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August 8, 2016

MEMORANDUM

TO: Honorable Justin P. Wilson
Comptroller of the Treasury

FROM: James R. Arnette, Director
Division of Local Government Audit

SUBJECT: Report of Cash Shortages, Thefts and Judicial Actions in County
Offices/Departments as Reported in the Annual Financial Reports for the
Year Ended June 30, 2015, and Certain Special Reports

The Division of Local Government Audit has prepared the enclosed schedule of cash shortages and thefts; and explanations of cash shortages, thefts, and judicial actions reported in the annual financial reports for the year ended June 30, 2015, and certain special reports for Tennessee's 89 county governments audited by our division and for six counties audited by CPA firms.

If you have any questions, please let me know.

Enclosures

This report is available at www.comptroller.tn.gov

**REPORT OF CASH SHORTAGES, THEFTS AND JUDICIAL ACTIONS
IN COUNTY OFFICES/DEPARTMENTS AS REPORTED IN THE ANNUAL FINANCIAL
REPORTS FOR THE YEAR ENDED JUNE 30, 2015, AND CERTAIN SPECIAL REPORTS**

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Exhibit A

Division of Local Government Audit
Schedule of Cash Shortages and Thefts in County Offices/Departments as Reported in the
Annual Financial Reports for the Year Ended June 30, 2015, and Certain Special Reports

<u>Shortages Reported by the</u> <u>Comptroller's Office</u>	Fiscal	Original	Beginning	Increase	Reduction	Ending	(1)
County/Office or Department	Year First Reported	Amount of Shortage	Report Cash Shortage	in Shortage	of Shortage	Cash Shortage	Last Day of Fieldwork
<u>Benton</u>							
1. Animal Control Shelter	2014-15	\$ 3,600.50	\$ 0.00	\$ 3,600.50	\$ 0.00	\$ 3,600.50	1-11-16
<u>Cheatham</u>							
2. Office of Road Superintendent	2007-08	68,281.11	12,513.75	0.00	(1,600.00)	10,913.75	2-17-16
3. Probation Office	2013-14	25.00	25.00	0.00	(25.00)	0.00	2-17-16
<u>Clay</u>							
4. Office of Road Superintendent	2014-15	3,911.36	0.00	3,911.36	0.00	3,911.36	11-25-15
<u>Cocke</u>							
5. Office of Clerk and Master	1996-97	101,821.73	36,740.13	0.00	(825.00)	35,915.13	12-10-15
<u>Crockett</u>							
6. Office of County Clerk	2012-13	4,324.00	500.00	0.00	(500.00)	0.00	11-16-15
7. Office of Director of Schools	2014-15	5,923.00	0.00	5,923.00	0.00	5,923.00	11-16-15
<u>Cumberland</u>							
8. Veteran's Service Office	2012-13	134,244.58	50,000.00	0.00	(6,713.50)	43,286.50	12-3-15
9. Office of Sheriff	2014-15	1,402.00	0.00	1,402.00	(1,402.00)	0.00	12-3-15
<u>Fayette</u>							
10. Office of Director of Schools	2009-10	177,629.93	10,303.93	0.00	(2,729.00)	7,574.93	2-25-16

Continued

Exhibit A

Division of Local Government Audit
Schedule of Cash Shortages and Thefts in County Offices/Departments as Reported in the
Annual Financial Reports for the Year Ended June 30, 2015, and Certain Special Reports

<u>Shortages Reported by the</u> <u>Comptroller's Office</u>	Fiscal	Original	Beginning	Increase	Reduction	Ending	(1)
County/Office or Department	Year First Reported	Amount of Shortage	Report Cash Shortage	in Shortage	of Shortage	Cash Shortage	Last Day of Fieldwork
<u>Fentress</u>							
11. County Library	2012-13	\$ 40,217.00	\$ 24,617.00	\$ 0.00	\$ (9,132.36)	\$ 15,484.64	1-28-16
12. Office of Sheriff	2013-14	2,277.00	2,277.00	0.00	0.00	2,277.00	1-28-16
<u>Franklin</u>							
13. Office of Circuit, General Sessions, and Juvenile Courts Clerk	2012-13	3,046.25	3,046.25	0.00	(3,046.25)	0.00	2-2-16
<u>Grainger</u>							
14. Ambulance Service	2014-15	6,181.32	0.00	6,181.32	(384.00)	5,797.32	2-11-16
<u>Hardeman</u>							
15. Solid Waste Department	2014-15	3,062.72	3,062.72	0.00	0.00	3,062.72	9-8-15
<u>Hardin</u>							
16. Office of Circuit and General Sessions Courts Clerk	2012-13	15,008.00	7,113.00	0.00	(1,730.00)	5,383.00	2-5-16
<u>Henry</u>							
17. Office of Sheriff	2005-06	162,656.91	57,049.70	0.00	(3,203.84)	53,845.86	2-26-16
<u>Hickman</u>							
18. Office of Circuit and General Sessions	2014-15	1,106.00	0.00	1,106.00	0.00	1,106.00	9-21-15
<u>Houston</u>							
19. Office of Director of Schools	2013-14	4,453.33	2,944.48	0.00	(1,291.98)	1,652.50	2-16-16
<u>Jefferson</u>							
20. Office of Planning and Zoning	2014-15	21,752.00	0.00	21,752.00	0.00	21,752.00	2-10-16

Continued

Exhibit A

Division of Local Government Audit
Schedule of Cash Shortages and Thefts in County Offices/Departments as Reported in the
Annual Financial Reports for the Year Ended June 30, 2015, and Certain Special Reports

<u>Shortages Reported by the</u> <u>Comptroller's Office</u>	Fiscal	Original	Beginning	Increase	Reduction	Ending	(1)
County/Office or Department	Year First Reported	Amount of Shortage	Report Cash Shortage	in Shortage	of Shortage	Cash Shortage	Last Day of Fieldwork
<u>Lake</u>							
21. Office of County Mayor	2009-10	\$ 202,344.63	\$ 27,194.63	\$ 0.00	\$ (4,550.00)	\$ 22,644.63	10-13-15
<u>Loudon</u>							
22. Office of Sheriff	2013-14	13,976.84	7,327.00	0.00	(7,327.00)	0.00	10-29-15
<u>Madison</u>							
23. Office of County Clerk	2013-14	23,178.25	10,174.69	0.00	(8,264.80)	1,909.89	10-30-15
<u>Maury</u>							
24. Animal Shelter	2013-14	80.00	80.00	0.00	(80.00)	0.00	12-22-15
<u>McNairy</u>							
25. Office of Circuit Court Clerk	2007-08	13,528.19	3,390.50	0.00	0.00	3,390.50	1-20-16
26. Office of Sheriff	2011-12	9,782.36	6,441.38	0.00	0.00	6,441.38	1-20-16
<u>Meigs</u>							
27. Office of Finance Director	2013-14	26,604.17	26,604.17	0.00	0.00	26,604.17	1-22-16
<u>Morgan</u>							
28. Office of County Clerk	2009-10	54,611.33	7,773.00	0.00	(400.00)	7,373.00	11-18-15
<u>Overton</u>							
29. Millard Oakley Public Library	2011-12	5,999.53	3,709.95	0.00	(60.00)	3,649.95	1-8-16

