



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

John G. Morgan
Comptroller of the Treasury

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

May 16, 2005

Cynthia Buchanan – Director
Division of General Services
City of Memphis
125 North Main Street, Suite 568
Memphis, TN 38103-2017

Dear Ms. Buchanan:

We have completed our investigative audit of selected records of the City of Memphis, Division of General Services, Property Maintenance System. This examination focused on the period January 1, 2002, through December 31, 2003. However, when warranted, this scope was expanded. Our audit was limited to an examination of records related to Property Maintenance System cash receipts, procurement card transactions, and payroll and overtime data. The issues highlighted in our investigative audit were initially detected by Division of General Services personnel. Personnel and management from that division provided considerable assistance during the course of the audit.

Our audit revealed that at least \$1,677 in cash collected by a former supervisor was not turned over to the city treasurer's office for deposit into a city bank account. In addition, the original prenumbered receipt book that the former supervisor used to record collections was not available for audit. Auditors had to rely on a portion of the prenumbered receipt book that had been copied without the former supervisor's knowledge.

In addition, we noted that the former supervisor made several apparent personal purchases on her city-issued procurement card. City policy prohibits **any** personal purchases on a city procurement card. Although the former employee returned several items and reimbursed the city for others, we identified unreimbursed personal charges of at least \$339.86. The former supervisor had altered the procurement card invoices in an apparent attempt to conceal the actual nature of the purchases.

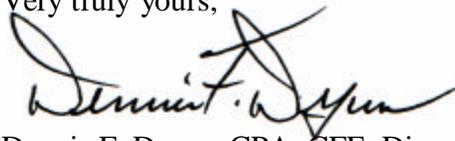
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Finally, our investigative audit revealed 11 instances in which employees apparently were paid twice for the same work. We could not determine that these instances included deliberate attempts at defrauding the city. We also noted 11 additional instances of apparent payroll data entry errors. These instances have been referred to your office for resolution. We also understand that you have implemented additional internal controls designed to reduce the risk of future payroll errors or irregularities.

We referred these matters to the local district attorney. On May 3, 2005, the Shelby County Grand Jury indicted Laura Lee Tague on one count of Official Misconduct and one count of Theft over \$1,000.

If you have any further questions concerning this matter, 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