



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

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Members of the Board of Commissioners
Lexington Electric System
P. O. Box 200
Lexington, TN 38351

Board Members:

We have completed our investigative audit of selected records of the Lexington Electric System (LES). The audit focused on the period January 1, 2006, through April 30, 2006. However, when warranted, we expanded the scope. The audit was limited to an examination of payroll records related to a LES former employee.

The investigative audit revealed that former accountant Debra Peterson, without the approval or knowledge of management, received \$7,692.16 in extra pay from unauthorized leave. LES policies require management to approve all leave. Ms. Peterson's responsibilities included posting leave from approved leave slips to the computer payroll system. During the period January 1, 2006, through April 30, 2006, Ms. Peterson posted 356.5 hours of unapproved leave to her own employee records. As a result, she received \$7,692.16 in extra pay through her paychecks to which she was not entitled to while employed by LES.

This matter has been referred to the local district attorney general.

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

Very truly yours,

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

DFD/RAD