



JUSTIN P. WILSON  
*Comptroller*

JASON E. MUMPOWER  
*Chief of Staff*

November 5, 2018

MEMORANDUM

TO: Honorable Justin P. Wilson  
Comptroller of the Treasury

FROM: James R. Arnette, Director  
Division of Local Government Audit

A handwritten signature in black ink, appearing to read "Jim Arnette", is placed to the right of the "FROM:" line.

SUBJECT: Report of Cash Shortages, Thefts and Judicial Actions in County  
Offices/Departments as Reported in the Annual Financial Reports for the Year  
Ended June 30, 2017, and Certain Special Reports

The Division of Local Government Audit has prepared the enclosed schedule of cash shortages and thefts; and explanations of cash shortages, thefts, and judicial actions reported in the annual financial reports for the year ended June 30, 2017, and certain special reports for Tennessee's 90 county governments and related entities audited by our division and for five counties and related entities audited by CPA firms.

If you have any questions, please let me know.

Enclosures

This report is available at [www.comptroller.tn.gov](http://www.comptroller.tn.gov)

**REPORT OF CASH SHORTAGES, THEFTS AND JUDICIAL ACTIONS  
IN COUNTY OFFICES/DEPARTMENTS AS REPORTED IN THE ANNUAL FINANCIAL  
REPORTS FOR THE YEAR ENDED JUNE 30, 2017, AND CERTAIN SPECIAL REPORTS**

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Exhibit A

**Division of Local Government Audit**  
**Schedule of Cash Shortages and Thefts in County Offices/Departments as Reported in the**  
**Annual Financial Reports for the Year Ended June 30, 2017, and Certain Special Reports**

<b><u>Shortages Reported by the</u></b> <b><u>Comptroller's Office</u></b>	<b>Fiscal</b>	<b>Original</b>	<b>Beginning</b>	<b>Increase</b>	<b>Reduction</b>	<b>Ending</b>	<b>(1)</b>
<b>County/Office or Department</b>	<b>Year</b>	<b>Amount of</b>	<b>Report</b>	<b>in</b>	<b>of</b>	<b>Report</b>	<b>Last Day</b>
	<b>First</b>	<b>Shortage</b>	<b>Cash</b>	<b>Shortage</b>	<b>Shortage</b>	<b>Cash</b>	<b>of Fieldwork</b>
	<b>Reported</b>		<b>Shortage</b>			<b>Shortage</b>	
<b><u>Benton</u></b>							
1. Animal Control Shelter	2014-15	\$ 3,600.50	\$ 3,600.50	\$ 0.00	\$ 0.00	\$ 3,600.50	12/12/17
<b><u>Bradley</u></b>							
2. Office of County Mayor	2015-16	15,818.50	15,818.50	0.00	0.00	15,818.50	12/4/17
<b><u>Carter</u></b>							
3. Elizabethton-Carter County Animal Control	2016-17	9,516.00	0.00	9,516.00	0.00	9,516.00	2/23/18
<b><u>Cheatham</u></b>							
4. Office of Road Superintendent	2007-08	68,281.11	6,513.75	0.00	(6,513.75)	0.00	2/23/18
5. Office of Sheriff	2015-16	1,145.00	1,145.00	0.00	(1,145.00)	0.00	2/23/18
<b><u>Clay</u></b>							
6. Office of Road Superintendent	2014-15	3,911.36	3,911.36	0.00	(3,911.36)	0.00	9-27-17
<b><u>Cocke</u></b>							
7. Office of Clerk and Master	1996-97	101,821.73	33,905.13	0.00	(2,305.50)	31,599.63	2/12/18
<b><u>Crockett</u></b>							
8. Office of Director of Schools	2014-15	5,923.00	5,923.00	24,077.00	(10,000.00)	20,000.00	4/5/18
<b><u>Cumberland</u></b>							
9. Veteran's Service Office	2012-13	134,244.58	33,411.50	0.00	(8,866.50)	24,545.00	1/19/18
<b><u>Decatur</u></b>							
10. Offices of County Mayor and Sheriff	2016-17	54,262.00	0.00	54,262.00	0.00	54,262.00	1/3/18

Continued

Exhibit A

**Division of Local Government Audit**  
**Schedule of Cash Shortages and Thefts in County Offices/Departments as Reported in the**  
**Annual Financial Reports for the Year Ended June 30, 2017, and Certain Special Reports**

<b><u>Shortages Reported by the</u></b> <b><u>Comptroller's Office</u></b>	<b>Fiscal</b>	<b>Original</b>	<b>Beginning</b>	<b>Increase</b>	<b>Reduction</b>	<b>Ending</b>	<b>(1)</b>
<b>County/Office or Department</b>	<b>Year</b>	<b>Amount of</b>	<b>Report</b>	<b>in</b>	<b>of</b>	<b>Report</b>	<b>Last Day</b>
	<b>First</b>	<b>Shortage</b>	<b>Cash</b>	<b>Shortage</b>	<b>Shortage</b>	<b>Cash</b>	<b>of Fieldwork</b>
	<b>Reported</b>		<b>Shortage</b>			<b>Shortage</b>	
<b><u>Fayette</u></b>							
11. Office of Director of Schools	2009-10	\$ 177,629.93	\$ 6,474.93	\$ 0.00	\$ 0.00	\$ 6,474.93	1/26/18
<b><u>Fentress</u></b>							
12. County Library	2012-13	40,217.00	14,484.64	0.00	(2,400.00)	12,084.64	11/29/17
<b><u>Gibson</u></b>							
13. Office of Sheriff	2015-16	109,429.00	109,309.00	0.00	(27,105.00)	82,204.00	9/7/17
<b><u>Hardeman</u></b>							
14. Solid Waste Department	2014-15	3,062.72	2,249.50	0.00	(300.00)	1,949.50	9/15/17
<b><u>Henderson</u></b>							
15. Finance Department	2016-17	14,419.44	0.00	14,419.44	(12,750.51)	1,668.93	9/22/17
16. Office of Assessor	2016-17	1,987.79	0.00	1,987.79	0.00	1,987.79	1/11/18
<b><u>Hickman</u></b>							
17. Office of Circuit and General Sessions Courts Clerk	2014-15	1,106.00	486.00	0.00	0.00	486.00	10/20/17
<b><u>Houston</u></b>							
18. Office of Director of Schools	2013-14	4,453.33	1,652.50	0.00	(1,652.50)	0.00	1/31/18
<b><u>Humphreys</u></b>							
19. Volunteer Fire Department - District 2	2016-17	48,084.77	0.00	48,084.77	0.00	48,084.77	12/6/2017
<b><u>Johnson</u></b>							
20. Office of Circuit and General Sessions Courts Clerk	2016-17	289.50	0.00	289.50	(289.50)	0.00	10/31/17
<b><u>Lake</u></b>							
21. Office of County Mayor	2009-10	202,344.63	22,644.63	0.00	(1,400.00)	21,244.63	2/21/2018

Continued

Exhibit A

**Division of Local Government Audit**  
**Schedule of Cash Shortages and Thefts in County Offices/Departments as Reported in the**  
**Annual Financial Reports for the Year Ended June 30, 2017, and Certain Special Reports**

