



COMPTROLLER'S INVESTIGATIVE REPORT

Campbell County Library Board

April 8, 2022

Jason E. Mumpower
Comptroller of the Treasury



DIVISION OF INVESTIGATIONS



JASON E. MUMPOWER
Comptroller

April 8, 2022

Campbell County Library Board
Jacksboro Public Library
585 Main Street, Unit #201
Jacksboro, TN 37757

Campbell County Library Board Officials:

The Office of the Comptroller of the Treasury conducted an investigation of selected records of the Campbell County Library Board, 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 8th 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

Campbell County Library Board

The Office of the Comptroller of the Treasury investigated allegations of malfeasance related to the Campbell County Library Board. This investigation was initiated when Library Board officials reported multiple unexplained cash withdrawals from their bank account. The investigation was limited to the period from February 2014 through March 2020. The results of the investigation were communicated with the Office of the District Attorney General of the 8th Judicial District.

BACKGROUND

The Campbell County Library Board (board) oversees Campbell County's four libraries, which are located in Caryville, LaFollette, Jacksboro, and Jellico. The board receives funds quarterly from Campbell County. The board also receives state grants. Finally, the individual cities where the libraries are located provide funding and other resources to their respective libraries. The board is composed of seven Campbell County residents representing the various areas of the county. The offices of chair, vice-chair, secretary, and treasurer are elected from the board members. The treasurer referred to in this report was removed from office in March 2020, and subsequently died from long-term health issues.



RESULTS OF INVESTIGATION

- **THE CAMPBELL COUNTY LIBRARY BOARD TREASURER MISAPPROPRIATED \$107,640 FROM THE BOARD'S BANK ACCOUNT**

The Campbell County Library Board treasurer misappropriated \$107,640 from the board's bank account. Investigators determined that between June 2016 and March 2020, the treasurer misappropriated 135 cash withdrawals from the board's bank account via counter transactions or ATM withdrawals. Counter transactions accounted for \$96,740 of the withdrawals while ATM withdrawals resulted in an additional \$10,900. According to board officials, all appropriate board transactions were conducted via check or electronically, and there was no reason for any transaction to be conducted in cash. Financial reports presented to the board did not accurately reflect the board's financial position. Investigators noted that between March

2017 and December 2019, the treasurer repaid \$47,625 in various increments from their personal bank account to the board's bank account, leaving an outstanding misappropriated amount totaling \$60,015.

INTERNAL CONTROL AND COMPLIANCE DEFICIENCIES

Our investigation revealed the following deficiencies in internal controls and compliance, some of which contributed to the treasurer's ability to make unauthorized cash withdrawals without prompt detection:

Deficiency 1: The Campbell County Library Board did not provide adequate oversight of financial operations and did not establish internal controls

The board did not provide adequate oversight of financial operations and did not establish internal controls to ensure accountability of board funds. For example, the board did not require copies of bank statements for their review at the board meetings and relied solely on inaccurate reports presented by the treasurer. The board 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 misappropriations will remain undetected. The lack of oversight by the board and the lack of internal controls contributed to the treasurer's ability to make unauthorized cash withdrawals without detection.

Deficiency 2: The Campbell County Library Board did not separate financial duties adequately

The board failed to separate financial duties adequately. The treasurer had exclusive control over the board's accounts. Separating financial duties adequately reduces the risks that errors or misappropriations will remain undetected. Requiring a review of invoices and the bank account by more than one person provides a level of internal control to ensure funds are properly expended.

Deficiency 3: The Campbell County Library Board did not pay some of its obligations on time

The board did not pay some of its obligations on time, including credit card charges and returned checks. Due to the board's lack of oversight, this deficiency occurred repeatedly, resulting in \$1,950 in late charges and overdraft fees. Obligations should be paid in a timely manner to prevent late charges and overdraft fees.

Campbell County Library Board officials have indicated that they have corrected these deficiencies.