (Continued)

- D.) Money received for the inmate's account is to be recorded on duplicate receipts, one copy of which should be retained in the facility's file and filed numerically. All money received is to be credited to the inmate's account and reconciled daily with duplicate receipts, postings to the inmate's ledger cards, and deposits. Each month the inmate shall receive a statement of their inmate account. The statement should indicate the balance in the account and any deposits or purchases made during the month.
- E.) When a deduction of medical expenses is made directly from the inmate's account, a numbered billing be retained and filed numerically in the facility's files. An accounts receivable ledger shall be maintained to account for the cost of requested medical expenses when there is insufficient money in the inmate's individual account at the time the cost is incurred.
- F.) The salary of the person maintaining the Commissary cannot be paid from the Commissary account; however, if provided for in the policy and procedures established by the institution, an administrative fee may be charged to the Commissary Fund in determining profits.
- G.) Monthly inventory records are to be maintained of the merchandise in the Commissary. Such records shall show the total dollar value of merchandise on hand at the beginning of each month, merchandise purchased during the month, and merchandise used during the month. A physical inventory shall be taken at the end of each month, priced using the latest cost and compared to the amount calculated on the inventory record for reasonableness. The inventory should be adjusted monthly to the physical inventory count, with significant monthly adjustments investigated and approved by a supervisor.

Our procedures revealed the Commissary Fund was established as a separate bank account and not as a Special Revenue Fund on the Commissions accounting system. By not following the aforementioned guidance, this may result in the absence of sufficient supporting documentation which would enable the Commission to prepare reliable financial statements based on their assertions of completeness, existence/occurrence, valuation/allocation, rights and obligations and presentation and disclosure.

We recommend the Commission review Auditor of State Bulletin 97-011 to determine whether the existing policies adopted by the Commission Members are adequate and that all such policies and procedures be placed in operation for the Commissary.

6. Dual Signatures on Checks:

When designing the public office's system of internal control and the specific control activities, management should ensure that all transactions are properly authorized in accordance with management's policies as well as to ensure adequate security of assets and records.

During the period under review, the Commission only required one signature on checks. The person signing the checks also posted the transactions to the ledgers and performed the bank reconciliation. This practice exposed the Commission to losses due to errors and irregularities as discussed in Exhibit 2.

We recommend the Commission adopt a policy requiring dual signatures on all checks written. In addition, we recommend the Commission approve checks written for more than a set dollar amount established and authorized by the Commission (such as \$1,000).

EXHIBIT 3 (Continued)

SCHEDULE OF MANAGEMENT RECOMMENDATIONS: (Continued)

7. Segregation of Duties:

When designing the public office's system of internal control and the specific control activities, management should also plan for adequate segregation of duties or compensating controls, verify the existence and valuation of assets and liabilities, and periodically reconcile them to the accounting records.

The Fiscal Officer performed all finance functions relating to the general, payroll, special revenue commissary, unclaimed monies, and employee special accounts, including the physical count of cash receipts, preparation of deposit slips and posting of receipts to the general ledger (general and payroll accounts only), as well as preparation of checks and posting of expenditures (general and payroll accounts only). The Commission was not provided with monthly reconciliations for the accounts for review or approval. We also noted that the Commissary Account, the Unclaimed Monies Account, the "Special Account" and the Inmate Account financial records were not maintained on the Commission's computerized accounting system, which was implemented during 2003. The lack of recording such information in the Commission's formalized accounting records allowed errors and/or irregularities to occur as reflected in Exhibit 2.

We recommend the bank reconciliations for all accounts be presented to the Commission each month for review and approval. Significant reconciling items should be reviewed to ensure that they are properly documented and supported. Furthermore, the Commission's review and approval for bank reconciliations should be evidenced by the signature of at least one member of the Commission. We also recommend that all financial activity for all accounts of the Commission be accounted for on the Commission's computerized accounting system.

