

STATE OF OHIO  
OFFICE OF THE INSPECTOR GENERAL

RANDALL J. MEYER, INSPECTOR GENERAL

REPORT OF  
INVESTIGATION



AGENCY: OHIO DEPARTMENT OF REHABILITATION & CORRECTION  
FILE ID NO.: 2014-CA00008  
DATE OF REPORT: MAY 14, 2015

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Randall J. Meyer  
Ohio Inspector General



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**OFFICE OF THE INSPECTOR GENERAL**

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RANDALL J. MEYER, INSPECTOR GENERAL

**REPORT OF INVESTIGATION**

**FILE ID NUMBER:** 2014-CA00008

**SUBJECT NAME:** Steven Davenport

**POSITION:** Account Clerk Supervisor

**AGENCY:** Ohio Department of Rehabilitation and Correction

**BASIS FOR INVESTIGATION:** Agency Referral

**ALLEGATIONS:** Criminal Conduct;  
Failure to Comply with State/Department Rules,  
Procedures or Policies; and  
Failure to Establish Adequate Internal Controls for  
Agency/Department Functions.

**INITIATED:** January 30, 2014

**DATE OF REPORT:** May 14, 2015

## **INITIAL ALLEGATION AND COMPLAINT SUMMARY**

On January 29, 2014, the Office of the Ohio Inspector General received a complaint from the Ohio Department of Rehabilitation and Correction (ODRC) alleging possible criminal conduct by Steven Davenport, an account clerk supervisor assigned to the Southeastern Correctional Complex (SCC). The complaint stated that a review of the institution's accounts found \$15,000 could not be accounted for. Additionally, a check for \$500 was located made payable to a period symbol (“.”), and later “Cash” had been handwritten in the payable field. The back of the check showed Davenport's signature endorsement.

The Office of the Ohio Inspector General approached the Ohio State Highway Patrol (OSHP) regarding these issues and it was agreed a joint investigation would be opened on January 30, 2014. During the course of the investigation, violations of law, agency rules, policies, and procedures were noted.

Davenport resigned on January 27, 2014 (effective January 28, 2014).

## **BACKGROUND**

### *Ohio Department of Rehabilitation and Correction*

The Ohio Department of Rehabilitation and Correction is charged with the supervision of felony offenders in the custody of the state, including providing housing following their release from incarceration, and monitoring the individuals through the parole authority. The department also oversees the community control sanction system that provides judges with sentencing options to reduce the inmate population. There are currently 31 correctional institutions throughout the state. The director of ODRC, who serves as the agency's chief executive officer, is appointed by the governor and confirmed by the Ohio Senate. ODRC is funded through General Revenue Funds, federal funding, and revenue earned through sales from the Ohio Penal Industries.<sup>1</sup>

### *Southeastern Correctional Complex*

The main institution for the Southeastern Correctional Complex is located in Lancaster, Ohio (Fairfield County), approximately 30 miles southeast of Columbus, and was opened in 1980.

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<sup>1</sup> Source: Biennial budget documents

SCC houses mostly minimum- and medium-security inmates. The Hocking Unit is 30 miles from the main compound and is located in Nelsonville. This annex houses approximately 450 inmates.

### *Southeastern Correctional Complex Funds*

The Ohio Administrative Code (OAC) allows for the establishment of various bank checking accounts for funds within the individual institution's control. The following funds at SCC were reviewed during the course of this investigation.

#### Industrial Arts

Established under OAC §5120-5-06, *Industrial arts*, this fund is to be used for "... activities resulting in the sale of inmate arts and crafts or the provision of inmate personal services."

These services are provided to employees of the institution. This fund can be created as a subsidiary of the Industrial and Entertainment fund or through a separate account. All revenue generated from related activities is to be deposited into this fund and all necessary expenditures are to be made from this fund.

SCC currently has five activities in the industrial arts account: the Hilltop Café, Happy Paws Daycare (also referred to as Doggie Daycare<sup>2</sup>), a barbershop, car wash, and shoe shine.

#### Industrial and Entertainment

OAC §5120-5-04, *Administration of industrial and entertainment funds*, allows for the establishment of the Industrial and Entertainment (I&E) account. This fund is to be used for the entertainment and welfare of inmates. Income shall come from:

- Commissary profits
- Occupational activities
- Interest from interest-bearing checking accounts
- Transfers of funds
- Donations
- Vending machine commissions
- Interest from institutional investment accounts

Expenditures from the fund, "... shall be used for purchases which exclusively benefit inmates."

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<sup>2</sup> Happy Paws Daycare is a program where institution employees can bring their dogs in to work where they are watched by the inmate workers. The daycare also provides grooming and overnight kennel services.

### Inmate Affairs

ODRC allows for the formation of authorized inmate groups pursuant to OAC §5120-9-37, *Inmate group activities*, with the warden's or a designee's approval. The groups are to have a charter or bylaws that describe their objective and activities and how they plan on recruiting new members. OAC §5120-5-07, *Inmate groups fiscal activities*, establishes the fund for the activities of the groups, called the Inmate Affairs account at SCC. Income for this fund comes from group dues, fund-raising activities, and donations.

### Employee Activity

The Employee Activity fund is established under OAC §5120-5-11 and is to be "... used for purchases that provide for the benefit, welfare, morale, and productivity for employees ... ." The fund is also used for the collection of charitable donations, including the state's combined charitable campaign. Income comes "... from vending areas designated solely for use by employees and from employee fundraisers."

