



**STATE OF TENNESSEE  
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DEPARTMENT OF AUDIT  
DIVISION OF MUNICIPAL AUDIT**

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**Dennis F. Dycus, CPA, CFE, Director**  
Division of Municipal Audit

June 3, 2004

Honorable Mayor and Members of the  
Board of Aldermen  
Town of Crump  
P. O. Box 88  
Crump, TN 38327

Ladies and Gentlemen:

We have completed our investigative audit of the records of the Town of Crump. The audit focused on the period July 1, 2001, through July 31, 2003. However, when warranted, we expanded the scope. The audit was limited to an examination of disbursement records.

Our investigative audit revealed that the mayor may have received unauthorized benefits. In addition, the audit revealed purchases that did not appear to be for a valid municipal purpose as well as disbursements without adequate supporting documentation. Finally, the audit revealed that responsible town officials apparently failed to adequately manage town funds, resulting in substantial bank overdraft fees.

1. Our investigative audit revealed that the Town of Crump purchased a laptop computer in the year 2000. However, an examination of that computer revealed that it had not been used for town purposes. The mayor stated that she had given the computer to a family member not employed by the city for that individual's personal use, and that the computer had never been used for town purposes. The mayor returned the computer to town hall the day state auditors arrived.
2. Our investigative audit revealed many town payments that appeared to be for the personal benefit of the mayor. Of these many payments, the mayor admitted that purchases totaling \$215.72 were for her personal benefit and agreed to reimburse the town for this amount. Also, the audit identified additional items paid for by the town at a cost of \$133.62 that were apparently located at the mayor's home. The mayor indicated that she would return those items to town hall.

3. Our investigative audit revealed that the town maintained and used bulk fuel tanks for fueling town vehicles. However, the town also had a gasoline charge card, used primarily by the mayor. Our investigative audit revealed that for the two-year period ended May 31, 2003, the mayor charged 1,165 gallons of fuel to the town gasoline card at a total cost of \$1,517. Also, she charged an additional \$654 in miscellaneous items, including snacks and drinks, to the gasoline card. The mayor told auditors that she fueled her personal vehicle using that card and stated that although she used her vehicle for town business, she also used her vehicle for personal use. She agreed to reimburse the town \$307.90 for personal fuel purchases.

Section 39-16-402, *Tennessee Code Annotated*, states:

- (a) A public servant commits an offense who, with intent to obtain a benefit or to harm another, intentionally or knowingly . . .
- (4) Violates a law relating to the public servant's office or employment; or
- (5) Receives any benefit not otherwise authorized by law.

Our investigative audit also revealed the following issues:

- ❖ Our investigative audit of the Town of Crump revealed numerous purchases that did not appear to be for municipal purposes. Auditors noted the purchase of what appeared to be snack and grocery items in an amount exceeding \$1,300. The mayor stated that she purchased and provided snacks and drinks to town employees and others in the community. The mayor also stated that she purchased gifts for birthdays, baby showers, and other occasions with town funds.

Section 6-56-112, *Tennessee Code Annotated*, states, "All expenditures of money made by a municipality must be made for a lawful municipal purpose."

- ❖ The town's files did not include adequate supporting documentation for all disbursements. In many instances, the supporting documentation consisted of a summarized statement. As a result, auditors could not determine the nature or appropriateness of the purchase. The *Internal Control and Compliance Manual for Tennessee Municipalities*, Title 2, Chapter 2, Section 4, states:

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All disbursements, regardless of the accounting procedures, must be supported by invoices, cash tickets or other adequate supporting documentation. (Statements are NOT adequate supporting documentation.)

- ◆ Responsible town officials apparently failed to adequately manage town funds, resulting in substantial bank overdraft fees. During the 20-month period ending May 2003, the town incurred \$4,670 in bank overdraft charges.

Town officials should ensure that adequate supporting documentation is on file for all town purchases. In addition, town purchases should be for legitimate town purposes. Town officials should establish policies and procedures to ensure that individuals do not use town accounts for their personal benefit. Further, town officials should monitor cash flow to prevent overdraft charges.

If you have any questions concerning the above, please contact me.

Sincerely,

Dennis F. Dycus, CPA, CFE, Director  
Division of Municipal Audit

DFD/RAD

xc: Honorable Robert Radford  
District Attorney General