



COMPTROLLER'S INVESTIGATIVE REPORT

Marion County UT Extension Office

June 8, 2021

Jason E. Mumpower
Comptroller of the Treasury



DIVISION OF INVESTIGATIONS



JASON E. MUMPOWER
Comptroller

June 8, 2021

Marion County UT Extension Office
Director Dannie Bradford
Marion County Chamber of Commerce Building
302 Betsy Pack Drive
Jasper, TN 37347-3316

Director Bradford:

The Office of the Comptroller of the Treasury conducted an investigation of selected records of the Marion County UT Extension Office, and the results are presented herein.

Copies of this report are being forwarded to Governor Bill Lee, the State Attorney General, the District Attorney General of the 12th Judicial District, certain state legislators, and various other interested parties. A copy of the report is available for public inspection in our Office and may be viewed at <http://www.comptroller.tn.gov/ia/>.

Sincerely,

A handwritten signature in blue ink, appearing to read "Jason E. Mumpower", with a long horizontal flourish extending to the right.

Jason E. Mumpower
Comptroller of the Treasury

JEM/MLC

INVESTIGATIVE REPORT

Marion County UT Extension Office

The Office of the Comptroller of the Treasury investigated allegations of malfeasance related to the Marion County UT Extension Office (Extension Office). This investigation was initiated after Extension Office officials reported questionable transactions in its accounting and bank records. The investigation was limited to selected records for the period January 2018 through March 2020. The results of the investigation were communicated with the Office of the District Attorney General of the 12th Judicial District.

BACKGROUND

The Extension Office is in Jasper, Tennessee, and serves the citizens of Marion County with educational programs in the areas of Agriculture, Family and Consumer Services, Community Resource Development, and 4-H Youth Development. The Extension Office is an outreach of the University of Tennessee Institute of Agriculture, providing research-based solutions and information to the citizens of Marion County. The Extension Office receives cash and checks as payment for participation in various programs and for services provided.



Courtney Conley was hired as an Administrative Support Assistant in January 2018. Conley was responsible for collecting, receipting, and recording all office collections and making deposits into the office bank account. Conley also prepared checks, recorded the disbursements in the financial records, opened the mail, and reviewed and reconciled the bank statements. Conley prepared and submitted a monthly transaction report to the Extension Office Director for review and approval.

The Extension Office terminated Conley's employment on March 31, 2020.

RESULTS OF INVESTIGATION

- **FORMER ADMINISTRATIVE SUPPORT ASSISTANT COURTNEY CONLEY MISAPPROPRIATED EXTENSION OFFICE FUNDS TOTALING AT LEAST \$39,109**

During the period November 2018 through March 2020, Administrative Support Assistant Courtney Conley misappropriated Extension Office funds totaling at least \$39,109.

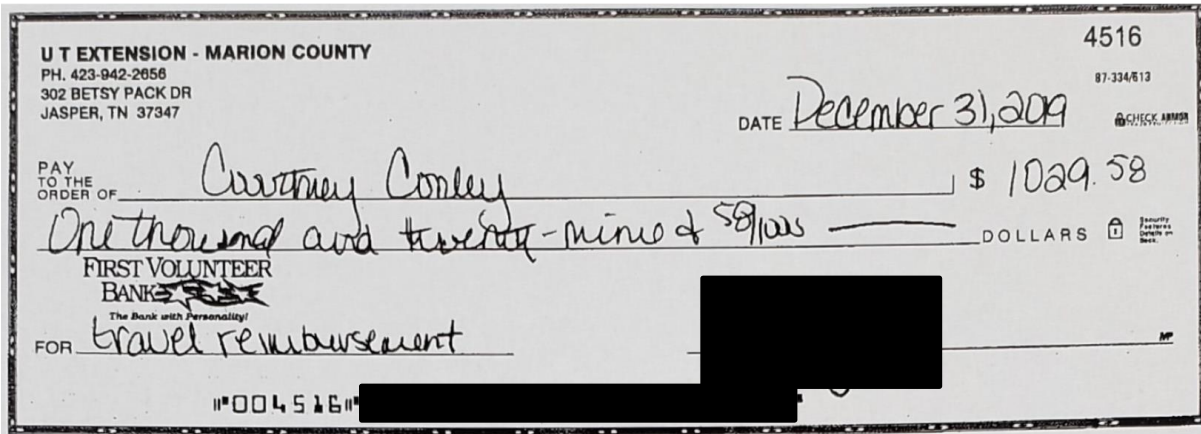
Conley admitted to investigators that she was experiencing financial difficulties and without the knowledge or authority of management, used Extension Office funds to pay her personal expenses. Investigators determined that Conley employed two schemes to misappropriate Extension Office funds as described below:

1. Conley issued and cashed checks payable to herself totaling at least \$15,411

Conley wrote and cashed 18 checks made payable to herself to misappropriate at least \$15,411 for her personal use. To conceal these misappropriations, Conley signed the Extension Office Director's name and the Extension Agent's name on three checks which required two signatures and either the Director's or Agent's name on at least 15 checks which required only one signature, all without their knowledge or permission.

Conley also altered bank statements, made false entries on check stubs and in the office accounting system to conceal the misappropriations. For example, in December 2019, Conley wrote a \$1,029 check payable to herself for a "travel reimbursement," signed the Director's name, and deposited the check into her personal bank account (**Refer to Exhibit 1**).

Exhibit 1



Check Conley wrote and made payable to herself for a "travel reimbursement".

Conley posted this check as payable to the United States Postal Service for postage totaling \$7.85 in the office accounting system (**Refer to Exhibit 2**).

Exhibit 2

Register Report							
12/2/2019 through 12/31/2019							
Date	Num	Description	Memo	Category	Clr	Amount	
BALANCE 12/1/2019							29,072.07
12/3/2019	DEP	S	Parenting Apart R... RegFees		R	40.00	
			Babysitting Class RegFees		R	10.00	
12/4/2019	4507	Wal-Mart	FCS Supplies	Supplies	R	-23.35	
12/5/2019	4508	Ingles	TEAFCS meeting ... Refreshments		R	-10.02	
12/9/2019	DEP	S	Western National ... RegFees		R	226.96	
			Parenting Apart R... RegFees		R	420.00	
12/11/2019	4509	University Of ...	Transfer to R acc...	RTransfer	R	-830.57	
12/11/2019	4510	Soil Plant And...	Sept Invoice	Sample	R	-30.00	
12/11/2019	DEP	S	Western National ... RegFees		R	226.96	
			Soil Sample	Soil	R	20.00	
12/12/2019	4511	Custom Awards	Ribbon order	Awards	R	-107.25	
12/15/2019	4516	USPS	Postage for sampl...	Postage		-7.85	
12/17/2019	DEP	S	Parenting Apart R... RegFees		R	40.00	
			FCS Meeting Sup... Reimbursements		R	25.00	
			Soil Sample Regfee	Soil	R	20.00	
12/17/2019	4514	Central Region	Difference for Arc... Events		R	-20.00	
12/20/2019	4517	Vicki Lofty	Reimbursement f...	Reimb		-28.93	
12/20/2019	DEP		CA Certification	RegFees	R	30.00	
12/20/2019	4512	University Of ...	Commercial App f...	Re-Certification F...		-15.00	
12/2/2019 - 12/31/2019							-14.05
BALANCE 12/31/2019							29,058.02

Check 4515 entered into the accounting system as \$7.85 for postage.

Conley also used white-out and altered the entries on the check stub in the checkbook to falsely reflect the check was payable to the United States Postal Service for postage totaling \$7.85 (Refer to Exhibit 3).

Exhibit 3

NO 4516		BAL. BROT FOR'D
DATE	12/15/19	
TO	USPS	
FOR	Postage for Samples	DEPOSITS
TAX DEDUCTIBLE <input type="checkbox"/>		TOTAL
		THIS CHECK
		OTHER TRANS. +/-
		BALANCE
		7.85
		20,090.34

Altered check stub in the checkbook falsely reflecting check for postage.

Conley furthered her scheme by scanning the bank statements into her office computer and using software on the office computer to alter the scanned statements to falsely reflect that the check was for \$7.85 (**Refer to Exhibit 4a**). The correct amount of \$1,029.58 is shown on the statement provided by the bank (**Refer to Exhibit 4b**).