Continued

Exhibit A

Division of Local Government Audit
Schedule of Cash Shortages and Thefts in County Offices/Departments as Reported in the
Annual Financial Reports for the Year Ended June 30, 2015, and Certain Special Reports

<u>Shortages Reported by the</u> <u>Comptroller's Office</u>	Fiscal	Original	Beginning	Increase	Reduction	Ending	(1)
County/Office or Department	Year First Reported	Amount of Shortage	Report Cash Shortage	in Shortage	of Shortage	Cash Shortage	Last Day of Fieldwork
<u>Polk</u>							
30. Office of Circuit and General Sessions Courts Clerk	2012-13	\$ 2,702.28	\$ 1,612.46	\$ 0.00	\$ (1,612.46)	\$ 0.00	1-12-16
<u>Putnam</u>							
31. Office of Assessor of Property	2013-14	2,355.00	1,956.77	0.00	0.00	1,956.77	2-25-16
<u>Rutherford</u>							
32. Office of Director of Schools	2013-14	15,875.00	15,875.00	0.00	(15,875.00)	0.00	11-4-15
<u>Sequatchie</u>							
33. Office of County Clerk	2007-08	4,248.51	310.00	0.00	(310.00)	0.00	10-23-15
<u>Sevier</u>							
34. Office of County Clerk	2012-13	14,019.00	8,820.50	0.00	(3,600.00)	5,220.50	10-8-15
<u>Sumner</u>							
35. Office of Director of Schools	2011-12	18,697.00	5,000.00	0.00	0.00	5,000.00	3-2-16
36. Office of Director of Schools	2012-13	10,762.00	5,000.00	0.00	0.00	5,000.00	3-2-16
<u>Unicoi</u>							
37. Office of Director of Schools	2009-10	20,967.36	5,340.00	0.00	(1,200.00)	4,140.00	9-24-15
<u>Van Buren</u>							
38. Office of Sheriff	2012-13	3,000.00	3,000.00	0.00	0.00	3,000.00	10-28-15
39. Office of Sheriff	2014-15	1,500.00	0.00	1,500.00	(1,500.00)	0.00	10-28-15

Continued

Exhibit A

Division of Local Government Audit
Schedule of Cash Shortages and Thefts in County Offices/Departments as Reported in the
Annual Financial Reports for the Year Ended June 30, 2015, and Certain Special Reports

<u>Shortages Reported by the</u> <u>Comptroller's Office</u>	Fiscal	Original	Beginning	Increase	Reduction	Ending	(1)
County/Office or Department	Year First Reported	Amount of Shortage	Report Cash Shortage	in Shortage	of Shortage	Cash Shortage	Last Day of Fieldwork
<u>Warren</u>							
40. Memorial Airport	2011-12	\$ 20,791.68	\$ 30,559.45	\$ 0.00	\$ (30,559.45)	\$ 0.00	1-8-16
<u>Wayne</u>							
41. Office of Director of Schools	2013-14	319,134.58	169,634.58	0.00	0.00	169,634.58	2-24-16
<u>Williamson</u>							
42. Recreation Department	2005-06	45,037.43	34,224.43	0.00	(441.00)	33,783.43	12-16-15
43. Office of County Clerk	2008-09	3,386.18	3,386.18	0.00	0.00	3,386.18	12-16-15
44. Animal Control Department	2009-10	106,446.17	105,661.92	0.00	(320.00)	105,341.92	12-16-15
45. Solid Waste Department	2014-15	385.96	0.00	385.96	0.00	385.96	12-16-15
<u>Wilson</u>							
46. Office of Sheriff	2013-14	401.66	401.66	0.00	0.00	401.66	1-15-16
47. Landfill Office	2014-15	897.00	0.00	897.00	(897.00)	0.00	1-15-16
Total		\$ 1,701,635.85	\$ 693,671.23	\$ 46,659.14	\$ (109,579.64)	\$ 630,750.73	

Continued

Exhibit A

Shortages Reported by Public Accounting Firms

County/Office or Department	Fiscal Year First Reported	Original Amount of Shortage	Beginning Report Cash Shortage	Increase in Shortage	Reduction of Shortage	Ending Report Cash Shortage	(1) Last Day of Fieldwork
<u>Bedford County Emergency Communications District</u>							
1. Emergency Communications District	2012-13	\$ 46,806.60	\$ 46,806.60	\$ 0.00	\$ 0.00	\$ 46,806.60	
<u>Clarksville-Montgomery County Regional Airport</u>							
2. Airport Authority	2009-10	104,015.00	84,874.00	0.00	0.00	84,874.00	
<u>Crockett County Emergency Communications District</u>							
3. Emergency Communications District	2012-13	111,795.00	111,795.00	0.00	(111,795.00)	0.00	
<u>Davidson</u>							
4. Centennial Sportsplex Tennis Center	2013-14	95,310.00	95,310.00	0.00	(95,310.00)	0.00	
5. Metropolitan Development and Housing Authority	2014-15	725,636.00	0.00	725,636.00	(725,636.00)	0.00	
<u>Hamblen County - Morrison Solid Waste Disposal</u>							
6. Solid Waste Disposal	2014-15	227,792.00	0.00	227,792.00	(225,292.00)	2,500.00	
<u>Knox</u>							
7. Office of Director of Schools	2014-15	12,000.00	0.00	12,000.00	0.00	12,000.00	
8. Office of Director of Schools	2014-15	4,500.00	0.00	4,500.00	0.00	4,500.00	
<u>Shelby</u>							
9. Board of Education	2014-15	49,619.48	\$ 0.00	\$ 49,619.48	\$ 0.00	\$ 49,619.48	

