

INVESTIGATIVE AUDIT REPORT

**BEDFORD COUNTY SHERIFF'S DEPARTMENT
SEXUAL OFFENDER REGISTRY OFFICE
JANUARY 1, 2006, THROUGH DECEMBER 31, 2011**



State of Tennessee

**Comptroller of the Treasury
Department of Audit
Division of Investigations
Financial & Compliance Unit**



STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DIVISION OF INVESTIGATIONS
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December 18, 2013

Randall Boyce, Sheriff
Bedford County
103 Lane Pkwy
Shelbyville, TN 37160

Dear Sheriff Boyce:

Our office initiated an investigation of the Bedford County Sheriff's Department, Sexual Offender Registry Office (SOR) after being informed of suspected irregularities on January 9, 2012. Our investigation, which covered the period January 1, 2006, through December 31, 2011, identified a cash shortage of at least \$31,460. On December 16, 2013, the former SOR officer, Rebecca Hord, was indicted by the Bedford County Grand Jury on theft charges.

Presented in this report are the findings resulting from our investigative audit. Copies of the report are being forwarded to Governor Bill Haslam, the State Attorney General, the District Attorney General for the 17th Judicial District, certain state legislators, and various other interested parties. A copy is available for public inspection in our office and may be viewed at <http://www.comptroller.tn.gov/ia/>.

Sincerely,

A handwritten signature in black ink that reads "Kevin B. Huffman".

Kevin B. Huffman, CPA, CFE, CGFM
Investigative Audit Manager
Division of Investigations
Financial and Compliance Unit

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**INVESTIGATIVE AUDIT OF SELECTED RECORDS OF THE
BEDFORD COUNTY SHERIFF'S DEPARTMENT
SEXUAL OFFENDER REGISTRY OFFICE
FOR THE PERIOD JANUARY 1, 2006, THROUGH DECEMBER 31, 2011**

CASE SUMMARY

We performed an investigative audit of suspected irregularities in the Bedford County Sheriff Department's Sexual Offender Registry (SOR) office. The audit focused primarily on the department's sexual offender files, accounting records, and internal controls. The investigative audit revealed the following:

- A cash shortage of at least \$31,460 existed in the sheriff's department SOR office at December 31, 2011.
- The former SOR officer submitted forged documents to the TBI indicating that the sexual offenders named in the documents were indigent.
- The sheriff's department did not inquire as to why a sexual offender either quit reporting or stopped paying the administrative fee.
- Sexual offenders were not required to report to the sheriff's department in person, in violation of state law.
- The sheriff's department did not reconcile monthly sexual offender registry collections to billing statements issued by the TBI.
- Deficiencies existed in receipting and depositing collections.
- Duties were not segregated adequately in the SOR office.

The investigative findings and internal control and compliance deficiencies resulting from this investigation are shown below. We reviewed these findings with the local district attorney general. On December 16, 2013, the Bedford County Grand Jury indicted Rebecca Hord, the former SOR officer, on four counts of forgery, one count of official misconduct, and one count of theft over \$10,000.

BACKGROUND

On January 9, 2012, our office was notified by the Bedford County Sheriff's Department of suspected irregularities in the department's sexual offender registry (SOR) office. As a result of this notification, our office conducted an investigation in coordination with the Tennessee

Bureau of Investigation (TBI) for the period January 1, 2006, through December 31, 2011. We conducted interviews, reviewed the department's sexual offender files, and accounting records.

We also examined the department's procedures for registering individuals into Tennessee's SOR database. In addition to internal control and compliance deficiencies, our investigation identified a cash shortage of at least \$31,460 in the department's SOR office at December 31, 2011.

SEX OFFENDER REGISTRY

A "sexual offender" is any person who has been convicted in Tennessee of committing a sexual offense, or other qualifying conviction, as defined by Section 40-39-202, *Tennessee Code Annotated*. A "violent sexual offender" is any person convicted of a violent sexual offense, or other qualifying conviction, as defined by Section 40-39-202, *Tennessee Code Annotated*. Sexual offenders are required to report annually between seven days prior to, and seven days after their birthday. Violent sexual offenders are required to report quarterly during the months of March, June, September, and December.