<b><u>Shortages Reported by the</u></b> <b><u>Comptroller's Office</u></b>	<b>Fiscal</b>	<b>Original</b>	<b>Beginning</b>	<b>Increase</b>	<b>Reduction</b>	<b>Ending</b>	<b>(1)</b>
<b>County/Office or Department</b>	<b>Year</b> <b>First</b> <b>Reported</b>	<b>Amount of</b> <b>Shortage</b>	<b>Report</b> <b>Cash</b> <b>Shortage</b>	<b>in</b> <b>Shortage</b>	<b>of</b> <b>Shortage</b>	<b>Cash</b> <b>Shortage</b>	<b>Last Day</b> <b>of Fieldwork</b>
<b><u>Lauderdale</u></b>							
22. Office of Director of Schools	2015-16	\$ 42,644.64	\$ 42,644.64	\$ 0.00	\$ (1,769.78)	\$ 40,874.86	2/9/18
<b><u>Madison</u></b>							
23. Office of County Clerk	2013-14	23,178.25	1,352.64	0.00	0.00	1,352.64	2/26/18
<b><u>Marion</u></b>							
24. Orena Humphreys Public Library	2016-17	3,680.37	0.00	3,680.37	0.00	3,680.37	2/9/18
<b><u>McNairy</u></b>							
25. Office of Circuit and General Sessions Courts Clerk	2007-08	13,528.19	3,390.50	0.00	0.00	3,390.50	11/27/17
26. Office of Sheriff	2011-12	9,782.36	6,441.38	0.00	0.00	6,441.38	11/27/17
<b><u>Montgomery</u></b>							
27. Office of Trustee	2016-17	12,461.00	0.00	12,461.00	(12,461.00)	0.00	1/24/18
<b><u>Morgan</u></b>							
28. Office of County Clerk	2009-10	54,611.33	7,132.00	0.00	(200.00)	6,932.00	1/25/18
<b><u>Overton</u></b>							
29. Millard Oakley Public Library	2011-12	5,999.53	3,599.95	0.00	(449.95)	3,150.00	11/8/17
30. Office of Sheriff	2016-17	851.00	0.00	851.00	(851.00)	0.00	11/8/17
<b><u>Putnam</u></b>							
31. Office of Assessor of Property	2013-14	2,355.00	1,956.77	0.00	(1,956.77)	0.00	2/23/18
<b><u>Sequatchie</u></b>							
32. Office of Circuit and General Sessions Courts Clerk	2016-17	2,500.00	0.00	2,500.00	0.00	2,500.00	12/15/17

Continued

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<b><u>Shortages Reported by the</u></b> <b><u>Comptroller's Office</u></b>	<b>Fiscal</b>	<b>Original</b>	<b>Beginning</b>	<b>Increase</b>	<b>Reduction</b>	<b>Ending</b>	<b>(1)</b>
<b>County/Office or Department</b>	<b>Year</b> <b>First</b> <b>Reported</b>	<b>Amount of</b> <b>Shortage</b>	<b>Report</b> <b>Cash</b> <b>Shortage</b>	<b>in</b> <b>Shortage</b>	<b>of</b> <b>Shortage</b>	<b>Report</b> <b>Cash</b> <b>Shortage</b>	<b>Last Day</b> <b>of Fieldwork</b>
<b><u>Sevier</u></b>							
33. Office of County Clerk (Audit Fee)	2012-13	\$ 14,019.00	\$ 978.50	\$ 0.00	\$ (978.50)	\$ 0.00	10/12/17
<b><u>Sumner</u></b>							
34. Office of Director of Schools	2011-12	18,697.00	5,000.00	0.00	0.00	5,000.00	3/6/18
<b><u>Van Buren</u></b>							
35. Office of Sheriff	2012-13	3,000.00	1,000.00	0.00	(1,000.00)	0.00	1/3/18
<b><u>Washington</u></b>							
36. Office of Director of Schools	2014-15	1,060.00	1,060.00	0.00	(1,060.00)	0.00	12/15/17
37. Office of Sheriff	1999-2000	17,863.00	14,648.00	0.00	0.00	14,648.00	12/15/17
<b><u>Wayne</u></b>							
38. Office of Director of Schools	2013-14	319,134.58	135,660.33	0.00	(135,660.33)	0.00	2/27/18
39. Office of Sheriff	2015-16	7,700.00	7,700.00	23.00	(6,623.00)	1,100.00	2/27/18
<b><u>Weakley</u></b>							
40. Finance Department	2016-17	18,986.33	0.00	18,986.33	0.00	18,986.33	2/12/18
<b><u>Williamson</u></b>							
41. Recreation Department	2005-06	45,037.43	33,183.43	0.00	(585.00)	32,598.43	12/5/17
42. Animal Control Department	2009-10	106,446.17	105,011.92	0.00	(730.00)	104,281.92	12/5/17
43. Office of Sheriff	2016-17	1,110.00	0.00	1,110.00	(1,110.00)	0.00	12/5/17
<b><u>Wilson</u></b>							
44. Office of Sheriff	2013-14	401.66	401.66	0.00	(401.66)	0.00	2/2/18
45. Office of Trustee	2016-17	14,333.74	0.00	14,333.74	(11,833.74)	2,500.00	2/2/18

Continued

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<b><u>Shortages Reported by the</u></b> <b><u>Comptroller's Office</u></b>	<b>Fiscal</b>	<b>Original</b>	<b>Beginning</b>	<b>Increase</b>	<b>Reduction</b>	<b>Ending</b>	<b>(1)</b>
<b>County/Office or Department</b>	<b>Year</b>	<b>Amount of</b>	<b>Report</b>	<b>in</b>	<b>of</b>	<b>Report</b>	<b>Last Day</b>
	<b>First</b>	<b>Shortage</b>	<b>Cash</b>	<b>Shortage</b>	<b>Shortage</b>	<b>Cash</b>	<b>of Fieldwork</b>
	<b>Reported</b>		<b>Shortage</b>			<b>Shortage</b>	
<b><u>Eight Judicial District</u></b>							
46. Drug Task Force	2015-16	\$ 21,872.91	\$ 16,231.91	\$ 0.00	\$ (4,800.00)	\$ 11,431.91	2/14/18
<b>Total</b>		<b>\$ 1,762,801.38</b>	<b>\$ 648,923.57</b>	<b>\$ 206,581.94</b>	<b>\$ (261,110.35)</b>	<b>\$ 594,395.16</b>	

<b><u>Shortages Reported for Entities Audited</u></b> <b><u>by Public Accounting Firms</u></b>	<b>Fiscal</b>	<b>Original</b>	<b>Beginning</b>	<b>Increase</b>	<b>Reduction</b>	<b>Ending</b>	<b>(1)</b>
<b>County/Office or Department</b>	<b>Year</b>	<b>Amount of</b>	<b>Report</b>	<b>in</b>	<b>of</b>	<b>Report</b>	<b>Last Day</b>
	<b>First</b>	<b>Shortage</b>	<b>Cash</b>	<b>Shortage</b>	<b>Shortage</b>	<b>Cash</b>	<b>of Fieldwork</b>
	<b>Reported</b>		<b>Shortage</b>			<b>Shortage</b>	
<b><u>Bedford County Emergency Communications District</u></b>							
1. Emergency Communications District	2012-13	\$ 46,806.60	\$ 46,806.60	\$ 0.00	\$ 0.00	\$ 46,806.60	N/A
<b><u>Coffee County Public Building Authority</u></b>							
2. Manchester Coffee County Convention Center	2016-17	31,097.00	0.00	31,097.00	0.00	31,097.00	N/A
<b><u>Clarksville-Montgomery County Regional Airport</u></b>							
3. Airport Authority	2009-10	104,015.00	84,874.00	0.00	(84,874.00)	0.00	N/A
<b><u>Davidson</u></b>							
4. Metropolitan Development and Housing Authority	2016-17	532,462.00	0.00	532,462.00	(532,462.00)	0.00	N/A

Continued

Exhibit A

**Division of Local Government Audit**  
**Schedule of Cash Shortages and Thefts in County Offices/Departments as Reported in the**  
**Annual Financial Reports for the Year Ended June 30, 2017, and Certain Special Reports**