Continued

Exhibit A

Shortages Reported by Public Accounting Firms

County/Office or Department	Fiscal Year First Reported	Original Amount of Shortage	Beginning Report Cash Shortage	Increase in Shortage	Reduction of Shortage	Ending Report Cash Shortage	(1) Last Day of Fieldwork
<u>Sullivan County, Bluff City, Kingsport Animal Control</u>							
10. Animal Control	2014-15	\$ 2,355.00	\$ 0.00	\$ 2,355.00	\$ (2,355.00)	\$ 0.00	
<u>Washington</u>							
11. Office of Director of Schools	2014-15	<u>1,060.00</u>	<u>0.00</u>	<u>1,060.00</u>	<u>0.00</u>	<u>1,060.00</u>	
Total		<u>\$ 1,380,889.08</u>	<u>\$ 338,785.60</u>	<u>\$ 1,022,962.48</u>	<u>\$ (1,160,388.00)</u>	<u>\$ 201,360.08</u>	
Grand Total All Counties		<u>\$ 3,082,524.93</u>	<u>\$ 1,032,456.83</u>	<u>\$ 1,069,621.62</u>	<u>\$ (1,269,967.64)</u>	<u>\$ 832,110.81</u>	

Footnote:

(1) The ending report cash shortage amount as of the last day of field work.

Division of Local Government Audit
Explanations of Cash Shortages, Thefts and Judicial Actions in County
Offices/Departments as Reported in the Annual Financial Reports for the Year
Ended June 30, 2015, and Certain Special Reports

Shortages Reported by the Comptroller's Office

1. Benton County - Animal Shelter

An investigative report issued May 26, 2015, for the period July 2, 2013, through July 2, 2014, by the Comptroller's Division of Investigations, Financial and Compliance Unit, disclosed a cash shortage of at least \$3,600.50 existed at the Animal Shelter on July 2, 2014. Due to the poor condition of the accounting records, we could not determine if all collections were accounted for properly; therefore, the cash shortage could be greater. Based on our interviews and examination of the shelter's accounting records, we identified the following deficiencies, which contributed to the cash shortage:

- a. Receipts from cash collections totaling \$3,325 and petty cash of \$130 were unaccounted on July 2, 2014. All employees at the shelter collected funds and issued receipts. The animal control officer was responsible for accounting for the daily receipts, posting the receipts to the accounting records, preparing the deposits, and carrying the deposits to the County Mayor's Office. However, on rare occasions, another shelter employee would carry the deposits to the County Mayor's Office. The County Mayor's Office would take the shelter funds to the Trustee's Office for deposit. In January 2014, employees of the shelter complained that petty cash was not regularly maintained at the office. A volunteer at the shelter reviewed the receipt books, accounting records, deposit details, and determined that petty cash was unaccounted, and cash collections had not been deposited for approximately three months. Only collections made by check had been deposited. The animal control officer had no explanation for the unaccounted cash collections. The animal control officer's employment with the shelter was terminated by the Benton County Mayor on July 22, 2014. The former animal control officer has declined to speak with investigators after several attempts to reach her.
- b. The former animal control officer diverted a portion of a donation for personal use. A citizen donated \$550 for two veterinary procedures for a dog at the shelter. The check did not have the payee (pay to the order of) portion of the check completed because at the time of the donation, the shelter was not sure which veterinary company would perform the procedures. Ultimately, the former animal control officer made the check payable to herself and cashed the check. Once the veterinary company was chosen, the dog had only one procedure performed, and the former animal control officer paid \$404.50 in cash to the company for the procedure. The balance of \$145.50 (\$550 minus \$404.50) was not collected or receipted by the shelter.

The following table summarizes the cash shortage of at least \$3,600.50:

<u>Description</u>	<u>Amount</u>
a. Unaccounted Cash Receipts	\$ 3,325.00
a. Unaccounted Petty Cash	130.00
b. Donation - Check Cashed	550.00
b. Less: Cash Paid for Services from Donation	<u>(404.50)</u>
Total Cash Shortage	<u><u>\$ 3,600.50</u></u>

The former employee pled guilty to theft on November 19, 2015, and was ordered to pay restitution of \$3,600.50.

2. Cheatham County - Office of Road Superintendent

The audit of Cheatham County for the 2007-08 year reported a cash shortage of \$68,281.11 in the Highway Department. Our investigation revealed that from February 5, 2007, through December 18, 2007, the Highway Department bookkeeper fraudulently issued 16 vendor checks totaling \$68,281.11 for personal use. On August 15, 2008, the bookkeeper was found guilty of theft of \$60,000 or more, sentenced, and ordered to pay restitution totaling \$68,211.11 to the Highway Department. Unpaid restitution of \$10,913.75 existed at February 17, 2016.

3. Cheatham County - Probation Office

We discovered that one receipt for \$25 dated November 26, 2013, had not been deposited with the county trustee. We subsequently expanded test-work to include December 2013, but no other discrepancies were discovered. An employee of the Probation Office filed a Fraud Reporting Form concerning the missing funds with the state Comptroller’s Office on June 20, 2014. This shortage was paid during the year ended June 30, 2015.

4. Clay County – Office of Road Superintendent

In November 2014, the Highway Department bookkeeper discovered charges on the department’s fuel account that she could not account for. Upon further investigation, it was discovered that the fuel card had been assigned to a former employee who had left employment with the Highway Department on March 14, 2014, under the prior administration. It was determined from statements provided by the fuel card vendor that purchases of \$3,911.36 had been made with the card from March 14, 2014, through November 13, 2014, by the former employee after his termination of employment. Upon discovering the charges, the Road Superintendent contacted local law enforcement to investigate the theft, and charges were subsequently filed. On June 22, 2015, the former employee was indicted by the grand jury on charges of theft over \$1,000 for the use of a Highway Department fuel card to purchase fuel for private vehicles.

5. Cocke County - Office of Clerk and Master

The audit of the Constitutional Officers – Agency Fund for the 1996-97 year reported details of a \$101,821.73 cash shortage in the Office of Clerk and Master. The clerk and master pled guilty to theft and conversion of office funds and was ordered to pay restitution totaling \$101,821.73. The clerk's surety bond company paid the office \$50,000, and the clerk has been making payments toward the restitution. As of June 30, 2015, the remaining restitution balance due the office totaled \$35,915.13.

6. Crockett County - Office of County Clerk

The Office of County Clerk had a theft of cash and checks totaling \$4,324 from the office on October 16, 2013. A janitorial employee at the courthouse pled guilty to the theft in October 2014 and was ordered to pay restitution of \$4,324. The actual missing checks (\$1,999) that were stolen were not located; however, the county clerk recovered all but \$98 of these checks by contacting individual payors and having them reissue their checks to the county. In addition, the county's bonding company made a payment of \$1,825 to reimburse the county for the missing cash (\$2,325) less a \$500 deductible. The County Commission approved a resolution on January 20, 2015, to write off the remaining balance of the shortage.