Exhibit 4a

CHECKS			Account: XXXXXX [REDACTED]		
Date	Check No	Amount	Date	Check No	Amount
1/06	4512	15.00	1/08	4520 *	129.78
1/03	4513	11.55	1/21	4521	7.85
1/03	4515 *	64.10	1/13	4522	30.00
1/03	4516	7.85	1/15	4523	25.00
1/07	4517	28.92	1/22	4524	62.75
1/06	4518	33.00			

331602

* Indicates Skip in Check Number

Exhibit 4b

--- CHECKS IN SERIAL NUMBER ORDER ---						
Date	Check No	Amount	Date	Check No	Amount	Amount
1/06	4512	15.00	1/08	4520*	155.86	
1/03	4513	11.55	1/21	4521	75.00	
1/03	4515*	64.10	1/13	4522	976.23	
1/03	4516	1,029.58	1/15	4523	25.00	
1/07	4517	28.92	1/22	4524	586.57	
1/06	4518	1,320.50				

* Denotes missing check numbers

Altered statement (Exhibit 4a) compared to the correct statement provided by the bank (Exhibit 4b).

2. Conley retained at least \$23,698 in cash from deposits for her personal benefit

Conley improperly retained cash collections from 53 deposits totaling at least \$23,698 for her personal use. Conley altered bank statements and made multiple false entries in the office accounting system to conceal the undeposited cash. (**Refer to Exhibit 5**).

Exhibit 5

Summary of Cash Retained from Deposit by Conley			
Collected Date	Cash Collected	Cash Deposited	Cash Retained by Conley
11/29/2018	\$135.00	\$0.00	\$135.00
01/18/2019	500.00	0.00	500.00
01/31/2019	582.00	0.00	582.00
02/25/2019	945.00	0.00	945.00
03/01/2019	360.00	0.00	360.00
03/06/2019	220.00	0.00	220.00
03/08/2019	630.00	145.00	485.00
03/15/2019	750.00	0.00	750.00
03/20/2019	1880.00	0.00	1880.00
03/25/2019	1100.00	0.00	1100.00
03/28/2019	960.00	660.00	300.00
04/02/2019	544.00	104.00	440.00
04/04/2019	1000.00	0.00	1000.00
04/11/2019	615.00	0.00	615.00
04/18/2019	900.00	0.00	900.00
04/24/2019	685.00	0.00	685.00
04/26/2019	640.00	0.00	640.00
05/03/2019	1645.00	600.00	1045.00
05/09/2019	740.00	0.00	740.00
05/13/2019	3170.00	0.00	3170.00
05/24/2019	75.00	0.00	75.00
05/31/2019	320.00	0.00	320.00
06/12/2019	83.00	0.00	83.00
06/19/2019	15.00	0.00	15.00
06/28/2019	60.00	0.00	60.00
07/18/2019	160.00	0.00	160.00
07/26/2019	65.00	35.00	30.00
07/30/2019	150.00	0.00	150.00
10/04/2019	172.00	0.00	172.00
10/09/2019	165.00	0.00	165.00
10/11/2019	40.00	0.00	40.00
10/17/2019	35.00	0.00	35.00
10/22/2019	1432.25	386.30	1045.95
10/30/2019	35.00	0.00	35.00
11/01/2019	75.00	0.00	75.00
11/11/2019	40.00	0.00	40.00
11/12/2019	250.00	0.00	250.00
11/18/2019	155.00	0.00	155.00
11/22/2019	10.00	0.00	10.00
11/26/2019	30.00	0.00	30.00
12/02/2019	50.00	0.00	50.00
12/09/2019	420.00	0.00	420.00
12/11/2019	20.00	0.00	20.00
12/16/2019	85.00	45.00	40.00
01/16/2020	150.00	0.00	150.00
01/16/2020	50.00	0.00	50.00
01/21/2020	450.00	100.00	350.00
01/23/2020	520.00	0.00	520.00
01/29/2020	685.50	345.00	340.50
02/17/2020	500.00	0.00	500.00
02/21/2020	867.50	2.50	865.00
03/05/2020	540.00	0.00	540.00
03/16/2020	415.00	0.00	415.00
		Total:	\$23,698.45

Conley used software on the office computer to alter the deposit amounts to overstate the amounts deposited and the monthly balances to conceal the cash she withheld from deposits (Refer to Exhibits 6 and 7).

