



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

Justin P. Wilson
Comptroller of the Treasury

**BANK OF AMERICA PLAZA
414 UNION STREET, SUITE 1100
NASHVILLE, TENNESSEE 37243-1402
PHONE (615) 532-4460
FAX (615) 532-4499**

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

April 19, 2010

Honorable Mayor and Members of the
Board of Aldermen
City of Henry
1232 Pioneer Road
Henry, TN 38231

Ladies and Gentlemen:

We have completed our investigative audit of selected records of the City of Henry. This investigative audit focused on the period July 1, 2009, through March 31, 2010. However, when the examination warranted, this scope was expanded. Our investigative audit was limited to a review of the city's participation in a military surplus property program and some related travel.

Our audit revealed that military surplus property was not being used for allowable purposes. The city participated in a military surplus property program in which the items would be given to the city at no cost¹. When the city began participating in the program, its representative, the police chief, was required to sign an agreement detailing the obligations and responsibilities assumed by the city. The first condition cited in the agreement was that the city agreed to maintain the "property for use as intended for law enforcement activities only." The mayor told state auditors that he had been unaware of the restrictions on the use of the property. He described several non-law enforcement projects he had originally intended to use the military surplus property for, including testing for a sewer project. The police chief advised state auditors that he intended to use the property for law enforcement activities. However, he acknowledged that city officials had placed "Public Works" signs on several vehicles obtained through the program and he was aware that some program items were in departments other than the police department and were apparently being used for purposes other than law enforcement activities. Auditors observed during their visit that of the more than 50 items² obtained under the program, only one item³ was currently being used for law enforcement activities.

¹ The local government must retrieve and transport the property from wherever it is located. City of Henry employees retrieved property from military bases in Florida, Texas, Alabama, as well as other locations.

² Valued at over \$570,000 by the military

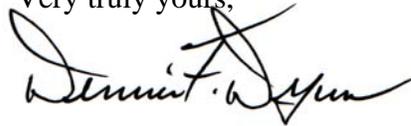
³ A printer located in the police chief's office.

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We also noted that the police chief charged to the city credit card a \$214 plane ticket for his wife. The City of Henry travel policy, adopted by the mayor and board of aldermen in 2007, prohibits the city from paying for the travel expenses of an employee's spouse, unless the spouse qualifies as an authorized city traveler.⁴

The mayor and members of the board of alderman should take immediate corrective action to resolve these issues. If you have any questions concerning the above, please contact me.

Very truly yours,

A handwritten signature in black ink, appearing to read "Dennis F. Dycus". The signature is fluid and cursive, with a large initial "D" and "F".

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

DFD/RAD

⁴ The police chief's wife accompanied him on a trip to pick up military surplus property in Florida. Auditors noted that, due to circumstances unforeseen prior to the trip, the police chief's wife assisted in the transportation of a surplus vehicle back to Henry.