7. Crockett County School Department

On September 2, 2015, the Comptroller's Division of Investigations, Financial and Compliance Unit, issued a special report on the School Department for the period September 1, 2002, through September 9, 2014. This report disclosed that the former director of technology falsified an invoice resulting in a cash shortage of at least \$5,923. In addition, the former employee misappropriated electronics and supplies totaling \$5,451. Also, the former director of technology admitted to receiving kickbacks from his former employer for steering business that included equipment purchases and bid projects to businesses that his former employer owned. He also admitted to falsifying bids and invoices and stealing from the School Department. The report details numerous findings, including other questionable disbursements of at least \$372,455, and is available at www.comptroller.tn.gov. The former director of technology was indicted by a grand jury on July 20, 2015, on one count of theft of property, one count of tampering with evidence, and one count of official misconduct. The trial is set for November 2, 2016.

8. Cumberland County - Veteran's Service Office

The Comptroller's Division of Investigations, Financial and Compliance Unit issued an investigative report dated August 26, 2013, on the Cumberland County Veteran's Service Office (VSO), an organization to assist veterans and needy veteran families to obtain government benefits. A cash shortage of at least \$134,244.58 was identified in the VSO. On October 3, 2014, the defendant pled guilty to theft over \$10,000, received an eight year suspended sentence, and paid \$50,000 in restitution. The plea agreement reduced the theft amount by \$12,437.79. The remaining \$50,000 in restitution is to be paid at \$175 per week through the Cumberland County Office of Circuit Court.

9. Cumberland County - Office of Sheriff

In January 2015, a former inmate contacted the Sheriff's Department concerning \$1,402 that was taken from her when she was booked into the county jail but was not returned to her upon release. Subsequently, the sheriff contacted the Tennessee Bureau of Investigation (TBI) to investigate the incident. Based upon video surveillance, the TBI was able to identify a corrections officer at the jail who took the funds. The officer admitted to taking the inmate's funds and returned the \$1,402 to the Sheriff's Department. On March 2, 2015, the former corrections officer was indicted on one charge of theft over \$1,000, and on September 9, 2015, the officer pled guilty and was sentenced to two years' probation.

10. Fayette County - Office of Director of Schools

On April 27, 2010, a special report was issued on the Fayette County School Food Service Department for the period July 1, 2007, through December 15, 2009. This report disclosed that the food service supervisor circumvented purchasing procedures resulting in a cash shortage of \$142,433. In addition, the food service supervisor altered time sheets of a part-time cafeteria worker, resulting in a cash shortage of \$35,196.93. In May 2010, the School Department's insurance carrier paid the department \$149,500. Three individuals entered into plea agreements. As of February 25, 2016, the restitution outstanding totals \$7,574.93.

11. Fentress County - Library

On January 28, 2014, the Comptroller's Division of Investigations, Special Investigations Unit issued an investigative report of selected records of the Fentress County Library. The investigation focused primarily on the period January 1, 2010, through May 31, 2013. The investigation revealed that the Fentress County Library Director misappropriated library funds totaling at least \$40,217 and historical society funds collected by library employees totaling at least \$728. The director used several schemes to divert the funds for personal use. Investigators determined that the director had deposited \$7,000 of personal funds into the library account reducing the outstanding balance of misappropriated funds owed to the county of \$33,217. In January 2014, the Fentress County Grand Jury indicted the former director on multiple counts of theft, forgery, and one count of official misconduct. On September 25, 2014, the former director pled guilty, received ten years' probation, ordered to pay restitution of \$25,345, and was allowed to pay \$200 per month beginning October 2014 toward the restitution. As of January 28, 2016, the restitution outstanding totals \$15,484.64.

12. Fentress County - Office of Sheriff

On December 17, 2014, the Comptroller's Division of Investigations, Financial and Compliance Unit issued an investigative report of selected records of the Fentress County Sheriff. This report provided that on April 2, 2012, the Fentress County Sheriff's Department seized \$2,277 on a drug related offense. In a plea agreement dated April 30, 2012, the defendant pled no contest to the drug offense and forfeited the \$2,277. However, our review of records of the county trustee and Sheriff's Department disclosed that the forfeited funds were never received by the county

trustee or deposited into a Sheriff's Department bank account. In addition, seizure forms for this drug offense were never submitted to the Tennessee Department of Safety as required by *Tennessee Code Annotated*, Section 40-33-204(g). As of August 31, 2014, the \$2,277 is unaccounted. This cash shortage resulted from a lack of management oversight. This finding has been discussed with the district attorney general. As of January 28, 2016, no action has been taken with regard to this investigation, therefore, the \$2,277 remains unaccounted for.

13. **Franklin County - Office of Circuit, General Sessions, and Juvenile Courts Clerk**

On December 19, 2013, an investigative report was issued by the Comptroller's Division of Investigations, Financial and Compliance Unit for the period July 1, 2012, through December 31, 2012. A cash shortage of \$3,046.25 existed at December 31, 2012. This cash shortage resulted from a deputy clerk failing to make deposits of court collections, of which \$1,671.25 was receipted and not deposited from General Sessions Court, and \$1,375 was receipted and not deposited from Circuit Court. The restitution was paid in its entirety in July 2015.

14. **Grainger County - Ambulance Service**

On January 26, 2016, an investigative report by the Comptroller's Division of Investigations, Financial and Compliance Investigations section revealed that deficiencies in payroll at the Grainger County Ambulance Authority resulted in a cash shortage totaling at least \$6,181.32. This investigative report is available at www.comptroller.tn.gov. The period of this investigation was from January 1, 2015, through July 25, 2015. Between August 2015 and May 2016, restitution was made by direct payments, forfeit of wages, wage garnishments, and forfeit of leave from three employees totaling the balance of the shortage, which has been liquidated as of May 28, 2016.

15. **Hardeman County - Solid Waste Department**

The Comptroller's Division of Investigations, Financial and Compliance Unit issued an investigative report dated February 4, 2015, on the Hardeman County Solid Waste Department, which revealed a cash shortage of at least \$3,062.72 in the Solid Waste Department at September 9, 2014, which resulted from a department employee failing to make deposits of collections. The former employee was indicted by a grand jury on May 4, 2015, pled guilty to theft between \$1,000 and \$10,000 on January 7, 2016, and was ordered to pay restitution of \$3,070 and a \$500 fine.

