



STATE OF TENNESSEE  
**COMPTROLLER OF THE TREASURY**  
DEPARTMENT OF AUDIT  
DIVISION OF LOCAL GOVERNMENT AUDIT  
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August 7, 2013

To the Madison County Mayor and Board  
of County Commissioners

Officials from the Jackson-Madison County Regional Health Department contacted our office on October 3, 2011, after an internal investigation revealed that their emergency response director was fueling his personal vehicle with the department's gas card. The director resigned effective November 30, 2011, after officials from the Health Department confronted him about these allegations.

The findings and recommendations, as a result of our investigation, are presented below and have been reviewed with the county mayor and the district attorney general.

Sincerely,

A handwritten signature in black ink, appearing to read "James R. Arnette, Jr.", written in a cursive style.

James R. Arnette, Jr.  
Director

cc: Richard Norment, Assistant to the Comptroller  
Jan Page, West Tennessee Audit Manager  
Kevin Huffman, Coordinator of Investigations  
Honorable James Woodall, District Attorney General

**MADISON COUNTY, TENNESSEE**  
**JACKSON-MADISON COUNTY REGIONAL HEALTH DEPARTMENT**  
**For the Period July 1, 2009 through November 30, 2011**

A review of our findings and recommendations as a result of our investigation of the Jackson-Madison County Regional Health Department is presented below:

**FINDING 13.01      A CASH SHORTAGE OF \$4,508.75 EXISTED IN THE JACKSON-MADISON COUNTY REGIONAL HEALTH DEPARTMENT AS OF NOVEMBER 30, 2011**  
(Noncompliance Under *Government Auditing Standards*)

Officials from the Jackson-Madison County Regional Health Department contacted our office on October 3, 2011, after an internal investigation revealed that the emergency response director was fueling his personal vehicle using the department's Fuelman gas card. The emergency response director resigned effective November 30, 2011, after officials from the Health Department confronted him with these allegations. Our examination of transactions within the emergency response section authorized by the former director revealed the following:

- A.      During the period September 29, 2009, through November 21, 2011, the former director authorized 102 fuel transactions, which totaled \$6,489.80 using either a Health Department Fuelman gas card or a department procurement card. From our examination of the Fuelman gas card monthly statements, gas tickets, fleet travel logs, the former director's travel claims, and interviews with employees, we were able to determine that 55 of these 102 transactions totaling \$3,574.37 were for the former director's personal benefit.
  
- B.      The former director purchased seven pairs of premium golf pants (\$409.92) and a pair of boy's running shoes (\$47.99) for personal use with the department procurement card.
  
- C.      Our examination of travel claims filed by the former director disclosed that he received a per diem for meals totaling \$106.94 when he did not stay overnight as required by the department's travel policy. Also, the former director was reimbursed for a car wash (\$21.85) for his personal vehicle and was reimbursed twice (\$347.68) for the same travel claim.

The following table summarizes the cash shortage as of November 30, 2011:

<u>Description</u>	<u>Cash Shortage</u>
A. - Fuel used for director's personal benefit	\$ 3,574.37
B. - Golf pants	409.92
B. - Running shoes	47.99
C. - Unauthorized per diem for meals	106.94
C. - Unauthorized vehicle car wash	21.85
C. - Unauthorized travel reimbursement	<u>347.68</u>
 Total Cash Shortage	 <u><u>\$ 4,508.75</u></u>

During an interview with the former director on March 5, 2013, he admitted to fueling his personal vehicle with the department's Fuelman gas card. He further admitted that he began using the department's gas card for personal use in 2008 shortly after the department hired him. We could only substantiate the fuel purchases made by him with the Fuelman gas card after May 2010, when the Health Department began requiring fuel tickets to be remitted to the department. It should be noted that these improper fuel purchases might have been detected much earlier if Health Department employees had routinely reviewed the monthly Fuelman statements.

**RECOMMENDATION**

Officials should take immediate steps to liquidate the \$4,508.75 cash shortage. Disbursements should not be made for an employee's personal benefit. Employees should not receive a meal allowance when there is no overnight stay. Management should have internal controls in place to prevent duplicate payments.

**MANAGEMENT'S RESPONSE – REGIONAL DIRECTOR – JACKSON-MADISON COUNTY REGIONAL HEALTH DEPARTMENT**

The Health Department will prepare a letter, which will be mailed registered with return receipt requested for the amount of indebtedness owed the department.

**FINDING 13.02      **OTHER TRAVEL RELATED DEFICIENCIES**  
(Noncompliance Under *Government Auditing Standards*)**

Our review noted the following other travel related deficiencies:

- A. Before an official trip to Washington, DC, in September 2011, the former director advised the Health Department administrator that his personal debit card was damaged, and he would not be able to get a replacement card

before the trip. The administrator then gave the former director authorization to use the department's procurement card to make personal purchases. On September 30, 2011, the former director reimbursed the Health Department \$262.59 for these personal purchases. The department's procurement card policy clearly prohibits the use of department procurement cards for personal use.

- B. The former director was allowed to maintain both a department procurement card and a Fuelman gas card for an unlimited time frame. The department's policy states that procurement and gas cards should be returned to the department once a transaction is completed. This unlimited custody of both the procurement card and gas card allowed the former director to facilitate the improper use of these cards.
- C. The former director used both the department's procurement card and Fuelman gas card to purchase fuel for his personal vehicle while on official trips instead of claiming a standard mileage allowance. The department's travel policy provides for a standard mileage allowance reimbursement for the use of an employee's personal vehicle. Since these fuel purchases for the director's personal vehicle were for business purposes, they have not been included as part of the cash shortage.
- D. Numerous instances were noted where the former director exceeded the per diem rate for lodging reimbursement while on official trips.

#### RECOMMENDATION

Department procurement cards should not be used for personal use. All procurement cards and Fuelman gas cards should be returned to the business office after official use. Procurement cards and Fuelman gas cards should not be used to fuel personal vehicles. Lodging reimbursement should be held within the department's travel policy.

#### MANAGEMENT'S RESPONSE – REGIONAL DIRECTOR – JACKSON-MADISON COUNTY REGIONAL HEALTH DEPARTMENT

We agree.