### Inmate Personal

OAC §5120-5-02, *Inmate funds*, establishes personal accounts within the ODRC accounting system for each inmate at an institution. Funds must come from an approved source, typically those on the inmate's approved visiting list, and must be in the form of a "... certified check, cashier's check, money order, check drawn upon the account of a governmental agency or when available, wire or electronic transfer." Deposits into individual inmate accounts cannot exceed \$200 without the warden's approval. Inmates may send funds to "... any entity other than an unapproved source." The cashier's office at each institution is to maintain a record of financial transactions for each inmate that reflects the funds coming in and out of each inmate's account. SCC also refers to all of the collective inmate balances held in this fund as the Inmate Trust account.

For inmates who are approved to participate in the Industrial Arts programs, they are given monthly salaries that should not exceed \$1,200 in a year. When paying the monthly payroll for all inmates, a single check representing the pay earned by all inmates in the program is drawn from the Industrial Arts account made payable to Inmate Personal. The check is then taken to

the institution's commercial bank where it is deposited in an account entitled "Inmate Personal," using a stamped endorsement.

Additionally, SCC maintains an inmate lockbox where currency is stored and used for providing funds to inmates upon their release. According to ODRC's Cashier's Manual (effective April 9, 2013), General Security and Control of Assets, when the lockbox's balance is below 50 percent of its recommended total based on each institution's calculations, a check should be created from the Inmate Personal account "... made payable to the Cashier (by name and title)." This check is then taken to the institution's bank where it is redeemed for cash using the signature endorsement of the cashier.

#### *Account Clerk Supervisor*

Duties of the account clerk supervisor include:

- Overseeing accounts payable;
- Posting account activity to the appropriate ledger;
- Reviewing accounts and providing weekly reports on their status to the deputy warden of administration and the business administrator;
- Assisting with purchasing activity;
- Acting as back-up for other account clerks, storekeepers, and commissary; and
- Performing other business office and clerical duties as required.

Steven Davenport was hired at SCC as a corrections officer in November 2003. He accepted a demotion to become an account clerk 2 in August 2006. He was promoted to account clerk supervisor on June 17, 2012, where he remained until his resignation on January 28, 2014.

#### **INVESTIGATIVE SUMMARY**

Upon receipt of the complaint, the Office of the Ohio Inspector General requested and received, from officials at the Southeastern Correctional Complex, records from the institution's internal accounting system called CACTAS, sales records, and receipts from January 2012 to January 2014 for all institutional cash accounts. Also reviewed were any checks written from the accounts with requests made and received for copies of selected redeemed checks and any

supporting documentation. Finally, based on other matters uncovered during the review of the supporting documentation, a review of the agency's policies and procedures, as well as the Ohio Administrative Code, was conducted to determine if SCC officials were adhering to these rules.

#### *Unaccounted for Sales Revenue*

The initial focus of the investigation centered on issues regarding revenue at the Hilltop Café. The Hilltop Café serves institution employees only and was established in 2012 as a work experience program for qualified inmates. The program qualifies inmates to work in the food service industry upon release by teaching them how to operate a quick-service restaurant. Inmates approved to work in the program receive training and certification on food safety before working at the cafe. Unlike other Industrial Arts programs, the cafe is unique in that the inmate workers directly receive cash from the institution employees for services provided.

In the other programs (Doggie Daycare, barbershop, car wash, and shoe shine), employees purchase tickets and the cash is given to an institutional employee with none of the inmate workers dealing directly with cash. A record of the sales is maintained listing the dates the tickets were purchased, the employees' names, their corresponding signatures or initials, and the amounts purchased. At the end of the month the sales are totaled and a monthly summary is prepared by the cashier's office that reconciles the number of tickets sold to the cash received. These records are maintained by the cashier's office.

According to Tim Martin, the SCC labor relations officer and program facilitator of the Hilltop Café program, the inmate supervisor (referred hereafter in this report as Inmate A) informed Martin in mid-2013 he had concerns regarding the profits of the cafe, based on statements Steven Davenport had made to the inmate.

Additionally, Karrie Hupka, the warden's assistant and program facilitator for Doggie Daycare, had been informed by the daycare's inmate supervisor (referred hereafter in this report as Inmate B) that he had concerns regarding similar issues at the daycare. Inmate B believed Davenport had reported a loss when Inmate B felt the program should have been making a profit.

When both Martin and Hupka asked Davenport for additional information, including financial statements for both programs, they either were not provided the information or were dissatisfied with the answers Davenport was providing to their questions.

Martin and Craig Rich, business administrator 3 and Davenport's supervisor, indicated that as a result of these concerns, a meeting was convened in July 2013 with both Martin and Rich, and included the warden, Hupka, Davenport, and Don Bowers (an account clerk supervisor who transferred from the Hocking Unit to SCC upon their consolidation). At the meeting, attendees discussed their concerns about the accounting of the program from the cashier's office and it was agreed that Davenport would be responsible for preparing monthly reports showing all of the monies going in and out of each account. In August, a follow-up meeting was to be held and the required reports presented. However, according to Rich, the meeting never occurred due to scheduling conflicts, and no reports were produced by Davenport. Rich was unable to explain why Davenport failed to provide the reports.

Subsequently, according to Martin, he decided to prepare his own reports and asked Bowers to assist him with creating an Excel spreadsheet. Bowers stated Davenport emailed him on July 29, 2013, regarding the assistance Bowers was providing and questioned why he (Davenport) was not asked to assist. Bowers explained Martin asked him to help create a spreadsheet to assist in keeping track of the cafe's transactions. Davenport replied, "Still feels like its (expletive), people always doing stuff behind someone's back." ([Exhibit 1](#))

Martin also informed investigators that in November 2013, shortly before Davenport was to go on medical leave, Martin was approached by Davenport in the parking lot at SCC. Martin explained that Davenport had made comments to the effect of, "... you are going to find problems in the accounts." This exchange prompted Martin and Bowers to take a closer look at the Industrial Arts account, specifically the Hilltop Café program.