16. **Hardin County - Office of Circuit and General Sessions Courts Clerk**

On February 14, 2014, an investigative report by the Comptroller's Division of Investigations, Special Investigations Unit revealed that beginning at least in March 2012 and continuing through April 2013 a deputy clerk misappropriated cash totaling at least \$15,008 from the office. The deputy admitted to investigators that she took cash from daily collections for her personal use and used cash collected on subsequent days to conceal the misappropriation. Additionally, the deputy subverted the clerk's established practice of rotating deposit duties among deputy clerks by voluntarily

making all of the daily deposits. This enabled the deputy to continue her misappropriation scheme undetected. On May 17, 2014, the former deputy pled guilty to theft and official misconduct and was ordered to pay restitution (\$13,539) plus court costs of \$824. The outstanding cash shortage totaled \$5,383 as of February 5, 2016.

17. Henry County - Office of Sheriff

The audit of Henry County for the 2005-06 year reported a cash shortage of \$162,657 as a result of irregularities in the Office of Sheriff. The former sheriff, former business manager, and former owner of Elite Firearms all pled guilty to various charges and received various sentences and fines. The three defendants have been ordered to pay restitution totaling \$71,512. This amount is net of estimated auction proceeds of items recovered from the former sheriff. The actual auction proceeds received during the 2008-09 year totaled \$12,205. On November 21, 2011, the Henry County Commission voted to agree to a consent judgment in the county's effort to try and recover money from the former sheriff, basically agreeing to settle a civil lawsuit for \$160,000. As of June 30, 2015, the cash shortage totaled \$53,845.86.

18. Hickman County – Office of Circuit and General Sessions Courts Clerk

The Office of Circuit and General Sessions Courts Clerk had a cash shortage of at least \$1,106 as of June 30, 2015. During our annual audit for the year ended June 30, 2015, we noted outstanding deposits listed from four to six months old that had never been deposited to the bank. We expanded our procedures to review all deposits for the year and found other deposits that were made for less than the recorded amount. These discrepancies resulted in the cash shortage of \$1,106 (\$856 in General Sessions Court) and (\$250 in Circuit Court). This finding has also been reviewed with the District Attorney General.

19. Houston County - Office of Director of Schools

The audit of Houston County for the 2013-14 year reported a cash shortage of \$4,453.33 in the Office of Director of Schools. Our investigation revealed the former payroll clerk had issued herself an extra payroll check (\$1,583.33) and had failed to withhold the required amount ordered by the U.S. Bankruptcy Court from her payroll check in four instances (\$2,870.00). A portion of the cash shortage was recovered through payroll deductions before the clerk left employment with the School Department, leaving an outstanding shortage of \$2,152.50 at June 30, 2015. The former payroll clerk pled guilty to theft on September 28, 2015, and was ordered to pay restitution of \$2,152.50. The defendant made a restitution payment of \$500 in November 2015, leaving a cash shortage total of \$1,652.50 as of February 16, 2016.

20. Jefferson County - Office of Planning and Zoning

On July 10, 2015, a Fraud Reporting Form was filed with the Comptroller of the Treasury alleging a cash shortage in the Planning and Zoning Office. A citizen had received a past-due notice for his adequate facilities tax. The citizen then presented paperwork from the Planning and Zoning Office, which reflected that his final payment had been made. The county's finance director, with assistance from the Comptroller's Office, performed an internal review of the receipts and deposits of the

Planning and Zoning Office and determined that \$21,752 in adequate facilities tax and building permit collections had not been remitted to the county trustee. These unaccounted collections were for the period September 2013 through June 2015. The district attorney general was notified of the cash shortage, and the Tennessee Bureau of Investigations conducted an investigation. On January 11, 2016, the Jefferson County Grand Jury returned indictments charging a former employee of the Planning and Zoning Office with one count of theft over \$10,000, one count of theft over \$1,000, and four counts of official misconduct. The former employee was arrested on January 25, 2016, and is currently awaiting trial.

21. Lake County - Office of County Mayor

The audit of Lake County for the 2009-10 year reported irregularities in the Lake County Mayor's Office. Our investigation revealed that from October 18, 2005, through July 26, 2010, the county mayor's bookkeeper issued 191 vendor checks totaling \$202,344.63 from the county's General Fund for personal use. The bookkeeper pled guilty and was ordered to pay \$53,344.63 in restitution. The county's insurance company paid the county \$149,000, Regions Bank paid the county \$17,500 to settle a civil lawsuit, and the bookkeeper has paid \$13,200 restitution, leaving an outstanding balance of \$22,644.63 due the county at October 13, 2015.

22. Loudon County - Office of Sheriff

A cash shortage of at least \$13,976.84 was discovered in the Office of Sheriff. Details of the cash shortage are discussed in the Schedule of Findings and Questioned Costs in the annual financial report for the year ended June 30, 2014. Funds totaling \$6,649.84 were recovered from the trunk of a county vehicle on August 25, 2014, leaving an outstanding cash shortage of \$7,327. A former Sheriff Department employee was indicted on criminal charges related to the cash shortage and was later granted judicial diversion by the criminal court on charges of theft. On May 5, 2015, the former employee liquidated the remaining cash shortage by paying restitution of \$7,327 to the court.

23. Madison County - Office of County Clerk

The audit of Madison County for the 2013-14 year reported a cash shortage of \$23,178.25 in the Office of County Clerk due to the theft of cash and checks from an office safe in December 2014. On January 6, 2015, an office employee admitted to Sheriff's Department investigators that she stole the funds and burned the checks. The former employee plead guilty to the theft on July 14, 2015, and was ordered to pay restitution totaling \$700. No restitution has been paid as of the date of this report. The actual missing checks (\$19,472.94) that were stolen have not been located; however, the county clerk recovered some of these checks by contacting individual payors and having them reissue their checks to the county. As of October 19, 2015, \$18,263.05 had been received from the collection of individuals providing replacement checks. In addition, the missing cash of \$3,705.31 was seized by the Sheriff's Department during the arrest of the former employee. This cash was returned to the County Clerk's Office after the case was settled in September 2015. The remaining cash shortage and restitution totaling \$1,909.89 is outstanding as October 19, 2015.

24. Maury County - Animal Shelter

The Maury County Animal Shelter reported a theft of \$80 to the state Comptroller's Office on July 25, 2014. The cash was allegedly stolen by a former employee of the office. A theft report was filed with the Maury County Sheriff's Department, and the employee was arrested and charged with theft under \$500. This case was heard in Maury County General Sessions Court on October 13, 2014, and the defendant was found guilty and ordered to pay restitution of \$80, which she paid on February 24, 2015.

