



BENTON COUNTY ANIMAL SHELTER

Investigative Report
May 26, 2015

Justin P. Wilson, Comptroller





**STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
FINANCIAL AND COMPLIANCE INVESTIGATIONS**

Justin P. Wilson
Comptroller of the Treasury

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May 26, 2015

Barry Barnett, Benton County Mayor
1 Court Square, Room 102
Camden, Tennessee 38320

Mr. Barnett,

We performed an investigation of selected records of the Benton County Animal Shelter (shelter) for the period July 2, 2013, through July 2, 2014. The shelter is part of the Benton County government and is located in Camden, Tennessee.

Findings and recommendations, as a result of our investigation, are presented below. These findings and recommendations have been reviewed with management to provide an opportunity for their response. Also, these findings and recommendations have been reviewed with the district attorney general for the Twenty-fourth Judicial District.

INVESTIGATIVE FINDING

FINDING 1 **A CASH SHORTAGE OF AT LEAST \$3,600.50 EXISTED AT THE ANIMAL SHELTER ON JULY 2, 2014**

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 funds for two veterinary procedures for a dog at the shelter and gave the former animal control officer a check for \$550. 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:

	Description	Amount
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	(404.50)
	Total Cash Shortage	\$ 3,600.50

This finding has been discussed with the district attorney general.

RECOMMENDATION

County officials should take immediate steps to collect the cash shortage of \$3,600.50.

MANAGEMENT'S RESPONSE – BARRY BARNETT, BENTON COUNTY MAYOR

This is a written response regarding the Benton County Animal Shelter Audit Review. Upon immediate notification of the situation recently investigated the Benton County

Animal Shelter employee was terminated as of June 22, 2014. Benton County will pursue every avenue to collect the \$3,600.50 owed by the individual including any legal action if necessary.

INTERNAL CONTROL AND COMPLIANCE DEFICIENCIES

FINDING 2 **THE ANIMAL SHELTER HAD OPERATING DEFICIENCIES**

We noted the following internal control and compliance deficiencies at the Benton County Animal Shelter.

- A. Duties related to the shelter were not segregated adequately. The former animal control officer receipted funds, maintained the accounting records, and prepared deposits. Accounting standards provide that internal controls be designed to provide 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 decisions based on the availability of financial resources and is a significant deficiency in internal controls that increases the risk of unauthorized transactions.

- B. Deficiencies were noted in receipting and depositing collections. In some instances, collections were not receipted or posted properly to the accounting records, and some collections were not deposited within three days of collection to the County Mayor's Office. Section 5-8-207(a), *Tennessee Code Annotated*, requires county officials to deposit public funds to the official bank account within three days of collection.

- C. Multiple employees operated from the same cash drawer at the shelter. Sound internal controls dictate that each employee have their own cash drawer, start the day with a standard amount of cash, and remove all but that beginning amount at the end of the day. This amount should be verified to the employee's receipts at the end of each day. Failure to adhere to this control regimen greatly increases the risk that a cash shortage may not be detected in a timely manner.

- D. Reconciliations of collections with deposits were not being performed. Timely reconciliations are a necessary internal control procedure to ensure that all collections are deposited properly.

RECOMMENDATION

Management should segregate duties to the extent possible using available resources. All collections should be receipted, properly posted to the accounting records, and deposited within three days of collection as required by state statute. Shelter employees should be assigned their own cash drawer. Management should ensure collections are reconciled with deposits.

ITEM FOR DISCUSSION

Two receipts issued from collections made by checks totaling \$180 were not deposited.

RECOMMENDATION

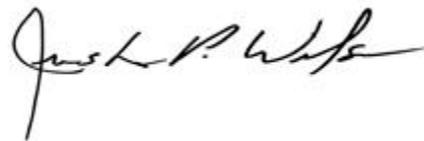
County officials should ensure that these checks were deposited properly.

MANAGEMENT'S RESPONSE – BARRY BARNETT, BENTON COUNTY MAYOR

I have, as County Mayor, directed that any and all proceeds to be collected by the Benton County Animal Shelter be directly deposited in the Mayor's office. The Benton County Animal Shelter will no longer be allowed to or responsible for receiving any funds such as adoption fees, donations, etc. This will require all individuals or parties with any monies for the Benton County Animal Shelter to bring it directly to the Mayor's office where we will receipt the funds in and deposit them directly with the County Trustee. No funds are to be collected or receipted by the Benton County Animal Shelter. By implementing this new procedure, I feel this will eliminate outstanding deposits exceeding the 3 day time frame and will also eliminate multiple employees from operating within the same cash drawer.

If you have any questions concerning the above, please contact this office.

Sincerely,



Justin P. Wilson
Comptroller of the Treasury

JPW/kbh

CC: Members of the Benton County Commission