Bowers started his review by totaling all of the deposits attributed to the cafe sorted by month. He noted there was no consistency in the amount of revenue shown for each month. According to Bower's analysis, the deposits ranged from \$920 in December 2012 to \$5,800 in later months.

Bowers provided the totals to Martin who compared them to the daily sales that were being tracked by Inmate A. The comparison showed documented sales exceeded deposits as recorded in the institution's accounting system by more than \$15,000. Also found during this review was the questionable check for \$500 made payable to the period symbol (“.”) with supporting documentation created by Davenport indicating it was for a donation.

On February 12, 2014, investigators began a review of the Hilltop Café records. The records requested and evaluated included the institution's bank checking account statements, CACTAS reports, receipts, and daily sales documents. Comparisons were made between the following from October 2012<sup>3</sup> to December 2013:

- Bank checking account statements and CACTAS reports – to determine if deposits as recorded in the institution's accounting system were deposited at the bank;
- CACTAS reports and receipts – to determine if receipts written were recorded as deposits in the institution's accounting system; and
- Receipts and daily sales records – to determine if receipts were written for daily sales deposits with the cashier's office.

The review found that if a receipt was written, there was a corresponding entry into CACTAS. All deposits as recorded in CACTAS were also matched to a corresponding deposit into the bank checking account.

However, not all sales totals per shift<sup>4</sup> had a corresponding receipt. There were 121 instances totaling \$16,726.36 in unaccounted for sales. Additionally, the comparison between the daily sales records and receipts found 10 instances where the receipt was written for a different amount than the actual sales. Seven of the ten instances found the receipt was written for a lower amount than the documented sales. The variances between the sales records and receipts totaled

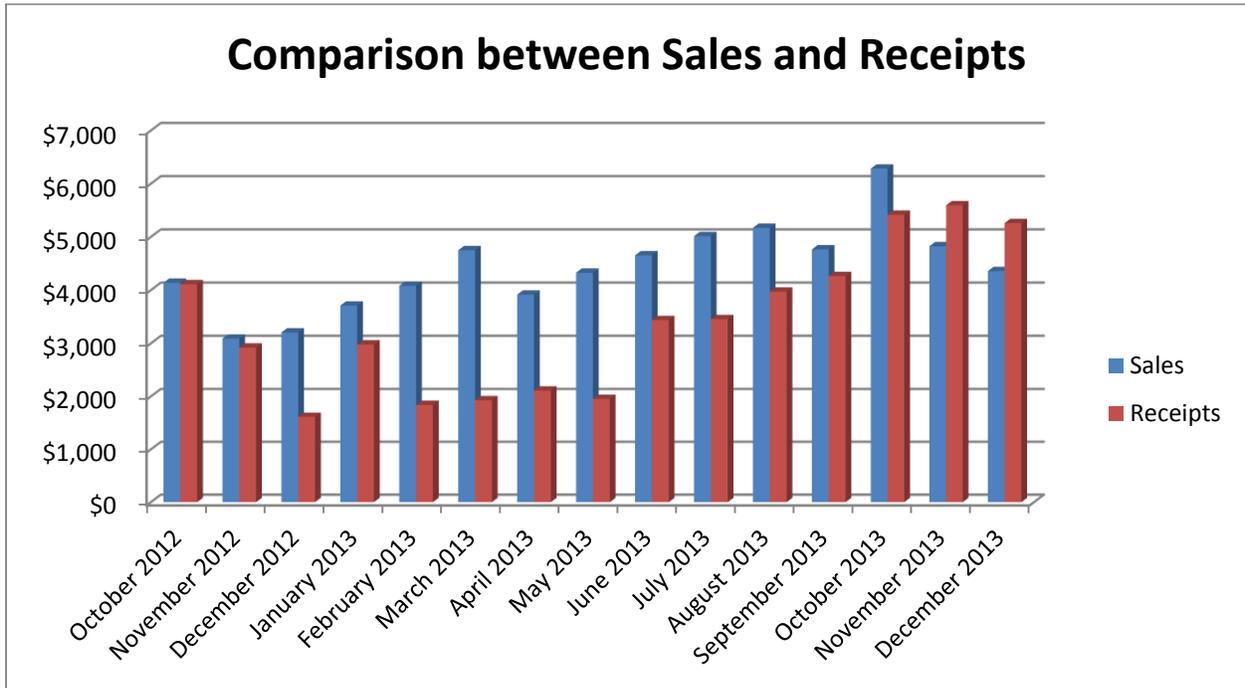
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<sup>3</sup> The Hilltop Café officially opened the last week of August 2012. However, sales records were not maintained by Inmate A until October 2012 when he became the supervisor.

<sup>4</sup> The Hilltop Café initially operated for one shift and after a few months began operating two shifts. In October 2013, they started operations for a third shift.

\$446.10. ([Exhibit 2](#)) The total unaccounted revenue in the Hilltop Café program equaled \$17,172.46.

The following chart shows the comparison between monthly sales and monthly receipts:



Davenport went on medical leave in the beginning of November 2013. The variances in November and December 2013 showing a higher amount in receipts compared to sales is due to the lack of documentation for reported sales during these months. However, as the receipts corresponded to deposits at the institution’s bank checking account, investigators did not include these amounts in the total of unaccounted for sales.

A similar review was conducted for the other four programs in the Industrial Arts cash account for January 2013 to December 2013. The review found all sales at the barber shop, car wash, and shoe shine were accounted for. However, for Doggie Daycare the analysis found:

- The monthly detail for February 2013 reported \$1,028 in sales but Davenport reported only \$790 on the monthly summary. The \$790 was deposited at the institution’s bank leaving \$238 unaccounted for.

- No receipt or deposits were located for the April 2013 sales. Davenport reported \$1,397 in sales for this month according to the monthly summary.