25. McNairy County - Office of Circuit Court Clerk

The audit of McNairy County for the 2007-08 year reported a cash shortage of \$13,528.19 in the Office of Circuit Court Clerk. A former office employee admitted taking the funds and has restored the \$13,528.19 in missing funds to the office. On June 20, 2008, the former employee pled guilty in Circuit Court to official misconduct, was sentenced to two years in state prison, and immediately granted probation. In addition, she was ordered to pay \$4,405 for restitution to the county for audit expenses. The former employee has unpaid audit expense restitution of \$3,390.50.

26. McNairy County - Office of Sheriff

The audit of McNairy County for the 2011-12 year reported a cash shortage of \$9,782.36 in the Office of Sheriff commissary operation. This cash shortage consisted of \$8,536.66 from a kiosk machine identified by the TBI and an additional cash shortage of \$1,245.07 in the commissary operation, which remained undetected by the Sheriff's Office until our audit discovered it. We were unable to determine the exact amount of the cash shortage as of June 30, 2012, because of inadequate records. Due to these deficiencies, there could be other collections that have not been accounted for properly and have not yet been detected. The defendant was found guilty on February 3, 2014, and was ordered to pay restitution of \$8,600 plus court costs of \$2,371 for a total of \$10,971. The unpaid balance remains \$6,441.38.

27. Meigs County - Office of Finance Director

On October 23, 2014, our office issued a special report on the Meigs County Finance Department for the period July 1, 2008, through November 30, 2013. This report disclosed that Finance Department employees received unauthorized compensation totaling \$26,604.17, and detailed time records were not on file to support the payment of \$1,201.50 for compensatory leave of the former interim finance director. This report is available at www.comptroller.tn.gov. In March 2015, the former finance director was indicted on charges of theft over \$10,000 and is currently awaiting trial.

28. Morgan County - Office of County Clerk

A special report dated February 10, 2011, for the period July 1, 2009, through December 22, 2010, reported a cash shortage of \$54,611.33 on December 14, 2010. The state Comptroller's Office conducted a special investigation with the assistance of the Tennessee Bureau of Investigation resulting in the above-noted cash shortage. Subsequently, the former county clerk liquidated the cash shortage. However, the

clerk was also ordered by the Criminal Court of Morgan County to repay \$11,562 to Morgan County for a portion of the extended audit costs associated with the cash shortage. The unpaid balance of the audit costs totals \$7,373 as of November 12, 2015.

29. Overton County - Millard Oakley Public Library

A special audit report dated June 4, 2012, for the period July 1, 2008, through March 26, 2012, reported a cash shortage of \$5,999.53 at March 2, 2012. This cash shortage included disbursements from the library's checking account for personal expenses of the deputy director totaling \$2,289.58. In addition to the personal expenses, the deputy director also collected cash and checks on behalf of a nonprofit organization, Friends of the Library; however, instead of turning the collections over to the Friends of the Library, the deputy director deposited these funds into the library's checking account in an apparent attempt to balance the library's books by replacing the cash taken from the library with the nonprofit's funds. This substitution scheme totaled \$3,709.95. On February 18, 2014, the defendant pled guilty to theft of property over \$1,000 and received a three-year sentence suspended to three years of supervised probation and 100 hours community service, as well as being ordered to pay restitution of \$3,709.95. Restitution of \$60 has been received as of November 16, 2015, leaving a balance of \$3,649.95.

30. Polk County - Office of Circuit and General Sessions Courts Clerk

An investigative report dated June 4, 2013, by the Comptroller's Division of Investigations, Financial and Compliance Unit reported a cash shortage of \$2,702.28 existed in the Office of Circuit and General Sessions Courts Clerk at December 31, 2012. This cash shortage resulted from a deputy clerk voiding receipts and eliminating applicable fees with no documentation to support the clearing of the fees. On July 22, 2013, the former deputy clerk pled guilty to felony theft over \$1,000, was sentenced to two years judicial diversion, and was ordered to pay court cost, restitution, and an investigative fee totaling \$7,112.46 with a minimum payment of \$300 per month. As of the date of this report, all costs, restitution and fees have been paid.

31. Putnam County - Office of Assessor of Property

An investigative report dated March 27, 2014, by the Comptroller's Office of General Counsel revealed that the Putnam County Assessor of Property used county funds totaling at least \$2,355 to purchase computers and accessories, which he traded or sold for his personal benefit. During the period April 1, 2013, through March 15, 2014, the assessor used a county credit card to purchase at least eight computers and related accessories totaling \$2,355. He then sold these computers for cash, kept the cash for his own use, or traded the computers to pay off his personal debts. The assessor acknowledged to Comptroller investigators that he had sold or traded these computers for his personal benefit. On March 24, 2014, the assessor resigned from office, and the grand jury indicted the assessor on one count of theft over \$1,000 and one count of official misconduct. On December 12, 2014, the former assessor of property pled guilty to theft, agreed to pay restitution of \$1,956.77, and agreed to serve three years of probation. He also agreed to a two-year suspended jail sentence for the charge of official misconduct. The former assessor has not paid any of the \$1,956.77 restitution to date.

32. Rutherford County - Office of Director of Schools

On September 11, 2014, the Comptroller's Division of Investigations, Special Investigations Unit issued a special investigative report on the Rutherford County School Department for the period July 1, 2010, through June 30, 2012. This report disclosed a number of deficiencies in accounting for night school tuition collections, including a cash shortage of at least \$15,875. The former bookkeeper responsible for this theft was indicted by the Rutherford County Grand Jury on September 2, 2014, on charges of theft over \$10,000 and official misconduct. On May 29, 2015, both parties agreed to an order of retirement, which reduced the charge by \$13,475. The bookkeeper was ordered to pay restitution totaling \$2,400 to the Rutherford County School Department. On June 5, 2015, the restitution was fully liquidated.

33. Sequatchie County - Office of County Clerk

The audit of Sequatchie County for the 2007-08 year reported a cash shortage of \$4,248.51 in the Office of County Clerk. This shortage resulted from an employee of the office altering several motor vehicle title application transactions. This former employee entered into a plea agreement on April 27, 2009. In prior years, the bonding company paid the county \$3,248.51 and the defendant paid restitution of \$690 leaving a balance of \$310 at June 30, 2014. The county did not receive any restitution in the current year. On March 16, 2015, the County Commission voted to write off the remaining balance of this shortage.