Sexual offenders are required to register with their local police department or Sheriff's department (law enforcement registering agency) depending on where they live within the county, and pay a fee in support of the administration of the SOR. Sexual offenders and violent sexual offenders are required to report in person to their local law enforcement registering agency within 48 hours of changing their address, employment status, or school information between reporting dates. Sexual offenders being released from prison are required to register with the TDOC within 48 hours prior to their release from incarceration. Local law enforcement registering agencies should determine from the SOR which sexual offenders leaving the TDOC are planning to live in their jurisdiction. Sexual offenders who are supervised by probation or parole are required to register as long as they are on supervised probation. Failure of a sexual offender to register or update records could result in the sexual offender being charged with a Class E felony. Additionally, if a sexual offender is on probation, parole, or any other alternative to incarceration, failure to comply with the program requirements will constitute sufficient grounds for and may result in the revocation of the sexual offender's probation, parole, or other alternative to incarceration.

The TBI is responsible for maintaining the state's online, electronic, SOR database. The database is updated by the various law enforcement agencies that register, update information, and collect fees from sexual offenders living within their jurisdiction. The fees collected from the sexual offenders are used to administer the SOR. The TBI also conducts annual SOR training for all registering law enforcement agencies and participates with local law enforcement in large scale sex offender "round-ups" upon request when the sexual offenders violate legal obligations. Both sexual offenders and violent sexual offenders pay an annual administrative fee of \$150 to their local registering law enforcement agency. An administrative fee of \$100 goes directly to the agency where the sexual offender registers, and \$50 goes to the TBI for their administration of the SOR. The administrative fee increased from \$60 to \$100 on August 1, 2005, and then increased again on July 1, 2008, to the current amount of \$150. TBI began billing local law enforcement registering agencies for their portion of the administrative fee in August 2008. TBI

is notified by the SOR software and sends out bills for their administrative portion to the local law enforcement registering agencies when sexual offenders pay their required amounts, and those amounts are entered by the various law enforcement registering agencies into the SOR as paid.

Findings, recommendations, and management's responses, as a result of our investigation, are presented below. Also, these findings and recommendations have been reviewed with the district attorney general.

INVESTIGATIVE FINDINGS

1. **FINDING: The Bedford County Sheriff's Department had a cash shortage of at least \$31,460 in sexual offender collection fees at December 31, 2011**

From January 2006 until December 2011, the Bedford County Sheriff's Department had a process to register sexual offenders into the SOR who lived within the various cities and the county. Prior to January 2006 and after December 2011, the sexual offenders living within the City of Shelbyville registered with the Shelbyville Police Department.

A former officer with the Bedford County Sheriff's Department in charge of the county's SOR left the department in November 2011. In December 2011, the new SOR officer questioned a sexual offender regarding \$150 in SOR fees reflected in the SOR database as being owed. The sexual offender presented a generic, unofficial receipt documenting the payment for the fees in question. The sheriff's department had no record of this receipt presented by the individual and could not trace the receipt to a deposit. The former SOR officer maintained a separate, generic, unofficial receipt book, and was not authorized to receipt funds. The department's collection procedures were inadequate. All funds collected should have been receipted, recorded in the accounting records, and deposited by the department's bookkeeper, and not the former SOR officer.

The former SOR officer took certain SOR collections to the bookkeeper periodically, but the bookkeeper was unaware of other collections being receipted in an unofficial receipt book by the former SOR officer. Sheriff's department personnel met with several sexual offenders to examine any receipts they had on hand. The receipts maintained by several of the sexual offenders could not be traced to the accounting records of the department, or to the SOR. The department then notified our office of the irregularities in a fraud reporting form on January 9, 2012.

We attempted to identify each sexual offender that reported for registration with the sheriff's department for the time period of January 1, 2006, through December 31, 2011. Our examination determined there were at least 158 sexual offenders registered by the department, and at least \$42,198 should have been collected from these individuals. Due to the condition of the records, there could have been more sexual offenders who were required to report to the department that we could not determine. We examined the

generic, unofficial receipt book maintained by the former SOR officer, traced receipts to deposits, examined SOR entries made by the former SOR officer, and reviewed the receipts brought in by sexual offenders as evidence of their payment, as well as their statements given to the TBI. We determined that \$10,738 of SOR fees were collected from sexual offenders by the department during the period under examination, resulting in a cash shortage of \$31,460 (\$42,198 - \$10,738) at December 31, 2011.

RECOMMENDATION:

Officials should take steps to recover the cash shortage. Funds collected should be properly credited to the sexual offender accounts and reported to the TBI. All department collections should be taken to the bookkeeper for receipt and deposit.