Exhibit 6

Account Summary		Account:		
Business Checking		Number of Enclosures	11	
Account Number	XXXXXX	Statement Dates	1/01/20 thru 2/02/20	
Previous Balance	28,979.80	Days This Statement Period	33	
6 Deposits/Credits	6,302.51	Average Ledger	28,785.76	
11 Checks/Debits	415.80	Average Collected	28,785.76	
Service Charge	0.00			
Interest Paid	0.00			
Current Balance	34,866.51			
+ Deposits and Additions		Account:		
Date	Description		Amount	
1/16	Deposit		400.00	
1/17	Deposit		380.00	
1/21	Deposit		750.00	
1/24	Deposit		1,230.00	
1/28	Deposit		252.51	
1/31	Deposit		3,290.00	

Bank statement altered by Conley.

Exhibit 7

BUSINESS CHECKING		Number of Enclosures	11	
Account Number		Statement Dates	1/01/20 thru 2/02/20	
Previous Balance	6,032.17	Days in the statement period	33	
6 Deposits/Credits	5,242.51	Average Ledger	3,785.76	
11 Checks/Debits	4,288.31	Average Collected	3,785.76	
Service Charge	.00			
Interest Paid	.00			
Ending Balance	6,986.37			

Deposits and Additions				
Date	Description		Amount	Refe
1/17	Deposit		250.00	
1/17	Deposit		330.00	
1/21	Deposit		750.00	
1/31	Deposit		252.51	
1/31	Deposit		710.00	
1/31	Deposit		2,950.00	

Accurate bank statement provided by the bank.

Summary of Misappropriations by Conley

Method of Misappropriation	Amount
Checks payable to herself	\$15,411
Cash retained from deposit	<u>23,698</u>
Total Misappropriations	<u>\$39,109</u>

On June 6, 2021, the Marion County Grand Jury indicted Courtney Conley on one count of Official Misconduct, one count of Theft over \$10,000, one count of Tampering with Evidence, and eighteen counts of Forgery.

The charges and allegations contained in the indictment are merely accusations of criminal conduct, and not evidence. The defendant is presumed innocent unless and until proven guilty beyond a reasonable doubt, and convicted through due process of law.

[Marion County UT Extension Office Investigation Exhibit](#)

INTERNAL CONTROL AND COMPLIANCE DEFICIENCIES

The Comptroller’s investigation revealed the following deficiencies in internal control and compliance, some of which contributed to the Administrative Support Assistant’s ability to perpetrate her fraudulent schemes without prompt detection. The deficiencies included:

Deficiency 1: Extension Office management did not separate financial duties adequately

Separating financial duties adequately reduces the risk that errors or intentional misappropriations will remain undetected. Extension Office management did not separate incompatible financial duties adequately. Conley was responsible for opening the mail, receipting collections, preparing bank deposits, recording collections in Quicken, and reconciling receipts with bank deposits. She also maintained custody of the Extension Office checks, prepared payments to vendors, maintained supporting documentation, and recorded payments in Quicken.

Deficiency 2: Extension Office management did not provide adequate oversight of operations and did not establish internal controls

Management is responsible for designing internal controls to give reasonable assurance of the reliability of financial reporting and the effectiveness and efficiency of operations. Providing adequate oversight and establishing internal controls reduces the risks that errors or intentional

misappropriations will remain undetected. Extension Office management did not provide adequate oversight of operations and did not establish internal controls to ensure accountability of extension funds as listed below. This allowed Conley's schemes to remain undetected for more than a year before the bank sent notification that the account was overdrawn. Specifically:

- The Extension Office Director failed to require adequate supporting documentation for disbursements to verify that the funds were used appropriately.
- The Director did not require two signatures on checks over \$1,000 as required by the UT County Bank Account Manual.
- The Director failed to adequately review Transaction Reports including bank statements and check images.
- The Director incorrectly confirmed on the Transaction Report checklist that she reviewed the attached documents, although she did not.

Deficiency 3: Management failed to ensure collections were deposited intact and promptly

Depositing funds promptly and intact provides accountability and helps ensure that all collections are adequately safeguarded and reduces the risks that undetected errors or misappropriations will occur. Extension Office management failed to ensure that Conley deposited all collections intact and promptly as required by *Tennessee Code Annotated*, Section § 9-4-301. Conley failed to deposit certain collections at all, and she failed to deposit certain collections for several months after receipt.

Extension Office management indicated that they have corrected or intend to correct these deficiencies.