<b><u>Shortages Reported for Entities Audited</u></b> <b><u>by Public Accounting Firms</u></b>	<b>Fiscal</b> <b>Year</b> <b>First</b> <b>Reported</b>	<b>Original</b> <b>Amount of</b> <b>Shortage</b>	<b>Beginning</b> <b>Report</b> <b>Cash</b> <b>Shortage</b>	<b>Increase</b> <b>in</b> <b>Shortage</b>	<b>Reduction</b> <b>of</b> <b>Shortage</b>	<b>Ending</b> <b>Report</b> <b>Cash</b> <b>Shortage</b>	<b>(1)</b> <b>Last Day</b> <b>of Fieldwork</b>
<b>County/Office or Department</b>							
<b><u>Hamblen County - Morrison Solid Waste Disposal</u></b>							
5. Solid Waste Disposal	2014-15	\$ 227,792.00	\$ 2,500.00	\$ 0.00	\$ 0.00	\$ 2,500.00	N/A
<b><u>Haywood County Utility District</u></b>							
6. Utility District	2015-16	1,506.36	1,506.36	0.00	(1,506.36)	0.00	N/A
<b><u>Knox</u></b>							
7. Office of Director of Schools	2014-15	12,000.00	4,500.00	0.00	(4,500.00)	0.00	N/A
8. Office of Director of Schools	2014-15	4,500.00	4,500.00	0.00	(4,500.00)	0.00	N/A
9. Office of Director of Schools	2016-17	187,670.00	0.00	186,670.00	0.00	186,670.00	
<b><u>Oneida Special School District</u></b>							
10. Special School District	2016-17	60,532.00	0.00	60,532.00	0.00	60,532.00	N/A
<b><u>Shelby</u></b>							
11. Probate Court Clerk	2015-16	1,017.00	882.00	0.00	(882.00)	0.00	N/A
12. Information Tech	2015-16	12,000.00	12,000.00	0.00	(12,000.00)	0.00	N/A
13. Parks and Grounds	2016-17	681.00	0.00	681.00	(681.00)	0.00	N/A
14. Parks and Grounds	2016-17	2,546.55	0.00	2,546.55	(2,546.55)	0.00	N/A
15. Board of Education	2014-15	49,619.48	49,619.48	0.00	0.00	49,619.48	N/A
<b>Total</b>		<b>\$ 1,274,244.99</b>	<b>\$ 207,188.44</b>	<b>\$ 813,988.55</b>	<b>\$ (643,951.91)</b>	<b>\$ 377,225.08</b>	
<b>Grand Total All Counties</b>		<b>\$ 3,037,046.37</b>	<b>\$ 856,112.01</b>	<b>\$ 1,020,570.49</b>	<b>\$ (905,062.26)</b>	<b>\$ 971,620.24</b>	

**Footnote:**

(1) The ending report cash shortage amount as of the last day of field work.



**Division of Local Government Audit**  
**Explanations of Cash Shortages, Thefts and Judicial Actions in County**  
**Offices/Departments as Reported in the Annual Financial Reports for the Year**  
**Ended June 30, 2017, and Certain Special Reports**

**Shortages Reported by the Comptroller's Office**

1. **Benton County - Animal Control Shelter**

An investigative report issued May 26, 2015, for the period July 2, 2013, through July 2, 2014, by the Comptroller's Division of Investigations, disclosed a cash shortage of at least \$3,600.50 existed at the Animal Shelter on July 2, 2014. Due to the poor condition of the accounting records, we could not determine if all collections were accounted for properly; therefore, the cash shortage could be greater. A former employee pled guilty to theft on November 19, 2015, and was ordered to pay restitution of \$3,600.50. No restitution had been received as of December 12, 2017.

2. **Bradley County - Office of County Mayor**

In April 2016, officials in the Bradley County Mayor's Office discovered that an employee, who had been dismissed from employment in July 2013 for an unrelated incident, allegedly made payments to fictitious persons for contracted services. These payments were purportedly for the former employee's personal benefit during the period December 2012 through June 2013. While updating the county's accounting software, office employees became suspicious of some payments that had been made for umpiring ballgames for the county's Recreation Department and discovered 70 suspicious payments totaling \$15,818.50 for the above-noted period. These payments were made to fictitious persons whose names were very similar to the name of the former employee and her husband, payments made to individuals with different names but living at the same address, and the fact that most of the checks were deposited at the same credit union.

Bradley County officials filed a Fraud Reporting Form with the state Comptroller's Office as required by state statute, and auditors with the Division of Local Government Audit reviewed the county's investigative documents and confirmed their results. Also, Bradley County officials provided documentation to the local district attorney general; however, as of December 4, 2017, we are not aware that any legal actions have been taken.

3. **Carter County - Elizabethton-Carter County Animal Control**

An investigation by the Comptroller's Division of Investigations of the Elizabethton-Carter County Animal Shelter disclosed a cash shortage of \$9,516 at June 30, 2017. This investigation covered the period December 1, 2105, through June 2, 2017, and disclosed a total cash shortage of \$9,516, which consisted of certain fees totaling \$9,236 that were diverted to a citizen's organization, and donations totaling \$280 that were unaccounted for. As of December 7, 2017, the date of the investigative report,

officials with the animal shelter had taken no action to determine whether these funds can be recovered.

4. **Cheatham County - Office of Road Superintendent**

The audit of Cheatham County for the 2007-08 year reported a cash shortage of \$68,281.11 in the Highway Department. Our investigation revealed that from February 5, 2007, through December 18, 2007, the Highway Department bookkeeper fraudulently issued 16 vendor checks totaling \$68,281.11 for personal use. On August 15, 2008, the bookkeeper was found guilty of theft of \$60,000 or more, sentenced, and ordered to pay restitution totaling \$68,211.11 to the Highway Department. During the year, the former bookkeeper paid the remaining restitution of \$6,513.75 thereby fully liquidating the shortage at June 30, 2017.

5. **Cheatham County - Office of Sheriff**

The Cheatham County Sheriff Department's Narcotics Unit had a cash shortage of \$1,145 at February 3, 2016. The unit maintains cash on hand to supply agents with funds for confidential undercover operations and drug buys. We noted \$1,120 of confidential funds maintained by the former Narcotics Unit lieutenant was unaccounted for, \$60 of confidential funds assigned to an agent was unaccounted for, and \$251 of seized funds was unaccounted for. When the former lieutenant left employment, \$286 was discovered in his office resulting in a net shortage of \$1,145 at June 30, 2016. During the 2016-17 year, the former Narcotics Unit lieutenant paid \$1,145 to the county to liquidate the shortage.

6. **Clay County – Office of Road Superintendent**

A former employee of the Highway Department used a fuel card to make fuel purchases of \$3,911.36 after he left employment with the Highway Department on March 14, 2014. Upon discovering the charges, the Road Superintendent contacted local law enforcement to investigate the theft, and charges were subsequently filed. On June 22, 2015, the former employee was indicted by the grand jury on charges of theft over \$1,000 for the use of a Highway Department fuel card to purchase fuel for private vehicles. The county received a restitution payment for the full amount of the shortage on March 28, 2017.

7. **Cocke County - Office of Clerk and Master**

The audit of the Constitutional Officers – Agency Fund for the 1996-97 year reported details of a \$101,821.73 cash shortage in the Office of Clerk and Master. The clerk and master pled guilty to theft and conversion of office funds and was ordered to pay restitution totaling \$101,821.73. The clerk's surety bond company paid the office \$50,000, and the clerk has been making payments toward the restitution. As of June 30, 2017, the remaining restitution balance due the office totaled \$31,599.63.

