



COMPTROLLER'S INVESTIGATIVE REPORT

Clay County 4-H Youth Development Program

October 20, 2023

Jason E. Mumpower
Comptroller of the Treasury



DIVISION OF INVESTIGATIONS



JASON E. MUMPOWER
Comptroller

October 20, 2023

Clay County Board of Mayor
and Commissioners
145 Cordell Hull Drive
Celina, TN 38551

Clay County Officials:

The Office of the Comptroller of the Treasury conducted an investigation of selected records of the Clay County 4-H Youth Development Program, 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 13th 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

Clay County 4-H Youth Development Program

The Office of the Comptroller of the Treasury investigated allegations of malfeasance related to the Clay County 4-H Youth Development Program. The investigation was limited to selected records for the period from January 1, 2015, through September 30, 2022. The results of the investigation were communicated with the Office of the District Attorney General of the 13th Judicial District.

BACKGROUND



The Clay County 4-H Youth Development Program (4-H) is offered by the University of Tennessee's (UT) Institute of Agriculture for youth in Clay County. The Institute of Agriculture is overseen by the Clay County UT Extension Office. Youth are encouraged to participate in various clubs, special interest groups, camps and other activities offered by 4-H. Clay County hired the former Director of the Clay County UT Extension Office, upon his retirement in November 2016, to be the 4-H Program Assistant for a swine show in 2017. The 4-H Program Assistant position became a budgeted position in the Clay County Government in 2017. The 4-H Program Assistant's primary duties include working with the 4-H Agent of UT and working with youth during swine shows. The former 4-H Program Assistant resigned his position in July 2022; however, he continues to be in possession of a key to the Clay County UT Extension Office.

RESULTS OF INVESTIGATION

1. THE CLAY COUNTY 4-H YOUTH DEVELOPMENT PROGRAM HAD OPERATING DEFICIENCIES

The Clay County 4-H Youth Development Program had operating deficiencies related to the personal use of resources and missing county-owned livestock equipment. Following a request from county officials for the 4-H Program Assistant to remove his personally owned livestock from the fairgrounds before the start of the 2022 Clay County Fair, the county owned equipment used to maintain the Assistant's personal livestock went missing from the fairgrounds. The barn located at the fairgrounds was intended to be used as a teaching facility for 4-H youth members; however, it was also used to shelter livestock personally owned by the former 4-H Program Assistant for extended periods of time without authorization. In the months leading up to the Clay County Junior Market Hog Show, the barn was also used to shelter a handful of piglets belonging to 4-H youth members who had no other available space to shelter and raise piglets, which the program allows. We noted the following operating deficiencies:

A. Clay County resources and utilities were used to shelter and maintain the former 4-H Program Assistant's personal livestock at the Clay County Fairgrounds.

Clay County resources and utilities were used without authorization to shelter and maintain the former 4-H Program Assistant's personal livestock. The former Assistant raised sows and bred show pigs at the Clay County Fairgrounds and sold piglets to parents of 4-H youth members. Neither the Clay County Government nor the Clay County UT Extension Office owned or sold livestock. **(Refer to Exhibit 1.)**