In total, the following documented sales were unaccounted for in the Industrial Arts account:

121 instances of documented sales but no receipts – Hilltop Café	\$16,726.36
1 instance of documented sales but no receipts – Doggie Daycare	1,397.00
Receipts written for different amounts than documented sales – Hilltop Café	446.10
Receipts written for different amounts than documented sales – Doggie Daycare	<u>238.00</u>
<b>TOTAL</b>	<b><u>\$18,807.46</u></b>

A review of the other accounts (Industrial and Entertainment, Employee Activity, etc.) was separately conducted by both Bowers and investigators to determine if the unaccounted for sales had been deposited into the wrong account. The independent reviews did not find evidence that the unaccounted for sales had been deposited into the wrong account.

On February 27, 2014, investigators interviewed Martin and Rich to discuss what controls were in place regarding deposits and the concerns surrounding the accounting of funds in the Industrial Arts account. Martin stated the typical process was to turn over the cash collected for the sales by shift to Davenport, and a day to a week later, Martin would receive a receipt for the sales in his mail box. Martin also recalled there were instances where Davenport was not in the office and the money was delivered to the account clerk, who then set aside the funds until Davenport returned to the office. Davenport was "... the only person that dealt with our account one-on-one ..." according to Martin.

Rich was asked about cash controls in the cashier's office and he replied, "I was being told that we were following DRC policy and by following DR [sic] policy, those controls should have been in place." Rich stated Davenport had told him that the ODRC policy was being followed. When investigators asked Rich if he had verified this statement, Rich replied, "No."

Both Rich and Martin agreed that getting information from Davenport regarding the accounts was difficult. Rich said, "... depending on which time you talked to him you got a different story it seemed like every time." Rich also stated Davenport, "... was not knowledgeable about financial statements." When investigators asked about issues with Davenport not preparing documents as required from the July 2013 meeting, Rich stated there were a lot of things happening during that time, and "... we didn't get it followed up very well."

Rich stated that, in retrospect, he should have held monthly meetings with the two clerk supervisors – Davenport and Bowers – to regularly discuss matters. Rich noted that although Bowers and Davenport had the same job title, they oversaw different accounts. When Bowers transferred from the Hocking Unit, Rich divided the duties so that Davenport would be responsible for the inmate accounts and the employee institution accounts handled by the cashier's office, and Bowers would be responsible for all other accounts handled through the business office. Rich said he did this because Bowers had more experience in the business office, while Davenport did not. Rich stated that Bowers' and Davenport's offices were next door to each other and the two men communicated frequently. Rich noted that they did not have scheduled meetings to discuss the institution's accounts.

During the course of the interview, Martin stated he and Hupka had spoken with Inmate A and Inmate B about possible missing cash from the cafe and daycare. Martin also expressed frustration with deficiencies in Davenport's accounting:

... both sets of our offenders that work for us were claiming, hey, we got problems. Money's missing. Something's not right. We don't have this. They would complain to us, we would go ask to the point we'd say bring us something in writing. Well, he'd bring us half a report that made absolutely no sense ... .

On February 10, 2014, and May 22, 2014, investigators interviewed Dorothy Hunt, the cashier's office account clerk, about the handling of cash for the Hilltop Café. Hunt stated she transferred from the Hocking Unit at the end of February 2013. When Hunt first arrived, she did not directly process the cash, as she wanted to gain enough experience to ensure she knew the process. Hunt indicated Davenport was the one who mainly handled the cash and if he was not in the office

when cash was delivered, Hunt would place it in the safe until Davenport returned. When asked in what instances she would be responsible for creating the receipts and making the deposits, Hunt replied that she performed these duties only when Davenport was on extended leave, such as for a vacation or sickness. Hunt stated that in addition to those times, she might have processed cash about six to eight times. Hunt also said that on those occasions when she counted the cash for the cafe's sales, it always matched with what the inmates had written on the sales tickets.

Investigators reviewed receipts that Hunt was to have created, as indicated by her signature on the bottom of the receipt, and compared those receipts to Davenport's timekeeping records in the state accounting system. The analysis found Hunt prepared 58 out of 340 receipts during the time period under review. Of those 58 receipts, 15 were created on days when timekeeping records show Davenport was working. There was less than a \$1.00 variance between the sales records, receipts, and bank deposits in those instances.

On March 10, 2014, investigators interviewed Inmate A regarding how cash was handled between the Hilltop Café and the cashier's office. Inmate A stated at the end of the shift he would tally the amount of sales as shown on the individual carbon copy sales tickets and the cash collected. He would then write this amount on a ledger known as the HTC Daily Sales sheet and prepare another ticket listing the total. He would keep one copy of the ticket in a drawer and the other copy would be included with the money bag that was taken to the cashier's office. When asked if Davenport was aware Inmate A was keeping track of the sales in this manner, Inmate A said, "No. I don't think he had a clue that I was doing that."

Inmate A emphasized the reason he was keeping track of the sales was that he knew if something went wrong, "... we all go to the hole." He also stated if the cafe was shown not to be making a profit, it would be shut down. By keeping track of the sales, Inmate A said he would be aware in advance of any problems and would be able to make changes in the areas that needed to be fixed.

Martin later stated that a corrections officer is present at the cafe the entire time it is open for business and that every inmate who works at the cafe is searched at the end of the inmate's shift.

Inmate A said Davenport "... made it clear that he was the one handling" the funds. When asked to explain how Davenport made it clear to him, Inmate A replied that he would always end up dealing with Davenport. He described occasions when Davenport would call down to the cafe and say, "I haven't gotten no money [sic] for a few days." There were other times when Davenport would be eating at the cafe and would ask, "... do you have any money for me to turn in" and Inmate A would give the money bag to Davenport who would take it with him.

