



Tennessee Comptroller of the Treasury

Justin P. Wilson, State Comptroller

September 29, 2014

Investigation Reveals \$21,773 Stolen from City of Watertown

A special investigation by the Tennessee Comptroller's Office has found that at least \$21,773 was stolen from the City of Watertown over a 2½ year period.

Investigators uncovered two schemes and several internal control deficiencies that allowed money to be stolen from the city's Water and Sewer Fund without detection.

At least \$19,023 was misappropriated from water and sewer customer account cash collections. Although payments were recorded in the individual customer accounts, the money was not deposited into a city bank account.

An additional \$2,750 was misappropriated from meter deposit and connection fee collections.



A part-time city clerk was primarily responsible for receiving, recording, reconciling and depositing city collections. However, the city recorder and other employees also accepted customer payments. Due to inadequate internal controls, investigators were unable to determine who was responsible for the theft. These matters have been referred to the local district attorney general.

Investigators recommend a number of changes to strengthen internal controls including separating financial duties, requiring all employees who access the city's computer system to use a unique username and password, and performing accounts receivable and bank reconciliations.

City leaders have indicated they have corrected or intend to correct these problems; however, they do not agree that a theft occurred.

"The temptation to steal public money is not going away," said Comptroller Justin P. Wilson. "This is why we continually send the message about the importance of establishing financial checks and balances. Internal controls help prevent theft."

To view the special investigation report online, go to: <http://www.comptroller.tn.gov/ia/>.

If you suspect fraud, waste or abuse of public money in Tennessee, call the Comptroller's toll-free hotline at (800) 232-5454, or file a report online at: www.comptroller.tn.gov/hotline. Follow the Comptroller's Office on twitter: [@TNCOT](https://twitter.com/TNCOT)

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