MANAGEMENT'S RESPONSE:

Sheriff:

The irregularities found were when the SOR was overseen by an employee that is no longer with the department and was her sole responsibility. This employee was over the SOR before I came into office in 2006 and until November 2011. The irregularities found have been corrected, as is stated in your finding. The former SOR failed to follow the TBI's Standard Operating Procedures regarding the collection of administrative costs and maintenance of accounting records.

The funds collected are properly credited to the sexual offender accounts and are reported to the TBI. All department collections are taken to the bookkeeper for receipt and deposit.

2. **FINDING: The Bedford County Sheriff's signature was forged on sexual offender indigent forms**

During our examination of the sexual offender files, we noted four documents submitted by the former SOR officer to the TBI indicating that the sexual offenders named in the documents were indigent and could not pay their required registration fee. We noted that three of the four sexual offenders named in these indigent forms did pay their fees and had copies of their receipts verifying they were not indigent. The fourth sexual offender was employed and advised he paid his fee and was not indigent. These documents required the signature of the sheriff. The sheriff confirmed his signature on these documents was forged, and the signature appeared to be photocopied from another document.

MANAGEMENT'S RESPONSE:

Sheriff:

Under the former SOR, the sheriff's signature was forged on forms verifying sexual offenders were indigent. Under the current SOR, the sheriff's signature has not been required due to the TBI form used.

**INTERNAL CONTROL AND COMPLIANCE DEFICIENCIES
FINDINGS AND RECOMMENDATIONS**

1. **FINDING:** **The Bedford County Sheriff's Department had deficiencies in monitoring and accounting for sexual offenders**

Our examination noted a lack of review by the sheriff's department regarding why a sexual offender either quit reporting or stopped paying the administrative fee. We noted instances where sexual offenders had stopped reporting and paying fees even though the SOR indicated the sexual offender had residence and employment in the department's jurisdiction. Section 40-39-208(a), *Tennessee Code Annotated*, requires sexual offenders to timely report to their local law enforcement registering agency and pay the administration fee. In addition, the sheriff's department is required to follow the TBI's Standard Operating Procedures (SOP) for the monitoring and accounting of sexual offenders when they stop reporting or paying fees. Sexual offenders who move from one local law enforcement registering agency to another, either in the same county or another county, must report within 48 hours. Local law enforcement registering agencies should determine from the SOR the sexual offenders coming into their jurisdiction. The sheriff's department did not review their notifications in the SOR to adequately monitor and account for sexual offenders, or determine that all sexual offenders planning to reside in their jurisdiction were accounted for.

RECOMMENDATION:

Section 40-39-208(a), *Tennessee Code Annotated*, requires sexual offenders to timely report to their local law enforcement registering agency and pay the administration fee. The sheriff's department should follow the Standard Operating Procedures established by the TBI to adequately monitor and account for all sexual offenders in their jurisdiction. These procedures should include a determination of why a sexual offender has failed to report or pay their required fee. Department personnel should also attend the annual training provided by the TBI to become familiar with the laws and procedures relevant to the SOR.

MANAGEMENT’S RESPONSE:

Sheriff:

The sheriff’s department does follow the Standard Operating Procedures established by the TBI and our SOR does monitor and account for all sexual offenders in our jurisdiction. One of the first things we did was to meet with the Shelbyville Police and ask that they take the sexual offenders inside the city; this cut our case load in half and made it easier to manage. The SOR does attend the annual training provided by the TBI, and attends other relevant training to SOR.

2. **FINDING: Sexual offenders were not required to report to the sheriff’s department in person**

Our examination of the sexual offenders’ files revealed that in some instances, paperwork documenting SOR data was mailed out by the sheriff’s department to sexual offenders, and mailed back to the SOR office. We also noted that required sexual offender paperwork was left in the front office of the sheriff’s department for sexual offenders to come in and complete, or mail in at a later date. No sheriff’s department personnel witnessed or verified the information left at the department by the sexual offenders. Section 40-39-202(2), *Tennessee Code Annotated*, requires sexual offenders and violent sexual offenders to report in person for their regularly scheduled visit or within 48 hours of changing their address, employment status, or school information between reporting dates. In addition, the TBI has prescribed Standard Operating Procedures the department should have followed when the sexual offender reports in person.

RECOMMENDATION:

Per Section 40-39-202(2), *Tennessee Code Annotated*, all monitoring of sexual offenders should be performed face to face by sheriff’s department personnel to verify and document that all necessary information is received and fees are collected. Standard Operating Procedures prescribed by the TBI should be followed when sexual offenders report to their local law enforcement registering agency.