Exhibit 1



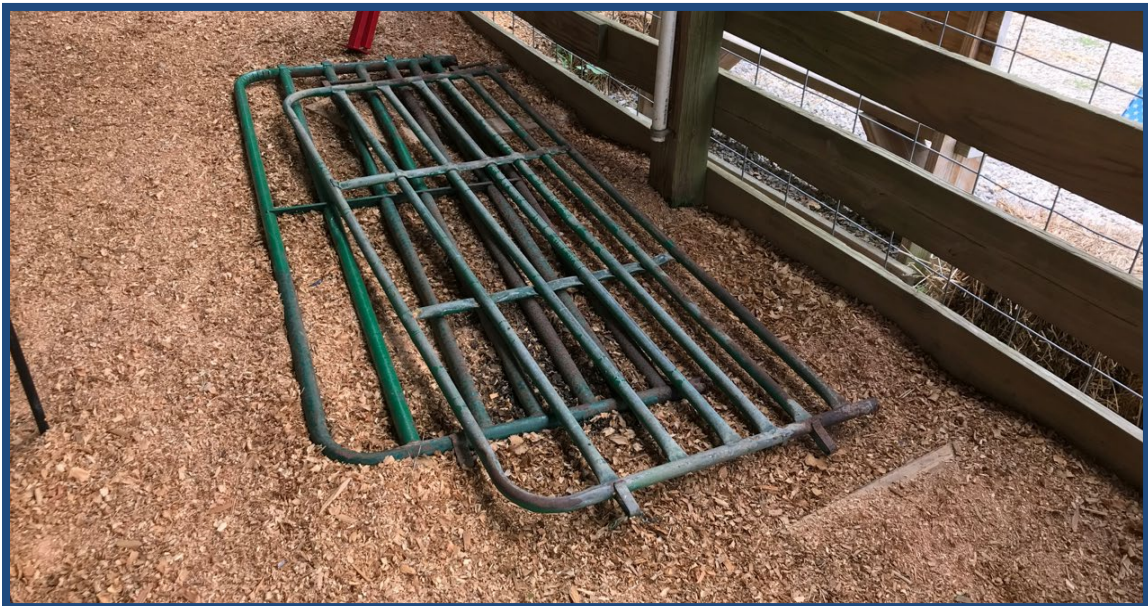
One of the pig pens inside the barn located at the Clay County Fairgrounds

B. Livestock equipment belonging to the Clay County Government went missing from the Clay County Fairgrounds after the former 4-H Program Assistant removed his personal livestock from the fairgrounds.

In May 2022, just before the start of the 2022 Clay County Fair, livestock equipment belonging to the Clay County Government went missing from a barn at the Clay County Fairgrounds after the former 4-H Program Assistant removed his personal livestock from the fairgrounds. The missing equipment included numerous eight-foot green livestock gates, aluminum self-feeders, PVC pipe waterers, and fencing t-posts. None of the missing equipment had any identification tags or markings designating Clay County ownership.

Shortly after these items went missing, all but two of the remaining eight-foot green livestock gates were determined to be in poor condition and disposed of by Clay County employees. The poor condition of the remaining eight-foot green gates was due to manure buildup and other wet conditions, causing the gates to rot over time at the bottom. **(Refer to Exhibit 2.)**

Exhibit 2



Two green gates that remained at the Clay County Fairgrounds

Clay County officials refused to file a police report for the missing eight-foot green livestock gates. Instead, the missing eight-foot green gates were replaced with 36 five-foot stainless-steel gates and 36 ten-foot stainless steel gates, which resulted in a total cost to the county of \$9,284.40. The new gates were tagged and inventoried by Clay County to identify, account for, and track the location of the gates. **(Refer to Exhibit 3.)**

Exhibit 3



New five-foot and ten-foot stainless steel livestock gates, which replaced the missing eight-foot green gates

2. THE CLAY COUNTY UT EXTENSION OFFICE FORMER DIRECTOR MADE PERSONAL LIVESTOCK FEED PURCHASES USING OFFICE FUNDS

The former Clay County UT Extension Office Director made personal purchases of livestock feed using the Clay County UT Extension Office’s checking account. During his time as the UT Extension Office Director, pallets of Upper Cumberland Show Pig Ration food blend was delivered to the barn at the fairgrounds. Upper Cumberland Show Pig Ration is a feed blend that was formulated by the former Director. A total of 220 units of feed, costing \$3,108, were purchased using the Clay County UT Extension Office’s checking account for the period November 1, 2015, through January 31, 2016. Payments by the former Director for the feed purchases were made via an office check and signed by the UT Extension Office Director.

Investigators were informed that parents of 4-H youth members would use the feed (Upper Cumberland Show Pig Ration food blend) as needed and then pay at a later time via an “honor system”. Although payment for the initial feed purchases were made from the Clay County UT Extension Office’s checking account, investigators noted no deposits into the account for the repayment or reimbursement of feed sale proceeds from 4-H youth member purchases. Investigators were advised that some parents of 4-H youth members paid the UT Extension Office Director for the feed, rather than paying the Extension Office.