34. Sevier County - Office of County Clerk

In 2009-10, a \$94,645 cash shortage was reported in the Office of County Clerk, which the clerk subsequently repaid. On May 23, 2012, the court ordered the clerk to pay an additional \$14,019 to the county for the costs of additional audit services related to this theft. The outstanding balance for audit costs totals \$5,220.50.

35. Sumner County - Office of Director of Schools

The audit of Sumner County for the 2011-12 year reported a cash shortage of \$18,697 in the School Department. An investigation by the School Department's internal auditor and the local police revealed that an employee had purchased personal items with school funds. On February 15, 2013, the former employee pled guilty to one count of theft of property between \$10,000 and \$60,000. The former employee was sentenced to six years of probation and was ordered to pay restitution of \$18,697 to the Sumner County School Department. The School Department's insurance carrier paid the county \$13,697 on May 7, 2013, leaving an unrecovered shortage of \$5,000.

36. Sumner County - Office of Director of Schools

During the 2012-13 fiscal year, the School Department's internal auditor informed us that an employee had taken \$10,762 cash from collections purportedly to reimburse herself for mileage and other expenses she paid from personal funds. The employee's employment was terminated on March 20, 2013. On October 10, 2013, the employee was indicted on one count of theft of property over \$1,000. The county's insurance

carrier paid the county \$5,762 on October 17, 2013, leaving an unrecovered shortage of \$5,000.

37. Unicoi County - Office of Director of Schools

A special audit report dated June 28, 2010, for the period July 1, 2009, through May 25, 2010, reported a cash shortage of \$20,967.36. This cash shortage resulted from the disbursement of School Department funds for personal expenses of the School Department's finance director. The finance director resigned her position on May 25, 2010, and she liquidated the cash shortage of \$20,967.36 with personal funds on May 27, 2010. The former director of finance pled guilty to theft over \$10,000 on January 6, 2011, and was sentenced to 90 days confinement, ten years' probation, and payment of restitution of \$8,790 for the additional cost of the audit. The unpaid audit costs totals \$4,140 as of September 24, 2015.

38. Van Buren County - Office of Sheriff

During the 2012-13 year, the Sheriff's Department had a cash shortage of \$3,000. This shortage resulted from not properly accounting for funds received from the County Mayor's Office for confidential undercover drug operations. On February 19, 2014, a former employee of the Sheriff's Department was indicted on multiple counts of theft and official misconduct related to this and other incidents, which occurred when the individual was an employee of the Sheriff's Department. No payments have been received toward liquidating this shortage.

39. Van Buren County - Office of Sheriff

Subsequent to June 30, 2015, the Sheriff's Department discovered that a former jail administrator had receipted two cash bonds totaling \$1,500 on July 24, 2015; however, these collections had not been deposited to the office's bank account. These funds were recovered from the former jail administrator on September 15, 2015. The Tennessee Bureau of Investigation is investigating this discrepancy.

40. Warren County - Memorial Airport

On September 11, 2012, the Comptroller's Division of Investigations, Financial and Compliance Unit issued an investigative report on the Warren County Memorial Airport for the period July 1, 2007, through September 30, 2011. This report disclosed receipts issued that were not deposited with the county trustee, unpaid hangar rentals, and the use of aircraft fuel used for personal benefit resulting in a cash shortage of \$20,791.67 as of September 30, 2011. On August 16, 2013, the former airport manager was indicted on one count of theft over \$10,000, 17 counts of forgery, and one count of official misconduct. On April 22, 2015, a plea agreement was entered into between the county and the defendant. This agreement included a \$3,313.22 reduction in the cash shortage amount leaving a remaining balance of \$17,478.45. As of June 30, 2015, all costs, restitution, and fees have been paid.

41. Wayne County - Office of Director of Schools

The Comptroller's Division of Investigations, Financial and Compliance Unit issued an investigative report on July 29, 2014, on the Wayne County School Department for the period July 1, 2009, through February 28, 2013, which revealed a cash shortage totaling \$319,134.58. This shortage was comprised of unauthorized payroll checks and disbursements. This investigative report is available at www.comptroller.tn.gov. In August 2014, one former employee pled guilty to federal program fraud. Also, in August 2014, the county received an insurance check totaling \$149,500. On January 16, 2015, the former employee was sentenced to three years of probation and ordered to pay the county's insurance carrier \$135,600. The outstanding cash shortage totals \$169,634.58.

42. Williamson County - Recreation Department

The audit of Williamson County for the 2005-06 year reported a cash shortage of at least \$45,037.43 as of June 30, 2006, at the Fairview Recreational Center. This cash shortage resulted from collections that were not deposited or otherwise accounted for properly. On October 6, 2008, the defendant pled guilty and was sentenced to four years' probation and ordered to pay restitution to Williamson County. On October 7, 2008, the defendant signed a promissory note with Williamson County. The promissory note states that the debtor shall pay the principal amount in full no later than 48 months from November 1, 2008. As of June 30, 2015, the outstanding cash shortage totaled \$33,783.43.

43. Williamson County - Office of County Clerk

The audit of Williamson County for the 2008-09 year reported a cash shortage of \$3,386.18 in the Office of County Clerk. In December 2008, the county clerk discovered that collections from a title application transaction totaling \$1,877.68 had been diverted for an employee's personal use. On December 29, 2008, the employee admitted to fraudulently substituting funds to cover the diversion of funds, and the county clerk terminated the employee's employment for mishandling the funds. Subsequently, the county clerk's bookkeeper and auditors discovered two additional title applications totaling \$1,508.50 had been stolen. Therefore, the amount of funds diverted from the office totaled \$3,386.18 (\$1,877.68 plus \$1,508.50). On November 10, 2009, the defendant pled guilty to one count of theft over \$1,000 and one count of forgery. The defendant was sentenced to two years' probation, and ordered to pay restitution of \$3,386.18 to Williamson County. As of June 30, 2015, no restitution had been paid, leaving the outstanding cash shortage of \$3,386.18.

44. Williamson County - Animal Control Department

A special audit report dated July 26, 2010, for the period May 17, 2005, through March 31, 2010, reported a cash shortage of at least \$106,446.17 from receipts that were not deposited with the county or otherwise accounted for properly. On November 15, 2010, the employee pled guilty to theft over \$60,000 and was sentenced to eight years' confinement, which was suspended to eight years' probation, and was ordered to pay restitution of \$106,446.17. As of June 30, 2015, the outstanding cash shortage totaled \$105,341.92.

45. **Williamson County Solid Waste Department**

The Williamson County Solid Waste Department notified the state Comptroller's Office of a theft at the landfill on April 15, 2015. Cash in the amount of \$385.96 was noted to be missing. A police report was filed and the matter is still under investigation. Therefore, a cash shortage of \$385.96 exists as of December 16, 2015.