Inmate A recalled going to Martin in June or July 2013 after having a conversation with Davenport regarding the Hilltop Café's sales that month. Inmate A stated he had made a comment to Davenport that the cafe had a good month, and Davenport replied that it did not. Davenport went on to comment, "I'm the bank. You owe me." Inmate A did not believe this to be correct, based on the sales documents he maintained. Inmate A did not question Davenport, however, as he was an inmate and did not want to question the staff. Later, when Inmate A and Martin reviewed all of the sales documents, they did not find any problems.

Investigators also interviewed Inmate B on March 10, 2014, regarding Doggie Daycare at SCC. Inmate B stated he began hearing there were problems with the Hilltop Café account in August or September of 2013. This prompted him to start inquiring about the daycare's account. Inmate B kept track of the tickets redeemed each month and had a good idea of the revenue the daycare should be generating. As part of the program, 30 percent of redeemed sales were to be set aside for future donations to charity. He estimated there should have been around \$4,000 set aside, but was told by Hupka they had no money to donate. Inmate B expressed his concerns to Hupka and believed she talked to Davenport but was unable to get answers from Davenport regarding the funding of the program.

On March 13, 2014, investigators interviewed Hupka about Doggie Daycare. Hupka became the program facilitator in late 2012 or early 2013. Hupka stated that when she first began overseeing the program, she was not "... as hands-on ..." and described her role as "... kind of being a go-between ..." in that she would occasionally ask the cashier's office how much money they had in the account and relay the answer to Inmate B. However, as Inmate B began to increasingly

question the figures being provided, Hupka began looking into the issues with Martin. Hupka stated the person she dealt with in the cashier's office was Davenport.

Hupka described getting reports from Davenport, and when shown a copy of the CACTAS reports provided to investigators, she believed they were similar but did not contain as much information. Hupka stated the reports she received from Davenport had the date, amount, balance, and sometimes the "pay to" field if the transaction involved payments to vendors. Hupka questioned the reports the cashier's office provided because it appeared to her the balances would change frequently in a short period of time, but she would not receive a satisfactory explanation as to why the changes occurred.

A second interview was conducted with Martin on March 13, 2014, with Bowers present. The purpose of the interview was to determine why Martin trusted the documents maintained by the inmate workers and not the reports provided by Davenport. Martin stated Inmate A was not required to keep sales records and did so on his own. Martin said the reason for keeping the records was that Inmate A knew if there was a problem, the inmate workers would be the first to be blamed. According to Martin, when the Hilltop Café program was first underway, the inmates did not want to handle cash for fear that something similar to this situation would occur. In addition, the inmate workers' salaries are dependent on their sales, so the lower the sales the less they would receive on their paycheck. When reviewing the records, Martin stated Inmate A could verbally explain and verify the figures with backup documentation. However, during discussions with Davenport, his answers were confusing and there was no supporting documentation provided, or Davenport would respond, "Trust me, it's gonna [sic] be fine... ." Martin also stated there is a 360-degree camera in the cafe and the inmates are supervised by an institutional employee at all times.

#### *Questionable Checks*

As noted in the original complaint, SCC officials located a questionable check (#2053) for \$500. The CACTAS records showed the "pay to" field was populated with a period symbol ("."). Supporting documentation was pulled for the payment and the voucher was signed by Davenport indicating the check was for a donation. The Request to Purchase (RTP) document was also

signed by Davenport and stated the donation was for a food pantry with the handwritten note “Hand Delivery Per Warden.” A copy of the check was obtained and “Cash” was handwritten in the “pay to the order of” field. On the back, Davenport’s signature was written on the endorsement line. Additionally, one of the signature lines contained the warden’s first initial and last name with initials to the right, indicating someone was signing the check on behalf of the warden. ([Exhibit 3](#)) SCC officials and investigators contacted local food pantries and none had any record of receiving a \$500 cash donation from the institution around that time.

Using the CACTAS reports, investigators compiled a list of all checks written from January 2012 to January 2014.<sup>5</sup> When conducting a review, investigators particularly noted instances where multiple checks were prepared to the same vendor in the same month, checks written between accounts (e.g., a check in the Industrial Arts account was made payable to the I&E account), and checks where the CACTAS report did not list something in the “pay to” field or the comment field was blank. Supporting documentation was requested for the selected checks. If no documentation was located, or all of the documentation (the request to purchase, voucher, and check) had been prepared by Davenport, a copy of the redeemed check was requested. The following are the results of the analysis.

#### Cashed Checks

Investigators identified 14 checks that were prepared by Davenport, as indicated on the CACTAS reports, where no supporting documentation was located. Copies of the redeemed checks also contained Davenport’s signature endorsement on the back and appeared to have been cashed. The institution’s bank confirmed they were indeed cashed and provided copies of the “Cash Out Ticket” verifying cash was received. The following is a list of the cashed checks identified by investigators, plus the \$500 check first identified by SCC officials:

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<sup>5</sup> This time period was selected because the starting date was six months before Davenport’s promotion to account clerk supervisor, and the ending date was when he resigned.

### List of Cashed Checks Identified

<u>Date</u>	<u>Check #</u>	<u>Pay To</u>	<u>Amount</u>
October 29, 2012	8466	Inmate Personal <sup>6</sup>	\$3,083.30
December 12, 2012	2016	Inmate Personal	1,000.00
February 20, 2013	2053	“ ”	500.00
April 19, 2013	8554	Inmate Personal	642.00
April 26, 2013	8561	AVI	1,795.00
May 13, 2013	947	I&E	1,435.00
June 10, 2013	953	Inmate Personal	1,800.00
June 17, 2013	8612	Inmate Personal	1,350.00
June 21, 2013	8617	AVI	1,635.00
June 24, 2013	8620	gfs	2,130.00
July 1, 2013	8623	Inmate Personal	1,652.00
July 15, 2013	8624	Inmate Personal	1,756.14
September 5, 2013	8673	Inmate Personal	1,278.00
October 24, 2013	979	ccc	975.00
November 1, 2013	8730	Inmate Personal	1,599.44
		<b>TOTAL</b>	<b><u>\$22,630.88</u></b>

Investigators contacted the two vendors Davenport created checks to, AVI and Gordon Food Service (GFS), regarding the payments in question. GFS replied they had received checks #8618 and #8619 around the same time period but had no record of check #8620 or a receipt for a cash payment in the amount of \$2,130. The SCC cashier’s office and investigators separately contacted AVI and the vendor neither had a record of receiving check #8617, cash in the amount of \$1,635, nor was there a credit on the institution’s account in that amount. It was also noted the address on each of the checks made payable to AVI and GFS was actually SCC’s address and not the vendor’s.