3. THE FORMER 4-H PROGRAM ASSISTANT'S REPORTED WORK TIME IS QUESTIONABLE

The work time reported by the former 4-H Program Assistant is questionable. The position of 4-H Program Assistant necessitates a flexible work schedule since there are times when the Assistant is needed in the local schools or community. However, the primary role of the Assistant involves assisting the 4-H Agent. Although the former Assistant regularly reported 40 hours per week on his time records, he did not regularly assist with the 4-H Program or work from the Clay County UT Extension Office. Investigators learned that the former Assistant regularly spent his scheduled work time at his personal residence, at a local gas station, or tending to his own livestock at the fairgrounds; but claimed to be available for assistance whenever he was needed.

The former 4-H Program Assistant did not provide employment activity reports to the Clay County UT Extension Office. Although time records were provided by the Clay County Mayor's Office, there is a lack of sufficient and/or tangible evidence, in the form of document(s) or statement(s), reflecting the former Assistant's whereabouts and activities during the hours reportedly worked and compensated, resulting in questionable reported time.

INTERNAL CONTROL AND COMPLIANCE DEFICIENCIES

Our investigation revealed deficiencies in internal control and compliance, some of which contributed to the former 4-H Program Assistant's ability to maintain unsupervised control of the barn located at the Clay County Fairgrounds as well as report questionable work time.

Deficiency 1: The Clay County Government and Clay County UT Extension Office failed to provide adequate oversight of the former 4-H Program Assistant

The Clay County Government and Clay County UT Extension Office failed to provide adequate oversight of the former 4-H Program Assistant. The former Assistant was employed and paid by the Clay County Government but reported to the Clay County UT Extension Office. Although rarely in the UT Extension Office, the former Assistant did not maintain or provide an activity report or any form of detail regarding his whereabouts and activities during scheduled work hours which allowed the former 4-H Program Assistant to abuse the flexibility of work schedule for his position. Inadequate oversight and documentation for time worked increases the risk for inaccurate or unearned compensation and delayed detection.

Deficiency 2: The Clay County Government failed to follow 26 C.F.R. § 1.62-2 of the Federal Income Tax Regulations when it allowed the former 4-H Program Assistant to submit mileage and expense reimbursements covering extended periods of time

The Clay County Government failed to comply with the reasonable time for reimbursement substantiation provisions set forth in 26 C.F.R. § 1.62-2, Income Tax Regs. Reimbursements that

are not substantiated within a reasonable time, as defined in 26 C.F.R § 1.62-2, and U.S. Dept. of the Treasury. Internal Revenue Service. *Publication 463: Travel, Gift, and Car Expenses*. Internal Revenue Service, 2022. Web. 1 Feb. 2023, must be treated as compensation, which is subject to tax withholdings and should be reported on the employee's Form W-2. Although there is no reimbursement submission requirement explicitly stated in the Clay County Personnel Policy Handbook, it is a best practice to submit reimbursement requests within one month but no later than sixty days of the incurred mileage or expense. The former 4-H Program Assistant submitted reimbursements as many as 165 days after his incurred mileage and expenses, thus rendering some reimbursements as unsubstantiated within a reasonable time. The reimbursements included lodging, supplies, and mileage, with as much as 3,577 miles per reimbursement request. Failure to timely submit and substantiate reimbursement requests within a reasonable time increases the risk for improper compensation, reimbursements, and tax withholdings.

Deficiency 3: The former 4-H Program Assistant received his personal mail from the PO Box used by the Clay County UT Extension Office

The former 4-H Program Assistant received his personal mail in the official Post Office Box used by the Clay County UT Extension Office and had access to the Extension Office's mail. The Extension Office's PO Box is intended solely for the use of its own official mail. The former Assistant's personal mail should not have been delivered to the same mailing address used by the Extension Office. Because of this, the former 4-H Program Assistant had access to all checks, bills, and other official mail sent to the Extension Office.
