



COMPTROLLER'S INVESTIGATIVE REPORT

Cocke County Recreation Department

June 30, 2022

Jason E. Mumpower
Comptroller of the Treasury



DIVISION OF INVESTIGATIONS



JASON E. MUMPOWER
Comptroller

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Cocke County Recreation Department Board
466 Learning Way
Newport, TN 37821

Cocke County Recreation Department Board Officials:

The Office of the Comptroller of the Treasury conducted an investigation of selected records of the Cocke County Recreation Department, 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 4th 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", is written over a faint, larger version of the signature.

Jason E. Mumpower
Comptroller of the Treasury

JEM/MLC

INVESTIGATIVE REPORT

Cocke County Recreation Department

The Office of the Comptroller of the Treasury investigated allegations of malfeasance related to the Cocke County Recreation Department. The investigation was limited to selected records for the period November 2019 through March 2020. The results of the investigation were communicated with the Office of the District Attorney General of the 4th Judicial District.

BACKGROUND

The Cocke County Recreation Department (department) is in Newport, Tennessee, and serves as the primary provider of recreational and athletic opportunities for the county. The department is governed by a five-member board appointed by the Cocke County Mayor and Board of Commissioners. The day-to-day operations are overseen by a board appointed director. The department provides youth and adult recreational activities including youth basketball.



Investigators focused on youth basketball activities for the season ending in March 2020, which consisted of at least 194 basketball games. The basketball games were held at both a gymnasium operated by the department and at various elementary schools in the county. The former director was responsible for admissions and concessions at the department gymnasium and an unpaid site supervisor was responsible for admissions and concessions at each elementary school.

The former director retained collections from admissions and concessions generated at the department gymnasium and used the funds to purchase supplies and services for the department, including paying referees, scorekeepers, and bookkeepers.

Individual site supervisors operated independently of the department and either 1) retained the collections from admissions and concessions or 2) remitted the collections to the respective school bookkeeper for recording in the school's activity funds. The former director allowed some site supervisors to use the cash collections to purchase supplies and services that benefited their individual site, using monies collected and retained outside of the department's or school's oversight.

INTERNAL CONTROL AND COMPLIANCE DEFICIENCIES

Our investigation revealed the following deficiencies in internal controls and compliance, which contributed to the department's failure to comply with state statutes.

Deficiency 1: The former director failed to remit collections for deposit and failed to follow Coke County’s purchasing process

For the period reviewed, the former director failed to remit for deposit with the Coke County Trustee, proceeds from admissions and concessions collected at youth basketball games held at the department gymnasium. Instead, the director retained the cash, which he used to further the youth basketball program. Documentation for collections and disbursements by the former director appeared reasonable as compared with other sites. However, since the former director did not remit all collections to the county trustee for deposit and failed to make disbursements through the county’s purchasing process, investigators could not conclusively determine whether all monies collected were accounted for and used exclusively for the benefit of the department. On March 6, 2020, the former director remitted \$533 in cash to the current director, which he indicated was the remaining balance of his collections. Coke County terminated the former director’s employment on June 8, 2020.

Section 5-8-207, *Tennessee Code Annotated*, requires county officials handling public funds to deposit those funds into an official county bank account within three days after collection. Contrary to this statute, the former director retained collections. Ensuring collections are remitted to the county trustee intact and in the form and amount in which they were collected reduces the risk of errors or misappropriation.

Coke County operates under the provisions of the Fiscal Control Acts of 1957, Section 5-14-101, et seq., *Tennessee Code Annotated*. These acts provide for a central system of accounting, budgeting, and purchasing covering all funds administered by the county mayor. Therefore, these admissions and concessions funds should be accounted for and disbursed by the Office of the Director of Accounts and Budget.

Deficiency 2: The former director allowed at least two site supervisors to retain and disburse the proceeds of admissions and concessions sales

For the period reviewed, the former director allowed at least two site supervisors to retain and disburse the proceeds from admissions and concessions sales instead of remitting the funds to the county and disbursing the funds through the county’s budgetary process. Since the site supervisors did not maintain adequate documentation, investigators could not conclusively determine whether all monies collected were accounted for and used exclusively for the benefit of the youth basketball program. Failing to ensure that all public monies are properly recorded, deposited, and disbursed increases the risk of error or misappropriation.

Department officials indicated that all collections from youth basketball admissions and concessions now must be either remitted to the director for deposit into a county bank account or remitted to the respective school bookkeeper for proper accounting.