Investigators spoke to the manager of the institution’s bank, the First Bremen Bank/Vinton County National Bank in Lancaster, Ohio, regarding why the bank had cashed checks made payable to a vendor, and she stated they should not have been cashed unless the individual was listed on the vendor’s account. Investigators also spoke to the teller who cashed the majority of the checks. The teller stated that during her first week of employment, Davenport asked to have a check cashed from the institution’s account. The teller asked for Davenport’s identification

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<sup>6</sup> This check was written for \$6,000. The bank’s records show \$3,083.30 was received in cash and the remaining amount had been deposited into the appropriate account.

and indicated Davenport "... got a little offended." Another teller then vouched for Davenport and the teller cashed the check. The teller also stated Davenport "intimidated" her and after that first incident, she did not ask for identification even though the bank's policy required one when cashing a check.

The check made payable to "ccc" was assumed to be for the state's Combined Charitable Campaign held in the fall of each year. Each institution can participate, and the money collected is transferred to ODRC's central office. There were no records that this payment had been sent to central office as part of the campaign.

Investigators asked SCC officials to review their records to determine if the cash had been returned to the institution or deposited into another account. Officials were unable to locate any corresponding deposits.

As SCC maintains an inmate lockbox used for providing funds to inmates upon their release, a review of the lockbox records was conducted on the checks made payable to "Inmate Personal." SCC officials stated no cash was returned to the lockbox on the dates and in the amounts listed on the checks.

Davenport's personal bank records from January 2012 to January 2014 were subpoenaed and investigators noted numerous cash deposits had been made. Over the two-year period there were 91 separate cash deposits totaling \$40,474 into Davenport's checking account. A subsequent request for Davenport's February and March statements was made and the records obtained showed one cash deposit after Davenport had resigned. The review of the account also noted eight instances where a cash deposit was made within minutes of one of the questionable checks noted above being cashed.<sup>7</sup>

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<sup>7</sup> Davenport's checking account is at a separate bank from the intuition's bank. The locations are in close proximity to each other.

**Checks Cashed Compared to Cash Deposits into Davenport's Bank Account**

<u>Check #</u>	<u>Amount</u>	<u>Date and Time Check Cashed</u>	<u>Cash Deposited</u>	<u>Date and Time of Deposit</u>
8466	\$3,083.30	10/29/12; 12:24 p.m.	\$1,000.00	10/29/12; 12:39 p.m.
2053	\$500.00	2/20/13; 12:31 p.m.	\$300.00	2/20/13; 12:38 p.m.
8554	\$642.00	4/19/13; 3:36 p.m.	\$200.00	4/19/13; 3:41 p.m.
947	\$1,435.00	5/13/13; 12:43 p.m.	\$600.00	5/13/13; 12:53 p.m.
8617	\$1,635.00	6/21/13; 11:33 a.m.	\$900.00	6/21/13; 11:44 a.m.
8673	\$1,278.00	9/5/13; 1:48 p.m.	\$700.00	9/5/13; 1:55 p.m.
979	\$975.00	10/24/13; 3:03 p.m.	\$650.00	10/24/13; 3:16 p.m.
8730	\$1,599.44	11/1/13; 10:41 a.m.	\$700.00	11/1/13; 10:48 a.m.

Warden's Signature

Investigators noted four of the fifteen checks in question contained the warden's name along with Davenport's signature (check numbers 2053, 8466, 8554, and 8620). Investigators asked the warden to confirm which signatures were hers. The warden stated only check #8466 contained her signature. She also confirmed that no one has her signature authority when signing checks. As the institution has seven authorized individuals that can sign checks, there would be no need for someone to sign the warden's name without her approval. ([Exhibit 4](#))

A member of the investigative team contacted Davenport on March 26, 2014, and requested a meeting. Davenport indicated he would think about it. Moments later the investigator was contacted by an attorney requesting more information about what the meeting entailed. The attorney indicated he typically advises his clients not to speak to law enforcement. On May 6, 2014, contact was again made with the attorney who confirmed he was representing Davenport and that Davenport would not be made available for an interview.

### *Other Matters*

As part of the investigation, ODRC's policies and procedures, as well as applicable Ohio Administrative Code rules were reviewed. The following issues were noted:

#### Receipts

The Ohio Department of Rehabilitation and Correction Cashier's Manual (dated April 9, 2013), *General Security and Control of Assets*, requires "... (a)ll persons depositing cash, checks, or money orders should be given a pre-numbered receipt for such deposits." The policy does not state when the individual should be given a receipt. At SCC they utilize pre-numbered carbon copy receipts. The original receipt is given to the individual depositing the cash at the cashier's office and the copy of the receipt remains in the receipt book.

A review of the receipt books maintained by SCC found receipts were written days after the actual sales date. The receipts would either be backdated to the sales date or dated when the receipt was created. As stated by Tim Martin in his interview on February 27, 2014, Martin would not receive receipts until days or even a week later. Martin admitted that the individuals who presented the cash to the cashier's office did not wait for a receipt but they were also not directed to wait or verify that the amount on the receipt was correct.