**8. Crockett County – Office of Director of Schools**

On September 2, 2015, the Comptroller's Division of Investigations, Financial and Compliance Unit, issued a special report on the School Department for the period September 1, 2002, through September 9, 2014. This report disclosed that the former director of technology falsified an invoice resulting in a cash shortage of at least \$5,923. In addition, the former employee misappropriated electronics and supplies totaling \$5,451. Also, the former director of technology admitted to receiving kickbacks from his former employer for steering business that included equipment purchases and bid projects to businesses that his former employer owned. He also admitted to falsifying bids and invoices and stealing from the School Department. The report details numerous findings, including other questionable disbursements of at least \$372,455, and is available at [www.comptroller.tn.gov](http://www.comptroller.tn.gov). The former director of technology was indicted by a grand jury on July 20, 2015, on one count of theft of property, one count of tampering with evidence, and one count of official misconduct. On April 5, 2018, the former director of technology pled guilty to one count of theft in excess of \$10,000 and was ordered to pay restitution of \$30,000. The remaining charges were dismissed. On April 5, 2018, the former director paid restitution of \$10,000, leaving an outstanding balance of \$20,000.

**9. Cumberland County - Veteran's Service Office**

The Comptroller's Division of Investigations issued an investigative report dated August 26, 2013, on the Cumberland County Veteran's Service Office (VSO), an organization to assist veterans and needy veteran families to obtain government benefits. A cash shortage of at least \$134,244.58 was identified in the VSO. On October 3, 2014, the defendant pled guilty to theft over \$10,000, received an eight-year suspended sentence, and paid \$50,000 in restitution. The plea agreement reduced the theft amount by \$12,437.79. The remaining \$50,000 in restitution is to be paid at \$175 per week through the Cumberland County Office of Circuit Court. As of June 30, 2017, the restitution outstanding totals \$24,545.

**10. Decatur County - Offices of County Mayor and Sheriff**

An investigation by the Comptroller's Division of Investigations of the Offices of County Mayor and Sheriff disclosed a cash shortage of \$54,262 at June 30, 2017. During the period August 2014 through October 2014, several former employees of the Offices of County Mayor and Sheriff received improper payments for compensatory, vacation, and holiday time without adequate documentation and in violation of Decatur County's personnel policy, and the former county mayor received payments in-lieu-of accepting the county's health insurance benefits. These irregularities resulted in a cash shortage of at least \$54,262. On September 19, 2017, the Decatur County Grand Jury returned indictments on former County Mayor Michael Smith and several of his former employees on numerous charges including theft of property, criminal responsibility for conduct of another, and forgery. As of June 30, 2017, the cash shortage totaled \$54,262, which included the General (\$50,849) and Solid Waste/Sanitation (\$3,413) funds.

**11. Fayette County - Office of Director of Schools**

On April 27, 2010, a special report was issued on the Fayette County School Food Service Department for the period July 1, 2007, through December 15, 2009. This report disclosed that the food service supervisor circumvented purchasing procedures resulting in a cash shortage of \$142,433. In addition, the food service supervisor altered time sheets of a part-time cafeteria worker, resulting in a cash shortage of \$35,196.93. In May 2010, the School Department's insurance carrier paid the department \$149,500. Three individuals entered into plea agreements. As of June 30, 2017, the restitution outstanding totals \$6,474.93.

**12. Fentress County - Library**

On January 28, 2014, the Comptroller's Division of Investigations, Special Investigations Unit issued an investigative report of selected records of the Fentress County Library. The investigation focused primarily on the period January 1, 2010, through May 31, 2013. The investigation revealed that the Fentress County Library Director misappropriated library funds totaling at least \$40,217 and historical society funds collected by library employees totaling at least \$728. The director used several schemes to divert the funds for personal use. Investigators determined that the director had deposited \$7,000 of personal funds into the library account reducing the outstanding balance of misappropriated funds owed to the county of \$33,217. In January 2014, the Fentress County Grand Jury indicted the former director on multiple counts of theft, forgery, and one count of official misconduct. On September 25, 2014, the former director pled guilty, received ten years' probation, ordered to pay restitution of \$25,345, and was allowed to pay \$200 per month beginning October 2014 toward the restitution. As of June 30, 2017, the restitution outstanding totals \$12,084.64.

**13. Gibson County - Office of Sheriff**

On December 1, 2015, an investigative report by the Comptroller's Division of Investigations revealed that for the period July 1, 2013, through October 16, 2014, the Sheriff's Department had a cash shortage of at least \$109,429 as a result of numerous irregularities. On November 30, 2015, the Gibson County Grand Jury returned indictments on former Sheriff Chuck Arnold and several of his former employees on numerous charges including official misconduct, theft, and forgery. Three employees subsequently pled guilty to various charges and were ordered to pay restitution totaling \$6,859. On October 21, 2016, the former sheriff and several former employees were ordered to pay restitution totaling \$62,395. County officials continue to pursue collection of the remaining shortage. As of June 30, 2017, the cash shortage outstanding was \$82,204.

**14. Hardeman County - Solid Waste Department**

The Comptroller's Division of Investigations issued an investigative report dated February 4, 2015, on the Hardeman County Solid Waste Department, which revealed a cash shortage of at least \$3,062.72 at September 9, 2014, which resulted from a department employee failing to make deposits of collections. The former employee was indicted by a grand jury on May 4, 2015, pled guilty to theft between \$1,000 and

\$10,000 on January 7, 2016, and was ordered to pay restitution of \$3,070 and a \$500 fine. The outstanding cash shortage totaled \$1,949.50 at June 30, 2017.

15. **Henderson County – Finance Department**

The audit of Henderson County 2016-17 year reported a cash shortage of \$14,419.44. A joint investigation by the Tennessee Bureau of Investigation, the Comptroller's Division of Investigations, and the Division of Local Government Audit disclosed that the former deputy finance director paid herself unauthorized salary payments of \$14,419. On March 15, 2017, the deputy finance director reimbursed the county \$12,750.51, leaving an outstanding balance of \$1,669. On June 1, 2017, this matter was presented to the Henderson County Grand Jury, and a no-true bill was returned. The county attorney has taken steps to attempt to collect the remaining unpaid balance of \$1,668.93 as of June 30, 2017.

16. **Henderson County – Assessor of Property**

The Comptroller's Division of Investigations issued an investigative report dated January 11, 2018, on the Henderson County Office of Property Assessor, which revealed a cash shortage of at least \$1,987.79 on May 6, 2016. This shortage resulted from a field appraiser in the property assessor's office being absent from work 22 days. No vacation and/or sick leave was claimed by the field appraiser while receiving payroll payments from the county. The property assessor falsified 16 timesheets by approving time that the field appraiser did not work. The property assessor then submitted the timesheets to the county's finance department for payment. The Comptroller's Office has requested that Henderson County officials take steps to collect the shortage.

17. **Hickman County – Office of Circuit and General Sessions Courts Clerk**

The audit of Hickman County for the 2014-15 year reported a cash shortage of at least \$1,106 in the Office of Circuit and General Sessions Courts Clerk. We noted outstanding deposits listed from four-to six-months old that had never been deposited to the bank. We expanded our procedures to review all deposits for the year and found other deposits that were made for less than the recorded amount. These discrepancies resulted in the cash shortage of \$1,106 (\$856 in General Sessions Court and \$250 in Circuit Court). During the year ended June 30, 2016, an envelope containing \$600 was found in the office safe and an office employee paid \$20 toward the shortage reducing the outstanding balance to \$486. The outstanding cash shortage totaled \$486 at June 30, 2017.