46. **Wilson County - Office of Sheriff**

The Sheriff's Department received information alleging an employee was using a county credit card to purchase fuel for his private vehicle. Officials filed a Fraud Reporting Form with our office on June 25, 2013, and the allegation was investigated internally with help from the district attorney general. The employee's employment with the Sheriff's Department was terminated on July 1, 2013, and on September 22, 2014, the former employee pled guilty to eight counts of theft under \$500, received supervised probation, and was ordered to pay restitution of \$401.66. No restitution has been received as of October 1, 2015.

47. **Wilson County - Landfill Office**

A break-in was discovered on May 26, 2015, in the landfill scale office. The cash register had been pried open and \$891 was missing. Also, an envelope with \$6 had been stolen. Investigators from the Wilson County Sheriff's Department have not determined the responsible party and county officials do not expect to recover these funds.

Shortages Reported by Public Accounting Firms**1. Bedford County Emergency Communications District**

Questionable purchases totaling \$46,806.60 were made from Bedford County Emergency Communications District funds during the period July 1, 2005, through March 31, 2012. These questionable purchases were published in a Special Report on March 25, 2013, by the State of Tennessee Comptroller's Office. A former district employee pled Nolo Contendere and was sentenced to three years' probation beginning March 31, 2015. The former employee was also ordered to pay restitution of \$22,392, which was the amount paid by the District for the investigative audit fee. Therefore, the cash shortage remains \$46,806.60.

2. Clarksville – Montgomery County Regional Airport Authority

The audit for the 2009-10 fiscal year reported a theft of \$104,105 from the Authority. The theft was a result of a former employee utilizing the Authority's debit cards and online banking to pay for personal expenses. On September 16, 2011, the former employee pled guilty and was ordered to pay restitution of \$85,123. To date, \$249 of restitution has been paid.

3. Crockett County Emergency Communications District

In January 2014, the Special Investigations Unit of the Comptroller of the Treasury issued a report disclosing that the District's bookkeeper fraudulently issued checks totaling \$88,764 for personal use. Related payroll tax expense and deposits relating to the fraudulent payroll checks total \$23,031, bringing the total shortage to \$111,795. Employee dishonesty insurance paid \$110,190 with the remainder of the shortage being written off by action of the District's directors.

4. Davidson County – Centennial Sportsplex Tennis Center

During the period May 2010 through February 2014, the former special programs coordinator misappropriated Sportsplex funds totaling at least \$95,310 by diverting and depositing into his personal bank account at least 79 checks made payable to Sportsplex. In September 2014, the Davidson County Grand Jury indicted the former special programs director on one count of theft over \$60,000 and one count of official misconduct. In August 2015, the defendant entered into a plea agreement to pay restitution of \$47,860.01. The remaining balance of the shortage due to Sportsplex was written off.

5. Davidson County – Metropolitan Development and Housing Agency Center

Participants in the Housing Choice Voucher program underreported their income causing rents subsidized by Housing Assistance Payments (HAP) to the participants to be higher than they should have been. During the year ended September 30, 2015, the Agency discovered the underreported income which would have led to reduced HAP expense of \$725,636 in the year(s) the participant underreported their income and increased the rent burden on the tenant. During the year ended

September 30, 2015, the agency collected \$111,279; however, the governing body of the Agency does not believe the additional amounts owed are collectible and the remaining balance has been written off.

6. Hamblen County – Morristown Solid Waste Disposal System

The Special Investigations Unit of the Office of the Comptroller of the Treasury, released a Special Report in March 2015 on the Hamblen County – Morristown Solid Waste Disposal System. This report disclosed that the former director, Ronald Brady, misappropriated solid waste system funds totaling at least \$227,792 and used the proceeds for his personal benefit. Mr. Brady was indicted by a grand jury in March 2015. During the year ended June 30, 2015, insurance provided payments of \$225,292. The remaining \$2,500 will be sought from the former director.

7. Knox County – Office of Director of Schools/Credit Cards

Investigations were conducted during FY15 related to possible personal or other improper use of credit cards within the Knox County Schools Administrative Office by the former board of education accounts payable supervisor. Both the Special Investigative Unit of the Comptroller of the Treasury and the office of the Knox County Internal Auditor have issued reports related to their findings of inappropriate use of credit cards by the former supervisor. The reported misappropriations total at least \$12,000. The former supervisor was terminated in October 2014 and was indicted by the Knox County Grand Jury in August 2015.

8. Knox County – Office of Director of Schools/Food and Nutrition Department

In May 2015, the Special Investigative Unit of the Comptroller of the Treasury issued a special report related to the former Knox County Schools Nutrition Director's misappropriation of approximately \$4,500, resulting from inappropriate travel and expense reimbursements during the period February 2013 through July 2014. The former director resigned in November 2014, and the matter was referred to the Knox County District Attorney General' Office.

9. Shelby County Board of Education

On two separate occasions in July 2014 and September 2014, the employee portal related to payroll was compromised, which led to \$49,619.48 of employee compensation being diverted to several prepaid cards. A police report was filed after each incident. The Information Technology Department, along with the software vendor, and other personnel of the Board, have taken steps to improve system security and prevent a recurrence of the compromise.

10. Sullivan County, Bluff City, Kingsport Animal Control

The audit for the 2014-2015 year reported two cash shortages – one for \$1,760 and a second for \$595.

The \$1,760 shortage resulted from the theft of cash receipts of donations and animal adoption fees by a member of management. The employee was altering internal documents to help facilitate the theft. Once the theft was discovered during November 2014, the individual was terminated. The employee denied the allegations but was later charged with theft under \$500 and convicted of a misdemeanor.

The \$595 shortage resulted from the theft of a weekend's deposit by a day worker. On a Sunday, when fewer staff are at the shelter to observe the day workers, one of them forced a locked filing cabinet open and stole the deposits from the cabinet. No charges were filed because the surveillance cameras were not set up at the proper angle to catch the theft on tape. The suspected day worker was banned from coming back to the shelter.

The entire amount of both of the above thefts have been written off as uncollectible.

11. Washington County – Office of Director of Schools

The audit for fiscal year 2015 reported a cash shortage of \$1,060 at the Board of Education. A money bag containing one week's payments collected from parents for the School Age Child Care (SACC) program at Ridgeview School was reported missing on March 9, 2015, by the SACC Site Director. During the investigation, the SACC Site Director expressed an understanding of the proper SACC finance control procedures but had failed to follow these procedures.