Additionally, receipts were not reconciled to deposits as recorded in CACTAS. ODRC policies only require a monthly reconciliation between the CACTAS reports and the bank statements. In the interview conducted on February 27, 2014, Craig Rich was asked if he had created any additional policies and procedures or internal controls when handling cash in the cashier's office. Rich stated the ODRC central office did not "... want us to create policies 'cause they want us to follow theirs."

Although this is not required as part of their policies and procedures, if a reconciliation between the daily sales records and the deposits as recorded in CACTAS had been performed, the unaccounted revenue could have been discovered earlier.

### Purchasing/Vouchering

Pursuant to the ODRC Cashier's Manual (dated April 9, 2013), the following steps are to be followed when creating purchasing documents:

- A Request to Purchase (RTP) must be completed by the employee requesting the purchase and be approved by the deputy of administration or designee;
- The RTP is forwarded to the cashier's office to verify funding is available and to assign a purchase order number;
- When the items have been received, a receiving report is completed and forwarded to the cashier's office along with the invoice;
- A voucher<sup>8</sup> is created, with the RTP, receiving report, invoice, and other supporting documentation;
- The voucher is approved by the business administrator or designee; and
- A check is prepared and forwarded, as well as all supporting documentation, to be signed.

The Cashier's Manual also states, "... segregation of duties should be followed when approving vouchers and signing checks."

Investigators reviewed 50 vouchers selected as part of the review of questionable checks. The review found instances where one person approved the RTP, prepared the voucher, approved the voucher, prepared the check and signed the check. Vouchers were also not approved by the business administrator and instead approved by Davenport. Investigators also noted where inter-account checks (i.e., check from Industrial Arts to Inmate Personal) were prepared by the same individual, who ultimately created the receipt and deposited the check into the account. The review showed the cashier's office did not have proper segregation of duties as required by the cashier's manual.

According to Don Bowers, after the questionable checks were discovered, the cashier's and business office changed some of their procedures. Anyone who can create a check is no longer listed as having signature authority with the institution's bank. With the new processes, the

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<sup>8</sup> A voucher is a document listing the payee, amount, and other necessary account information used in requesting a payment be issued for the goods/services received.

individual who creates the voucher does not sign the document signifying approval. However, the voucher document does not list who created it nor is there a signature line for the creator. As the vouchers can be created by typing the information into the required fields, one does not have the ability to determine if the same person created and signed or approved the voucher.

As noted above, SCC officials were unable to locate any supporting documentation for 14 of the questionable checks. All checks require two signatures before they are mailed to the vendor. Of the checks that were cashed by Davenport:

- All contained Davenport's signature;
- Four contained the signature of the warden who stated three signatures were not hers;
- Four contained the signature of Karrie Hupka who verified they were her signatures; and
- Seven contained the signature of Rich, who verified they were his signatures, or the former business administrator's.

In the interview with Hupka on March 13, 2014, investigators asked why she signed checks without having the required supporting documentation. Hupka stated that even if supporting documentation was provided for review, she would be unable to determine if the purpose of the payment was legitimate. However, Hupka noted that for certain checks, she would be aware of their legitimacy as they were previously discussed in the morning meetings held with the administrative staff. According to Hupka, there was a time period where individuals were signing checks without supporting documentation. When she questioned where the documentation was, the reply received was, "Do you really need to see it? You know what it's for."

Hupka also did not question why the checks made payable to AVI and Gordon Food Service contained the institution's address. She assumed this was done because the checks were not going to be mailed to the vendors, but hand-delivered to them when the vendors were making deliveries to SCC.

Rich went on leave shortly after his interview, therefore investigators were unable to question him about why he would sign checks without supporting documentation, or why the person who created the check was also one of the individuals who signed the check.

#### Inmate Trust Account Lockbox

According to the ODRC Cashier's Manual (effective April 9, 2013), *General Security and Control of Assets*, when the inmate trust account lockbox's balance is below 50 percent of its recommended total, a check should be created from the Inmate Personal account "... made payable to the Cashier (by name and title)." This check is then taken to the institution's bank where it is redeemed for cash using the signature endorsement of the cashier.

A review of the checks prepared by SCC found that no checks were made payable in the cashier's name when replenishing the lockbox's balance. Instead, all checks were made payable to "Inmate Personal" and redeemed for cash. This process actually allows for greater internal control as checks are not made payable to the individual who is creating them and ultimately cashing them. However, the policies and procedures do not allow for this process; therefore, a violation of the manual's requirements occurred.

#### Profit and Loss Statement

Pursuant to the ODRC Cashier's Manual (dated April 9, 2013), a profit and loss statement is required for Industrial Arts programs. Specifically, the manual says, "A monthly profit and loss statement for each personal service is the responsibility of the project supervisor to ensure it is a solvent operation. These statements must be reviewed by the Business Administrator or designee."

Investigators noted an inconsistency between this policy and OAC §5120-5-06(D), *Industrial arts*. The OAC states, "... the cashier's office shall prepare a monthly profit and loss statement for each inmate arts and crafts and personal service to ensure it is solvent. The institution's business administrator shall review these statements." ODRC's policy requires the program facilitator to prepare the statement with the business administrator as the reviewer.

According to Martin, the position of deputy warden of administration is vacant and the duties have been assigned to Rich. Investigators noted a profit and loss statement had not been prepared for the Hilltop Café. Martin stated he was not informed until November 2013 that it was a requirement. Currently, Bowers creates the statements and reviews them with Martin on a monthly basis. Martin believes that none of the other Industrial Arts programs (Doggie Daycare, car wash, barber shop, and shoe shine) have created similar statements.