8. Member County Medical Expenses:

According to the Agreement between the Corrections Commission of Southeast Ohio and its Member Counties, dated April 30, 1997, Section 6, Subsection (D) states, in part, that the Commission shall be responsible for the cost of only those medical services and security which can be provided by or at the Correctional Center. All expenses for medical services and security which cannot be provided by or at the Correctional Center shall be the responsibility of the Member or non-Member renting available beds which placed the inmate requiring such services with the Correctional Center.

Based on our review, Member County medical expenses were not billed to nor reimbursed by the Member Counties as per the agreement. Refer to Finding 2005-022 within Exhibit 2.

We recommend the Commission review the terms of the agreement relating to reimbursement procedures for inmate medical expenses which requires the Member Counties to reimburse for all medical costs resulting from services provided to the inmates outside of the facility's in-house capacity. In addition, we recommend the Commission bill Member Counties for their related medical expenses.

EXHIBIT 3 (Continued)

SCHEDULE OF MANAGEMENT RECOMMENDATIONS: (Continued)

9. "Contingency" Account:

The Commission indicated that a "Contingency" account was set up as a reserve that was not supposed to be used without Commission approval. From our procedures, it appears the Finance Director maintained carryover appropriations in a separate account (or line item within the General Fund) called "Contingency". During the year, funds were either moved out of this "Contingency" account to increase appropriations in other accounts within the General Fund or the expenditures were paid directly from the "Contingency" account without Commission approval. When the balance of the "Contingency" account was reported to the Commission, no indication was given to the Commission that the balance was part of the General Fund balance and was being used to support the General Fund activity, contrary to the Commission's intentions. This resulted in significant deviations from the Commission's budgets and concealed funds available for expenditure, which prevented the Commission from making informed decisions.

We recommend the Commission appropriate all available funds each year to the appropriate expenditure accounts and eliminate the Finance Director's autonomy in appropriating and expending funds. If such an excess remains at year end and the Commission does not want to make it entirely available for current expenditures, we recommend they leave it unappropriated. If, during the year, additional funds are required to cover expenses, the Commission can increase appropriations to the specific account and reduce the amounts remaining in the unappropriated funds by the same amount. If the Commission's intentions for the "Contingency" account was as a set aside for future capital improvement or other future projects, we recommend the Commission establish a fund to account for such activity so that the money set aside is not commingled with the Commission's General Fund.

10. Member County Quarterly Billing:

The Agreement For the Operation of The Corrections Commission of Southeastern Ohio's Multi-County Correctional Center, formed by and among the Counties of Morgan, Hocking, Perry and Athens and Corrections Commission of Southeastern Ohio, dated April 30, 1997, Section 5, states, in part, that each Member County's share of estimated Commission costs not reimbursed by other Governmental Agencies shall be as follows: Athens County 50%, Morgan County 16%, Hocking County 17.5% and Perry County 16.5%. In addition, Section 6, Subsection (F) states, in part, that any Rental Revenue received by the Commission will be credited on the quarterly invoices sent to the Member jurisdictions to help off-set their proportionate share of the Operating Costs for the Corrections Center. All Rental Revenue will be proportionately shared by the Member Jurisdictions based upon their percentage of the daily average number of unused beds available on a month to month basis.

There were several quarters where member counties would not pay until two or three quarters later. While some billings to member counties indicated carryover balances, it does not appear these were pursued by the Commission after one or two billings. We noted one letter from Attorney Garry Hunter to Morgan County attempting to collect the balance, but subsequent collection of the carryover balance did not occur. This resulted in uncollected balances as indicated in finding 2005-023 within Exhibit 2.

We recommend the Commission pursue unpaid billings until payment is received. If the outstanding balance is reduced through the renting of the member counties' beds, such reduction should be documented and supported. If other arrangements are made with the Member County, the Commission should approve such agreements and documentation should be maintained to support such agreements.



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CORRECTIONS COMMISSION OF SOUTHEASTERN OHIO

ATHENS COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
FEBRUARY 23, 2006**