MANAGEMENT’S RESPONSE:

Sheriff:

All monitoring of sexual offenders is performed face to face by the SOR and all necessary information is received and fees are collected. This department now has and uses a signature pad that the offender must sign. The signature is sent electronically to the TBI.

3. **FINDING:** **The Bedford County Sheriff's Department did not reconcile monthly sexual offender collections to billing statements issued by the Tennessee Bureau of Investigations**

The former SOR officer entered payment information into the SOR when a sexual offender came by the office as required. The payment information automatically generated a bill from the TBI for their portion of the administration fee. This bill was mailed by the TBI to the sheriff's department for payment. Our examination of the former SOR officer's entries in the SOR revealed missing payment information that would have generated a billing statement to the department. Because this information was not entered in the SOR, a TBI billing statement was not generated. In addition, the appropriate payment information was not credited to the sexual offender's account.

The department's bookkeeper paid the TBI's bill based on the approval of the former SOR officer. However, this billing information was never reconciled with SOR receipts or amounts entered into the SOR when the bill did not match the total collections in the department's general ledger maintained by the bookkeeper. As a result, funds went unaccounted for over a period of years. Sound business practices dictate that these reconciliations be performed monthly. This deficiency resulted from a lack of management oversight. The failure to regularly reconcile accounts allows errors to remain undiscovered and uncorrected.

RECOMMENDATION:

General ledger accounts should be reconciled monthly with TBI billing statements. Amounts entered in the SOR, other receipts, and available statements should be reviewed to ensure proper posting. Any errors discovered should be corrected promptly.

MANAGEMENT'S RESPONSE:

Sheriff:

Money taken in by the SOR is taken to the bookkeeper on the same day collected. One person takes the money, a receipt is given to the SOR, another person posts the amount, and a third person makes the deposit on the same day, unless the money comes in late in the day and the deposit is made the next day.

4. **FINDING:** **Deficiencies were noted in receipting and depositing collections**

Our examination disclosed the following deficiencies in receipting and depositing funds. These deficiencies occurred because sheriff's department personnel advised they were not aware that the former SOR officer was receipting funds.

A. The office did not issue official receipts for collections, as required by Section 9-2-103, *Tennessee Code Annotated*. Instead, the office used generic receipts that did

not display the official name of the office. The use of generic receipts exposes the office to risks that collections may not be accounted for properly.

- B. Generic prenumbered receipts were generally issued for collections; however, many receipts were missing and the used books were not maintained. Section 9-2-104, *Tennessee Code Annotated*, requires official prenumbered receipts to be issued when collections are received and duplicate receipts to be maintained by the office. Without access to duplicate receipts, we were unable to determine if all funds had been accounted for properly.
- C. In some instances, SOR funds were not deposited within three days of collection. Section 5-8-207, *Tennessee Code Annotated*, requires county officials to deposit public funds into the office bank account within three days of collection. The delay in depositing the funds increases the risks of fraud and misappropriation.
- D. The former SOR officer failed to follow the TBI's Standard Operating Procedures regarding the collection of administrative costs and the maintenance of the accounting records.

RECOMMENDATION:

Official receipts should be issued for all collections, duplicate receipts should be maintained, and all collections should be deposited within three days, as required by state statutes. The TBI's Standard Operating Procedure regarding the collection of the administrative fee should be followed and the appropriate accounting records should be maintained.

MANAGEMENT'S RESPONSE:

Sheriff:

The SOR is using official receipts for all collections and duplicate receipts are maintained. All collections are deposited the same day or the next.

5. **FINDING: Duties were not adequately segregated**

Duties were not segregated adequately in the SOR office. The former SOR officer in charge of gathering offender information for maintaining the SOR was also collecting and receipting sexual offender fees, maintaining offender file records, approving indigent status forms, and approving billing statements from the TBI. Internal controls should be designed to give reasonable assurance of the reliability of financial reporting and of the effectiveness and efficiency of operations. This lack of segregation of duties is the result of management's lack of knowledge related to the duties of the former SOR officer.

RECOMMENDATION:

Officials should segregate duties to the extent possible using available resources. Management should continually review internal control procedures and monitor the operations of the office. Indigent forms should be properly documented for cause and appropriately filed in the case file of the offender. This should not be done by the individual receipting funds.

MANAGEMENT'S RESPONSE:

Sheriff:

Duties are segregated. If there are any indigent, forms are properly documented and will not be done by the individual receipting funds. Most of these changes were implemented soon after the new SOR officer took over in November 2011.