## **CONCLUSION**

The Ohio Department of Rehabilitation and Correction contacted the Office of the Ohio Inspector General regarding concerns they had with unaccounted for receipts in their Industrial Arts account, as well as a questionable check that was cashed by former employee Steven Davenport. A joint investigation with the Ohio State Highway Patrol uncovered that \$16,726 in sales from the Hilltop Café had not been deposited into Southeastern Correctional Complex's checking account. Also noted were seven receipts where the amount listed was lower than the actual amount of sales by \$446. A similar review of the other Industrial Arts programs found documented sales of \$1,635 at the Happy Paws Daycare (also referred to as Doggie Daycare) for February and April 2013 had not been deposited. In total, \$18,807 in documented sales was unaccounted for.

Interviews with SCC staff and the two inmate managers of the programs in question stated Davenport controlled the collection of the revenue. The inmate manager for the Hilltop Café stated Davenport would call and ask where the cash was and would sometimes take the cash after eating lunch in the cafe. The inmate manager also stated Davenport was the only individual he dealt with in the cashier's office. This was confirmed by the program facilitator who stated Davenport was the only one he dealt with on issues regarding the cafe.

SCC officials had also discovered a questionable check created by Davenport with "Cash" handwritten in the "pay to" field. It was later determined by SCC and confirmed by investigators that the check had been cashed by Davenport. A further review of all of the cash accounts at SCC noted 14 other checks that contained no supporting documentation, were created by Davenport, and later cashed by him at the institution's bank. In reviewing Davenport's personal

checking account, investigators noted eight instances where cash deposits occurred within minutes after the institution’s check had been cashed. In total, \$22,631 in questionable checks were documented by investigators.

Further review of the checks found three instances where it appears the warden’s signature was forged. The warden confirmed the signatures were not hers and she had not given anyone authorization to sign her name.

In total, the following unaccounted for funds were noted:

121 instances of documented sales but no receipts - Hilltop Café	\$16,726.36
1 instance of documented sales but no receipts – Doggie Daycare	1,397.00
Receipts written for different amounts than documented sales – Hilltop Café	446.10
Receipts written for different amounts than documented sales – Doggie Daycare	238.00
15 checks created and cashed by Davenport	22,630.88
<b>TOTAL</b>	<b><u>\$41,438.34</u></b>

**Accordingly, the Office of the Ohio Inspector General finds reasonable cause to believe a wrongful act or omission occurred in these instances.**

A review of the ODRC policies and procedures, as well as the applicable Ohio Administrative Code, found SCC:

- Did not prepare receipts documenting daily sales as required by the Cashier’s Manual General Security and Control of Assets;
- Did not follow the policies and procedures when preparing vouchers as required by the Cashier’s Manual Vouchering / Purchasing;
- Employees signed checks without having the required supporting documentation as required by the Cashier’s Manual Vouchering / Purchasing;
- Did not prepare checks to replenish the inmate lockbox in accordance with the Cashier’s Manual General Security and Control of Assets; and

- Did not prepare profit and loss statements as required by the Cashier's Manual and OAC §5120-5-06(D).

The head of the business and cashier's office, Craig Rich, failed to ensure these policies and procedures were being adhered to by his employees. Rich stated that although daily conversations had occurred regarding routine business activities, Rich noted that he did not schedule regular meetings with his supervisors (Davenport and Bowers) to discuss the status of all of the institution's accounts. Rich also did not ensure Davenport was finishing his tasks as assigned. Rich attended the meeting in July 2013 at which Davenport was assigned to create monthly reports regarding the Hilltop Café and Doggie Daycare's accounts. These reports were never created and Rich could not provide an explanation as to why he failed to ensure Davenport completed the tasks. This lack of controls contributed to the unaccounted for revenue and allowed for the creation of the questionable checks by Davenport.

Additionally, reconciliations between the daily sales records and deposits as listed in ODRC's accounting system were not performed. Although this is not required as part of their policies and procedures, if this process had been performed, the unaccounted for revenue may have been discovered earlier.

**Accordingly, the Office of the Ohio Inspector General finds reasonable cause to believe a wrongful act or omission occurred in these instances.**

#### **RECOMMENDATION(S)**

The Office of the Ohio Inspector General makes the following recommendations and asks the director of the Ohio Department of Rehabilitation and Correction to respond within 60 days on how they will be implemented. The Ohio Department of Rehabilitation and Correction should:

- 1) Review the actions of the individuals named in this report and determine if administrative action or additional training is warranted.

- 2) Reconcile differences between OAC §5120-5-06(C)(6) and the Cashier's Manual governing the preparation and review of profit and loss statements for Industrial Arts programs.
- 3) Ensure profit and loss statements are prepared monthly for all of the Industrial Arts programs.
- 4) Revise agency policies regarding when and how receipts are to be prepared.
- 5) Revise agency policies and procedures to include a requirement for reconciliation between the sales documents and deposits as recorded in CACTAS for all funds.
- 6) Revise agency policies and procedures to state checks used to replenish the inmate lockbox should be made payable to "Inmate Personal/Trust" and not in the cashier's name.
- 7) Revise the voucher form to include a "prepared by" signature line.

**REFERRAL(S)**

A copy of this report of investigation has been provided to the Fairfield County Prosecuting Attorney.



STATE OF OHIO  
**OFFICE OF THE INSPECTOR GENERAL**

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RANDALL J. MEYER, INSPECTOR GENERAL

**NAME OF REPORT: Ohio Department of Rehabilitation & Correction**

**FILE ID #: 2014-CA00008**

**KEEPER OF RECORDS CERTIFICATION**

**This is a true and correct copy of the report which is required to be prepared by the Office of the Ohio Inspector General pursuant to Section 121.42 of the Ohio Revised Code.**

**Jill Jones**  
**KEEPER OF RECORDS**

**CERTIFIED**  
**May 14, 2015**

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