



State of Tennessee

Justin P. Wilson, State Comptroller

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Morgan County Clerk Took Public Funds, Comptroller's Investigation Shows

Morgan County Clerk Carol Hamby took home cash that should have been deposited in her office's bank account, a report released today by the Comptroller's Division of County Audit reveals.

Auditors, working in cooperation with the Tennessee Bureau of Investigation, found that more than \$54,000 in public funds from the Morgan County Clerk's office was missing on December 14, 2010. During the course of the investigation, Hamby admitted to auditors that she sometimes took cash from collections and wrote personal checks to reimburse the office. However, on occasion, she said she failed to write personal checks to repay the funds she had taken. Hamby also admitted to delaying bank deposits and using cash from current collections to deposit with checks and money orders received from previous day's collections.

During December, while the investigation was ongoing, Hamby deposited more than \$47,000 in cash and checks into the office's account to partially cover the shortfall auditors had discovered. However, as of today, missing funds totaling \$7,410.62 have not been repaid. Hamby indicated to auditors that all the missing funds she had been able to locate had been returned to the office.

On Jan. 24, Hamby was arraigned on charges of theft, official misconduct and failure to deposit public checks within the three-day period required by state law. However, Hamby continues to work as Morgan County Clerk.

The investigation began after the state Department of Revenue notified the Comptroller's office that some customers of the clerk's office had complained that their checks were taking up to three months to clear their personal accounts.

"I commend our auditors and investigators from the Tennessee Bureau of Investigation for their work on this case," Comptroller Justin P. Wilson said. "I also want to thank officials in the Tennessee Department of Revenue for bringing this matter to our attention. This provides another example of an abuse of the public's trust that might have been prevented if better accounting practices had been followed. It is advisable to have adequate separation of duties so one individual within an office does not control public funds without oversight from the time they are received until they are deposited. Also, it is a recommended practice to make deposits of public funds daily to avoid the potential for bookkeeping errors or fraudulent activity."

To view the report online, go to:

[http://www.comptroller1.state.tn.us/repository/CA/2010/Morgan County Clerk Special Report.pdf](http://www.comptroller1.state.tn.us/repository/CA/2010/Morgan%20County%20Clerk%20Special%20Report.pdf)

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