18. **Houston County - Office of Director of Schools**

The audit of Houston County for the 2013-14 year reported a cash shortage of \$4,453.33 in the Office of Director of Schools. Our investigation revealed the former payroll clerk had issued herself an extra payroll check (\$1,583.33) and had failed to withhold the required amount ordered by the U.S. Bankruptcy Court from her payroll check in four instances (\$2,870.00). A portion of the cash shortage was recovered through payroll deductions before the clerk left employment with the School Department, leaving an outstanding shortage of \$2,152.50 at June 30, 2015. The

former payroll clerk pled guilty to theft on September 28, 2015, and was ordered to pay restitution of \$2,152.50. The defendant made a restitution payment of \$500 in November 2015 and paid the remaining balance of \$1,652.50 during the 2016-17 year to liquidate the shortage.

**19. Humphreys County – Volunteer Fire Department - District 2**

The Comptroller's Division of Investigations issued an investigative report dated December 6, 2017, on the Humphreys County Volunteer Fire Department – District 2, which revealed a cash shortage of at least \$48,084.77. This shortage resulted from:

- A. The fire chief improperly disbursed \$47,692.58 from the two bank accounts for personal use. An examination of these disbursements revealed the funds were used to pay for his home satellite system (\$6,105.76); personal monthly credit card billings for five credit cards (\$19,136.84); payments for Apple iTunes purchases (\$1,559.23); and other personal items (\$20,890.75). Other personal items included bank debit card charges and checks issued for purchases at Walmart, convenience stores, Amazon.com (online purchases), grocery stores, auto parts stores, fuel outlets, hardware stores, NRA membership, magazine subscriptions, multiple restaurants, clothing purchases, etc.
- B. The fire chief installed county purchased auto parts on his personal vehicles on five different occasions. These auto parts cost the county \$392.19.

Former fire chief Michael J. Simpson was indicted by the Humphreys County Grand Jury on December 4, 2017, and was charged with Class B Felony theft.

**20. Johnson County - Office of Circuit and General Sessions Courts Clerk**

The audit of Johnson County for the 2016-17 year reported a cash shortage of \$289.50 in the Office of Circuit and General Session Courts Clerk. The Circuit and General Sessions Courts Clerk's Office collects various court related costs and fees. On June 30, 2017, the circuit court clerk filed a Fraud Reporting Form with the Comptroller of the Treasury indicating that there was a net cash shortage totaling \$298.50. During the annual audit of the clerk's office, auditors determined that the cash shortage resulted from differences between collections and deposits on July 12, 2016, July 20, 2016, and August 1, 2016. The circuit court clerk liquidated the cash shortage from her personal funds on June 29, 2017.

**21. Lake County - Office of County Mayor**

The audit of Lake County for the 2009-10 year reported irregularities in the Lake County Mayor's Office. Our investigation revealed that from October 18, 2005, through July 26, 2010, the county mayor's bookkeeper issued 191 vendor checks totaling \$202,344.63 from the county's General Fund for personal use. The bookkeeper pled guilty and was ordered to pay \$53,344.63 in restitution. The county's insurance company paid the county \$149,000, Regions Bank paid the county \$17,500 to settle a civil lawsuit, and the bookkeeper has paid \$14,600 restitution, leaving an outstanding balance of \$21,244.63 due the county at June 30, 2017.

**22. Lauderdale County - Office of Director of Schools**

On June 26, 2017, an investigative report was issued by the Comptroller's Division of Local Government Audit on the Lauderdale County Director of School's Office. This report disclosed that two former employees continued to receive compensation after their employment was terminated. Devlyn Green, an educational assistant, received additional compensation and benefits of \$37,844.32 and Milton Waller, a bus driver, received additional salary and benefits of \$4,800.32 resulting in a total cash shortage of \$42,644.64. On June 5, 2017, the Lauderdale County Grand Jury returned indictments against Devlyn Green for the Class C Felony offense of theft over \$10,000 and against Milton Waller for the Class D Felony offense of theft over \$2,500. On June 28, 2017, Ms. Green pled guilty to theft over \$10,000, and was ordered to pay restitution of \$33,510.95. On September 22, 2017, Mr. Waller pled guilty to an amended charge of theft under \$1,000 and was ordered to pay restitution of \$4,459.18. During the 2016-17 year, retirement contributions made by the School Department on behalf of Ms. Green in the amount of \$1,770 were refunded by the Tennessee Consolidated Retirement System. As of June 30, 2017, the cash shortage totaled \$40,874.86.

**23. Madison County - Office of County Clerk**

The audit of Madison County for the 2013-14 year reported a cash shortage of \$23,178.25 in the Office of County Clerk due to the theft of cash and checks from an office safe in December 2014. On January 6, 2015, an office employee admitted to Sheriff's Department investigators that she stole the funds and burned the checks. The former employee plead guilty to the theft on July 14, 2015, and was ordered to pay restitution totaling \$700. No restitution has been paid as of the date of this report. The actual missing checks (\$19,472.94) that were stolen have not been located; however, the county clerk recovered some of these checks by contacting individual payors and having them reissue their checks to the county. As of June 30, 2016, \$18,820.30 had been received from the collection of individuals providing replacement checks. In addition, the missing cash of \$3,705.31 was seized by the Sheriff's Department during the arrest of the former employee. This cash was returned to the County Clerk's Office after the case was settled in September 2015. The remaining cash shortage and restitution totaling \$1,352.64 is outstanding as June 30, 2017.

**24. Marion County – Orena Humphreys Public Library**

The Comptroller's Division of Investigations issued an investigative report dated February 9, 2108, on the Orena Humphreys Public Library which revealed a cash shortage of at least \$3,680.37 on June 30, 2017. This amount could be greater due to a lack of complete and accurate accounting records for donations; therefore, investigators could not determine if the OHPL properly accounted for all funds donated by individuals or organizations.

The table below summarizes the components of the cash shortage:

City of Whitwell Reimbursement	\$ 1,115.00
Marion County Library Board Reimbursement	140.06
Donations	1,125.00
Food Purchases	1,406.68
Cigarette Purchases	21.86
<b>Subtotal</b>	<b>\$ 3,808.60</b>
LESS: Documentation to Support Cash Purchases	-128.23
<b>Total</b>	<b>\$ 3,680.37</b>

**25. McNairy County - Office of Circuit and General Sessions Courts Clerk**

The audit of McNairy County for the 2007-08 year reported a cash shortage of \$13,528.19 in the Office of Circuit Court Clerk. A former office employee admitted taking the funds and has restored the \$13,528.19 in missing funds to the office. On June 20, 2008, the former employee pled guilty in Circuit Court to official misconduct, was sentenced to two years in state prison, and immediately granted probation. In addition, she was ordered to pay \$4,405 for restitution to the county for audit expenses. At June 30, 2107, the former employee has unpaid audit expense restitution of \$3,390.50.

**26. McNairy County - Office of Sheriff**

The audit of McNairy County for the 2011-12 year reported a cash shortage of \$9,782.36 in the Office of Sheriff commissary operation. This cash shortage consisted of \$8,536.66 from a kiosk machine identified by the TBI and an additional cash shortage of \$1,245.07 in the commissary operation, which remained undetected by the Sheriff's Office until discovered by our audit. We were unable to determine the exact amount of the cash shortage as of June 30, 2012, because of inadequate records. Due to these deficiencies, there could be other collections that have not been accounted for properly and have not yet been detected. The defendant was found guilty on February 3, 2014, and was ordered to pay restitution of \$8,600 plus court costs of \$2,371 for a total of \$10,971. At June 30, 2017, an unpaid balance of \$6,441.38 remains.

**27. Montgomery County - Office of Trustee**

The audit of Montgomery County for the 2016-17 year disclosed a cash shortage of \$12,461. Between January 25, 2016, and November 17, 2017, a deputy clerk voided nine property tax receipts totaling \$12,461 and stole the cash. To conceal the thefts, the deputy temporarily changed the mailing address for these property tax notices to her personal address, so any delinquent tax notices would be mailed to the deputy instead of the taxpayer. The voided receipts required supervisory approval, but the details giving rise to the voided transactions were not verified by the supervisor. The deputy repaid \$3,749 prior to December 22, 2017, leaving an outstanding cash shortage of \$8,712 on that date. During the investigation, the trustee liquidated the remainder of the cash shortage from her personal funds.



