



**STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF MUNICIPAL AUDIT**

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

March 13, 2007

Members of the Cumberland County Emergency
and Rescue Squad Executive Committee
P. O. Box 964
Crossville, TN 38557

Committee Members:

We have completed our investigative audit of selected records of the Cumberland County Emergency and Rescue Squad (CCERS). The examination focused on the period July 1, 2003, through December 31, 2006. However, when the examination warranted, the scope was expanded.

Our investigative audit revealed that, during the period January 1, 2004, through December 31, 2005, the former treasurer apparently diverted at least \$34,823.09 from the CCERS to which he was not entitled. We determined that the former treasurer used the following methods to redirect cash from CCERS purposes:

- At least \$26,700 in cash was collected on behalf of the organization and turned over to the former treasurer from various fundraisers within the scope of our examination. However, we were unable to locate any cash deposits corresponding to those collections.
- The investigative audit identified unsupported cash withdrawals from a reserve fund by the former treasurer totaling \$1,500.
- We noted that the former treasurer issued payments totaling \$989.48 to pay what appears to be his personal credit card bill.

- Finally, we identified additional checks payable to cash or cash withdrawals from a general fund totaling \$5,633.61 which had no supporting documentation or explanation.

Scheme	Amount
Collections not deposited	\$26,700.00
Cash withdrawals from reserve account	1,500.00
Checks to pay credit card company	989.48
Other cash withdrawals and checks for cash	<u>5,633.61</u>
Total	<u>\$34,823.09</u>

Our investigative audit determined that the lack of certain internal controls, primarily the inadequate separation of duties, contributed to the failure to detect the apparent misappropriation in a timely manner. We noted that the former treasurer had complete control of the organization's bank accounts and that he was the only person who issued checks and made deposits into the agency's account. We have provided an internal control plan to management to assist in separating the duties of collection, deposit and recordkeeping. CCERS management has taken steps to implement these recommendations.

This matter was referred to the district attorney general. On January 9, 2007, the Cumberland County Grand Jury indicted the former treasurer on Theft over \$10,000.

Very truly yours,



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

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