**28. Morgan County - Office of County Clerk**

A special report dated February 10, 2011, for the period July 1, 2009, through December 22, 2010, reported a cash shortage of \$54,611.33 on December 14, 2010. The state Comptroller's Office conducted a special investigation with the assistance of the Tennessee Bureau of Investigation resulting in the above-noted cash shortage. Subsequently, the former county clerk liquidated the cash shortage. However, the clerk was also ordered by the Criminal Court of Morgan County to repay \$11,562 to Morgan County for a portion of the extended audit costs associated with the cash shortage. The unpaid balance of the audit costs totals \$6,932 as of January 25, 2018.

**29. Overton County - Millard Oakley Public Library**

A special audit report dated June 4, 2012, for the period July 1, 2008, through March 26, 2012, reported a cash shortage of \$5,999.53 at March 2, 2012. This cash shortage included disbursements from the library's checking account for personal expenses of the deputy director totaling \$2,289.58. In addition to the personal expenses, the deputy director also collected cash and checks on behalf of a nonprofit organization, Friends of the Library; however, instead of turning the collections over to the Friends of the Library, the deputy director deposited these funds into the library's checking account in an apparent attempt to balance the library's books by replacing the cash taken from the library with the nonprofit's funds. This substitution scheme totaled \$3,709.95. On February 18, 2014, the defendant pled guilty to theft of property over \$1,000 and received a three-year sentence suspended to three years of supervised probation and 100 hours community service, as well as being ordered to pay restitution of \$3,709.95. Restitution of \$559.95 has been received as of June 30, 2017, leaving a balance of \$3,150.

**30. Overton County - Office of Sheriff**

The audit of Overton County for the 2016-17 year reported a cash shortage of \$851 related to stolen inmate funds. On September 17, 2015, an employee of the Sheriff's Department discovered that cash totaling \$851 was missing from an inmate's personal property. The inmate was booked into the county jail on September 15, 2015, and was expected to make bail so the cash in his possession was placed in a property bag along with other personal items. Due to a change in circumstances, the inmate was to be moved to another facility on September 17, 2015; however, the cash was missing from his personal items when the property bag was opened. The Sheriff's Department conducted an internal investigation and determined that several employees and inmates had access to the area where the inmate's personal property was stored while he was in the jail facility, thus no specific suspect was ever identified. The investigation was closed by the Sheriff's Department without resolution and the Comptroller's Office was not notified of the theft until May 5, 2017. A claim was filed against the county's bond on May 5, 2017, asking for reimbursement since the funds were stolen by "an unidentified corrections officer." Reimbursement for the full amount of the missing funds was received by Overton County on August 24, 2017. Since this incident, policies related to inmates' personal property have been revised, and additional cameras have been installed in the jail.

**31. Putnam County - Office of Assessor of Property**

An investigative report dated March 27, 2014, by the Comptroller's Office of General Counsel revealed that the Putnam County Assessor of Property used county funds totaling at least \$2,355 to purchase computers and accessories, which he traded or sold for his personal benefit. On March 24, 2014, the assessor resigned from office, and the grand jury indicted the assessor on one count of theft over \$1,000 and one count of official misconduct. On December 12, 2014, the former assessor of property pled guilty to theft, agreed to pay restitution of \$1,956.77, and agreed to serve three years of probation. He also agreed to a two-year suspended jail sentence for the charge of official misconduct. The former assessor has paid the \$1,956.77 restitution to liquidate the shortage.

**32. Sequatchie County - Office of Circuit and General Sessions Courts Clerk**

The audit of Sequatchie County for the 2016-17 year reported a cash shortage of \$2,500. On January 27, 2017, an employee of the office was preparing a deposit and noticed that \$420 was missing. These funds were determined to be part of the prior day's collections that had been placed in the office safe awaiting deposit. The clerk immediately notified the Sheriff's Department and contacted representatives with the Comptroller's Office. On January 29, 2017, the clerk liquidated the shortage from personal funds, and on February 1, 2017, submitted a fraud reporting form to the Comptroller's Office. The Sheriff's Department contacted the District Attorney General's Office and was instructed to perform the investigation.

On June 28, 2017, a deputy clerk confessed to taking the money from the safe, and her employment was immediately terminated. The clerk notified a representative from the Comptroller's Office and was advised of several specific accounting functions that should be reviewed in light of the theft. The clerk performed an internal review of voided transaction reports and determined that \$1,984.50 (\$1,884.50 in General Sessions Court and \$100 in Circuit Court) in receipts had been voided and re-issued for lesser amounts. On July 3, 2017, the clerk filed an additional fraud reporting form with the Comptroller's Office and notified the Sheriff's Department, district attorney general, and the Tennessee Bureau of Investigation. On September 25, 2017, the Sequatchie County Grand Jury returned an indictment charging the former employee with one count of theft \$1,000 - \$2,500 and three counts of official misconduct. The former employee pled guilty on January 26, 2018, to one count of theft \$1,000 or less and four counts of official misconduct. She was also sentenced to serve four days in jail, four years of supervised probation, and was ordered to pay restitution of \$2,500. As of the date of our audit report, no restitution had been made.

**33. Sevier County - Office of County Clerk**

In 2009-10, a \$94,645 cash shortage was reported in the Office of County Clerk, which the clerk subsequently repaid. On May 23, 2012, the court ordered the clerk to pay an additional \$14,019 to the county for the costs of additional audit services related to this theft. The outstanding balance for audit costs was paid during the 2016-17 year to liquidate the shortage.

**34. Sumner County - Office of Director of Schools**

The audit of Sumner County for the 2011-12 year reported a cash shortage of \$18,697 in the School Department. An investigation by the School Department's internal auditor and the local police revealed that an employee had purchased personal items with school funds. On February 15, 2013, the former employee pled guilty to one count of theft of property between \$10,000 and \$60,000. The former employee was sentenced to six years of probation and was ordered to pay restitution of \$18,697 to the Sumner County School Department. The School Department's insurance carrier paid the county \$13,697 on May 7, 2013, leaving an unrecovered shortage of \$5,000. The former employee has made no restitution.

**35. Van Buren County - Office of Sheriff**

During the 2013 fiscal year, the Sheriff's Department had a cash shortage of \$3,000 from their confidential undercover drug operations. On February 19, 2014, a former employee of the Sheriff's Department was indicted on multiple counts of theft and official misconduct related to this and other incidents, which occurred when the individual was an employee of the Sheriff's Department. The defendant entered a plea agreement on February 23, 2015. During the 2015-16 year, the county received insurance proceeds of \$2,000 from the employee blanket bond leaving a remaining balance of \$1,000 which is the county's insurance deductible. The county has decided to write off the insurance deductible.

**36. Washington County - Office of Director of Schools**

The audit of Washington County for the 2014-15 year reported a cash shortage of \$1,060 in the General Purpose School Fund of the School Department. A money bag containing one week's payments collected from parents for the School Age Child Care (SACC) program at Ridgeview School was reported missing March 9, 2015, by the SACC Site Director. The shortage was written off by the Board of Education during October 2017.

**37. Washington County - Office of Sheriff**

The audit of Washington County for the 1999-2000 year reported a reported a cash shortage of \$17,863 in the Office of Sheriff. On March 14, 2000, a former bookkeeper for the office was found guilty of theft in excess of \$10,000 and ordered to pay restitution of \$17,863. As of June 30, 2017, the former bookkeeper had paid restitution of \$3,215 leaving an unpaid balance of \$14,648. Per court records, the former bookkeeper has not made any restitution since 2007.

**38. Wayne County - Office of Director of Schools**

The Comptroller's Division of Investigations, Financial and Compliance Unit issued an investigative report on July 29, 2014, on the Wayne County School Department for the period July 1, 2009, through February 28, 2013, which revealed a cash shortage totaling \$319,134.58. This shortage was comprised of unauthorized payroll checks and disbursements. In August 2014, one former employee pled guilty to federal program fraud. Also, in August 2014, the county received an insurance check totaling \$149,500.

On January 16, 2015, the former employee was sentenced to three years of probation and ordered to pay the county’s insurance carrier \$135,600. On September 22, 2016, a second former employee pled guilty in federal court and was sentenced to three years of probation and ordered to pay restitution of 17,195, which was received by the county on September 22, 2016. The recovery of the remaining cash shortage balance is not anticipated and has been written off by county officials.

**39. Wayne County - Office of Sheriff**

On October 3, 2016, the Comptroller’s Division of Investigations issued a special report on the Wayne County Sheriff’s Office (WCSO). This report disclosed that the former Chief Deputy Gerald Baer misappropriated WCSO funds totaling at least \$7,723. Mr. Baer did this through two schemes. He misappropriated at least \$3,400 from the county’s confidential drug fund by taking funds for his personal use and misappropriated at least \$4,283 by using a county fuel card for his personal benefit. On September 29, 2016, Mr. Baer was indicted by the Wayne County Grand Jury on two counts of theft over \$1,000, 111 counts of forgery, and once count of official misconduct. On November 28, 2016, the county received insurance recovery of \$6,623 leaving an outstanding cash shortage balance of \$1,100. On June 27, 2017, Mr. Baer plead guilty to theft, sentenced to three years probation, and ordered to pay restitution of \$6,523.93 to the Sheriff’s Office.

**40. Weakley County - Finance Department**

The audit of Weakley County for the 2016-17 year reported a cash shortage of \$18,986.33. On May 4, 2017, the director of finance filed a Fraud Reporting Form with the Comptroller’s Office disclosing that a former teacher continued to receive compensation after his employment had been terminated on August 19, 2016. The former teacher continued to receive compensation through direct deposits to his personal bank account until February 15, 2017, resulting in salary overpayments of \$16,056.50. Also, Weakley County had paid the employer’s portion of Social Security and Medicare totaling \$1,228.32, contributed \$1,451.51 to the Tennessee Consolidated Retirement System (TCRS), and contributed \$250 to Great-West Financial on behalf of the former teacher. This overpayment resulted in a cash shortage of \$18,986.33 in the General Purpose School Fund as of June 30, 2107. A summary of the cash shortage is listed below:

<u>Description</u>	<u>Cash Shortage</u>
Salary Overpayments	\$ 16,056.50
Employer's portion of Social Security and Medicare	1,228.32
Employer's TCRS Contributions	1,451.51
Employer's Great-West Financial Contributions	<u>250.00</u>
 Total Cash Shortage	 <u>\$ 18,986.33</u>

This deficiency was the result of a lack of management oversight and a failure of Finance Department personnel to follow the procedures in place when terminating the employment of an employee. It should also be noted that Finance Department staff

became aware of the overpayments during February 2017, but failed to notify the director of finance. Weakley County officials have indicated to our office that they intend to pursue collection of the shortage.

41. **Williamson County - Recreation Department**

The audit of Williamson County for the 2005-06 year reported a cash shortage of at least \$45,037.43 as of June 30, 2006, at the Fairview Recreational Center. This cash shortage resulted from collections that were not deposited or otherwise accounted for properly. On October 6, 2008, the defendant pled guilty and was sentenced to four years' probation and ordered to pay restitution to Williamson County. On October 7, 2008, the defendant signed a promissory note with Williamson County. The promissory note stated that the debtor shall pay the principal amount in full no later than 48 months from November 1, 2008, but was extended for an additional four years in FY 2012 and again in FY 2016. As of June 30, 2017, the outstanding cash shortage totaled \$32,598.43.

42. **Williamson County - Animal Control Department**

A special audit report by the Comptroller's Office dated July 26, 2010, for the period May 17, 2005, through March 31, 2010, reported a cash shortage of at least \$106,446.17 from receipts that were not deposited with the county or otherwise accounted for properly. On November 15, 2010, an employee pled guilty to theft over \$60,000 and was sentenced to eight years' confinement, which was suspended to eight years' probation, and was ordered to pay restitution of \$106,446.17. As of June 30, 2017, the outstanding cash shortage totaled \$104,281.92.

43. **Williamson County - Office of Sheriff**

The audit of Williamson County for the 2016-17 year disclosed that the Williamson County Sheriff's Department submitted a fraud reporting form detailing a burglary at a deputy's residence in Marshall County. The deputy's vehicle was stolen along with departmental firearms and undercover cash totaling \$1,110. The Marshall County Sheriff's Department recovered the vehicle; however, the firearms and cash were not recovered. The investigation has not yielded any suspects; therefore, county officials have decided to write off the balance.

44. **Wilson County - Office of Sheriff**

The Sheriff's Department received information alleging an employee was using a county credit card to purchase fuel for his private vehicle. Officials filed a Fraud Reporting Form with our office on June 25, 2013, and the allegation was investigated internally with help from the district attorney general. The employee's employment with the Sheriff's Department was terminated on July 1, 2013, and on September 22, 2014, the former employee pled guilty to eight counts of theft under \$500, received supervised probation, and was ordered to pay restitution of \$401.66. The former employee paid \$401.66 to the county on July 21, 2017, to liquidate the shortage.

45. **Wilson County - Office of Trustee**

An investigation by the state Comptroller's Division of Investigations dated July 18, 2017, resulted in the identification of a cash shortage of \$14,333.74 in the Office of Trustee from a former employee removing cash that had been recorded and substituting checks that had not been recorded. As of June 30, 2017, the county had recovered \$11,833.74 from insurance, leaving a cash shortage of \$2,500.

46. **Eighth Judicial District - Drug Task Force**

An investigation was conducted by the Tennessee Bureau of Investigation (TBI) in March 2015. The director of the Drug Task Force was placed on leave with pay due to suspicions of tampering with evidence and misuse of cash held in the office. The director's employment was later terminated, and the TBI investigation revealed that evidence and cash were missing. At the conclusion of the investigation, the former director was charged with two felony counts of official misconduct and one felony count of theft over \$10,000. In September 2015, the former director was found guilty on all three counts and was sentenced to five years of supervised probation. He was ordered by the court to pay court costs and \$21,872.91 in restitution at \$400 per month. As of February 14, 2018, the former director has paid all court costs and has paid restitution of \$10,441, leaving a balance owed of \$11,431.91.

**Shortages for Entities Audited by Public Accounting Firms**

1. **Bedford County Emergency Communications District**

Questionable purchases totaling \$46,806.60 were made from Bedford County Emergency Communications District funds during the period July 1, 2005, through March 31, 2012. These questionable purchases were published in a Special Report on March 25, 2013, by the State of Tennessee Comptroller's Office. A former district employee pled nolo contendere and was sentenced to three years' probation beginning March 31, 2015. The former employee was also ordered to pay restitution of \$22,392, which was the amount paid by the district for the investigative audit fee. No restitution was received during the year ended June 30, 2107; therefore, the cash shortage remains \$46,806.60.

2. **Coffee County Public Building Authority – Manchester Coffee County Convention Center**

An investigation by the state Comptroller's Division of Investigations dated March 3, 2017, resulted in the identification of a cash shortage of at least \$31,097 in the Manchester Coffee County Convention Center. This cash shortage resulted from the misappropriation of cash, withdrawals from the center's bank account for personal use, and the misuse of the center's bank account to pay personal bills by the former general manager. In December 2016, the former general manager was found guilty of one count of theft over \$10,000 and two counts of Official Conduct. As of June 30, 2017, the center had not received any restitution.

3. **Clarksville – Montgomery County Regional Airport Authority**

The audit for the 2009-10 fiscal year reported a theft of \$104,015 from the Authority. The theft resulted from a former employee utilizing the Authority's debit cards and online banking to pay for personal expenses. On September 16, 2011, the former employee pled guilty and was ordered to pay restitution of \$85,123. Per a settlement agreement with the Authority dated October 26, 2016, the former employee paid a lump sum restitution amount of \$41,885 to the Authority and the remaining balance of \$42,989 was written off.

4. **Davidson County – Metropolitan Development and Housing Authority**

Participants in the Housing Choice Voucher program underreported their income causing rents subsidized by Housing Assistance Payments (HAP) to the participants to be higher than they should have been. During the year ended September 30, 2017, the agency discovered the underreported income, which would have led to reduced HAP expense of \$532,462 in the year(s) the participant underreported their income and increased the rent burden on the tenant. During the year ended September 30, 2016, the agency collected \$213,960; however, the governing body of the agency does not believe the additional amounts owed are collectible and the remaining balance of \$318,502 has been written off.

5. **Hamblen County – Morristown Solid Waste Disposal**

The state Comptroller's Division of Investigations released a Special Report in March 2015 on the Hamblen County – Morristown Solid Waste Disposal System. This report disclosed that the former director, Ronald Brady, misappropriated solid waste system funds totaling at least \$227,792 and used the proceeds for his personal benefit. Mr. Brady was indicted by a grand jury in March 2015. During the year ended June 30, 2015, insurance provided payments of \$225,292. The remaining \$2,500 will be sought from the former director.

6. **Haywood County Utility District**

The audit of the district disclosed that the president of the utility board was reimbursed for various expenses totaling \$1,506.36 which were not permitted under Tennessee Code Annotated (TCA) 7-82-308. These unauthorized expenses included a travel per diem for traveling to a conference, various reimbursements for mileage, office supplies, and hams for board members and the accountant as a Christmas gift. TCA 7-82-308 states that the only compensation that board members are entitled are "per diem fees for not more that twelve (12) meetings of the board of commissioners in any given calendar year." During the 2016-17 year, the board of commissioners voted to write off the shortage.

**7. Knox County – Office of Director of Schools/Credit Cards**

Investigations were conducted during FY15 related to possible personal or other improper use of credit cards within the Knox County Schools Administrative Office by the former board of education accounts payable supervisor. Both the state Comptroller's Division of Investigations and the Office of the Knox County Internal Auditor have issued reports related to their findings of inappropriate use of credit cards by the former supervisor. The reported misappropriations total at least \$12,000. The former supervisor was terminated in October 2014 and was indicted by the Knox County Grand Jury in August 2015. The former employee pled guilty to the charges in August 2016 and in January 2017 was placed on judicial diversion until 2020. The former employee was scheduled to be sentenced in January of 2017. In September 2016 the former employee paid restitution of \$7,500 to the district and in FY 17 paid the remaining restitution of \$4,500 to liquidate the shortage.

**8. Knox County – Office of Director of Schools/Food and Nutrition Department**

In May 2015, the state Comptroller's Division of Investigations issued a report related to the former Knox County Schools Nutrition Director's misappropriation of approximately \$4,500, resulting from inappropriate travel and expense reimbursements during the period February 2013 through July 2014. The former director resigned in November 2014 and was indicted by the Knox County Grand Jury in October 2015. In May 2017 the former director pled guilty and was placed on judicial diversion until 2021. In addition, the court ordered the former director to pay restitution of \$3,677 which he paid on June 23, 2017. The remaining balance of \$823 was written off.

**9. Knox County – Office of Director of Schools/Maintenance Garage**

On February 16, 2018, the state Comptroller's Division of Investigations issued a report disclosing a cash shortage of at least \$186,670 in the Knox County Schools Maintenance Garage. During the period July 2014 through November 2017, Michael James, former Knox County Schools Maintenance Garage lead mechanic, purchased vehicle parts for his personal automotive repair business totaling at least \$187,670. The former mechanic's employment was terminated by the School Department in November 2017, and he was indicted by the Knox County Grand Jury in February 2018 on one count of Theft of Property over \$60,000.

**10. Oneida Special School District**

On August 23, 2017, the state Comptroller's Division of Investigations issued a report disclosing a cash shortage of at least \$60,532 to the Oneida Special School District's (OSSD's) Schools Nutrition program. Former OSSD Food Service Director Verna Wright misappropriated school funds totaling at least \$60,532 by paying for personal purchases with OSSD Food Service funds. School district officials allowed the former food service director to use her personal credit cards to make purchases and pay these personal credit card balances with food service funds without providing adequate documentation to support or justify purchases. The investigation revealed that Ms. Wright made numerous purchases with OSSD funds that did not benefit the OSSD's Food Service operations or the school district in general. These purchases included



eight computers, three iPads, and eight iPods, none of which she kept on school property. In addition, Ms. Wright's fraudulent purchases also included excessive quantities of certain items that were not appropriate for food service activities. For instance, she purchased more than 110 phone cases and decorations for Samsung cell phones at a cost to the school system of more than \$1,400. Most of these items were never removed from their packaging. Ms. Wright also used school system money totaling over \$2,500 to purchase more than 65 Vera Bradley designer bags. Ms. Wright purchased various electronic and entertainment items inappropriate for food service, including DVD/VCR recording devices and players, DVD movies, Dyson bladeless fans, and a Bose Wave Music System. Ms. Wright's contract of employment with Oneida Special School District was allowed to expire on June 30, 2017. These matters were referred to the local district attorney general. In August 2017, the Scott County Grand Jury indicted Verna Wright on one count of Theft of Property over \$60,000 and one count of Official Misconduct.

**11. Shelby County – Office of Probate Court Clerk**

The audit report for the 2015-16 year disclosed a cash shortage of \$1,017 due to fraud. A report from the Shelby County Internal Audit Department disclosed that an employee of the clerk's office created manual receipts for passport collections which could not be traced to deposit records. The loss was estimated to include unaccounted for execution fees of \$562 and unprocessed passport applications of \$455. The Internal Audit report of the shortage has been provided to the county attorney and District Attorney General. Management has written off the outstanding balance of \$882 as of June 30, 2017.

**12. Shelby County – Department of Information Technology**

The county's Information Technology Department purchased several CISCO switches with a value of approximately \$12,000 from a vendor. When the department attempted to register these switches with CISCO they were informed that the numbers has already registered by other individuals. Upon further investigation by CISCO, it was determined that the switches purchased by the county were modified. The county reached a settlement agreement with the vendor during the 2017 fiscal year and has removed the shortage from its report.

**13. Shelby County – Department of Parks and Grounds**

In May 2017 an employee of the Parks and Grounds had fraudulent charges of \$681 made to his procurement card. The county did not pay these fraudulent charges.

**14. Shelby County – Department of Parks and Grounds**

A theft of \$2,546.55 occurred from an office safe at the Orgill Golf Course. An employee of the golf course was fired because of the theft; however, a suspect was never charged for the theft and the county has written off the loss. Additional security measures have been implemented at the Golf Course because of this theft.

**15. Shelby County Board of Education - Payroll**

On two separate occasions in July 2014 and September 2014, the employee portal related to payroll was compromised, which led to \$49,619.48 of employee compensation being diverted to several prepaid cards. A police report was filed after each incident. The Information Technology Department, along with the software vendor, and other personnel of the Board, have taken steps to improve system security and prevent a recurrence of the compromise.